Final Report

Development and implementation of a marketing strategy for the European ecolabel on textiles and shoes in Denmark

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1 Summary

The main objectives of the project were to contribute to increasing the visibility and use of the European ecolabel on textiles and shoes in Denmark by development and implementation of a targeted marketing and promotion strategy on the European ecolabel towards Danish producers, retailers and importers of textiles and shoes.

The project has achieved some very good results. Since the project started in November 2001, 4 Danish textile manufacturers have obtained the European ecolabel, so today, there are 17 licenses for the ecolabel on textiles in Denmark. In the same period, 18 extensions for existing textile licenses were given. At the moment, there are 10 new Danish applicants that will hopefully get their license in the autumn of 2002. Finally, 13 textile manufacturers seriously consider applying for the ecolabel.

So far, no Danish shoe manufacturer has obtained the ecolabel, but there is an applicant that will hopefully get the license in the autumn. An important result is that today, all 20 Danish shoe manufacturers and the 2 largest retailer chains know what the ecolabel stands for and 8 shoe manufacturers will participate in a network group about the ecolabel.

For a longer-term marketing effort towards potential applicants in Denmark, the project finds that a personal dialogue with the decision-makers in the companies are the most efficient way to create an interest in the ecolabel and that network groups are suitable ways to give the companies a forum where they can exchange experiences and support each other in applying for the ecolabel. Furthermore the project showed that a commitment from the large companies and strong trademarks to market ecolabelled products would motivate the smaller companies to follow. Finally, the project showed that announcement of marketing initiatives on the EU ecolabel from the authorities in both Denmark and EU is the best lever in committing the companies to apply for the ecolabel.
2 Introduction

This report describes the relevant measures and lessons that can be drawn from the project and gives recommendations for a longer-term marketing effort towards potential applicants for the European ecolabel in Denmark.

The project is conducted in close dialogue with Ecolabelling Denmark, The Centre for Environment-Friendly Textiles and the involved trade associations: The Federation of Danish Textile and Clothing, The Association of Danish Textile Retailers and The Danish Shoe Retailers Organisation.

The background for the project was the need for a more targeted action toward the manufacturers, importers and retailers of textiles to attract more enterprises to the ecolabel scheme and to use the present focus on ecolabelled textiles to create an interest in ecolabelled shoes.

The project has achieved some very good results and shows that a personal dialogue is the most efficient way to create an interest in the ecolabel.

Since the project started in November 2001, 4 Danish textile manufacturers have obtained the European ecolabel, so today, there are 17 licenses for the ecolabel on textiles in Denmark. In the same period, 18 extensions for existing textile licenses were given. At the moment, there are 10 new Danish applicants that will hopefully get their license in the autumn of 2002. Finally, 13 textile manufacturers seriously consider applying for the ecolabel. Their commitment to the ecolabel will depend on the ambitions for the common European ecolabel campaign in 2004.

So far, no Danish shoe manufacturer has obtained the ecolabel, but there is an applicant that will hopefully get the license in the autumn. An important result is that today, all 20 Danish shoe manufacturers and the 2 largest retailer chains know what the ecolabel stands for and 7 shoe manufacturers will participate in a network group about the ecolabel.

3 Objective

The main objectives of the project were to:
• Contribute to increasing the visibility and use of the European ecolabel on the market, and to develop fruitful partnerships with the retailers and other stakeholders
• Develop and implement a targeted and appropriate marketing and promotion strategy with the aim to inform the Danish producers, retailers and importers on the European ecolabel on textiles and shoes
• Attract more producers, importers and retailers to the European ecolabel scheme
• Communicate the advantages of marketing the ecolabelled products
• Contribute to a long term marketing policy in Denmark.
4 Strategy

4.1 Target groups

The main target groups were:
- Danish manufacturers, importers and retailers of textiles
- Danish manufacturers, importers and retailers of shoes
- Danish enterprises and public institutions purchasing textiles and shoes

Within the Danish textile industry, the targeted approach since 1999 towards manufacturers has established awareness and interest so that many manufacturers today, would quickly be able to fulfil the requirements of the European ecolabel. However, many of them still have doubts as to the market potential and are still awaiting response from their customers.

Most of the ecolabelled textiles on the Danish market are children’s wear, underwear and home textiles. To many manufacturers it is still the common opinion that the European ecolabel limits the design possibilities and today there is not much ecolabelled adult clothing and fashion wear to proof them wrong. The ecolabelled textiles are sold in about 16 large retailing chains in Denmark. The two largest distributors are Dansk Supermarked and COOP Denmark (the country's largest retail enterprise). Together, they cover up to 65% of the market for children’s wear and at the moment 75% of the basic children’s wear like underwear and night clothing carry the ecolabel.

The strategy towards the textile industry was to create a dialogue with the large players and strong trademarks on the market to commit them first, because many smaller companies will wait for the larger players to move and therefore be very difficult to commit. The focus was on the Danish and Nordic chains, which have grown international, rather than on the Danish divisions of large international chains.

In relation to the footwear industry, the strategy was to create an interest in ecolabelled shoes by using the good experience from the textile industry to start the process.

There are only 20 manufacturers and importers of footwear in Denmark, and most of them are very small companies. The main part of footwear sold in Denmark is produced in The Far East and Southern Europe. In general China covers about 80% of the world market on footwear and it is expected to grow in the future. The strategy was therefore to raise awareness among the importers and retailers to enable them to pose environmental questions to their suppliers.

Around 80% of the Danish retailers of shoes are members of one of two large purchasing chains (Eurosko and Shoe D-vision) and together they sell about 80% of all footwear in Denmark. Therefore the focus was to start a dialogue with the purchasing managers from these chains.

A demand for ecolabelled textiles and shoes from the public purchasers would also be
strategically important because it could have a rub-off effect on the consumer market. It is therefore important that the public purchasers are aware of how they can incorporate environmental considerations into their purchasing.

4.2 Communication methods and media

The project has combined 4 different communication methods and media:

- **Personal dialogue:** Personal dialogue at meetings and workshops are important in changing the behaviour of the target groups.
- **One-way communication:** Companies that consider producing and marketing ecolabelled products need written information, which communicates the advantages that can be achieved and the costs to be expected.
- **Press:** The business related media and trade journals are important, partly because the decision-makers judge the importance of the messages in relation to the focus of media attention and partly because a targeted approach towards the media can obtain significant attention with limited resources.
- **Availability of information:** The target groups must have the opportunity to obtain further information, for instance, on the web sites they normally visit and from the organisations they normally trust and listen to.

4.3 Messages

The following outlines the main messages that have been communicated to the different target groups.

Manufacturers, importers and retailers of both textiles and shoes:

- The European ecolabel will in the future be an integrated part of the trademark of all sustainable companies.
- The European ecolabel is a good tool in making the environmental efforts visible for customers and public purchasers.
- A visionary environmental effort gives a good foundation for new stories about the products, which is important in order to achieve a better market share.
- The environment is not a question of fashion but a "must" to ensure the market share.
- The expected turnover by using the European ecolabel is higher than the expenses necessary when applying for and using the ecolabel.
- Environmental and consumer organisations all over Europe call on enterprises to opt for the ecolabel. A backing that contributes to strengthening the credibility of the ecolabel.

Specific messages for manufacturers, importers and retailers of textiles:

- Several large retail chains have chosen to opt for the ecolabel. By marketing a still larger selection of textiles with the ecolabel, retail chains contribute to increasing the demand for ecolabelled textiles.
- Experience shows that the consumers are interested in buying textiles with a ecolabel if the
Design is up-to-date and not more expensive than other articles.

- Textiles, both in natural and synthetic materials and all colours may carry the ecolabel.

Specific messages for manufacturers, importers and retailers of shoes:

- The increasing demand seen in the retail trade for environmentally friendly textiles is expected to be similar on shoes.
- Manufacturers, importers and retailers of shoes can learn from the experience of the textile industry in connection with obtaining the ecolabel as well as in the marketing of the ecolabelled products.
- When producing shoes, it is especially the chemicals being used, which are dangerous. It is therefore important to communicate that it is possible to produce shoes with the use of less chemicals.
- Ecolabelled shoes are of high quality and the design is not compromised either.

Enterprises and public institutions purchasing textiles and shoes:

- A number of important environmental work and health problems are connected to manufacturing textiles and shoes.
- By purchasing ecolabelled textiles and shoes, the enterprises and public institutions help limit the number of unwanted chemicals and contribute to the creation of a bigger and more competitive market for textiles and shoes that have less environmental impact.
- Ecolabelled textiles and shoes are of high quality and the design is not compromised either.
- Purchase of ecolabelled textiles and shoes is part of fulfilling green purchase strategies of the enterprises and public institutions.
- Short and easily read guidelines about the purchase of environment-friendly textiles and shoes are available.

5 Implementation – activities and results

The following describes the communication activities conducted and results achieved.

5.1 Pamphlet for the decision-makers in the textile industry

In December 2001, a pamphlet entitled "Why Labelling Textiles with the Flower?" was prepared and printed in 6,000 Danish and 3,000 English numbers. The pamphlet clarifies what the European ecolabel stands for, the market potential of the ecolabel and the costs in connection with the ecolabel. The pamphlet gives a number of good reasons for the enterprises to opt for the ecolabel and the enterprises can use the pamphlet in the dialogue with their suppliers and customers. The pamphlet was sent to all the members of The Federation of Danish Textile and Clothing (400) and The Association of Danish Textile Retailers (2800) by direct mail along with an invitation to the dialogue meeting described below.
5.2 Dialogue meeting for decision-makers in the textile industry

A dialogue meeting for decision-makers within manufacturers, agents and the retail business took place on the 8th of February 2002 at the annual fashion week at Bella Center in Copenhagen. The purpose of the meeting was to communicate the market results obtained up to now and the new initiatives taken in both Denmark and the EU as well as to give the participants an opportunity to discuss the advantages and barriers of obtaining the ecolabel. A panel of six representatives from a manufacturer, a large retailer, The Centre for Environment-Friendly Textiles, The Federation of Danish Textile and Clothing, The Association of Danish Textile Retailers and Ecolabelling Denmark each gave a 5-minute presentation with different angles on ecolabelling. After these presentations, the word was free for questions for one hour. Around 30 enterprises attended the meeting. It was a positive discussion but the main issue was the lack of demand for ecolabelled textiles from both the consumers and the public purchasers.

5.3 Personal contact and meetings with decision-makers in the textile industry

Around 40 companies were contacted by telephone and informed about the ecolabel, the market potential and the planning of a common European ecolabel campaign in the spring of 2004. Meetings were held with 11 companies, who wanted further information on the ecolabel, the criteria and the application process and especially the European ecolabel campaign. At the meetings, either Ecolabelling Denmark or The Centre for Environment-Friendly Textiles Denmark also participated.

The personal contact has resulted in 10 new applicants for the ecolabel and 13 textile manufacturers that seriously consider applying.

There is a general uncertainty among the enterprises as to the market potential of the ecolabelled textiles. They see the low awareness amongst consumers and the big differences in knowledge about the ecolabel in the European countries as a major barrier. The announcement of the planned common European ecolabel campaign in 2004 was therefore extremely important to their agreeing to participate in meetings on the ecolabel, and their commitment to the ecolabel will depend on the ambitions for the campaign.

Most of the companies will if necessary, start by obtaining the ecolabel on selected commodities, where they have fixed supplier agreements making it easier for them to control the compliance to the ecolabel criteria. As many of the companies are fashion houses with famous brands, there is an anxiety that labelling selected products will result in a bad criticism of the unlabelled products.

5.4 Network group for textile manufacturers

A network group for textile manufacturers who wants to apply for the ecolabel and manufacturers that are already licensed for the ecolabel has been established. The idea is to give the enterprises a forum where they can exchange experiences on marketing, etc. and
support each other in the work, for example, by agreeing on the progress from meeting to meeting and thereby motivate more manufacturers to start the process.

The first meeting was held at the Centre for Environment-Friendly Textiles on the 23rd of April 2002 where the new textile criteria for the ecolabel and the common European ecolabel campaign were on the agenda. The second meeting was on the 10th of September 2002 and the preparation for a common fashion show for the 10th anniversary of the ecolabel in Brussels in December was on the agenda. There are 25 members in the network group and the Centre for Environment-Friendly Textiles will co-ordinate the future meetings.

5.5 Personal contact and meetings with the decision-makers in the shoe industry

Several “telephone meetings” have been held with the purchasing managers from the two large retailer chain, Shoe D-vision and Eurosko, to ensure that they are aware of the market potential of the ecolabel and that they know how to place environmental demands on their suppliers. They were both very positive and believed that there could be a market for ecolabelled children’s footwear.

Although Shoe D-vision have already started asking their European suppliers about the ecolabel, they expect it to take several years and a huge amount of pressure from customers all over Europe before manufacturers, especially in Southern Europe, will consider ecolabelling as the competition from Asia is hard and the environment very lowly prioritised. They find that the Asian manufacturers are more eager to live up to a European standard, if it helps them in getting a larger market share.

Both Shoe D-vision and Eurosko asked for an easily accessible pamphlet about the ecolabel on shoes to support the dialogue between the purchasers and the suppliers. The pamphlet was prepared and sent to them in the beginning of August 2002 as described below, with a letter describing the plans for the common European ecolabel campaign in 2004.

At the moment, one Danish shoe manufacturer is applying for the ecolabel and on the 22nd of May 2002, they hosted a dialogue meeting where they shared their experience in applying for the ecolabel. Ecolabelling Denmark participated and explained the environmental as well as the documentary requirements that must be fulfilled in order to ecolabel footwear. All 20 Danish shoe manufacturers and importers were invited but only 3 attended.

Before the meeting, all the others were contacted by phone and asked about their interest in the ecolabel and informed about the ecolabel campaign. It resulted in one more personal meeting on the 26th of August with one of the large manufacturers. The rest of the manufacturers and importers are mainly very small family-companies and they do not have the interest or the resources to opt for the ecolabel.

At the meeting on the 22nd of May, the manufacturers agreed to establish a network group similar to the textile network group. The idea is to give the companies a forum where they can
discuss the market potential of the ecolabel and what it will take for them to commit to the ecolabel. The first meeting in the network group was held on the 26th of September at the largest Danish shoe manufacturer ECCO Sko. All 20 Danish shoe manufacturers and importers were invited, but only 3 attended the meeting. Another 5 manufacturers will participate in the future meetings so the network consists of at least 8 manufacturers. The Centre for Environment-Friendly Textiles will also co-ordinate the future meetings in the network group. The next meeting will focus on how to implement a management system to control and document the suppliers' compliance with the ecolabel criteria.

5.6 Pamphlet for the decision-makers in the shoe industry

In June 2002, a pamphlet entitled "Why Labelling Shoes with the Flower?" was prepared and printed in 12,000 English numbers. The pamphlet clarifies what the European ecolabel stands for, the market potential of the ecolabel and the costs in connection with the ecolabel. The pamphlet gives a number of good reasons for the enterprises to opt for the ecolabel and the enterprises can use the pamphlet in the dialogue with their suppliers and customers. The pamphlets were distributed through the two major retail chains and The Danish Shoe Retailers Organisation (500 members). It was also sent to the 20 shoe manufacturers and importers along with an invitation to participate in the network group described above.

5.7 Theme meeting for professional purchasers of textiles and shoes

In co-operation with the Centre for Environment-Friendly Textiles, a theme meeting in the purchasing network for environmentally friendly textiles (encompasses 42 members from private enterprises and public institutions) was held on the 17th of June 2002 and 28 companies participated. The new ecolabel criteria on both textiles and shoes and the European ecolabel campaign were on the agenda. The discussion revealed that many private purchasers do not find the ecolabel criteria comprehensive enough, mainly because the ecolabel does not address the workers’ health and safety and social and ethical aspects but they can use the ecolabel criteria as a checklist when they develop their own demands for their suppliers.

5.8 Success stories in the press

The PR-effort in connection with the Danish ecolabel campaign in October-November 2001, gave good publicity on ecolabelled textiles in trade magazines, lifestyle magazines and consumer media. In April 2002, the magazine Textile & Clothing and the magazine Textile, have brought articles about the new ecolabel criteria and the new marketing plans and initiatives. The electronic newsletter from National Procurement Ltd has published articles about the new ecolabel criteria on both textiles and footwear in June, and in August an article about the ecolabel on textiles and shoes to employee journals at enterprises and public institutions has been offered to the members of the purchasing network.
5.9 News, knowledge and tools on the web

The website of the Centre for Environment-Friendly Textiles is under construction and will be available in October 2002. The website will give the enterprises and other stakeholders the opportunity to obtain news and updated knowledge and tools. The site will contain a database (in English) with names of producers and suppliers capable of meeting the environmental requirements in the ecolabel. The pamphlets about the ecolabel on textiles and shoes will also be available on the website.

6 Lessons learned and recommendations

The following describes the lessons that can be drawn from the project and gives recommendations for a longer-term marketing effort towards potential applicants in Denmark.

Today, the ecolabel is on the agenda in all the Danish textile companies. However, many companies are still in the decision making process. They are currently analysing the benefits and the economic consequences of having the ecolabel as well as mapping out how far they are from meeting the requirements of the ecolabel.

The largest barrier is that many of the companies are uncertain about the market potential for ecolabelled textiles. They see the low awareness amongst consumers and the big differences in knowledge about the ecolabel in the European countries as a major problem. The announcement of the planned common European ecolabel campaign in 2004 has been extremely important for their interest in the ecolabel. Therefore their commitment to the ecolabel will very much depend on the ambitions for the campaign.

Another barrier is that private and national ecolabels cause tough competition and make it hard to enter the markets. In many countries especially in Germany, the Oeko-tex label is a far better known label than the European ecolabel.

The large fashion houses with famous brands will, if they decide to market ecolabelled products, start by labelling selected commodities where they have fixed supplier agreements that make it easier to control the compliance of the ecolabel criteria. On the other hand, many fashion houses fear promoting one product over another and that the consumers in that case will be more critical towards the unlabelled products.

For most companies in the footwear industry, the discussion about the ecolabel is quite new and even though some companies are positive, they still expect it to take several years and a huge pressure from customers all over Europe before the manufacturers will consider ecolabelling as the competition from Asia is fierce and the environment has very low priority.

The shoe industry's reservations and doubts about the ecolabel are the same as those of the textile industry's two years ago. Despite the industry's self-image as being more conservative and therefore more difficult to convince, experience from the textile industry shows that this is
possible through continuous dialogue with the companies. For that reason, the resources are, at this moment best spent by supporting the network group and the purchasers in placing environmental demands on their suppliers.

A common lesson that can be drawn from the dialogue with the large retailers of both textiles and shoes is that they want a range of ecolabelled products in the store before they will proceed to an active promotion of the ecolabel. At the moment, they find that the number of ecolabelled products available on the market is too small.

Finally, all the companies agree that it is the responsibility of EU and the member states to raise the awareness and knowledge about the ecolabel among all the European consumers and that it must have the highest priority.

The project gives the following recommendations for a longer-term marketing effort towards potential applicants in Denmark:

- A personal dialogue with the decision-makers in the companies is the most efficient way to create an interest in the ecolabel.
- There is a need for printed material to support the personal dialogue. The printed material must be product-group specific and must clarify what the ecolabel stands for, the market potential and the costs in connection with the ecolabel.
- Network groups are suitable ways to give the companies a forum where they can exchange experiences about the ecolabel and support and motivate each other in the process of applying for the ecolabel.
- A commitment from the large companies and strong trademarks to market ecolabelled products is a very important signal that will motivate the smaller companies to follow.
- The fact that ecolabel products also gain an independent quality stamp is an important argument in convincing the companies to opt for the ecolabel.
- Announcement of marketing initiatives taken in both Denmark and EU is the best lever in committing the companies to apply for the ecolabel.