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## Research: Products Labeled as Sustainable Sell Better

Adding a “Climate Pledge Friendly” label to a product on Amazon boosted demand for it by 13-14%. *by Caroline Wang and Sherry He*

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**As consumer demand for sustainable products grows**, more and more sellers have begun adding labels to their products to indicate various kinds of sustainability certifications. These labels such as Amazon’s “Climate Pledge Friendly,” Target’s “Target Zero,” and Wayfair’s “Shop Sustainably”—offer customers greater visibility into the environmental impact of the products they buy. But does that visibility translate into greater sales?

This is a critical question for companies, as sustainability labels don't come without a cost. Investing in the sustainable practices necessary to earn these certifications can sometimes lead to price increases, and even ostensibly eco-conscious customers may not be willing to pay that premium.

To begin to quantify the financial impact of adding sustainability labels to products, we conducted a comprehensive study in which we analyzed more than 10 months of data from Amazon. We compared several sales metrics for hundreds of products with and without Amazon's "Climate Pledge Friendly" label (which sellers can obtain by working with one of Amazon's third-party certifiers). As shown below, this label is displayed on the search page below each certified product, and more details about the certification are shown when you click into a product page.

### What the Data Show

We used this dataset to compare sales rankings for 1,350 labeled products with those of 16,264 comparable, non-labeled products. To ensure we accurately captured overall revenue, we also took into account the costs associated with marketing activities such as sponsored advertising and price promotions. To ensure we measured just the impact of the sustainability label, we controlled for other attributes of the products that may also impact sales performance, such as baseline sales performance, price promotions, organic search ranks, and advertising activities.

Through this analysis, we found that on average, adding a sustainability label to a product boosted consumer demand for that product by approximately 13% for eight weeks after the addition of the label. This held true regardless of the type of product, and it was not driven by changes in pricing strategies (e.g., changes in base price, coupons, or discounts) or advertising activities (e.g., new sponsored listings).

We then repeated this analysis with data provided by the third-party certifiers. This follow-up analysis compared 2,602 labeled products with 17,809 unlabeled products. It found that sustainability labels boosted consumer demand by approximately 14% for eight weeks after the addition of the label. We further found that products with more competitive prices, with less visibility, or in a less competitive product category in which fewer competitors invested in search ads benefitted more from adopting this label.

## **Why Do Labels Work?**

So, what do these findings mean? At a high level, both of these analyses demonstrate that sustainability labels drive consumer demand. But why? We explored a few potential explanations.

First, it's possible that Amazon artificially boosts the visibility of sustainability-labeled products by improving their organic search ranking. However, Amazon has denied that sustainability labels are a factor in its algorithms, and our own analyses demonstrate that in the short term, the organic search ranking does not improve significantly immediately after the label is added.

Next, we considered whether sustainability labels might boost sales simply by making products easier to find. For certain keyword searches, Amazon allows users to filter results using the Climate Pledge Friendly label. In theory, this feature could increase visibility and drive sales. However, our analysis shows otherwise: the presence of a filter option had no measurable effect on the sales impact of labeled products. This suggests that most consumers are not actively filtering for sustainability-labeled items. A follow-up survey confirmed this behavior, reinforcing our conclusion.

Our last explanation was the label helps consumers identify products that match these preferences for certain sustainable features. To test this, we analyzed how different sustainability features influenced sales—particularly across price segments. The results point to a clear pattern: for lower-priced products, carbon-neutral messaging was especially effective in driving sales. In higher-priced products, consumer preferences were more varied. Still, features such as reduced carbon footprints, the absence of harmful ingredients, and organic production consistently led to stronger demand. We also found a slight consumer preference for certifications issued by government bodies over those from private organizations, suggesting that perceived credibility plays a role.

Our research also reveals that sustainability labels influence consumer choices by providing clear, easily accessible information about product features. What drives demand isn't the complexity behind the label—such as the certification process or certification costs—but the easily accessible certified attributes themselves. In other words, consumers rarely investigate the details behind a label. Instead, they engage in passive search: They don't actively seek out sustainable products, but when presented with both labeled and unlabeled options, they're more likely to choose the one with the label.

### **Implications for Platforms and Sellers**

These findings offer clear takeaways for both platforms and product sellers. For platforms, emphasizing specific sustainability messages—rather than relying on broad, generic labels—can more effectively shape consumer behavior. Amazon has already begun moving in this direction, replacing the umbrella “Climate Pledge Friendly” label with targeted claims like “Forestry Practices” and “Safer Chemicals,” a strategy that aligns with our results.

For sellers, success depends on two key strategies: maintaining visibility through competitive pricing and advertising, as well as aligning sustainability messaging with consumer preferences. In lower-priced categories, carbon-neutral claims are both affordable to implement and highly appealing to consumers. In premium segments, sellers should invest in market research to identify which sustainability features matter most to their audience—and seek certifications accordingly. Even though most consumers won't investigate certification details, they still care about trustworthiness. Sellers can reinforce credibility by clearly and simply explaining the certification's rigor on the product page—without requiring shoppers to dig deeper.

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Our research demonstrates that sustainability labels are an effective tool to help drive sales by providing consumers with information they care about when making purchasing decisions. Importantly, this isn't about greenwashing. Sustainability labels are effective because they reflect actual investment into sustainable practices. As such, sellers would be wise to invest in understanding which forms of sustainability will resonate most with their consumers—and then making that sustainability information transparent and accessible in the places where their customers shop.

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