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check-out carbon

**the role of carbon
labelling in delivering a
low-carbon shopping basket**

Tom Berry, Dan Crossley, Jemima Jewell

June 2008



Forum for the Future

Forum for the Future - the sustainable development charity - works in partnership with leading organisations in business and the public sector. Our vision is of business and communities thriving in a future that is environmentally sustainable and socially just. We believe that a sustainable future can be achieved, that it is the only way business and communities will prosper, but that we need bold action now to make it happen. We play our part by inspiring and challenging organisations with positive visions of a sustainable future; finding innovative, practical ways to help realise those visions; training leaders to bring about change; and sharing success through our communications.

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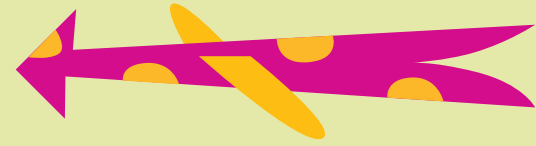
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Please note that opinions expressed by expert interviewees are their personal opinions and do not necessarily reflect the views of the organisations they represent.



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summary

How can we ensure consumers arrive at the checkout with a basket of low-carbon shopping? Drawing on expert interviews and consumer focus groups, Forum for the Future takes a step forward from the proliferation of activity in this area to address the key questions in the debate: Should we communicate the climate change impacts of everyday products to consumers? Is carbon labelling the best way to do this? Is it one part of the wider solution?

Our research highlights the need for context: it is vital that consumers understand there are bigger opportunities to reduce their carbon footprint, such as not driving to the shops. At the same time, the things they buy and use account for 45 per cent of the average consumer's carbon emissions, so this is not an area that should be neglected.

In our view, carbon labelling every product is not a realistic or indeed desirable goal, especially within the limited 'window of opportunity' for addressing climate change. There is, however, value in a carbon label when it gives the consumer a genuine choice (rather than simply being 'for information'). Government, business and other consumer-facing organisations must keep returning to the question: 'What do we actually want consumers to do?' In those cases where a carbon label is useful, the report outlines the requirements to make such a label effective. It must have a simple, intuitive and distinctive format, and be backed up by a trusted independent voice.

Often the desired consumer response is not certain even amongst sustainability experts. Shoppers and businesses make trade-offs everyday in their purchasing, for example on price versus quality or availability. However, sustainability trade-offs are often complicated and, in many cases, not fully understood. There is a danger that simply providing information may increase consumer confusion and ultimately lead to a backlash against the goal of sustainable consumption. We urge caution where this is the case.

Our research clearly showed that just communicating the climate change impacts of products isn't the only answer if the goal is a low-carbon shopping basket. Much of the value comes from measurement and acknowledgement rather than communication - from the business rather than consumer response. Businesses can play a vital role - by reducing the footprints within their control and using their influence in the value chain, by working with government to help make the 'rules' consistent and effective, by removing the worst-offending products from their shelves and by promoting lower carbon options.

The report concludes with strategic recommendations for stakeholders – including government, retailers and manufacturers:

1. **Encourage consumers to make the big, non-product choices** - such as driving less.
2. **Provide advice and support action on the product issues that really matter** - such as reducing food waste¹ and using electrical appliances more efficiently.
3. **Take sustainability decisions on behalf of your customers** – remove the high-carbon villains from sale.
4. **Ensure carbon messaging fits with other sustainability messaging** – don't confuse consumers.
5. **Give advice on how to reduce post-checkout impacts** – when product use or disposal impacts are significant.
6. **Start with the big feet** – prioritise measurement and labelling of products by focusing on those with: high overall footprints; high impacts during consumer use; high variability within a category; and big opportunities for reduction.
7. **Be selective about what you communicate** – don't put a label on everything.
8. **Ensure you give consumers options not just information** – know what you want consumers to do with a label.

introduction



Why check-out carbon?²

Forum for the Future unashamedly wants to help create a low-carbon shopping basket. This report analyses the role that carbon labelling might play in moving towards that goal. It sets out the main debates and recommends ways in which the key stakeholders might make positive progress in moving these forward. We explore whether enabling consumers to ‘check out’ the carbon impacts of what they’re buying (specifically focusing on fast moving consumer goods³) might change consumer and business behaviour for the better.

Carbon labelling is often touted as a way of enabling consumers to shop sustainably. But should retailers and manufacturers be communicating the climate change impacts of products to shoppers at all? If they do

Who is this report aimed at?

This report is aimed at the key stakeholders who can influence the debate on communicating carbon impacts of products to consumers - primarily business and particularly those in communications, marketing, sustainability and climate change. It is relevant to businesses that have already communicated product impacts in some way and to those that are thinking about doing so. It will also be useful for other important stakeholders such as government departments, the Carbon Trust, the Energy Saving Trust, consumer organisations, certification bodies, NGOs and communications organisations.

communicate, what should they be telling consumers - before and after they reach the checkout? In the future, will shoppers be reducing the impacts of everyday purchases by using carbon labels or are there better ways of delivering low-carbon shopping?

Definition

In this report, the term ‘carbon label’ refers to any on-pack communication about the climate change impacts of a product. This includes many different categories, such as embedded carbon footprint labels (which contain information about a product’s life cycle carbon emissions); on-pack advice (such as ‘only boil what you need’ on a box of tea) and broader climate claims (such as ‘carbon neutral’ products).

What did we do?

The report draws on interviews with a wide range of industry and communications experts, in-depth consumer focus groups⁴, omnibus survey questions to a representative sample of the UK population⁵, as well as desk research exploring existing activity in this area.

Communicating climate change impacts of products: a brief history

Measuring climate change impacts of products is not a new phenomenon: Life Cycle Assessment has been used as an academic tool for many years. Communicating those impacts is not new either - proxies for climate change, such as energy efficiency, have been used for several years. However, it was Tesco’s announcement in 2007 that really kick-started the search for a consistent measurement of product carbon footprints:

“We will ...begin the search for a universally accepted measure of the carbon footprint of every product we sell ...[to] enable us to label all our products so that customers can compare their carbon footprint as easily as they can currently compare their price or their nutritional profile⁶.”

(Sir Terry Leahy, Tesco plc)

We applaud the early pioneers in the UK including the Carbon Trust, Boots, Innocent Drinks, PepsiCo and Tesco for helping to put carbon footprinting firmly onto the

business agenda. We also gladly acknowledge the corporate and government activity in other countries including Germany, Sweden, France and the USA.

Examples of businesses communicating carbon information about individual products

1. Companies working with the Carbon Trust, UK – creating the impetus for UK business

Several companies have worked with the Carbon Trust to calculate carbon footprints of selected products. They communicated the outputs to consumers in a variety of ways: from PepsiCo's carbon footprint label on packets of Walkers Crisps to Innocent Drinks' website telling its customers that "one 250ml innocent smoothie equals 8 per cent of your daily CO₂ from food and drink"⁷.

2. Max, fast food chain, Sweden - putting carbon on the menu

Max announced in May 2008 that it had put detailed

information about the carbon impacts of its products onto its menus⁸. So, consumers can choose for example between a cheeseburger (carbon footprint of 0.9kg) and a chicken burger (0.3kg).

3. Adnams beer, UK - putting carbon into the brand

In early summer 2008, UK beer company Adnams launched *East Green*, the UK's first "carbon neutral beer"⁹. Its carbon impacts have been significantly reduced, with the remainder offset.

4. Casino, supermarket, France – trying to simplify carbon impacts for consumers on-pack

Casino is trialling an on-pack traffic light carbon label¹⁰, which highlights whether a product has a high (red), medium (amber) or low (green) carbon impact in terms of waste, packaging and transport.

To date, climate-related product claims have largely been about differentiating the brand and appealing to the already climate-conscious consumer, rather than being used as a mainstream engagement tool. Carbon labels are beginning to appear on more and more products but have not yet been rolled out on a large scale. We

therefore believe it is an appropriate time to take a step back, reflect on the role of carbon labelling and assess broader issues like how communicating product carbon impacts might work best, if our goal is to deliver a low-carbon shopping basket.

should we communicate the climate change impacts of products?

	Yes
Do the climate change impacts of products like an individual tube of toothpaste matter in the grand scheme of things?	...because when you add up the climate change impacts of what we buy and use, it makes up around 45 per cent of the average UK citizen's carbon footprint ¹¹ . That works out at 5 tonnes per person, or collectively, at around 300m tonnes per year. So, what we choose to put in our shopping basket does have a material impact.
Can communication 'work' and 'work' quickly enough?	... because some communication campaigns have driven positive behaviour change, and in a relatively short space of time. Our research showed that 66 per cent of consumers ⁵ have noticed campaigns around reducing the temperature we wash clothes at, like Ariel's "Turn to 30" or Marks and Spencer's "Wash at 30". Of those, 26 per cent said they had changed to 30 degrees as a result of the campaigns and 34 per cent claimed to already be washing at 30 degrees ¹² . Specific labels that have resonated with consumers and driven change include the Fairtrade Mark, the Forest Stewardship Council logo and the organic standards (e.g. the Soil Association).
Are consumers ready to engage on climate change on their way to the checkout?	<p>... because 59 per cent of consumers we asked said they wanted to know more about the climate change impacts of the everyday products they buy¹³. A recent IGD survey found that 32 per cent of consumers believe their buying decisions can make a positive difference to global warming¹⁴. Once the link between products and climate change had been explained to them, most focus group participants were interested and engaged. The majority of consumers appear to be ready to engage if we can help make that link.</p> <p><i>"Carbon literacy is increasing. Many people now understand direct emissions from flying or using the car or household energy. And I think it won't be very long before consumers understand indirect emissions..."</i> (Bronwen Jones, Defra)</p> <p>Several experts noted that many people already use proxies for carbon when they're making big buying decisions:</p> <p><i>"Don't underestimate how much stuff is already carbon labelled in one form or another... It's just not called a carbon label. It's called an energy efficiency label... i.e. cars, houses, white goods" (Alan Knight, Sustainable Development Commission)</i></p>

But	So
<p>... if we are serious about achieving in excess of 80 per cent reductions in carbon dioxide by 2050, it is futile for consumers to change to low-carbon toothpaste, if they are not going to change the bigger things - like the car they drive, how much they fly and whether they have insulation at home.</p> <p>“...you may feel that... by choosing not to buy that packet of crisps ... you have not really achieved anything, whereas... things in our own home with light switches, or changing your car are far more positive things to do” (Young family, green consumer, Leeds)</p>	<ul style="list-style-type: none"> • Don't forget the big impacts.
<p>... can communication 'work' in the timeframe needed or does communication stand for procrastination? We know that we only have a small window of opportunity to act on climate change - 10 to 15 years at the outside. If it takes 20 years to carbon label the 50,000 products you might see in a typical supermarket, then surely we're barking up the wrong tree?</p>	<ul style="list-style-type: none"> • Make sure communication is targeted and prioritised.
<p>... only a handful of our focus group participants associated carbon emissions (and climate change) with what they buy in the shops. The majority knew that carbon emissions are linked with cars, aeroplanes and factories. They made that connection because they can 'see' the emissions, which makes them easy to interpret as being 'bad for the environment'. However, the link between products and climate change was less intuitive to them.</p> <p>Before they were told about this link, the level of interest was on the whole not very high. Even after they had had the link explained, there was some indifference and scepticism amongst a minority of consumers.</p>	<ul style="list-style-type: none"> • Don't hold back from trying to engage with consumers on climate change: many already use carbon proxies. • Make sure you see it as a journey: consumers may not all be ready now, but they will be. Give them the tools and the encouragement to kick-start them into action.

how should we communicate carbon?

4

The consensus from our research was that communicating climate impacts of everyday goods could help drive real behaviour change, but only if done using a strategic, multi-layered approach.

How to communicate carbon: at a higher level

There are many different levels at which business can communicate the climate change impacts of products. Many of the experts felt that educating the consumer about ‘the big picture’ would be quicker and more effective than individual footprinting and labelling. Retailers could communicate these higher-level messages in-store (e.g. banners, point of sale information or in-store leaflets), via television advertising or through new media. Government has a role here too to support retailers’ efforts. Higher-level issues might include:

- Avoiding food waste

In the UK, we throw away around one third of the food we buy - around 6.7 million tonnes of food every year. And 61% of that food (4.1 million tonnes) could be eaten if it were planned, stored and managed better. Every tonne of food waste is responsible for 4.5 tonnes of carbon dioxide, so stopping this waste of good food could avoid 18 million tonnes of carbon dioxide being emitted each year, the equivalent of taking one in five cars off the road. Retailers and government could therefore help to significantly cut food waste and carbon emissions by, for example, promoting better food planning¹⁵.

“In terms of climate change, if we end up focusing exclusively on trying to label products once people purchase them, we’ve probably missed the point. And the point is whether we’re buying lots of things that we throw away when we could be buying fewer things in the first place, and then focusing purchasing on products that are more sustainable. There’s a deeper climate change message for consumers....”
(Barbara Crowther, Fairtrade Foundation)

- Switching to viable alternatives

Encouraging consumers to switch from high-carbon to low-carbon product categories may lead to significant carbon savings. Meat and dairy products, for example, are known to be highly carbon intensive. As Tara Garnett of the Food Climate Research Network said *“the major issue that matters for food and its footprint is the quantity of meat and dairy products in the diet”*. Retailers and government could, for example, encourage meat-eaters to switch from eating meat every day to eating at least one vegetarian meal per week.

“I get a sense now that we as a society in the UK are carbon literate enough now to actually respect Tesco having that conversation with us [about eating less meat]... not that we must all become veggies... [but the message could be] it's healthier, cheaper, it's more interesting and oh, by the way, it's good for climate change as well.”
(Alan Knight, Sustainable Development Commission)

For meat, as with many products, carbon is not the only aspect of sustainability at stake. Any transition must be managed sensitively, accounting for other implications, such as potential changes to biodiversity, agricultural livelihoods and the rural landscape.

How to communicate carbon: in a strategic, prioritised way

On-pack carbon labelling is already part of the consumer engagement toolkit. It is too early to know the extent to which existing carbon labels have changed customer behaviour. However, no one has yet shown that it has done any harm.

If carbon labelling of tens of thousands of products is not a realistic option in the few years we have to make an impact, then labels must be applied in a strategic way. This means that stakeholders including retailers, manufacturers and assurance providers need to work out a way to prioritise both the products that they footprint and the product footprints that they tell consumers about. Based on what our experts told us, we suggest using certain criteria to help prioritise:

1. High carbon impacts from the way customers use products (where reductions are possible)

62 per cent of the consumers we asked told us that they would find advice on how to reduce carbon impacts from the way they use products helpful¹⁶. Our experts agreed that it is logical - where the major carbon impacts are in the way a product is used (or disposed of) - to first tell consumers about the simple changes they can make to reduce those impacts, e.g. for tea: only boil the water you need. Such advice can combine high-level messaging with individual labelling:

“For example clothes, we know the biggest area of impact is the temperature you wash the clothes at. So what M&S has done is the whole ‘Wash at 30’ campaign. We have our own sort of carbon label on clothes: ‘Think Climate. Wash at 30’.”
(Expert interviewee)

2. High overall carbon impact (where alternatives are available)

Businesses can't start communicating the high impact products until they have measured enough products to know which the high impact products are (a classic 'catch 22'). However, most experts we spoke to were clear that retailers and manufacturers already know that certain product categories (like meat and dairy) have high impacts. They should therefore focus on those, at least until they have a more in-depth understanding.

3. High variability in carbon impact within a product category

If further work on carbon footprinting shows that there are product categories that have high variability in footprints within the category (e.g. between one washing powder and another), then it makes sense to tell consumers about those, as it will give them genuine options that make a difference.

Although we advocate carbon labelling in these areas, it is worth highlighting the potential burden of this for some smaller enterprises, or those based in less economically developed countries. If carbon labels are to become another differentiator for consumers, then the process of developing them should not be prohibitively expensive.

Government, consultants and certification bodies must work together to ensure that this is not the case.

How to communicate carbon: not always using carbon?

Consumers are understandably interested in issues that have a direct personal impact on them. Many solutions to carbon issues are efficiency measures that have a direct financial benefit to the consumer (e.g. food waste). So, they don't always need to be framed in 'carbon' terms, especially for those shoppers that aren't yet carbon aware:

“I think that if you're an average punter, then carbon might as well be in Japanese.”
(Solitaire Townsend, Futerra Sustainability Communications)

How to communicate carbon: using other tools

Point of sale impact:

With the exception of educational messaging around in-use and disposal phases (which may be more useful on-pack), a lot of product sustainability information would arguably be better positioned at point of sale, for example on banners or in leaflets. This is because it is only really needed to influence the buying decision. Retailers and manufacturers should think carefully about whether so much sustainability information (including carbon) needs to go on-pack at all.

The power of the web:

At the touch of a button, retailers could help online users switch products for ones with a lower carbon impact, so that their overall shopping basket is more climate-friendly. This approach doesn't require consumers to know the ins and outs of the carbon impacts of every individual product they are buying. However, it does involve retailers knowing the carbon footprints of at least some of their high impact products.

Online tools already provide consumers with information about the climate change impacts of certain products. These include carbon calculators like Bon Appétit

Management Company's Low Carbon Diet Calculator¹⁷ and sites like *Climate Counts*¹⁸, which allow shoppers to see how different brands compare against each other in sustainability terms. There is scope for more detailed information to be provided online rather than in-store. Although many of our online focus group participants said they don't currently look at product information when shopping online (preferring just to buy trusted brands), online shoppers are often in a better place to receive product information than when in-store.

Game-changing technology:

Consumers are increasingly able to look 'behind the label' and learn more about previously invisible sustainability impacts of the products on offer in their local store. New technology may result in greater transparency and more informed decision-making, e.g. consumers might be able to access product carbon footprint information via their mobile phone, self-scanning products into their trolleys. Although the future is uncertain, advances in technology are likely to give very different options for conveying information. This will impact heavily on the role of carbon labelling and on traditional on-pack sustainability labels more generally.

Recommendations:

- Communicate on the big issues to achieve the greatest carbon savings most quickly. To avoid consumer fatigue, be innovative in format but consistent in content with your higher level messaging. Avoid the guilt factor in the communication: keep it positive.
- Prioritise what you communicate by focusing on the things that matter (remember the 80:20 rule¹⁹) and on whether you are giving shoppers genuine options. Where in-use phase or disposal phase is the biggest impact, give the consumer practical advice, e.g. 'turn to 30'. Where a product has a high overall carbon footprint or where there is high variability within a product category, tell the consumer about lower carbon alternatives.
- Make use of the suite of consumer touch points, in particular the power of the web to help shoppers 'decarbonise' their shopping habits.
- Don't always play the 'climate change' or the 'green' card. Emphasise other more personal drivers (e.g. financial, health) where they may be more impactful, but do point out the climate change benefits too.

what makes an effective carbon label?

Carbon impacts can, and arguably should, be communicated at different levels using different tools. If we focus at the individual product level, what is it that makes an effective carbon label?


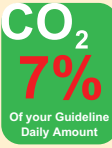
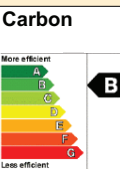


The right information in the most effective way

To get products' climate change impacts onto the mental tick list for shoppers requires retailers and manufacturers not only to communicate at the most effective level, but

also to communicate the right information in the most effective way. If we accept that carbon labels are part of the engagement toolkit, then their format and content must be appropriate to the consumers' needs.

An effective carbon label: what format do consumers want?

We showed our focus groups a number of different labelling format options for embedded carbon footprint labels²⁰:

Example format	Label format type	What consumers liked	What they didn't like
	Traffic lights	<ul style="list-style-type: none"> •simplicity (particularly time-poor shoppers) •familiarity (because of its use in nutritional labelling) •intuitive 	<ul style="list-style-type: none"> •does not provide detailed information that some wanted •unclear what 'good' (green) compares to, e.g. to another similar product or a product in a different category?
	Guideline Daily Amount ("GDA")	<ul style="list-style-type: none"> •familiarity (again from nutritional labelling) •puts things in context 	<ul style="list-style-type: none"> •provokes questions about how the GDA was derived •less intuitive – would need further explanation/ education
	Sliding scale	<ul style="list-style-type: none"> •easily recognised •simple and informative 	<ul style="list-style-type: none"> •requires more time to interpret information
	Absolute numbers	<ul style="list-style-type: none"> •clear and simple •allows direct comparisons between products (like calories) •potential to make comparisons with other actions, if helped with wider communications, e.g. cars (grams of CO₂ per kilometre) 	<ul style="list-style-type: none"> •numbers are useless without context: value in isolation means nothing •difficult for consumers to understand what a gram of carbon relates to and whether it is good or bad
	Stamp of approval	<ul style="list-style-type: none"> •noticeable / distinctive if consistently branded •suggests 'this claim can be trusted' 	<ul style="list-style-type: none"> •currently no trusted voice for consumers in this space

Our consumer research indicated that the most popular label format would be traffic lights (where green indicates 'low-carbon'; amber 'medium-carbon' and red 'high-carbon').

"I think the traffic lights is the best because it is really clear and obvious. I know it doesn't give stats, figures and numbers but I don't think we understand the stats, figures and numbers anyway."

(Young family, green consumer, Leeds)

Educational messages

A consistent theme from the focus groups was that shoppers also wanted 'education'. They told us they would appreciate educational messages on-pack where it was appropriate e.g. where the big impacts were in-use. In their eyes, providing labels without providing the broader education was unlikely to have much of an impact. Consumers also told us they didn't want labels on everything, as otherwise the key points would get lost:

"You've got to build up a culture... to educate people first of all then they start to look out for things and recognise it rather than the other way round: start sticking labels on them that nobody understands."

(Empty nester, non-green consumer, Bristol)

What did consumers tell us they wanted out of a carbon label?

85 per cent of consumers told us they wanted to be given information about the environmental impacts of products they buy²¹. The shoppers we spoke to told us that carbon labels must provide relevant information in a simple, clear and engaging way. The overriding feeling was that an effective carbon label format would need certain key attributes:

- be simple to understand and intuitive (i.e. need little interpretation)
- provide context
- be noticeable/ distinctive - to cut through the 'noise' (ever increasing information on products)
- be from a trusted voice and
- fit with other sustainability labels

Experts emphasised that carbon footprint labels need to be consistent in the way the footprint is measured. Consumers told us that they would prefer a universal format for a carbon label – in contrast to e.g. the variety of nutritional label formats that exist in the UK.

"It's absolutely got to be standardised so you can recognise it and everybody has got to sing off the same hymn sheet."

(Empty nester, non-green consumer, Bristol)

The key carbon labelling challenges

There are a number of fundamental challenges facing retailers, manufacturers and organisations such as the Carbon Trust when it comes to the effectiveness of carbon labelling. We would argue the two biggest are:

1. Fitting carbon messaging with other sustainability messaging

If labels (and communicating) are all about helping consumers to make choices, then what choices are they being given? In many cases, reducing carbon footprints has positive knock-on sustainability effects elsewhere. But how can consumers be expected to make reasoned choices when faced with a raft of different sustainability labels, e.g. Fairtrade versus high-carbon? Will retailers for example put low-carbon stamps on factory-farmed meat? It is fundamental that key stakeholders address sustainability trade-offs in messaging before we rapidly expand the number of carbon labels.

This is challenging, but without addressing it, there is a very real danger of consumer backlash. Our experts told us that it is easy to identify the 'most critical' sustainability issue for some products, but for others, it is less clear-cut. The current trend is towards different sustainability labels for different issues. If this trend continues, retailers will need to be able to explain trade-offs to consumers in a powerful way, that allows them to make clear value judgements.

Most of our experts only want issues that are material to that product to be included in any on-pack labelling. Some organisations (e.g. Sustain) believe that we should

strive for an all-encompassing sustainability label. Whilst this is attractive in principle, most experts felt that such a label would be extremely difficult both to measure and to communicate effectively.

The experts we spoke to did not agree on a best way forward for aligning carbon and other sustainability messaging. Business, government and consumer-facing organisations need to collectively and urgently address this if consumers are to make better-informed buying decisions.

2. Turning the complex into the simple

Our research showed a mismatch between the information that consumers want (e.g. simple traffic lights or low-carbon stamp) and what they are likely to be given through the Carbon Trust approach (e.g. number of grams). Although having simple ‘low-carbon/ high-carbon’ information (e.g. in traffic lights) sounds attractive, in practical terms it would be a minefield. ‘High’ compared to what: compared to another product in the same product category or compared to driving your car? Do we want all beef to be labelled ‘red’ and all chicken to be labelled ‘green’ or do we want red-amber-green labels on beef? Many of our experts felt that using such comparison as a basis for communication was not yet practical from a technical perspective.

Retailers are experts at communicating often-complex issues in simple and engaging ways, so a solution that addresses both consumer and business needs around communicating footprints should not be an insurmountable challenge. Complexity should not be so much of a problem if retailers are instead providing educational messages about in-use phases.

On top of these two challenges, the following issues need to be carefully managed:

Putting products’ impacts into appropriate context

If carbon footprints are communicated in the wrong way, consumers may feel that individual product footprint choices are inconsequential relative to the carbon impacts of driving or heating their home. So, putting the impacts of fast moving consumer goods into context is critical.

“...if you ...had [a] label on a packet of fish fingers that said 100 grams of carbon... and the one next to it is 120 grams of carbon and then you then go to Comet and there’s a fridge and the differences in the carbon emission there are in the thousands rather than the tens and twenties, when you do your food shop are you really going to be bothered? Or are you just going to think well that’s very small fry!”

(Young family, non-green consumer, London)

“...if I then see something and it tells me that my three mile car journey creates x grams of carbon, I’ve then got a measure as to know whether it’s worth me not driving the car and buying that product, it just makes you realise where it fits in the scale of things.” *(Young family, non-green consumer, London)*

Comparison is useful, but only if providing that comparison enables consumers to do something differently that will reduce their carbon footprint in some way. Most experts welcomed the comparison element of the evolved Carbon Trust label, first used by Tesco in its in-store trial from May 2008 (to help shoppers make the switch to the lower carbon option) and the hints and tips provided to consumers. However, they did question the large amount of information on the label.



Cutting through the noise

Our research highlighted that shoppers often feel overwhelmed by the sheer volume of information they are given, both in-store and specifically on-pack. Nevertheless, most still said they preferred to have more extensive product information on-pack even if they didn’t use it, because the transparency invokes more confidence in the product. By contrast, a product with little information is perceived as having “more to hide”.

The challenge for retailers is how they can cut through this ever-increasing 'noise' in a way that complements existing information. A label needs to stand out: fast moving consumer goods are not only fast in terms of how quickly they get used up, but also fast in terms of the length of time shoppers take to make their buying decisions. As one 'time-poor' consumer said:

"...I don't think you'd read it, not when you've got a baby crying and you've got to get in and out and you've got twelve other jobs to do. You're not going to start strolling around the supermarket like you're in a museum reading about carbon stuff that you don't really understand."

(Young family, green consumer, Leeds)

Our experts noted that having a standard format for a label might lead to it being inflexible and not targeted with the right information. In many instances 'less is more', i.e. selective simple messaging around climate change impacts of products is likely to be more effective at 'cutting through the noise':

"At this point in time, we think you need to be quite selective about what you communicate to the consumers."

(Expert interviewee)

Giving consumers a trusted voice

The vast majority of consumers we spoke to felt it was important to have an independent, third party trusted voice to sponsor any carbon label. Credibility is much easier to achieve with an objective organisation than with government (consumers were divided over this in terms of trust) or with retailers (who most "wouldn't believe").

Consumers were also clear they want one voice to provide assurance, not multiple voices. The Carbon Trust is currently one trusted body for business, but not yet for consumers. There was a very low level of awareness of the Carbon Trust amongst the shoppers we spoke to. So, there is a vacuum for consumers at the moment in terms of whom to trust with climate change and products. Consumers did however think that the brand at least sounds credible:

"I like the fact that the Carbon Trust sounds like someone you can trust... so you feel like 'oh good'. It just makes you feel you have a bit of trust in it and if you were going to buy that product you were making a contribution to the environment. It feels like a stamp [of approval]..."

(Young family, green consumer, Leeds)

Recommendations:

- Give consumers *options*, not just *information*. Make sure that communication isn't just for communication's sake: make sure that it is designed to change consumer behaviour.
- Do put climate change impacts of products into context. But the product or category you compare it to is critical - don't necessarily compare apples with apples.
- Be selective and limit information to what is really needed, so that the message does get 'noticed'.
- Tackle the 'how does it fit with other sustainability labels' question.



how else to deliver a low-carbon shopping basket?

If our goal is a low-carbon shopping basket, what else can be done apart from just communicating the carbon impacts to consumers? Given the short amount of time we have to act on climate change, are there better options available?

If not consumer communication, what else?

Consumer choice has a part to play in lower-carbon shopping – and with increased levels of awareness through communication, and increasing numbers of ethical shoppers, choice can play a growing role. However, we can't rely on the rise of the green consumer alone - as the Sustainable Development Commission's research has shown in the past (see the 'I will if you will' report²²). Government has a vital role: 77 per cent of consumers we asked²³ agreed that government should set higher environmental standards to make sure environmentally damaging products aren't available. Retailers and manufacturers also need to take responsibility.

Our research clearly showed that the value of any carbon footprinting work is largely in the business, rather than consumer, response for two key reasons:

Value comes from measurement not just communication

Our expert stakeholders were unanimous in their view that carbon footprinting of products was invaluable. In some cases, businesses don't need to footprint before they communicate: businesses "don't actually need the footprint data to say it's really daft to [e.g.] use a tumble dryer"²⁴. However, measuring a footprint helps to identify key problem areas from a greenhouse gas perspective and in doing so highlight areas with potential carbon and energy savings. Since Boots carbon footprinted selected products in its Botanics shampoo range, it has reduced their carbon emissions by around 20 per cent²⁵. Looking at the value chain through a carbon lens can also drive innovation in process improvement. And there isn't the need to go to the same level of detail to find business 'hot-spots', and act on them, as there is to ensure consumer communication is robust and verifiable.

"The best thing about the whole carbon labelling scheme is that any company that gets involved has gone through a process of auditing their product, identifying where they can reduce the carbon of that product...and they've got to commit to reducing it within two years.... the fact that we then share that information with the consumers, absolutely we should, but I almost see that as secondary."

(Jessica Sansom, Innocent Drinks)

"It may be that the process of transferring this information up and down the supply chain is a more powerful one than the consumer transfer of information at the end."

(Bronwen Jones, Defra)

Value is in the business reaction to a label

Some experts did argue that a label was necessary to provide an on-going incentive for action:

"How do you incentivise the supply base without a label if they don't see they benefit of their work?"

(Expert interviewee)

"Walkers – PepsiCo is now thinking through the lens of a carbon footprint – because of the external commitment they have made. Being publicly committed to making reductions through the label gives them the incentive to make further reductions beyond those they would have made if all they did was measure."

(Euan Murray, Carbon Trust)²⁶

Paradoxically, this highlights the value of a business response to a label rather than a consumer one. The most notable example of this is the energy efficiency label on white goods. For example, between 2000 and 2005 the proportion of A-rated fridges went from less than 10 per cent to over 75 per cent²⁷. This was driven primarily by the introduction of the energy efficiency label. This prompted retailers and manufacturers to remove 'inefficient' models from their ranges, as they did not

wish to be seen to be selling poorly performing models. John Lewis is one retailer whose own-brand white electrical goods are now all A-rated in terms of efficiency.

So if it's not all about consumer communication, what else should a business do? Our research, and other work for our 'Eco-promising' report²⁸, identified a number of key actions that a business can take to help deliver a low-carbon basket that can go hand-in-hand with communications:

1. Make it easy for the consumer to choose lower carbon options

Providing information is only one way in which retailers and manufacturers influence consumer shopping habits. Many of our experts and consumers wanted retailers to remove the worst performing products, and incentivise shoppers to buy the better options from a carbon perspective.

Removing the carbon 'villains'

Retailers already use a number of strict buying criteria to choose the options they offer to consumers – effectively editing customer choice – whether it is on price, appearance or quality. Our experts think that retailers should also choice edit for sustainability and therefore for climate change. Several leading retailers in the UK have already started, e.g. B&Q is phasing out patio heaters whilst Sainsbury's only sells Fairtrade bananas. Almost two-thirds (65 per cent) of consumers we asked told us they agreed that retailers should not stock the most environmentally damaging products²⁹.

"Some supermarkets say that 'we're all about choice' but that belies the truth of what they do because of course they choice edit all the time... they have criteria for choice editing and we'd like them to extend that to the climate change issue too."
(Representative, Government advisory body)

According to our experts, choice editing should make it easy for the consumer amidst the growing confusion ("no one wants to think about their shopping that much"³⁰) and should create the kind of step changes we will require if

we are going to meet the challenge in the timescale required. Waiting until all products are labelled before choice editing is not an option.

"My choice should be which editor to go to. I shouldn't be the one having to choice-edit [at] my local supermarket." (Solitaire Townsend, Futerra Sustainability Communications)

In some cases, this kind of choice editing will require a level competitive playing field, which can only be provided by government intervention. It also requires a level of consumer trust. Our focus groups showed that many consumers are becoming increasingly sceptical about environmental claims and many didn't believe that retailers would – or could – take these kinds of decisions for the consumer.

Incentivising lower carbon choices

Retailers and manufacturers can encourage consumers to buy lower carbon products by using product placement, loyalty schemes or promotions. However, marketing and incentives need to be done carefully and be consistent with the principles of sustainable consumption. For example, introducing a 'buy one, get one free' offer on lower carbon products (particularly perishable products) could be interpreted as encouraging excess consumption and waste. Cynicism driven by inconsistency in messages came out in several of our consumer groups:

"Yes, they [Tesco] give you more [Green Clubcard] points...and then you learn you have a cheap flight to Mauritius!"
(Older family, green consumer, London)

A good example of promotion combined with choice editing can be seen in the supermarkets' approach to light bulbs. Most major supermarkets (plus retailers like B&Q, John Lewis and Woolworths) have committed to phase out incandescent light bulbs ahead of possible EU regulation to ban them altogether. In addition, by offering energy efficient bulbs at lower prices and by stocking a good range of suitable alternatives, incentives already exist for consumers to make the

switch. Sainsbury's, for example, gave away one million free low-energy light bulbs in a day, while Tesco has permanently halved the price of its low-energy light bulbs.

2. Get your own house in order

As noted in Forum for the Future's recent *Eco-promising* report²⁸:

“For any claim about the carbon impact of a product to be credible it needs to be made within the context of a wider environmental or sustainability programme. Claiming environmental credentials for one ‘hero’ product in a portfolio of ‘villains’ is a high-risk strategy. Once the spotlight moves to the rest of the portfolio, serious questions will be asked about corporate integrity. A useful defence may be to point to plans to improve all products over time, as well as efforts being made to tackle direct organisational impacts on the environment.”

To avoid losing trust, companies need to make sure their own operations are sound before trying to gain consumer confidence that they are doing the right thing on product – or risk being accused of greenwash:

“People don't respond terribly well to [carbon footprint] numbers. They do want to know that companies are ‘doing their bit’ to reduce the impact of their operations and their products.”
(Representative, Government advisory body)

“It doesn't matter whether they're regulated by the Carbon Trust, that's the company going ‘look at us: we're green, we're great’. They should be doing that anyway.” (Pre-family, non-green consumer, Leeds)

3. Participate in the rule making

Key stakeholders will achieve better outcomes if they work with governments and other bodies to help shape the 'rules' around communication, measurement, and what products or components can and can't be used. Clearly it is not helpful for different companies to have differing expectations of their suppliers. The key to success is to know when to compete and when to collaborate²⁸. We encourage key stakeholders to collaborate and participate in the rule making, in particular on:

- Engaging in developing the PAS 2050 standard and the Code of Good Practice for claims about product-related life cycle greenhouse gas emissions (and reductions)
- Working together to ban the high-carbon product villains (e.g. incandescent light bulbs)
- Enabling an international methodology for footprinting

Recommendations:

- Focus on identifying the priority products and the value chain carbon hot spots. Quantify savings and get verifiable numbers where they are needed to substantiate claims. Look for ways to encourage carbon reductions – either through labelling or other value chain incentives.
- Be bold - promote carbon hero products and remove the products that are carbon villains.
- Ensure carbon claims and communications are part of a wider business sustainability strategy.
- Make sure that there is substance (i.e. action) behind your communications.

conclusions and key recommendations

To date, carbon messaging around products has been sporadic and often tells consumers climate change impacts without making it clear what the consumer should do with the information:

"I'm not clear how [a carbon label is]... going to sign products as being better than others. It's a little bit different to organic food or FSC timber because I'm not sure what the consumer can actually do about it."
(Expert interviewee)

This is of particular relevance when carbon is not the only sustainability issue pertinent to a particular product. If a single metric label is not a viable option, then the challenge is a communications one: how can we ensure consumers have a genuine understanding of how different aspects of sustainability relate to each other without becoming overwhelmed with complex information?

Further research is undoubtedly necessary, but there is also much that can be done in the meantime to help deliver a low-carbon shopping basket. What is clear from our research is that carbon labelling as an engagement tool won't deliver that in isolation:

"A label is only a tool for a movement."
(Barbara Crowther, Fairtrade Foundation)

Moving forward

Key stakeholders must build on the current momentum and take bold action. Government, business (both retailers and manufacturers), consumer organisations and NGOs all have a vital role to play. A piecemeal approach will not work. Timing is critical. We therefore advocate a prioritised, strategic approach. We urge stakeholders to check out - and act on - our key recommendations, which we summarise below.

Summary of key recommendations from our research

- 1. Encourage consumers to make the big, non-product choices:** raise awareness of, and give viable alternatives to, high-carbon lifestyle choices, such as driving less or insulating your home. This is part of educating consumers about 'the bigger' picture, so that all their climate-related decisions can be taken in context.
- 2. Provide advice and support action on the product issues that really matter:** such as reducing food waste and using electrical appliances more efficiently. What consumers buy (and how they use it) does matter.
- 3. Take sustainability decisions on behalf of your customers:** retailers should choose edit out high-carbon products, high-carbon ingredients and/or high-carbon processes. Don't use the 'we're giving the customer the choice' line as an excuse for inaction.
- 4. Ensure carbon messaging fits with other sustainability messaging:** it is vital that government, business and consumer groups work out how communications around carbon impacts of products should align with broader sustainability messages.
- 5. Give advice on how to reduce post-checkout impacts:** where the way that customers use (and dispose) of products has significant climate change impacts, give consumers simple hints and tips on what they can do to reduce those impacts.
- 6. Start with the big feet:** continue to measure carbon footprints, but prioritise what you footprint. The priorities are products with high impacts during consumer use, those where there is high variability within a category and those where there are big opportunities for reduction.
- 7. Be selective about what you communicate:** don't focus efforts on trying to put a label on everything. Don't forget that as much value can come from the measurement (and subsequent reduction) of carbon as from its communication.
- 8. Ensure you give consumers options not just information:** always return to the question 'what do we actually want consumers to do?'

references

1. In the UK, nearly one-third of the food we buy is thrown away (Source: WRAP).
2. Except where specifically noted, the word 'carbon' throughout this report – for reasons of brevity - is used as a shorthand for 'greenhouse gas equivalent emissions'.
3. Groceries that we buy and consume on a regular basis (e.g. food, cleaning products).
4. We held a series of eight focus groups in four different locations across the UK. Participants were split into four lifestyle categories ('pre-family', 'young families', 'older families' and 'empty nesters') and into two general categories ("green" or "non-green", based on their self-reported behaviour).
5. Based upon a telephone omnibus survey of 1,000 adults aged 18+ carried out by ICM Research.
6. <http://www.tesco.com/climatechange/speech.asp>
7. http://www.innocentdrinks.co.uk/us/ethics/resource_efficient/a_CO2_allowance/
8. <http://www.max.se/download/Background%20Max%20080505.pdf>
9. <http://about.adnams.co.uk/post/News/2008/04/East-Green.aspx>
10. http://ec.europa.eu/environment/etap/pdfs/jan08_carbon_label.pdf.
11. Tesco, *How can we shrink our carbon footprint?* – original source: 'The carbon emissions generated in all that we consume', The Carbon Trust, 2006.
12. We accept that this is not 100 per cent proof of behaviour change. However, it is a promising indication.
13. In answer to the survey question, "How much do you agree with the following statement: 'I would like to know more about the climate change impacts of the products that I buy regularly (like toothpaste, sausages or carrots)'."
14. *IGD Shopping choices report 2007*, <http://www.igd.com/cir.asp?menuid=37&cirid=2496>
15. *WRAP report: The Food We Waste*, http://www.wrap.org.uk/retail/food_waste/research/the_food_we_waste.html
16. In answer to the survey question, "The way that we use (or dispose of) products can have a big effect on our carbon footprint. Some companies have put advice on products to help consumers know how they can use products in a way that reduces their carbon footprint/ saves energy (e.g. PG Tips tell us to 'only boil what you need', Marks & Spencer tell us to 'wash at 30'). Please rate on a scale of 1 to 5 how helpful you would find this kind of advice with a score of 1 being Not at all helpful and 5 being Very helpful?"
17. <http://www.eatlowcarbon.org/> allows users to: "Drag and drop menu items, ingredients or sample meals into your virtual pan and calculate the carbon emissions created by your meals."
18. http://www.climatecounts.org/scorecard_sectors.php?id+15
19. See <http://management.about.com/cs/generalmanagement/a/Pareto081202.htm>
20. Carbon footprint labels are not the only type of carbon labels, but we see the others (e.g. messages about how consumers can use the product) as conceptually distinct.
21. In answer to the survey question, "How much do you agree with the following statement: 'Consumers should be given information about the environmental impacts of products so that they can choose environmentally friendly products themselves'."
22. *I Will if You Will*, http://www.sd-commission.org.uk/publications/downloads/I_Will_If_You_Will.pdf
23. In answer to the survey question, "How much do you agree with the following statement: 'Government should set higher minimum environmental standards to make sure that environmentally damaging products aren't available'."
24. Quote from expert interview with Alan Knight, Sustainable Development Commission.
25. <http://www.allianceboots.com/MediaLibrary/boots/CSR%20Reports/AllianceBootsCSR2007final.pdf>
26. To work with the Carbon Trust on footprint communication (including labelling), companies must sign up to reduce the footprint of their product over a 2-year period.
27. *Memorandum: Environmental Audit Committee Inquiry into Environmental Labelling - A response from the Sustainable Development Commission*, http://www.sd-commission.org.uk/publications/downloads/EAC_labelling_inquiry_SDC_response.pdf
28. *Eco-promising*, http://www.forumforthefuture.org.uk/files/Ecopromising_160408.pdf
29. In answer to the survey question, "How much do you agree with the following statement: 'Retailers should remove the most environmentally damaging products for consumers, so that consumers don't have to make those choices themselves'."
30. Quote from expert interview with Solitaire Townsend, Futerra Sustainability Communications.