Labeling product circularity for consumers

Product labels can communicate information to customers to help them make informed decisions about which products to buy. Many types of labels exist, including labels about product energy efficiency and production standards. As companies begin to adopt circular economy practices, products may begin to be labeled accordingly. This could help customers choose products that align with their values and give companies a unique selling point and motivation to adopt circular economy strategies.

What could a circular product label look like? Currently there is no widely accepted standard of measurement for circular economy and no credible circular economy product label. Based on a previous metric developed at RISE, we developed a ‘circular score’ for products and tested it with consumers. Products were assigned a circular score that varied from 0%-100%. Zero percent meant everything in the product came from new materials; 100% meant the entire product was made from reused or refurbished parts.

What impact does a label have? From our study, it appears that such a circular score could be used to inform product circularity to consumers. In fact, it appears that customers may be willing to pay more for ‘circular’ products than brand new, ‘non-circular’ products. However, the level of how ‘circular’ the product is appears to matter to customers. We found customers’ willingness to pay started to decrease at higher levels of circularity.

Should we label product circularity? It appears there could be benefits to business if circularity is communicated. However, before every company starts creating their own score or label for circularity, we must work together to create standards that ensure credibility and justification. It is also likely that instead of having just one metric, we will need an assortment of complementary measurements.

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