

ADVANTAGES & DISADVANTAGES OF ECO-BRANDING

The ethics and philosophy of an organization have become an integral part of marketing and business. The time when the price and value were the most important factors that influence a customer buy a product is long gone. Nothing has become more important to a customer than the way a business treats the environment. To remain competitive, business has responded by becoming environmentally conscious, and eco-branding has become a major part of marketing.

Eco-labeling first entered mainstream environmental policy-making in 1977. At that time Germany established the Blue Angel program, a certification for environmentally friendly products and services. Eco-branding is now seen as for achieving environmental objectives. To a consumer, eco-branding entails:

- decreasing environmental impacts of products throughout their life cycle:
- efficiently promoting natural resource.

An eco-label is currently one of the main consumer information tools around the world. Eco-branding benefits businesses and consumers as well as the environment itself. It is a “non-zero-sum game”.

Consumers understand the climate crisis and are willing to influence the behaviour of businesses through their purchasing habits. The results have been a combined effort between consumers and businesses to address global climate change by adopting energy-efficient products and practices. One of the most prominent eco-branding symbols is the Energy Star. The cumulative total of Energy Star Products sold between 2000 and 2009 was 3 billion, according to energystar.gov. The Energy Star is an international standard for energy-efficient consumer products.

The main disadvantage of eco-branding is that eco-friendly products are generally more expensive than the conventional products. When some consumers see an eco-brand, the first reaction is that they cannot afford it. Because of little competition in businesses that produce eco-friendly products, prices remain high. The other problem is that manufacturers are tempted to make exaggerated or misleading claims. TerraChoice, an environmental marketing firm, for instance, in 2007 found that out of 1,018 products that made environmental claims, only one was legitimate. Some businesses are prepared to lie in order to remain competitive.

When a company wishes to buy green products, employees must be pulled away from their normal daily duties, or new employees must be hired in order to complete a green task force. It can be time consuming to research suppliers who will provide the company with the same products they are used to, but that have the added advantage of being environmentally friendly. If the new green products that a company purchases require a different method of use or a different method of disposal, employees must be taught the new processes. This can be expensive in terms of training costs and reduced productivity while employees experience a learning curve.

Ukraine is a country with conditions for the rapid creation and promotion of new environmentally-directional brand. The current situation on the Ukrainian market shows that the level of recognition of the main environmental brands is minor. Ukrainian consumers want to buy organic certified products. According to survey, 79% of Ukrainians want to use organic products grown without chemical fertilizers and pesticides and are certified according to European quality standards. The development of a program that will work for Ukraine is a must.