

## International Journal of Advanced Biochemistry Research



ISSN Print: 2617-4693  
 ISSN Online: 2617-4707  
 IJABR 2024; SP-8(6): 364-366  
[www.biochemjournal.com](http://www.biochemjournal.com)  
 Received: 03-04-2024  
 Accepted: 10-05-2024

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## Eco labelling: Empowering environmental awareness

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DOI: <https://doi.org/10.33545/26174693.2024.v8.i6Se.1310>

### Abstract

Eco-labeling practices are gaining wide acceptance among various marketing practices. Eco-labeling is the set of marketing activities that start with the procurement of the product to the delivery of the product to the end user in a greener way. Eco-labeling, on the other hand, is a crucial tool for green marketing since it makes it easier to distinguish between green and non-green items. However, many times these eco-labels fail to attain their goals. The study needs to clarify the purpose of eco-labels in the marketplace, to check its usefulness to consumers and to reduce confusion among consumers. It has further been stated that eco-labels do not guarantee an environmental identity of products, nor is it a guarantee to change attitudes and purchase intention toward more sustainable consumption among consumers.

**Keywords:** Eco-labeling, marketing practices, greener way; green products

### Introduction

Eco-labeling is one of the significant initiatives by the companies and is showing fruitful results worldwide (Kushwaha and Sharma, 2016) [7]. Eco-labeling is all about green products, services, and consumer awareness towards green products. Many times customer gets confused in identifying the green product in the market. Germany implemented eco-labeling to clear up customer uncertainty. Creating and facilitating value that satisfies consumer needs and desires is just one of the many principles that make up "green marketing." (Martinez, 2015) [8]. Hence, the marketers need to portray green products as healthy as well as environmental friendly. Eco-labels are the symbol or logo on the product that depicts that the product is environmentally safe and can be regarded as a green product. There are different types of eco-labels available according to their environmental standard. Today, eco-labeling is in trend by most of the product manufacturers. These manufacturers use eco-labels to support their claims that their products are safe for the environment. Although consumers' trust in organic labelling is inconsistent and frequently lacking, the organic food sector now represents the largest market for eco-labels and green products. Eco-labels are a crucial tool for communicating in the field of green marketing, however, occasionally their intended purpose is not accomplished because of inaccurate or inadequate information. (Galil *et al.*, 2013) [5]. The need of the study is to clear the purpose of eco-labels in the marketplace and to check its usefulness to the consumers. The results of the study will help to understand the role of eco-labels in the green marketing context. Numerous research have been done on the eco-labels, but still, there are a very few studies available in India.

### Green marketing and the concept of eco-labels

Eco-label is one of the significant tools for green marketing. In 1977, the government brought the first eco-label named Blue Angel which affected business in that period. The oldest and perhaps the most reliable eco-label was Blue Angel of Germany and had been used by various countries. There are different classifications of eco-labels such as mandatory and voluntary eco-labels. Mandatory eco-labels include EU energy stars for household appliances, and other International Organizations for Standardization (ISO) fall in voluntary eco-labels, further divided into type I, type II and type III eco-labeling schemes.

The purpose of eco-label is to provide information related to the life cycle of the product which includes the origination of the product, its process, consumption, and disposal. According to Global Eco-labeling Network “eco-label helps in identification of the product or services which are environmentally preferable based on the life cycle concern”. Most of the consumer prefer eco-labeled product instead of unlabeled one because eco-labels are the indication of environmental quality product (Brecard, 2014) [2]. In many of the cases of international trade, it is also seen that some of the countries particularly European nations prefer specific eco-labeled product for the import so many countries faced eco-labeling trade barriers.

### Eco-label as a tool for communication of information

Research indicates that consumers exhibit varying degrees of confusion regarding the eco-labeling procedures implemented by different companies. (Brecard, 2014) [2]. The confusions can only be removed if consumers are provided appropriate information on the greening level of the product through proper communication by using eco-labels. Most of the time consumers have seen the eco-labels but they are not informed properly about its purpose and use. Also, it is not an easy task for the labeling organization to provide the entire information related to the content specifically when the labeling scheme applies to different dimensions. Numerous governmental and non-governmental organizations have acknowledged the issue of eco-labeling awareness and have taken steps to mitigate it by developing reliable eco-labeling programs. To reduce the perplexity among consumers, various initiatives have been taken such as a guideline to eco-labels introduced by the Canadian Ministry of the Environment, other guidelines also launched by the association as GreenerChoices.org in the US, in the same way, “eco-label index” is also one of the perfect sources where approximately 435 eco-labels are listed from various countries (Brecard, 2014) [2]. Despite several initiatives, consumer awareness of eco-labels remains low.



**Fig 1:** Disseminating knowledge to consumers through eco-labels

### Disseminating knowledge to consumers through eco-labels

Knowledge plays a very significant role in the eco-labeling concept as it helps consumers in interpreting the factual purpose of the green product. There is a lack of transparency in the market because of insufficient knowledge among the consumers. Very few consumers have heard about the term eco-label. As in the case of eco-labeled food, products which had not gained so much attention among consumers, due to the lack of knowledge and trust. The consumers who

are ecologically concerned, these eco-labels are greatly helpful in identifying food and other consumer products (Galil *et al.*, 2013) [5]. There are three main forms of eco-labeling communication, i.e., visual, verbal, and visual, plus verbal. Visual eco-labels only contain a logo without any message; verbal eco-labels are more informative with some messages whereas visual and verbal eco-labels contain both a logo and a message. To create more understanding about the visual eco-labels consumer knowledge matters in making a purchase decision. Knowledge plays a significant role in authenticating eco-labels and building trust which further helps the consumer to take the decisive steps in the purchase. The study conducted by (Taufique *et al.*, 2016) [14] also finds that the knowledge of a consumer regarding general environmental knowledge and knowledge of eco-labels both plays a crucial role in influencing the attitude of the consumer towards green purchase.

### Eco-labels in building the trust of consumers

The consumer trust for the eco-labels is one of the imperative conditions to make the green product successful. Studies have found that the eco-labels positively reinforce the consumer's trust towards the product, as it evokes positive judgment and portrays a peasant view of nature. It assures a consumer that the product that he/she is going to buy is favorable in all aspects with the help of affirmative sensations. (Amos *et al.*, 2014) [1]. Due to an increasingly large number of eco-labels, consumers are confused about the criteria of eco-labeling which leads to confusion and weakening of the consumer's trust upon eco-labels. The erosion of trust and the problem in differentiating eco-labels affect the green purchase attitudes. It also demonstrates the importance of boosting customer trust in order to ensure the success of an eco-labeling programme. To increase the trust of a consumer, education is also a significant socio-economic factor. The educated consumers are more likely to trust on eco-labels. Eco-labeling provides information to consumers related to green products. Marketers use eco-labeling strategy to create value for green products to motivate decision-makers to adopt sustainable production (Miranda and Pantel, 2017) [9].

### Eco-labels and green purchase Intention

The primary objective of the eco-labels is to provide specific information related to the product so that consumers can make green purchase decisions. The green purchase intention is also influenced by eco-labels such as “Energy Star” and “EU labels” which are meant to reduce electricity bills, particularly for consumer durables, in fact, they can pay a higher price. The study demonstrates that green customers frequently find eco-labels useful when making purchases. (Amos *et al.*, 2014) [1] because the packaging is the most appealing factor which initially says a consumer in the purchasing decision process. (Delmas and Lessem 2017) [4] observed that while choosing a product, the message and characteristics of the green products are crucial. Marketers use eco labels to convey product traits. If a buyer is well-informed and knowledgeable about green features, they will evaluate the product's quality and ultimately choose it.

### Consumer's Trust for Eco-labels

There is and has been, a generally low level of trust towards eco-labels. (Sharma and Kushwaha 2016) [7] state that eco-labels are faced with adversities such as lack of trust and

scepticism towards them. Moreover, when adopting environmentally friendly behaviour in general, such as purchasing sustainable products or engaging in typical environmentally friendly behaviour, consumers can feel uncertainty. The main function of eco-labels is to increase purchase intention, which is achieved by increasing the level of trust for the eco-label, claim that consumer trust is particularly important for eco-labelled food since it is hard to prove if the claims the label make are true. Similarly, researchers identify and uphold trust in eco-labels as a prerequisite for eco-labelled food to be successful (Sharma & Kushwaha, 2016) <sup>[7]</sup>. Thus, trust is one of the main barriers when purchasing environmentally friendly products. This is also supported by the study of (Ricci *et al.*, 2018) <sup>[12]</sup>, who found trust to positively affect attitude towards purchase intention of eco-friendly food. Empirical evidence suggests that (dis)trust in an entity's polity transfers to objects and agents associated with that polity (Rojas and Cinner, 2020) <sup>[13]</sup>, so, for example, (dis) trust in a country's government spills over into (dis)trust in agencies and officials associated with that government (Persson *et al.*, 2019) <sup>[11]</sup>.

### Conclusion

The study aimed to focus on the effectiveness of the eco-labels, as one of the significant tools in green marketing practices. Eco-labels serve the primary purpose of providing information to consumers to support their trust in green products. The information presented by eco-labels, combined with the knowledge held by the consumer, helps to build trust in eco-labeled products, ultimately leading to the development of green purchase intentions. For instance, a consumer intended to buy organic-labeled tomato because of its organic attributes and his health consciousness. The eco-labels are the best way to communicate the environmentally conscious consumers (Brecard, 2014) <sup>[2]</sup>. But, it is also true that there is a need for a better understanding of consumer response to eco-label. The level of awareness and reliability among the consumers need to be increased to uplift the effectiveness of eco-labels in the market.

Therefore, these doubts should be overcome from the marketer's side so that consumer can make a better decision about the product. However, our research showed that the labels themselves may not be enough, thus need to be communicated and trustworthy to increase purchase intention. Thus, by increasing eco-label knowledge and trust, purchase intention may enhance and the number of consumers actively looking for eco-labels may increase (Nyremo and Widerberg, 2020) <sup>[10]</sup>. It has further been stated that eco-labels do not guarantee an environmental identity of products, nor is it a guarantee to change attitudes and purchases intention toward more sustainable consumption among consumers (Göçer & Oflaç, 2017) <sup>[6]</sup>.

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