

Good for consumers and good for the environment

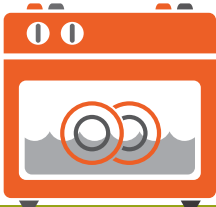
A 1992 EU Directive requires retailers to provide information – through a label – about the energy efficiency of household appliances. The EU Energy Label helps consumers choose the most energy-efficient product, thus helping to lower both their energy bills and their impact on the environment thanks to less energy-hungry products.



Victim of its own success

A to G scale: Initially, the label rated the energy efficiency of appliances on an energy class scale ranging from A to G, with class A indicating the most efficient products. Research¹ has shown that the clarity and straightforwardness of this scheme made it very popular among consumers. It also spurred a rapid market transformation as manufacturers rushed to provide consumers with top-rated products. The label therefore fulfilled its aim of incentivising both consumers and retailers to embrace more energy-efficient appliances.

A 'plus' scale: Many products came to meet - or exceed - the original class A. The EU consequently decided to add "A+" classes to recognise further energy efficiency improvements in products. Three new categories were added: A+, A++ and A+++. However, according to research^{2,3,4} consumers are less motivated to opt for the top class appliances without a clear "buy A" message.



Time to simplify: back to the A to G scheme

On 15 July 2015, the European Commission proposed a revision of the EU Energy Labelling Directive that includes a return to a closed A to G scale. This is good news but we recommend the following to be taken into account during the implementation:

A smooth transition

To ensure rescaling takes place in a way that is understandable to the consumer, we propose:

- Adopting a **new graphic design** to draw attention to the revised scheme;
- Adapting existing labels **shortly** after the entry into force of the legislation;
- Setting a **short transition period** to the new scheme to facilitate market surveillance;
- Communicating the changes to consumers through information **campaigns**.



¹ ANEC, BEUC, Consumer Focus (UK), the UK Energy Saving Trust and the UK Department for Environment, Food and Rural Affairs (DEFRA) asked Ipsos MORI to carry out empirical research concerning consumers' perception of the A-G Energy Label.

² Stefanie Heinze and Rolf Wüstenhagen, Consumer survey on the new format of the European Energy Label for televisions: Comparison of a 'A-G closed' versus a 'beyond A' scale format. University of St. Gallen, August 2009.

³ Stefanie Heinze and Rolf Wüstenhagen, Dynamic Adjustment of Eco-Labeling Schemes and Consumer Choice: the Revision of the EU Energy Label as a Missed Opportunity? John Wiley & Sons, Ltd and ERP Environment, 2011.

⁴ London Economics, Study on the impact of the energy label – and potential changes to it – on consumer understanding and on purchase decisions. ENER/C3/2013-428 FINAL REPORT. October 2014.

Ensuring resilience of the label in future rescaling: Some product labels provide out-of-date or inaccurate information. This misleads consumers and therefore:

- **The scale should be revised** when the top class becomes overpopulated⁵. This would avoid a bunching of products at the top of the scale which meet or exceed Class A efficiency performance and so offer consumers a meaningful choice.
- **A product registration database** should be set up to facilitate rescaling, to assist in market monitoring, to inform consumers and to facilitate market surveillance.

Boosting understanding: Research⁶ shows that consumers do not understand elements of the energy label. In order to identify what works for consumers, we support:

- **Testing consumer understanding** of complex pictograms and – where applicable – the indication of energy consumption per year or per cycle **before the adoption of product specific labels**.

Reversing the effect of labelling measures in ‘promoting’ larger appliances: Larger appliances, such as washing machines, can reach the highest energy efficiency classes of the current scheme more easily⁷. However, these appliances - although efficient for their size - might still consume more energy than smaller ones⁸ and may not be the best choice for smaller households. Consumers can be misled into believing they are reducing their energy bills, and doing something good for the environment, by buying appliances that are efficient but too big for their needs.

- We consider the current revision of the scheme an opportunity to address the phenomenon of big machines taking the top spots.



What about the expected lifetime of products?

At the moment, consumers buying new goods are not told about a product's life expectancy under normal conditions of use and maintenance. Without such information, people cannot opt for long-lasting and/or repairable goods.

- We believe the current rethinking of the EU Energy Label provides an opportunity to consider providing consumers with lifetime expectancy information through the scheme.



⁵ We advocate for a rescaling to take place as soon as the top efficiency class is populated by more than 25% of the products sold or 35% of the products put on the market.

⁶ Elke Dünnhoff, Katrin Negatsch and Carmen Strüh, Energieverbrauchskennzeichnung von elektrischen Geräten – Ergebnisse des zweiten Marktchecks im Dezember 2012 und einer Verbraucherbefragung. Mainz, May 2013.

⁷ VZ-RLP, Misleading advertising in energy labelling. 2nd phase, July 2014 – June 2016.

⁸ As the calculation of the energy efficiency might allow for more energy consumption when the capacity of a product increases.

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