



ECOLABLES: A GREEN SUSTAINABILITY RECITAL IN MARKETING - AN EMPIRICAL FRAMEWORK

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Smita Shingrup

Assistant Professor

Smt. Maherbanu College of Science and Commerce, MG road, Akola

Abstract

Environmental sustainability is not simply a matter of compliance or risk management. People are concerned about the environment and marketers have to begun to modify their practices in an attempt to attract consumer's new concern. Marketers are increasingly recognizing that the many competitive advantages and business opportunities to be gained from Eco Sustainability and Green Marketing. Green marketing includes the representation of a company, product, or service as less harmful to nature. In this way Ecolabelling is voluntary method of environmental performance certification and labeling that is practiced around the world. An ecolabel is a label which identifies overall environmental preferences of product or service within specific product/ service category. An ecolabel can broadly be understood as the use of labels to inform consumers that a product is more environmentally friendly relative to other products in the same category. In contrast to "Green "symbols or claim, ecolabels are the statement developed by manufacturers and service providers.

Keywords : ecolables, green sustainability, marketing, empirical framework

This study focuses on the ecolabels and the green marketing concept. This helps the marketers to get to know about the research review and design marketing strategies accordingly. The issue is now not only to generate business but at what cost we are looking for long term sustainability? The important stakeholders for this study are society, organization and government and this study helps the social benefits and behavioral aspects for ecolabels.

Review

All over the world, substantiation indicates people are worried about the environment and are changing their behavior as a result. Accordingly, there is an increasing market for sustainable and socially responsible products and services. Different types of businesses that exist, the products produced and the approaches to marketing are changing day by day.

People usually want to do the right things, and also the habits are changing so the opportunities for the green marketer are to make it easy for people to do so. When all else features are equal – quality, price, performance and availability – environmental advantage will most likely tilt the balance in favor of a product or services. The industry can 'walk the talk' and become the new corporate champions of the environment. Successful green marketers can reap the good profits and improved shareholders value, as well as build the world a better place in the future.

Green Consumerism

Businesses now take heed of the growth in "green consumerism," and new marketing initiatives to reflect the new thought among consumers. Companies with product lines that are created in an environmentally friendly manner (i.e., with recycled products, comparatively low

pollutant emissions, and so on). Marketers rapidly implementing to shape their marketing message and show up their environmental efforts to reach customers those likely to appreciate, these efforts. (Campaign that highlight a company's recycling efforts, packaging and so on). There are various options available for marketers, which they can use as a strategy. These environmental strategies are becoming very popular in the market. Some of them are, Green Products, Green Promotion, Eco-Sponsoring, and Eco-Labeling.

Ecolabel

Innovation that has been used with increasing frequency in recent years to converse environmental information to consumers is "eco-labeling." Ecolabeling programs are typically voluntary, third-party expert assessments of the environmental impacts of products. By performing a thorough evaluation of a product, but awarding only a simple logo on packages, ecolabels offers consumers clear guidance based on expert information. An **Ecolabel** is defined as an environmental claim on a product. Eco-labeling is a system for consumer products (excluding foods and medicine) that are made in a fashion that avoids detrimental effects on the environment. An ecolabel is a logo that identifies a product or company that has met an environmentally preferable standard. Various government-sponsored ecolabeling programs were launched all over the world with great success. Definitely, these programs provide consumer's simply understandable information on the environmentally sensitive products and services in various markets, and it can be a effective factor in guiding the purchasing decisions of consumers. Marketers those who want the recognition from government or third-party can be get it for several different reasons. For instance, a product with particularly low pollutant or noise emissions, less waste material in its production, or is more recyclable

than any other competing products.

Generally, if a company wants the right to use ecolabel on their products, has to apply to an ecolabeling organization in order to gain that certification. The company and product must continually conform to the required standards of the organization.

Ecolabel in India (Ecomark):-

Source: Ecolabel Index (Producer), 'Ecomark: India', Retrieved from <http://www.ecolabelindex.com/ecolabel/ecomark-india>



There are several logo types

Type I Ecolabel: Environmental labeling

Environmental labeling means a license is given to company for use of ecolabel logo on products which met the standard. This is independently audited and considers its life-cycle environmental impacts over the whole product life-cycle. Type I ecolabels, such as the Nordic Ecolabel, are thus indicating the overall environmental preference in that product category.

Source: Natra-care (Producer) 'Eco-labelling', (n.d.). Retrieved from <http://www.natracare.com/p155/en-GB/Our-Environment/Eco-labelling.aspx>



Type II Ecolabel: Self-declaration claims

These are self-declarations; there is no independent auditing e.g. the 'recyclable/recycled symbol.

Type III Ecolabel: Environmental declarations

Environmental declarations type III ecolabels are approved by third parties and involve independent audits. These ecolabels include information about the environmental impacts allied with a product or service, such as raw material used, energy use and competence, content of materials and chemical substances, emissions to air, soil and water and waste generation. It also includes product and company information.

Such as Lohas ecolabel:- Natracare achieved the very first LOHAS award for a non-food product from the Korean Standards.

Source: Natra-care (Producer) 'Eco-labelling', (n.d.). Retrieved from <http://www.natracare.com/p155/en-GB/Our-Environment/Eco-labelling.aspx>

Ecolabelling Objectives

Ecolabelling has become a helpful tool for governments in encouraging innovative environmental practices, and also for businesses in identifying and establishing markets for their environmentally preferable products. Some important objectives are:- protecting our environment, encouraging

environmentally sound innovation and leadership in product and service category and building consumer awareness and a part of environmental issues.

Stakeholders and Targeted Public for ecolabelling program

Stakeholders:-

Multiple stakeholder participation in any ecolabelling initiative is important to get its overall impact and success. Participation of the following groups is significant:-

Government: - Many programs initiated and funded by government departments and agencies.

Program Management Authority: - An independent body; normally oversees and directs the program delivery activities.

Industry and Commercial Associations, Retailers: - Industry and commercial sector awareness, interest and direct involvement are necessary to program success. Industry and retail involvement is key success factor in this regards.

Consumers: - Consumer demand, whether in households; institutions or corporations, creates market impact. Consumer requirements and preferences must be determined, recognized, which can reflect in various ecolabelling program initiatives and outputs.

Targeted public: - The credibility of a program can be enhanced through the involvement and support of various organizations, groups and individuals with no direct commercial interest. Like Academia, Media and International communities.

Ecolabelling Benefits

There are several benefits of ecolabelling like:-

Environmental Benefits: - Product specific environmental benefits as such - Recycling and reduction of material through-put. Use of less toxic material and Substitution for environmentally preferable materials.(renewable)

Industrial Benefits: - Manufacturers consider that ecolabelling can- Create Green public image, Valuable tool to communicate environmental benefits of product, Safer way to make environmental claims, Benchmarks for industry and supports improved, Companies to differentiate themselves from competitors and Rewards for innovation and leadership in the marketplace.

Consumer Benefits as such - Guidance in decision making when buying a product, Ecolabels provide a new source of information and Ecolabel can serve as a driver for sustainable consumption.

Challenges posed by Ecolabelling program

There are various challenges for ecolabelling programs and the country like India; it is more difficult to serve the purpose of ecolabelling program. Challenges like consumer habits, versatility in preferences and impact of price factor on purchase decision making. Some important challenges



are:

Methodology: - Some ecolabelling programs are criticized for failure of their methodologies in both criteria- setting and conformity assessment.

Financial Cost: - The financial cost of ecolabelling could also be quite high.

To overcome such type of challenges requires initiatives from all the stakeholders involved in ecolabelling program.

In this context the study was conducted in Akola city (MS) on the various consumers (one of the important stakeholder of ecolabelling program). This study provides the different prospects of ecolabelling program.

Objectives:-

The objectives of the research study are:-

To study the opportunities & challenges of Ecolabels.

To study the consumer attitude and acceptance towards Ecolabels.

Methodology:-

Collection of Data: - Data was gathered through survey.

Sample unit: - Geographical Unit: - Akola city.

Sample size: - 100 respondents (Consumers)

Types of Sample survey:- Three types of data collection methods were used: Questionnaires, Personal interviews, Observations

Primary Data Collection from:- (Independent Study:- Randomly selection of 100 respondents)

Secondary data – Secondary data was collected from various Papers, Books, Journals, Official records, Internet, Reports, encyclopedia, Government issues/reports.

Research Hypothesis

This research considered three hypotheses

Hypothesis 1:- A Probability of adopting eco-labeling program increases with a society past experience with eco organizational innovations.

Hypothesis 2:- The probability of adopting ecolabeling increases with the society involvement in environmental issues.

Hypothesis 3:- The probability for acceptance of eco-labeling is depend on price/cost of that eco product or services.

Hypothesis testing tools

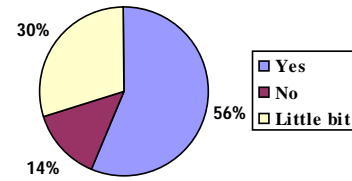
The major statistical tools used for hypothesis testing are chi-square Test to prove hypothesis and correlation analysis to find out relation degree between variable price and attitude with ecolabels.

Data Analysis and Interpretation:-

(Independent Study:-Random selection of respondents) 100 respondents

Customers are considering environmental factor while purchasing:-

Environmental factor considering while purchasing

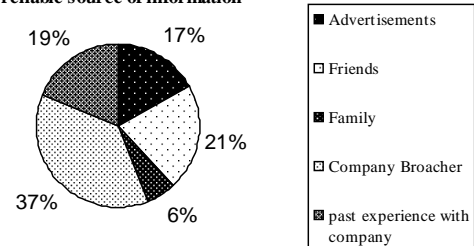


The research indicates that maximum (56%) consumers consider environmental factors while purchasing the products, (30%) consumers little bit conscious about environmental factors and (14%) consumers indicates that they don't consider environmental factors while purchasing the products.

The marketers analyze that number of consumers are concern about environment and also consider it as an important factor for the purchasing decision. It is important for the marketers to implement the environmental policies in the company and communicate it same to the final consumers.

The most reliable source for getting information regarding the ecofriendly company-

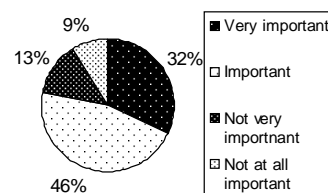
Most reliable source of information



The research indicates that consumers getting reliable information regarding the ecofriendly company, (17%) from advertisements, (21%) from friends, (6%) from family, (37%) from company brocher, and (19%) from past experience with company.

It is important for marketers to identify the most preferable source of information, which can communicate about the ecofriendly products or services effectively.

society involvement in environmental issues

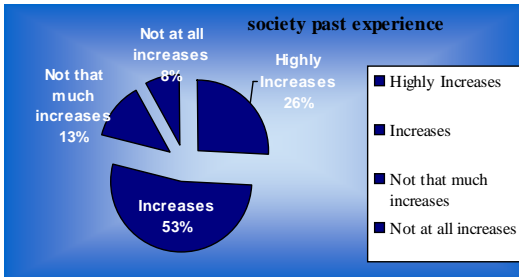


Society involvement is important in environmental issues: The research indicates that consumers' involvement in environmental issues is important. (32%) indicates very important, (46%) important, (13%) Not very important and (9%) indicates not at all important.



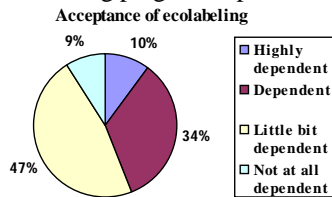
Marketers need to motivate the consumers to participate in the environmental issues and increase their involvement in designing the marketing strategies.

Society Past experience increases the adoption of ecolabelling program:-



The research indicates that the past experience of consumer's effect on the adoption of ecolabelling program (53%) indicates increases, (26%) highly increases, (13%) not much increases and (8%) indicates not at all increases. The marketers should focus on to improve the satisfaction level of consumers. Past experience of the consumers is important influencing factor on acceptance of ecolabelling program.

Acceptance of Ecolabelling program depends on Price factor:-



The research indicates that acceptance of ecolabelling is depend on the price factor considered by marketers. It shows, (10%) highly dependent, (34%) dependents, (47%) little bit dependent and (9%) not at all dependent.

Marketers need to consider that price is a sensitive factor for any of the product or services and acceptance of ecolabelling.

Hypothesis Testing

For hypothesis testing chi square testing tool was used. The resultant of hypothesis testing are:-

H 1:- A Probability of adopting eco-labeling program increases with a society past experience with eco organizational innovations.

Inference:- The calculated value of Chi-Square value is 11.75. The table value is 16.91, which was established by taking alpha 0.05 (5% level of significance) and degree of freedom d.of.f= 9. Since the table value is greater than chi-square value, we accept the hypothesis.

Analysis: - Respondents are agreed that their past experience with the eco practicing organization affect their behavior for acceptance of eco labeling program. If the past experience is good with the eco organization, then probability of adopting ecolabeling program increases.

H 2:- The probability of adopting ecolabelling increases with the society involvement in environmental issues.

Inference: - The calculated value of Chi-Square value is 9.68 .The table value is 16.91, which was established by taking alpha 0.05 (5% level of significance) and degree of freedom d.of.f= 9. Since the table value is greater than chi-square value, we accept the hypothesis.

Analysis: - Society involvement is very important for environmental issues, according to research respondents are agreed on the point that society involvement increases the probability of adoption of ecolabelling programs.

H 3:- The probability for acceptance of eco-labeling is depend on price/cost of that eco product or services.

Inference: - The calculated value of Chi-Square is 5.39 .The table value is 16.91, which was established by taking alpha 0.05 (5% level of significance) and degree of freedom d.of.f=9. Since the table value greater than chi-square value , we accept the hypothesis.

Analysis: - Country like India where the majority of consumers are price conscious and price factor effect on the final purchase decision. In such type of consumer market, even though consumers are involved in environmental issues but their expectation from the marketers that they should not offer the eco products or services at high cost. Price factor affect on acceptance of ecolabelling programs.

Correlation Analysis:- This statistical tools is used to find out the relationship between two variable i.e. price and consumer acceptance of ecolabels. Analysis is:

Correlation refers the relationship between two variables i.e. price and acceptance, the value of correlation coefficient is 0.78. It shows the positive relationship between price and acceptance.

It is very clear by the various studies that Indian consumers are very price conscious. Price factor always affect on the decision making of consumer before going for any purchase and it also impact on acceptance of ecolabels. This correlation proves that when the price of a product or services will increase due to ecolabel, acceptance of ecolabels among the consumers will decrease, and vice-versa.

Major results

The calculated value of Chi-Square value is 11.75. The table value is 16.91, which was established by taking alpha 0.05 (5% level of significance) and degree of freedom d.of.f= 9. Since the table value is greater than chi-square value, we accept the hypothesis. Respondents are agreed that their past experience with the eco practicing organization affect their behavior for acceptance of eco labeling program. If the past experience is good with the eco organization, then probability of adopting ecolabeling



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The positive correlation between price and acceptance variables challenge the marketers to control the price factor involve in ecolables and improve the acceptance of ecolabels among society.

There is immediate need of initiative from all the environmental stakeholders, Government, society and organization.

There is a need of more awareness programs to create awareness among society and involvement.

Strong actions are required from the government for promoting ecolabels as an essential program for all stakeholders.

Conclusion

The ecolabelling is one the important element for marketer. The research indicates that the eco-labeling is not only the part of concern for organization but all the stakeholders are equally responsible. The sustainable development is more important than the business growth and consumerism. Around 40 to 50% of environmental stress is caused due to consumer behavior. Because of this altering consumer behavior is key point.

Worldwide level there are several eco-labeling programs furthers research scope for determining the actual environmental and economic benefits of eco-labeling.

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