Sustainable development in the textile industry

The role of eco-labels in the retail-consumer dialogue

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Research objectives

The paper is a part of the joint research project between the National Institute for Consumer Research (SIFO) and CUTS International (consumer Unity and Trust Society) called "*A Study of Environmental Standards and the Trade Impact on Indian Textiles and Clothing Sector*".

A general objective of this paper is to contribute to the discussion of which role eco-labels can play to support the sustainable development in the textile supply chain.

Today, few textiles with official eco-labels are available at the European market. In this paper, we thus seek to answer why eco-labels for clothing and textiles have not become more successful, by identifying barriers for the use of eco-labels on textiles.

Environmental challenges in the textile sector

- The rationale behind the paper is the increasing importance of sustainable issues within the textile sector.
- The textile industry is one of the biggest GHG emitters on Earth owing to its huge size and scope.
- Due to the phasing out of international quota regimes in 2005 the trade of textiles is freer than for many years and this has increases the sector's environmental impact linked to energy use and toxic chemicals
- A solution to the problem is therefore to increase the use of sustainable materials and decrease the use of chemicals in the production.

Eco-labelling

Rubik and Frankl (2005) distinguish between different schemes the following way:

- Mandatory labels (i.e. the EU energy label for household appliances and chemical products)
- ISO-type I eco-labels which relies on a third-party certification, like the EU flower, the Nordic Swan and the German Blue Angel (ISO 14024:1999)
- ISO-type II eco-labels which relies on self-classification by industry of retailers (ISO 14021:1999)
- ISO-type III eco-labels which relies on quantitative environmental product declarations (EPD) (ISO 14025:1999)
- Other relevant labels, including social labels and fair trade labels

Methods

The paper is build upon a triangulation of data and methods, consisting of the following:

- Statistical material and policy documents from the eco-labelling bodies
- Semi-structured interviews with various groups of Norwegian stakeholders: retailers, designers, NGOs, public authorities and eco-labelling bodies. The interviews were undertaken in the second part of 2011.
- A consumer survey conducted in five European countries: Norway, Sweden, Germany, France and United Kingdom. The consumer survey were conducted in the beginning of 2012.

Stakeholder perspectives on eco-labels

The role of consumers

- None of the informants argue that there is a substantial consumer pressure for more sustainable and eco-friendly solutions or eco-labels in particular.
- This is confirmed by the textile industry , the labelling organisations, designers, NGOs and the government representatives.
- However, it is possible to identify a willingness to pay for eco-labelled baby-clothes among consumers. For this category, products are available in the shops and the market shares are increasing

Stakeholder perspectives on eco-labels

The role of the Environmental organizations

- During the last decades NGOs have played a substantial part in the development of Nordic environmental policy.
- Textile and clothing seems to not have been on their list of prioritized tasks.
- This main conclusion is supported by interviews with all stakeholders.

Stakeholder perspectives on eco-labels

The role eco-labelling bodies

- Eco labels have played a significant part in Nordic consumer policy the last 15-20 years.
- The Nordic Swan is well-known among Nordic consumers, and the market shares are reasonable high within sector such as household chemicals, tissue paper, paint and hotel accommodation.
- However, we have not so far witnessed any break-through in the textile and clothes market.
- It is possible to find a large number of various labels in the textile market, but the actual labelled products are limited.

Stakeholder perspectives on eco-labels

The role of political authorities

- The national governments' scope of action in the international trade negotiations is limited through the agreement on Technical Trade Barriers (TBR) when it comes to proposing environmental standards for the production of textiles
- On the other hand, the government may support voluntary agreements, and this is the rationale behind the funding of labelling schemes like the Nordic Swan.
- However, the ministries supporting Eco-labelling Norway are not giving political signals to the labelling institution.
- Up until now, the government have not been especially concerned with the production and consumption of textiles and clothing in particular, as this policy area has been outsources to the official eco-labelling body.

Stakeholder perspectives on eco-labels

The role of businesses

- When we move to the textile businesses the engagement for environmental standard seems to change.
- Despite the lack of pressure from consumers, government and NGOs the textile and clothing businesses are to a varying degree taking measures to enhance the environmental standards in their value chain.
- This is confirmed both by the Norwegian Ethical Trading Initiative which helps several Norwegian firms to enhance and improve their work on CSR, by The Federation of Norwegian Commercial and Service Enterprises and by three large clothing and textile firms that we have been talking to.

Stakeholder perspectives on eco-labels

The role of businesses

- The retailers are sceptic to using eco-labels actively in their marketing of their products for several reasons:
  - The media is a negative factor, as the are «only searching for mistakes in that kind of projects».
  - It is essential for the global companies that the labels are globally applicable and globally known among the consumers.
  - «the customers does not really understand the meaning of the different labels, and you often sell a guarantee that is not real».
  - «The company brand should be a guarantee in itself, everything else is a bonus».

Results from the consumer survey
Sweden, Norway, UK, Germany and France

- **The consumer knowledge about the different eco-labels are varying:**
  - **Respondents Associates country specific labels like the German Blue Angel (75%), the Nordic Swan (77% in Norway), NF Environment (68%) and Soil Association (46%) with environmental concerns.**
  - **Regional and global labels like the EU flower and GOTS is not as well known, and fewer consumers in all countries associate the labels with environmental concerns or ecology.**
- **Few respondents have seen the labels on textiles or clothing, except from the German Blue Angel of which 66 % of the German respondents claim to have seen on textiles.**

- Of seven different considerations taken while buying clothes, environmental concerns where among the least important among respondents from all countries.
- Of the following four strategies, buying eco-labelled clothes were perceived as the third best strategy for the environment:
  - Buy fewer clothes (1)
  - Extend the use period by repairing them (2)
  - Buy eco-labelled clothes (3)
  - Wash clothes less often (4)
- Eco-labels on textiles and clothing are perceived as a better alternative than information in the stores and information on the company websites.

Price was the most important consideration for the majority of the respondents the last time they bought clothes, and approximately 40 % in each country states that they are willing to pay more for eco-friendly clothes.

I am willing to pay more for the clothes and textiles that I buy for myself if I am guaranteed that they have been produced in an environmentally friendly manner.

Less than 50 % would buy eco-labelled clothes more often if more eco-labelled clothes were available for purchase, this indicates that availability is a minor barrier for the use of eco-labels on clothing and textiles.

If more eco-labelled clothing were available for purchase, I would buy them more often

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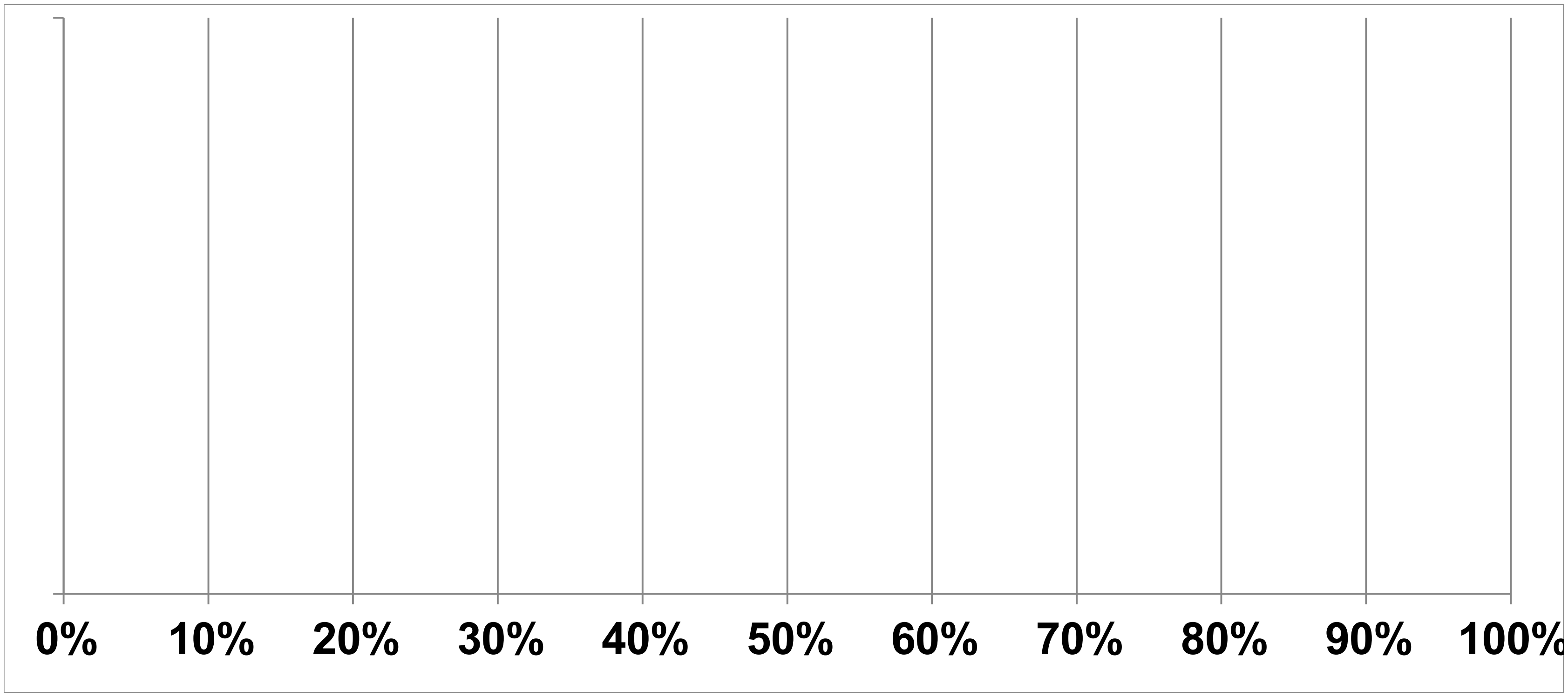
Who are considered to be the responsible actors? Consumers

To what extent do you agree or disagree with the following statement: I think that I have a responsibility as a consumer to buy products that are as environmentally friendly as possible

Who are considered to be the responsible actors? Goverment

To what extent do you agree or disagree with the following statement: It is primarily the government's job to implement measures to address environmental concerns in the textile and clothing industry



Barriers to the use of eco-labels

- Limited consumer knowledge to regional and global eco-labels.
- When ranked, environment is one of the least important concerns for consumers when buying clothes and textiles.
- Limited availability of eco-labelled clothes is a minor barrier.
- More consumers argue that it is the governments job to implement environmental measures , not the consumers
- There are generally low trust among consumers that the textile and clothing industry takes environmental considerations
- No existing eco-labels is perceived as a good alternative for all the important stakeholders. Alternative initiatives taken by the retail companies themselves
- A window of opportunity for eco-labels is baby products and increased use of green public procurement.

Conclusions

- Even though the political pressure is limited, there are reasons to believe that the environmental aspect of textile products will increase substantially in the near future.
- The reason for this conclusion is the strategy and activity of the textile retail chains.
- Both the relative small actors and the global textile chains are preparing themselves for new environmental standards on textiles and clothes.
- The reason for this change is to strengthen their comparative advantage and prepare for å stronger pressure from consumers, NGOs and political authorities.

Thank you very much for your attention

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