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## **Empowerment of consumers through environmental car rating schemes?**

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### **Empowerment of consumers through environmental car rating schemes?**

#### Abstract

The paper presents an analysis of growing stakeholder pressure on the car industry to improve environmental performance with a particular focus on the consumer. It describes car-rating schemes in Europe and the USA, their assessment criteria, their drawbacks and impact on different stakeholder groups. In the final section, the paper presents recommendations about how car manufacturers should address this challenge.

Despite the wealth of information on the automotive industry and its products, consumers have until recently, not had access to information on the relative environmental performance of cars. To fill this gap, environmental organisations, NGOs, governmental institutions and the media are developing car-rating schemes. These are designed to make the environmental performance of cars transparent and enable consumers to make more environmentally sound purchasing decisions. The proliferation of green ratings for cars is expected to put greater pressure on manufacturers to improve their environmental performance and pave the way for a contribution to a sustainable future.

The first schemes were developed in Sweden in 1985 in combination with government fiscal incentives for the purchase of cars with catalytic converters before their fitting became compulsory. Car rating schemes are now produced in Austria, Finland, Germany, Sweden, Switzerland, the UK and the USA. Although the ratings show some commonality, the various organisations assess different environmental performance criteria, and place a different emphasis on them and evaluate according to different models. The guides emphasise that choosing a more environmentally sound model is only the first step. Drivers, too, bear responsibility to lower a vehicle's overall environmental impact through their driving style and regular maintenance.

As with any new scheme, the development and use of the environmental car ratings is not without its drawbacks. At present, there are no internationally agreed assessment

standards. In addition, the current ratings are developed by disparate organisations, each with its own agenda, and with limited input from industry.

Governmental organisations are also contributing to the raising of consumer awareness about vehicle environmental performance. In addition to promoting the provision of environmental performance information, governments are taking steps to reward environmentally conscious car-buying behaviour by introducing tax incentives. These moves will further stimulate and empower consumers to make environmentally conscious car-purchasing decisions, while simultaneously creating a marketplace for cars with improved environmental performance.

The paper concludes that the existing car rating schemes do provide consumers with a transparency of information that was previously lacking. As a result, consumers are becoming empowered and are better equipped to make a more environmentally sound car-purchasing decision. For car manufacturers, the growth in the number of environmental car rating schemes addresses growing stakeholder needs and emphasises that they are assessed not only on traditional criteria but also on environmental criteria. The automotive industry will have to co-operate with stakeholders and develop proactive environmental strategies.