



2021

WFSGI STATEMENT ON

DIGITIZATION OF PRODUCT INFORMATION

THE WORLD FEDERATION OF THE SPORTING
GOODS INDUSTRY



As time goes by, there is no doubt that innovations and technological achievements have considerably empowered individuals and businesses, simplifying and improving their everyday lives. This applies even more now that the COVID-19 crisis made digitization more urgent than ever, bringing the physical and digital worlds together, thus speeding up the digital transformation. With online purchases drastically increasing over the past year, now it is an apt time to take a renewed look at labeling. As online purchases and digitalization continue to increase, companies must continue to provide consumers with critical information by digitizing product information that currently resides on physical labels, including information present on tags, packaging, and manuals.

On behalf of our members, representing the Sporting Goods Industry, and including manufacturers, brands, and retailers, we urge the national regulatory authorities and policy makers to open-up the use of digital product labels for the sporting goods (apparel, footwear, accessories, equipment, and its components) to deliver mandatory product information to consumers.

By adopting a step-by-step approach towards digitization using various existing technologies available on the market, such as QR codes, which can then be connected to URL, smartphones, printing at point-of-sale technology, or NFC, barcodes, RFID and the like, our industry commits to ensuring that all consumers, including the ones without the Internet access and/or those who are not yet equipped with personal electronic devices, will be informed about the required product information. Our industry believes that e-labeling (including the electronic publishing of labeling content) should in principle replace printed/physical labels to the fullest extent possible, unless the information should be kept physical on product/on printed materials for product safety reasons (e.g. a safety warning designed to be prominent, clear and understandable and must call the immediate attention of the consumer). Our industry recommendation would be to differentiate between what could be digitalized and the information on the safe use of a product (e.g. consumer warnings, safety, related to personal integrity), which should stay on the physical labels.

Our WFSGI Digitization of Product Information Working Group aims to drive forward the use of digital technologies on all sporting goods, including but not limited to apparel/ footwear/ accessories/ equipment and its components, as a vehicle to hold product information for a specific period of time depending on the nature of the product, whenever possible, in place of traditional labels and tags. Unlike traditional tags and labels, which typically get removed after a product has been purchased, digitized labels allow consumers continued access to important information that can be updated as needed.



We strongly believe that the digitization of product information would have positive effects in many respects, benefiting multiple stakeholders:

1 For consumers: Comfort and durable access to essential information

➤ Continuous and better access to dynamic and essential information

Providing product information in a digital format would **prevent consumers from losing access** to essential and mandatory information (such as the characteristics, the fiber/material composition, care and storage instructions, country of origin, the importer/manufacturer addresses, safety warnings, etc.) after cutting off physical labels or throwing away packaging and/or manuals after having purchased the product.

E-labeling also makes it possible to reflect the **latest safety information** since content can be updated immediately and frequently and can further enhance care instructions (which **cannot be captured in symbols alone**) improving consumer experience. Almost 50% Europeans go on the Internet to understand the care symbols (source: IPSOS GINETEX 2018).

This is also key for **second-hand markets**, which are rising in relevance due to the acceleration of the circular economy. Consumers must be able to access information not only at the time of buying the product but throughout its entire lifecycle. Digitization could be one of the key components to helping move towards a circular economy. At a time when environmental concerns are high, 75% of Europeans are in favor of a second life for their clothes and choose to give them away (source: IPSOS GINETEX 2018).

In addition, through digital means, consumers will have the right information at their fingertips anywhere and in real time, and the quality and precision of the information delivered will be much better and more extensive. Application of digital means would allow businesses to adjust e-labels according to the latest legally required information (i.e. such as fiber composition, care instructions, warnings, etc.), to fix errors more easily and provide important information on safety or recalls, or any extra data, on a voluntary basis, that the consumers might find useful in an appropriate detailed way and in their respective local languages (e.g. materials used and product traceability, information about how a product was made, certifications, warranty, up to date care instructions, features, benefits, brand initiatives and the like).

➤ Eliminating uncomfortable and bulky labels

Many consumers report physical tags and labels, which are frequently unavoidably long to comply with various global labeling regulations, are bothersome, often **causing itchiness**. The consumers' answer to this discomfort is usually to cut the labels off (according to a study conducted in 2018 by IPSOS for GINETEX, 68% Europeans cut their textile's label – either systematically or occasionally), which prevents them from continual access to important product information.

This need for **comfort is particularly relevant to the sporting goods industry where our consumers usually wear functional clothing/sport articles when engaging in physical exercise**

where performance and quality are of utmost importance. To combat this issue, over the past few years our industry began printing information right on the garment/products to provide consumers with comfortable, durable, and accurate information. Nevertheless, these direct prints have their limitations since they do not allow extensive amounts of information to be displayed on the product. Digitized labels are not intrusive to the consumer and do not limit the amount of information available.

Furthermore, many technical products such as seamless textiles, bonded constructions, etc. **do not offer the traditional positions for a label to be attached** (e.g., sewn into the neckline or side-seams). Thus, the digitization will enable the customers to get access to the relevant information even for technical products that do not offer the possibility for physical information to be displayed on them.



2 For the authorities: quick identification of product issues and verification of legal compliance

Additionally, the use of digitization will ease local authorities and administrations daily work allowing them to efficiently and rapidly check that products on the market are fully compliant with all legal requirements, meet consumer promises, and quickly access relevant information in the case of product issues (e.g., recalls for failure). Regulations change, products are updated, instructions need to be clarified and errors need to be rectified (e.g., a t-shirt with the incorrect percentage for fiber composition, language wrongly translated, etc.). Digital labeling will facilitate addressing these complexities – decreasing the risk of discrepancies and lowering the risk that the information provided will not be accurate or up to date.

3 For the environment: reducing impact of physical labels/packaging/manuals

Finally, with regards to the natural environment, digitization of product information will allow the reduction and/or elimination of tags and labels, thus, minimizing material and natural resource usage and waste. In March 2020, The European Commission adopted the new circular economy action plan (CEAP), which, among others, aims at “mobilizing the potential of digitalization of product information, including solutions such as digital passports, tagging and watermarks”. In addition, as part of the Sustainable Product Initiative (SPI), the Commission is working on introducing the EU Digital Product Passport, which will be a structured collection of product-related data with predefined scope and agreed data ownership conveyed through a unique identifier. There are multiple initiatives at the European level, which recognize the potential benefits of digitization of product information and show that adopting digital means of conveying product information whenever possible is key to moving towards a more circular and greener economy.

Moving to digitized labeling would decrease waste and material usage throughout the supply chain, including the elimination of:

- 1 Raw materials which are traditionally used to produce physical labels, such as polyester or nylon;
- 2 Resources for the manufacturing of labels and tags, such as the water consumption and the energy;
- 3 The logistics around these labels leading to the reduction of carbon footprints;
- 4 And finally, the post-consumer waste when the labels and/or tags are being disposed of, after the product is purchased.



When making a purchasing decision it is vital that all relevant and legally required information is accessible to the consumers. In store, this information is available on a display, yet not on each individual consumer unit. Brands / retailers selling online will ensure that this information is readily accessible. For those brands / retailers that sell products either in physical stores and online (multi-channel / omni-channel retailers) will ensure that both is covered (information in store and on website). On the actual product a QR code, directly printed inside the product, could grant access to all relevant and legally required information. In the recent EU proposal of regulation to replace the EU Machinery Directive 2006/42/EC, Section 1.7.4 of Annex III states: ***“The instructions may be provided in a digital format. However, upon purchaser’s request at the time of the purchase of the machinery product, the instructions shall be provided in paper format free of charge. When the instructions are provided in digital format, the manufacturer shall: (a) mark on the machinery product and in an accompanying paper explain how to access the digital instructions.”*** This is an example illustrating that switching to digital technologies to provide product information whenever possible is already on the agenda of legislative institutions and bodies in the EU and is a trend that is likely to stay. In the light of all these arguments, our industry is convinced that a label-less future is the right direction, for the benefit of all.

We call the authorities to adapt the labeling regulatory framework to offer new possibilities to convey the information, with the support of the technological advancements of the 21st century.



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ABOUT US:

WFSGI is an independent not-for-profit association with over 280 direct members and 5'000 indirect members and the largest names in the industry - collectively representing 70% of global industry turnover (USD 498 billion). WFSGI was founded in 1978 with a mandate to unite and serve sports and sports-inspired leisure brands, manufacturers, suppliers, retailers, national/regional federations, industry and trade associations and all sporting goods industry related businesses.