



Press information

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**Technical,
Environmental Affairs
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No Benefits of Labels for the Mechanical Engineering Industry

- **VDMA IMPULS Study: Industrial goods sector differs greatly from the consumer goods sector**
- **Higher costs occur, innovations are inhibited**

Frankfurt/Brussels, November 7, 2017 – Labels should help guide consumers to making better decisions. But when it comes to industrial goods, they create unnecessary costs and represent a hindrance to innovation for manufacturers. “In theory and in practice, there are no arguments in favor of obligatory product labels within the mechanical engineering industry,” says Dr. Manfred Wittenstein, Chairman of the Supervisory Board for Wittenstein SE, on the occasion of today’s publication of the IMPULS study “Benefits of Labels”.

The study proves that labels are irrelevant as a source of information in the mechanical engineering sector, since well-informed buyers and sellers are already carrying out business-to-business (B2B) transactions. Around half of the companies surveyed as part of the study assigned product labels fewer than 25 points on a scale of 0 (irrelevant) to 100 (sole decisive criterion). “The machinery market is not a consumer goods market, and those who advocate the use of labels unfortunately overlook this fact all too often,” said Dr. Wittenstein, who is also the Deputy Chair of the Board of Trustees for the IMPULS Foundation.

Policymakers must finally accept the differences between industrial customers and consumers

An environmental footprint, or an additional product label for IT security (both of which are currently being discussed in the EU), would offer no added value to mechanical engineering companies because when it comes to customized product solutions, such labels are not comparable. “Although labels, including product labels, are supposed to guide a buyer in the consumer goods market during his purchase decision, investment decisions within the industry require a different level of information,” says Naemi Denz,

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member of the Executive Directorate of VDMA. “The open scope, which is often applied in practice unsettling, because it attempts to regulate consumer and industrial goods equally in areas such as energy efficiency labeling or the current labeling initiative in the field of cybersecurity.”

Labels can inhibit innovation

From the company’s perspective, the costs and administrative effort incurred through new labels significantly outweigh any supposed benefit. “Labels could even prove to be a hindrance to innovation,” warns Wittenstein. “Once technical label specifications are set in stone, the development of better product solutions could be slowed down or prevented,” he says. “When it comes to labels in the mechanical engineering industry, good intentions do not automatically guarantee good implementation.” In fact, 40 percent of the companies surveyed rated externally tested product labels as an obstacle to innovation.

The study is based on regulatory analysis and company surveys

The investigation of possibly required action from the constitutional economic policy perspective forms the theoretical framework of the study. On this basis, a company survey was conducted with a total of around 1,100 participants including mechanical engineering companies, as well as their customers and suppliers from other industrial sectors and service companies. The IW Consult (a subsidiary of the Cologne Institute for Economic Research) performed the study on behalf of VDMA’s IMPULS Foundation. The IMPULS Foundation sees itself as a think tank for the mechanical engineering industry and VDMA.

Do you have any questions? Naemi Denz, VDMA Technical, Environmental Affairs and Sustainability
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