



Eco-labels:

Environmental Marketing in the Beauty Industry

Selecting an eco-label with which a brand and its target consumer group are most comfortable, translating to success on shelf, first requires an understanding of these eco-labels and their standards.

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IMPACT POINTS

- Eco-labels are commonly divided into two classes: single-attribute eco-labels and multi-attribute eco-labels.
- The natural and organic beauty market is anticipated to exceed \$10 billion by 2010. The majority of this growth is in the U.S. and Europe, markets where eco-label recognition is growing at a similar pace.
- Recognition by an eco-label program can help a marketer break into one of the fastest-growing sectors of the beauty industry, or increase an existing market share.
- Harmonization of eco-label standards is an ideal way to increase transparency to the consumer and promote growth in the eco-label network.

Natural, and organic have long been popular marketing buzzwords in the beauty industry, but their meanings continue to have multiple definitions. The “green” sector of the beauty industry is one of the fastest-growing markets globally, with further potential for expansion. Increasing consumer demand for green products, which are generally classified as products that are made from sustainable sources and/or are safer for the environment and human health, has led many beauty companies to jump on the green bandwagon—particularly in terms of marketing.

Consumers, however, have become aware of greenwashing practices that may be associated with the use of general claims on “natural,” “earth-friendly” and “non-toxic” products, causing confusion in the marketplace and weakening the perception of truly green products. According to a panel from the Natural Products Association (NPA) and representatives from natural beauty care companies, as few as 20% of the products in the natural personal care products sector are truly green. In response, the beauty industry is turning to eco-labels as a means to reposition itself within the market and

substantiate green claims for products in this industry.

What is an Eco-label?

Eco-labels are used to identify products, raw materials, or companies that meet a particular organization or government agency’s standards in terms of organic content, sustainability or minimizing risks to humans, animals or the environment. Applying an eco-label to a product or raw material is an excellent way to inform consumers and add a point of market differentiation. However, there are now more than 300 different eco-labels to choose from, covering multiple product types, and not all are created equal.

Eco-labels are commonly divided into two classes: single-attribute eco-labels and multi-attribute eco-labels. **Figure 1** identifies some of the major differences between these single- and multi-attribute labels, along with examples of each type of eco-label.

Single-attribute eco-labels are often faulted because they tell only part of the story. As an example, a cosmetic may be compliant with a label that requires 70% organic content for ingredients, but this label says nothing about the product being safer for health or allergen-free, and thus

Differences Between Single-attribute and Multi-attribute Ecolabels

Single-attribute Ecolabel

- Highlights individual product characteristics
- May not accurately define how “green” or “safe” a product is
- Used because consumers understand them and they overcome the gap in standards
- Examples: U.S.D.A.’s National Organic Program (NOP) seal, NPA’s Natural Seal

Multi-attribute Ecolabel

- Defines what makes a “greener” product for a product category
- Indicates product complies with all criteria within a multi-attribute standard
- Sets criteria for product categories for a range of environmental impacts across life stages (e.g., energy efficiency and conservation, greenhouse gas emissions, environmental fate)
- Examples: MBDC’s Cradle-to-Cradle label

Figure 1. Eco-label classifications

A cosmetic may be compliant with a single-attribute eco-label that requires **70% organic content** for ingredients, but this label says nothing about the product **being safer** for health or allergen-free.

can be misleading to consumers. Despite the criticisms lodged against single-attribute labels, there is a need for them since consumers understand them, making these labels attractive for retailers.

A multi-attribute eco-label sets criteria for product categories across a number of environmental impacts and may involve life cycle assessments. Multi-attribute eco-labels incorporate impacts such as environmental and health considerations throughout the life cycle of a product (raw material sourcing, manufacturing, distribution/storage, product use, and product disposal).

What is the Benefit in the U.S.?

U.S. consumer sales of natural and organic personal care products in all channels grew 8.4% to \$7.9 billion in 2008, according to a February 2009 report by Nutrition Business Journal. Although double-digit growth has slowed due to maturation of the market, the natural and organic personal care market is anticipated to exceed \$10 billion by 2010. In terms of worldwide expansion, the majority of this growth is happening in the U.S. and Europe, markets where eco-label recognition is growing at a similar pace. In these regions, the natural and organic sector

of the beauty industry is anticipated to grow to nearly 15% of total sales in coming years, according to Organic Monitor.

In the U.S. and beyond, the demand for natural and organic personal care products is developing in two tiers: 1) large budget, high-end designer brands that distribute to extensive, yet exclusive, distribution channels such as department stores, specialty stores and salons; and 2) smaller, more traditional companies that focus on distribution in the traditional marketplace.

Sustainability-minded cosmetics giants such as Aveda and Origins are now moving into department and retail stores in nearly every shopping mall in the U.S., while companies such Burt’s Bees and Tom’s of Maine are profiting from distribution in the mainstream market, according to Organic Monitor. Even the U.S.-based pharmacy retailer CVS Caremark has adopted a cosmetic safety policy to integrate “safer” ingredients and minimize packaging and energy use in its brand and private labels.

Recognition by an eco-label program can help a marketer break into one of the fastest-growing sectors of the beauty industry, or increase an existing market share. An eco-label enables a brand to communicate values and a positive, active

position on environmental and/or human health concerns in a credible manner. Additionally, the growth of effective eco-labels will positively impact stragglers who may not be interested in making a greener products, but will do so if competitors realize a market advantage through use of an eco-label.

Which One to Choose?

A reputable eco-label is generally one that is substantiated by a third-party verifier and allows rigorous and scientifically pertinent evaluation criteria to be applied to products and ingredients. Consumer confidence is gained through a sound understanding that an objective, expert and professional body has assessed and certified the eco-label before it is sanctioned. There are currently hundreds of third-party eco-labelling organizations around the world, and more are sure to come. However, the abundance of eco-labels available in the market, when considered in conjunction with the lack of transparency of certain standards, could introduce a further element of confusion and mistrust among consumers. Therefore, it’s important that marketers do their homework to find a highly trusted, highly recognized eco-label.

Predominant and Upcoming Beauty Eco-labels

Germany’s BDIH (Bundesverband deutscher Industrie- und Handelsunternehmen) Certified Natural Cosmetics mark and France’s Ecocert Ecological Cosmetics and Ecological and Organic Cosmetics marks are the eco-labels* that currently globally dominate the beauty market. These have been in the forefront of the beauty eco-label movement, and others—such as GreenSeal, the Natural Products Association’s “The Natural Seal,” NaTrue and Cradle-to-Cradle—are relatively new to the beauty industry, but are poised to make significant inroads into the North American eco-label market.

Sustainability and Safety-focused Eco-labels

BDIH and Ecocert focus on the total sustainability and safety of a product, as well as the use of natural and organic ingredients. Cradle-to-Cradle Certification (U.S.) is a broad evaluation of eco-intelligent design that is applicable to a large variety of retail goods, and has garnered the respect of many companies because it involves a comprehensive set



* A chart summarizing these labellers is available with the online version of this feature.

of criteria for sustainably designing and manufacturing products that incorporate environmental and human health effects in their evaluation. The U.S. Environmental Protection Agency’s (EPA) Design for the Environment (DfE) label focuses on human health and environmental preferability criteria, and has the added benefit of having the U.S. EPA’s name on the eco-label—though it does not currently evaluate a broad range of cosmetics and personal care product types.

Organic-focused Eco-labels

There are eco-labels geared solely toward promoting the use of organic ingredients, and these have developed standards that a product must meet to be labelled as “organic” or partially organic. There are a number of organic eco-labels offered worldwide—including Organic Farmers & Growers (U.K.), Soil Association Certification Limited (U.K.), Biological Farmers of Australia (BFA), NaTrue’s Organic Cosmetics label (Europe), NSF International’s “Made with Organic” Personal Care Products standard (U.S.), the U.S. Department of Agriculture’s National Organic Program (U.S.), Organic and Sustainable Industry Standards (OASIS) (U.S.), and the International Federation of Organic Agriculture Movements (IFOAM).

Natural-focused Eco-labels

Eco-labels that concentrate on natural rather than organic ingredients require a minimum content of ingredients that are sourced from a renewable or plentiful natural source. These labels also require that the products contain no petroleum-based ingredients. These eco-labels include NaTrue’s “Natural Cosmetics” label and the Natural Products Association’s “The Natural Seal.”

Attribute-specific Eco-labels

There are a number of eco-labels that have a very specific focus, such as allergen content or a product’s carbon footprint. The Allergy UK Seal of Approval, for example, focuses on reducing allergen content in personal care products, while the Forest Stewardship Council (FSC) offers an eco-label for those companies using carbon-neutral packaging. The Leaping Bunny label, created by the Coalition for Consumer Information on Cosmetics, signifies that the marketer adheres to a corporate standard of compassion for animals.

Which Eco-label is Best for Your Product?

Beauty marketers should avoid greenwashing at all costs. Greenwashing is defined as the act of misleading consumers regarding the environmental practices of a company or the environmental benefits of a product or service. The careful selection of an eco-label will go a long way in helping to stay clear of greenwashing. That being said, recognition/certification of a product should not be considered insurance against misrepresenting or exaggerating claims on the significance of an eco-label.

The current diversity in beauty product eco-labels allows a marketer to select an eco-label based upon the specific product, intended audience and region of sale. **Table 1** outlines the predominant beauty product eco-labels to choose from. Some eco-labels, such as the EPA’s DfE label, are currently focused on only surfactant-based personal care products, such as soaps and shampoos, rather than decorative cosmetics. Other eco-labels may not be widely recognized by the consumers in your region of sale.

Geographically, the Natural Products Association and GreenSeal marks are widely

Table 1—Eco-labels by Product Type

Ecolabel	Predominant Region of Recognition	Approximate Number of Products Certified	Certification Offered by Product Type		
			Soaps, Shampoos, Conditioners, etc.	Moisturizers, Hair Styling, etc.	Decorative Cosmetics
BDIH	Europe	5,000+	Yes	Yes	Yes
DfE	U.S.	1,034**	Yes	No	No
Cradle-to-Cradle	U.S.	20	Yes	Yes	Yes
Ecocert	Europe	8,000+	Yes	Yes	Yes
EcoLogo	Canada	20	Yes	No	No
EU EcoLabel	Europe	57	Yes	No	No
GreenSeal	U.S.	None to date	Yes	No	No
NaTrue	Europe	100	Yes	Yes	Yes
Natural Products Association	U.S.	53	Yes	Yes	Yes
NSF	U.S.	None to date	Yes	Yes	Yes

** This value includes non-personal care items

Table 2—Certification Requirements for Major Eco-labels Relating to Cosmetics/Personal Care Products

Eco-label	Third-party Review	On-site Audit	Laboratory Evaluation	Regular Reevaluation/Renewal	60% Rule
BDIH	Yes	Yes	No	Yes, on-site audit once per year	Yes
Cradle-to-Cradle	Yes	Yes	Yes for specific requirements	Yes, annual review to assess any changes to product	No
DfE	Yes	No	No	Yes, reevaluation every year	No
Ecocert	Yes	Yes	No	Yes, on-site audit twice per year	No
EcoLogo	Yes	Yes	No	Yes, may be subjected to on-site audit	No
EU Eco-label	Yes	No	Yes	Users may use the eco-label for the period of validity of the standard (about five years). Changes in the certification criteria may require reevaluation.	No
GreenSeal	Yes***	Yes***	Yes***	Yes, annual on-site audit and monitoring***	No***
NaTrue	Yes	Yes	No	Yes	No
Natural Products Association	Yes	Yes†	No	Yes, recertification every two years	Yes
NSF	Yes	Yes	No	Yes, on-site audit once per year	No

*** Green Seal's standard for Consumer Soaps, Cleansers and Shower products (GS-44) was released on May 7, 2009, and is still in the development phase. Results are based upon draft standard and the current product certification requirements of Green Seal.

†The Natural Products Association will implement an on-site audit as part of the certification process as of 2010.

recognized in the U.S., and the EcoLogo mark is predominant in Canada. In Europe, BDIH is highly recognized for its Certified Natural Cosmetics program, and Ecocert's Ecological Cosmetics and Ecological and Organic Cosmetics certifications are the most widely represented worldwide. Companies that do not focus on the use of organic raw materials may not qualify for some of the most distinguished eco-labels, such as BDIH, but could still qualify for other well-regarded programs, such as the EU Eco-label or Ecocert.

If considering application for an eco-label, there are a number of aspects to consider. First, assess the product, its raw materials, its packaging and the means by which it is manufactured to determine if it is truly eco-friendly. Once an eco-label that best represents the product and has the most credibility for the target consumer and region has been selected, read the certifier/reviewer's standard carefully. Most organizations make their standards available on their Web sites. It is important to understand the rules of the review scheme to determine the level of continuous effort required on your company's part. Many organizations require third-party reviews, laboratory testing and/or auditing before initial approval—as well as annual re-evaluations once the eco-label is awarded. BDIH and the Natural Product Association also have a 60% rule, which requires that at least 60% of products in

a brand meet the certification standard before the brand may use their eco-label on any one product. **Table 2** summarizes the typical eco-label requirements for cosmetics and personal care products.

The Future of Third-party Beauty Eco-labelling

The growing number of beauty eco-labels could potentially cause confusion among consumers and reduce the impact of the eco-label movement as a whole. It is now recognized that harmonization of eco-label standards is an ideal way to increase transparency to the consumer and promote growth in the eco-label network. Seven of the leading manufacturer associations, certifying bodies and organic consumer organizations in Europe united as the European Cosmetics Standards Working Group to develop a harmonized cosmetic standard, termed the "Cosmetics Organic and Natural Standard" (COSMOS-standard). Members of the European Cosmetics Standards Working Group include BioForum (Belgium), Ecocert (France), COSMEBIO (France), BDIH (Germany), ICEA (Italy), and Soil Association Certification Limited (U.K.). The final standard—due to be published September 2009, with the first certified products anticipated spring 2010—will establish a standard covering all aspects

of cosmetic production under either organic or natural certification that will be transparent to the consumer. The intent of the COSMOS-Standard (www.cosmos-standard.org) is to promote the use of organic ingredients, introduce green chemistry into the beauty industry, restrict and prohibit the use of synthetic ingredients such as preservatives, and to apply the precautionary principle to any cosmetic ingredient in which insufficient scientific evidence is available to substantiate its safety.

Marketers can elect to be certified under organic or natural certification. There are no organic content requirements for products receiving natural certification; however, the standard does propose a means by which all beauty products, whether or not deemed organic, can calculate and identify organic content on the product's label.

The introduction of the Cosmos-Standard will unite many of the prominent European certifiers. Additional organizations from around the world are invited to apply to use the standard as well. Participating organizations will have the option of certifying directly to the COSMOS-Standard, or may incorporate the standard's basic requirements into their own eco-label. Therefore, the European Cosmetics Standards Working Group's goal of creating a harmonized, consumer-transparent standard will be achieved without the need of forming a single certifying body.

In addition, the European certifier NaTrue, has entered into an agreement with NSF-owned Quality Assurance International (QAI), which certifies to the NSF “Made with Organic” standard. The intent of this agreement is to streamline certification, so a cosmetics firm manufacturing products certified by NaTrue in Europe will not have to go through the full certification process when it enters the U.S. market.

Conclusion

The eco-friendly sector of the beauty industry continues to grow to keep up with consumers’ demands. The use of a widely recognized eco-label is an excellent way to entice the green consumer and tap into the market. The European certifiers BDIH and Ecocert have been leaders in the eco-label movement, but relatively new players such as MBDC, DfE and NPA are seeking to become leaders in the eco-label market, particularly in the U.S.

Marketers must select the most applicable eco-label for their brand based on their intended audience, claims, region of sale, and cost of certification and licensing. Transparency to the consumer is another aspect to consider. Developing standards that are easy for consumers to understand will improve eco-label recognition and boost sales. There is, however, still a great degree of debate within the industry and consumer groups as to what is a truly perfect standard for cosmetics, particularly in the organic sector.

The upcoming release of the COSMOS-Standard will provide some harmonization and transparency as to what is natural and organic, particularly in Europe, but there is a great deal of work to be done by the

industry to create a universal definition. Consumers feel confident that buying a product with an eco-label is truly reducing their impact on the environment and, potentially, their health. However, the introduction of more eco-labels without any apparent harmonization could introduce an increased element of confusion and mistrust. Until greater harmonization is achieved, the best approach for marketers is to select the eco-label to which they and their target consumer group are most comfortable.

Consumers assume that an eco-labeled product is both safer for health and the environment. In fact, research has shown that consumers are primarily drawn to eco-labels because they believe that such labels indicate that a product has a safer health profile than the product’s conventional counterpart. An eco-label that does not incorporate environmental and human health effect components into its screening criteria is probably not the best one to select, as consumers want to know that they are purchasing a product that has a “healthier” profile than a conventional product. ■ **GCI**

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