

# Chapter 10

## Eco-Labels

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### ABSTRACT

*Eco-label products are very appealing. To increase sales most of the companies adopt eco-label strategy. On the other hand, the eco-labels often assure more than the products can in reality deliver. In particular, eco-labels may lead consumers to mechanically infer that the products are friendly to the environmentally friendly. The rising significance of corporate social responsibility provides strong motivation for companies to market unsustainable conventional products as environmentally friendly. Eco-labels are designed to inform consumers that the labeled product is more environmentally friendly than the competitors. Eco-labels are increasingly facilitating manufacturers, wholesalers, retailers, and consumers in their purchasing decisions. The chapter explains in detail the objectives of eco-labels, benefits of eco-labels, consequences of eco-labels, and different types of eco-labels. It also mentions the adoption process of eco-labels by the consumers. The chapter ends with examples of best practices.*

DOI: 10.4018/978-1-5225-9558-8.ch010

## INTRODUCTION

Responsibility towards environmental is an important management function for the success of any business. Over the last few decades there has been a witness of major change in consumer preferences towards environmental friendly which is forcing marketers to introduce innovative products (Ottman, 1993; Brécard et al., 2009; Basu et al., 2003). This has resulted in more companies introducing environmental friendly products and also the demand for green products has also increased. At present it is the responsibility of the consumer to identify products which are environment friendly compared to others on the basis of their preferences. The question is how the consumers will identify environmental alternatives. The answer is product labels which provide information which helps consumer to make choices (Lavallée & Plouffe, 2004; Rashid, 2009; Blengini & Shields, 2010). Eco - labels are progressively being given importance as an important market tool for identification of green products.

One of the important tools in green marketing of environmental friendly products is using Eco - label (D'Souza, 2004; D'Souza et al., 2006). The Eco - labels are increasingly being utilized by marketers to promote the identification of green products (D'Souza et al., 2006; Mostafa, 2007a; Samarasinghe, 2012a; Brounen & Kok, 2011; Burnett, 2007). According to Almosawi (2014) eco - label acts as an important tool to allocated irregularity information between sellers and buyers. They also stated that labels are a signal which helps in two consumer function namely information function which refers to the information about intangible product individuality like product quality and functional values which provide significance in themselves. Moreover, Rex & Baumann (2007) define eco - labels as a tool for consumers to assist making decision for select environmentally - friendly products and also to enable them to know how products are manufactured.

A label is basically a narrative of something, related with it in some way so that a potential customer or consumer can get information from it rather than the object itself (Mostafa, 2007b; Rahbar & Abdul Wahid, 2011; Darnall, 2006). Labels may be text or image, brief or extensive, spoken or written, accurate or inaccurate, fixed or detachable, reliable or misleading, local or global (Thøgersen et al., 2010; Cheah & Phau, 2011). Labels may contain information from the producers or the distributors or third parties for example independent certification agencies (Mostafa, 2006; Yan et al., 2012; Kim et al., 2012; Cernavca, 2018). Whereas an Eco - label is one who's content refers principally to the environment. Eco - labels helps consumers to make choices to buy those products which will reduce environmental impact and also enlightens them on how the products are made (Teisl et al., 2002; Samarasinghe, 2012b; D'Souza et al., 2007). It is one of the most effective communication tools to communicate these actions to the consumers (Rattan, 2015; Bratt et al., 2011;

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