

**Survey of Retailer Compliance with Energy Labelling
Requirements 2004**

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CMP3

Trading Standards Consultant Maggie Gibbons-Loveday carried out this survey on behalf of the Department for Environment, Food and Rural Affairs.

She worked with eight local authority Trading Standards Services, whose staff conducted the surveys on retail premises. They were:

Ealing Council

Fife Council

Lancashire County Council

Leicester City Council

Northamptonshire Council

North East Lincolnshire Council

North Lanarkshire Council

Plymouth Council

Survey of Retailer Compliance with Energy Labelling Requirements 2004

Executive Summary

BACKGROUND

A survey was carried out of retailer compliance with energy labelling requirements for domestic 'cold' appliances (refrigerators, freezers, fridge/freezers), 'wet' appliances (washing machines, washer/dryers, tumble dryers and dishwashers) and electric ovens in outlets throughout the UK.

The primary objective of the study was to check the compliance with the requirements of the European Union Statutory Instruments¹ in retail outlets.

This survey follows on from earlier surveys conducted by TSI in 1998 and on behalf of Defra [then DETR] in 1999/2000 and again in 2001. In the 2001 survey, results were collated and adjusted for market share. There has been no adjustment in this survey.

Results

The results of the studies over time are summarised in the table below.

Comparison of results since 1998

Survey	Total appliances checked	% Correct	% Incorrect	% No label
Current Survey 2004	4033	80	8	12
2001	8244	79	7	13
1999 – 2000	7686	84	6	10
1999 Pilot	1587	82	3	15
1998 ITSA	7912	76	6	18

The overall results were disappointing as the compliance rate has barely changed since 2001.

¹ Statutory Instrument 1994 No 3076, 'The Energy Information (Refrigerators and Freezers) Regulations, 1996.

Statutory Instrument 1996 No 600, 'The Energy Information (Washing Machines) Regulations, 1996.

Statutory Instrument 1996 No 601, 'The Energy Information (Tumble Dryers) Regulations, 1996.

Statutory Instrument 1997 No 1624, 'The Energy Information (Combined Washer Dryers) Regulations, 1997.

Statutory Instrument 1999 No 1676, 'The Energy Information (Dishwashers) Regulations, 1999

Statutory Instrument 2001 No 3142, 'The Energy Information and Energy Efficiency (Miscellaneous Amendments) Regulations, 2001

Statutory Instrument 2003 No 751, 'The Energy Information (Household Electric Ovens) Regulations, 2003

There are four differences in the way the results have been compared:

- the first is that the results do not include any for Northern Ireland, which had been included in the 2001 survey
- the second is that only five of the previous participating authorities took part this time
- the third is that only national electrical chain and Independents have been included this time, whereas rental stores and DIY stores were included in previous surveys
- the fourth is that these results also contain compliance rates for ovens, which were not included in previous surveys

The removal of the ovens from the results would increase the compliance rate to 84%, with the unlabelled rate being 9%. The number of incorrectly labelled appliances would be 7%. The results have not been statistically adjusted to take account of all of these factors, nor have they been adjusted to take account of market share within different store types or within authority areas. Results and comparisons must be seen in relation to observed data only.

Results by appliance type

The results by appliance type can be seen in the table below.

Results by appliance type

Appliance	Total	% of sample	% Correct	% Incorrect	% No Label
Fridges	433	11	84	8	8
Freezers	450	11	80	10	10
Fridge Freezers	682	17	84	9	7
Washing Machines	767	18	84	7	9
Washer Driers	244	6	81	10	9
Tumble Driers	375	10	82	3	15
Dishwashers	420	11	87	7	6
Electric Ovens	662	16	62	12	26
Total	4033		80	8	12

There was clearly a higher compliance rate in this survey for wet and cold appliances than for electric ovens. In 2001 the lowest compliance rate was for dishwashers. This suggests that it takes time for the requirements of the newer regulations to be implemented.

The results were compared by store type and are shown in the table below.

Results by store type

	Total	National Chains	Independents
Appliances checked	4033	2418	1615
% Appliances checked	100	60	40
Range of compliances	0-100%	65-97%	0-100%
Compliance	80%	85%	71%
Incorrect labels	8%	6%	13%
No labels	12%	9%	16%

Analysis of Retailer Survey Results

The most frequent reasons for non-display of the label have not changed since 2001.

- In the case of Independents, some of the 'didn't know's' meant also that they were not aware of the Regulations. This was particularly true of electric ovens.
- In the national chains, this was more likely to mean that the manager didn't know why the label wasn't displayed.
- National Chains said that failure to display the label in 42% of cases was due to a failure of suppliers to supply the label.
- Where models were 'just in', they were generally found to contain information such as the price, indicating that some action had been taken with the appliance after it had been placed on the shop floor.
- There is still a reported problem with the supply of the labels. The display of the data strip only is the main reason for incorrect labelling, as it was in 2001. The Regulations state that it is the suppliers' duty to supply the labels. However, there is no time scale given for this. The display of the data strip alone either fails to give consumers sufficient information or is open to misinterpretation.
- Consumers are not given any energy information when the background label is displayed without the data strip. Suppliers place the energy label inside the appliance with the instructions, but retailers don't look for it.
- The wrong background can lead to confusion. A label for the wrong make or model is more serious. It can lead at best to confusion and at worst to misleading information being given to consumers. These reasons accounted for 9% of the incorrectly labelled appliances.
- 14% of unlabelled appliances were due to incorrect interpretation of the Regulations, which is similar to the 15% in 2001.
- Stores claimed that 5% of the unlabelled appliances were not new and were therefore exempt from the Regulations. The exemption is for goods that are second hand, rather than 'not new'. There was no indication on the appliances that they were second hand.

Conclusions

The results clearly demonstrate that:

- there is still significant room for improvement in all stores regarding the requirement to display the label, as there was in 2001
- the compliance rate has improved for wet appliances, particularly dishwashers and is better for wet and cold appliances than for ovens. This suggests that there is a need for more information and enforcement for retailers when new Regulations come into force
- the compliance rate in national electrical chains should be addressed at company level
- the levels of compliance in independents overall is variable, with some being extremely poor
- there is a problem for retailers in obtaining the background part of the label, particularly for some independents stores
- suppliers should be reminded of their duty to supply the label, and this means the complete label, not just the data strip
- retailers need to be reminded that the energy label must be displayed and is as important as a price indication on new stock
- the importance of obtaining and displaying a complete, accurate label needs to be emphasised
- resources should be made available to ensure that suppliers and retailers are aware of their duties and comply with them

Survey of Retailer Compliance with Energy Labelling Requirements 2004

1. BACKGROUND

A survey was carried out of retailer compliance with energy labelling requirements for domestic 'cold' appliances (refrigerators, freezers, fridge/freezers), 'wet' appliances (washing machines, washer/dryers, tumble dryers and dishwashers) and electric ovens in outlets throughout the UK.

The primary objective of the study was to check the compliance with the requirements of the European Union Statutory Instruments² in retail outlets.

This survey follows on from earlier surveys conducted by TSI in 1998 and on behalf of Defra [then DETR] in 1999/2000 and again in 2001. The earlier surveys were comprehensive, covering ten retailers in 12 local authority areas. In contrast, this is a more limited survey, to establish a picture, during February and March 2004, of levels of compliance with the various energy information Regulations in retail premises. The survey was conducted in five retail premises in eight local authority areas³. The areas in this case were chosen to give as wide a spread as possible, including a London Borough, English County Council and Unitary Authorities. It was not possible to survey in Wales or Northern Ireland on this occasion. Two Scottish authorities participated, as these authorities had participated in all of the previous surveys, so the results allow a degree of comparison. Stores were selected purely on the grounds of availability. In the 2001 survey, results were collated and adjusted for market share. There has been no adjustment in this survey.

2. METHODOLOGY

Each authority was asked to establish the level of compliance with the correct display of the relevant energy label in national electrical chain stores and independent electrical retailers. Other types of store, such as rental stores and DIY stores were not included on this occasion. Forty-nine stores were visited.

3. RESULTS

3.1 Results – overall compliance

The overall results are summarised in Table 1, along with a comparison of the results of previous surveys.

² Statutory Instrument 1994 No 3076, 'The Energy Information (Refrigerators and Freezers) Regulations, 1996.

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Statutory Instrument 2003 No 751, 'The Energy Information (Household Electric Ovens) Regulations, 2003

³ One authority surveyed four premises due to time constraints

Table 1: Comparison of results since 1998

Survey	Total appliances checked	% Correct	% Incorrect	% No label
Current Survey 2004	4033	80	8	12
2001	8244	79	7	13
1999 – 2000	7686	84	6	10
1999 Pilot	1587	82	3	15
1998 ITSA	7912	76	6	18

There are four differences in the way the results have been compared:

- the first is that the results do not include any for Northern Ireland, which had been included in the 2001 survey
- the second is that only five of the previous participating authorities took part this time
- the third is that only national electrical chain and independents have been included this time, whereas rental stores and DIY stores were included in previous surveys
- the fourth is that these results also contain compliance rates for ovens, which were not included in previous surveys

The removal of the ovens from the results would increase the compliance rate to 84%, with the unlabelled rate being 9%. The number of incorrectly labelled appliances would be 7%. The results have not been statistically adjusted to take account of all of these factors, nor have they been adjusted to take account of market share within different store types or within authority areas. Results and comparisons must be seen in relation to observed data only.

The overall results were disappointing as the compliance rate has barely changed since 2001.

3.2 Results by appliance type

The results by appliance type can be seen in Table 2.

Table 2: Results by appliance type

Appliance	Total	% of sample	% Correct	% Incorrect	% No Label
Fridges	433	11	84	8	8
Freezers	450	11	80	10	10
Fridge Freezers	682	17	84	9	7
Washing Machines	767	18	84	7	9
Washer Driers	244	6	81	10	9
Tumble Driers	375	10	82	3	15
Dishwashers	420	11	87	7	6
Electric Ovens	662	16	62	12	26
Total	4033		80	8	12

These observed results can be compared with the results in 2001. The comparison is shown in Table 3.

Table 3: Comparisons of 2001 and 2004 results by appliance type

Appliance	2001				2004			
	Total	% Correct	% Incorrect	% No Label	Total	% Correct	% Incorrect	% No Label
Fridges	1222	80	7	13	433	84	8	8
Freezers	1035	81	7	12	450	80	10	10
Fridge Freezers	1828	83	7	11	682	84	9	7
Washing Machines	1955	79	7	15	767	84	7	9
Tumble Driers	782	77	8	15	244	81	10	9
Washer Driers	456	77	10	13	375	82	3	15
Dishwashers	966	74	10	16	420	87	7	6
Electric Ovens					662	62	12	26
Total	8244	79	7	13	4033	80	8	12

There was clearly a higher compliance rate in this survey for wet and cold appliances then for electric ovens. In 2001, the lowest compliance rate was for dishwashers. This suggests that it takes time for the requirements of the newer Regulations to be implemented.

3.3 Results by store type

The results were analysed by store type. The distribution of appliances checked in national chain stores is shown in table 4.

Table 4: Distribution of store types

Store Types	Sample in:		
	2000	2001	2004
Independents	26%	21%	38%
National electrical chain	66%	67%	62%

Although there were a smaller proportion of national chains in the sample this time, the rental and DIY stores that demonstrated the worst compliance on previous occasions were not surveyed. If the national chains were demonstrating high levels of compliance, we would have expected to see an increase in compliance levels. Overall, this has not been the case. To establish why, we need to look in more detail at the results between national chains and independents. These results are shown in table 5.

Table 5: Results by store type

	Total	National Chains	Independents
Appliances checked	4033	2418	1615
% Appliances checked	100	60	40
Range of compliances	0-100%	65-97%	0-100%
Compliance	80%	85%	71%
Incorrect labels	8%	6%	13%
No labels	12%	9%	16%

The national chains have increased compliance from 82% to 85%. In the previous survey, the independents were classified by large and small, so a direct comparison cannot be made. The percentage of appliances having no label in the previous survey was 22% and 25% respectively in large and small Independents, whereas it is now 16% in total. The high level of incorrectly labelled appliances does give cause for concern. It can be seen that some independents failed to correctly display any labels, whereas others correctly displayed all labels.

3.4 Results by store

As in the previous survey, variations were found from store to store, with more variations within branches of the same store. Table 6 shows a summary of the national chain results by store.

Table 6: Summary of results of national chains by store.

Store	Total	No of stores	% Correct	% Incorrect	% No Label	Range
Store A	1086	5	89	3	8	81-97%
Store B	731	4	85	7	8	78-88%
Store C	676	5	80	8	12	65-98%

Store A has improved its compliance rate from 79% in 2001 to 89% now and has reduced both the level of incorrectly labelled appliances and appliances with no label. Store B has increased its compliance rate from 82 to 85%, but has also increased the rate of incorrectly labelled appliances from 6% to 7%. The Store C compliance rate has fallen from 95% to 80% but has increased the incorrectly labelled appliances from 4% to 8% and the unlabelled appliances from 1% to 12%. There is a smaller difference in the range of levels of compliance in Store A and Store B, whereas this has increased in Store C. Clearly the level of compliance across all stores needs to improve if the objective of enabling consumers to make a purchasing choice based on energy information is to be met.

3.5 Reasons for non-compliance.

The label can be split into two parts. The background contains the coloured arrows with scale from A-G and the explanatory text for the label. The data strip is attached on the right hand side of the background label and contains the arrow with the energy efficiency class and specific data for that particular appliance.

The reasons some labels were missing or incorrect have been analysed and are shown in tables 8 and 9.

Table 8: Reasons given for missing labels

Missing Labels						
Reason	National Chains		Independents		All	2001
	No.	%	No.	%	%	%
Didn't know (no good reason)	36	15	111	44	30	24
Other	23	10	33	13	12	2
Just in	26	11	49	19	15	13
Label not supplied and not just in	97	42	33	13	27	28
Removed	12	5	0	0	2	7
Ex Display	13	5	1	0	3	6
Not new	8	4	16	6	5	8
Regulations do not apply (in retailer's opinion)	18	8	11	5	6	1
Total	233		254			

The most frequent reasons for non-display of the label have not changed since 2001. In the case of independents, some of the 'didn't knows' meant also that they were not aware of the Regulations. This was particularly true of electric ovens. In the national chains, this was more likely to mean that the manager didn't know why the label wasn't displayed. National chains said that failure to display the label in 42% of cases was due to a failure of suppliers to supply the label. This was reported as being a problem in all three national chains surveyed. In some cases, the independents said that since they had no background labels, they didn't display it at all. One independent retailer stated that since customers didn't ask about the label and the labels were rarely supplied, he had stopped displaying them.

Where models were 'just in', they were generally found to contain information such as the price, indicating that some action had been taken with the appliance after it had been placed on the shop floor. This percentage has remained similar to that of the previous survey.

Three clear conclusions can be drawn from these results:

- it seems that retailers, and particularly independents, need to be made aware of new Regulations as they are introduced
- suppliers should be reminded of their duty to supply the label, and this means the complete label, not just the data strip
- retailers need to be reminded that the energy label must be displayed and is as important as a price indication on new stock

Table 9: Reasons given for incorrect labels

Incorrect Labels						
Reason	National Chains		Independents		All	2001
	No.	%	No.	%	%	%
Photocopy	1	1	36	17	10	1
Hand-written	12	9	0	0	4	2
Torn or damaged	2	1	0	0	1	1
Incomplete	3	2	4	2	2	0
Wrong colours	7	5	0	0	2	0
Data Strip only	58	44	145	70	60	50
Background only	19	14	7	4	8	25
Label Obscured	2	1	2	1	1	2
Wrong Make (& model)	3	2	1	0	1	3
Wrong Model	4	3	1	0	1	4
Wrong format	0	0	1	0	0	2
Wrong background	14	11	8	4	7	8
Other	8	6	3	4	3	0
Total	133		208			

These results also indicate that there is still a problem with the supply of the labels. The display of the data strip only is the main reason for incorrect labelling, as it was in 2001. Independent retailers in particular report a problem with obtaining background labels from suppliers and one stated that it was even more difficult when dealing with wholesalers. Some retailers have taken to photocopying the background part of the label to display something meaningful. The Regulations state that it is the suppliers' duty to supply the labels. However, there is no time scale given for this. The display of the data strip alone either fails to give consumers sufficient information or is open to misinterpretation.

Consumers are not given any energy information when the background label is displayed without the data strip. Although this occurred more frequently in national chains than Independents, the percentage has decreased from 25% in the previous survey to 8% now. It is often the case that suppliers place the energy label inside the appliance with the instructions, but retailers don't look for it.

The wrong background or the wrong label accounted for 9% of the incorrectly labelled appliances in this survey, compared to 15% in 2001. This is a pleasing result, but it is still a higher percentage than in 2000, where survey these reasons were given for only 7% of incorrectly labelled appliances. In the current survey, 2% were the wrong make or model, which has reduced from 7% in the last survey. The wrong background can lead to

confusion. A label for the wrong make or model is more serious. It can lead at best to confusion and at worst to misleading information being given to consumers. There is no reason why this should happen.

These reasons for non-display or incorrect labelling are ones where compliance could be easily achieved. 14% of unlabelled appliances were due to incorrect interpretation of the Regulations, which is similar to the 15% in 2001, although the specific reasons for the incorrect interpretation differ. Stores claimed that 5% of the unlabelled appliances were not new and were therefore exempt from the Regulations, which is a reduction from 8% in 2001. The exemption is for goods that are second hand, rather than 'not new'. There was no indication on the appliances that they were second hand. 3%, as opposed to 6% in 2001, were described as being ex display and therefore not new. They were not, however, second hand. These are matters that can be explained to companies and could be inserted into company manuals. Retailers believed that 6% of appliances were not covered by regulations, although this applied to only 1% in 2001.

4. CONCLUSIONS

The results clearly demonstrate that:

- the overall compliance level with the requirement to display the energy label has barely changed since 2001
- there is still significant room for improvement in all stores regarding the requirement to display the label
- the compliance rate is better for cold appliances and wet appliances than for electric ovens
- the compliance rate in national electrical chains should be addressed at company level
- the levels of compliance in independents overall is variable, with some being extremely poor
- there is a problem for retailers in obtaining the background part of the label, particularly for some independents stores
- the importance of obtaining and displaying a complete, accurate label needs to be emphasised