

# GREEN AND SIMPLE

EFFECTIVE ECO-LABELLING FOR BUSY CONSUMERS

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# Green and Simple: Effective eco-labelling for busy consumers<sup>1</sup>

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## INTRODUCTION

Eco-labels that communicate the environmental impacts of products are now commonplace and come in multiple forms. The effectiveness of eco-labels may depend on whether busy consumers pay attention to them and how easy the information is to process, perhaps especially in the middle of a large, weekly grocery shop. We used an experiment to test two different aspects of eco-labels: (1) whether the environmental information was communicated as specific, verbal information (e.g. 80% of the packaging of this product is recyclable) or standardised on a colour-coded scale; (2) whether the information was framed positively (as above) or negatively (e.g. 20% of the packaging of this product is not recyclable).

## DATA AND METHODS

We designed a computerised experiment in which a representative sample of consumers (n=60) undertook an online shopping task. The participants had to complete grocery shopping lists containing food and everyday household goods (e.g. cleaning products), including both items for themselves and for others who had specific requirements. They undertook two sessions: one in which they could take as long as they wanted to shop and a second under a time limit, to simulate shopping when in a hurry.

As well as pictures, prices and consumer ratings, all of the products had an eco-label. We systematically varied the label format, while holding all other aspects of the products constant. Sometimes it was a standardised red-green scale, other times it was specific verbal information. We also varied whether the information was framed positively or negatively. We recorded all purchases and compared them across different label types. In addition, for comparison, we conducted the

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<sup>1</sup> This Bulletin summarises the findings from Ní Choisdealbha, Á. and Lunn, P.D. (2020). Green and Simple: Disclosures on Eco-labels Interact with Situational Constraints in Consumer Choice. *Journal of Consumer Policy*.

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same tests for labels that indicated the nutritional properties of food or the effectiveness of household goods, to test whether our results were specific to environmental information.

## **RESULTS**

Participants chose more environmentally friendly products when the format of the eco-label was standardized and colour-coded than when the label displayed verbal information. Their purchase decisions were not affected by whether the environmental information was positively or negatively framed. The standardized, red-green label had a larger impact again when participants shopped under time pressure. Although an equivalent standardized label was also more influential than a verbal one for conveying information about non-environmental properties (nutrition, product effectiveness), this interaction with time pressure was observed only for the environmental label. The standardized red-green label also made it easier for participants to choose an appropriate product to match a request from someone else for an environmentally friendly product.

## **POLICY IMPLICATIONS**

The study provides good evidence that standardised, colour-coded eco-labels are persuasive. In a controlled experiment the label led consumers to choose more environmentally friendly products. Although this kind of eco-label communicates less factual information than a verbal description of environmental impact, it appears to be more likely to influence consumers' choices, especially when they are busy and trying to shop quickly. The failure to record a difference when environmental information was framed negatively rather than positively contrasts with some previous international research, which focused on single purchases rather than a substantial shopping list. When buying multiple everyday items in a hurry, it was simplifying the environmental information that counted. The findings therefore conform to a broader trend in behavioural research on regulations governing disclosure of product information. Where disclosures are required to be simple, they generally tend to be more effective.

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