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SUSTAINABILITY LABELS ON PRODUCTS: CONSUMER UNDERSTANDING AND USE IN BULGARIA

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Abstract: This study investigates the consumer understanding and use of environmental and ethical labels (sustainability labels) on products. Data were collected by means of direct personal face-to-face interviews, with a total sample size of 1011 respondents. The survey was conducted in April - May 2013 in Bulgaria. Respondents expressed low levels of knowledge of the environmental concepts, sustainability labels and difficulty in the selection of products labelled with them. Understanding of nine selected labels (EU organic production, EU Ecolabel, Fair Trade, FSC certification, Protected geographical indication, Protected designation of origin, Traditional speciality guaranteed, Energy label and the Product is obtained by recycling or can be recycled) was very limited. The results indicated a strong correlation between information about the labels and the level of education of the participants. The results imply that sustainability labels currently are not well known and efforts are required from stakeholders to create trust in the labelling of environmental and ethical products.

Keywords: sustainability labels, environmental labels, ethical labels, consumer understanding, Bulgaria

Introduction

In the recent years there has been a growth of labels relating to the promotion of ideas of sustainable development (Boer 2003; Horne 2009). The labels of sustainability awarded by the respective certification schemes aim to identify the "ideals" to which consumers should aspire (e.g. energy efficiency, recycling, etc.) and/or the significant "evils" that must be avoided (e.g. use of chemical fertilizers and pesticides, unhealthy and unsafe working conditions, child labour, etc.) (Horne 2009). Using this type of certification schemes illustrates one

of the ways in which social effects can interact with market forces to outline the information medium for provision of products and services.

Environmental and ethical labels are part of the tools of policies related to sustainable consumption and production that emphasize disclosure of information for environmentally friendly activities and socially responsible behaviour by companies. Manufacturers through labelling supply the information sought by consumers about the environmental impact of products and thus meet their needs (Stern 1999). In this way information asymmetries between producers and consumers is reduced in relation to sustainable product characteristics.

Despite the clear statutory relationships and motives environmental and ethical labels do not always increase the demand for products. Many studies have found that among them there are those who do not provide the necessary message and users are not sure of the added value and that leads to confusion and inadequate recognition of products (Delmas & Grant 2010; Delmas & Lessem 2012; Dietz & Stern 2002). Proliferation of numerous sustainable labels that currently exist in the world is another big problem for consumers (Koos 2011). According to Koos the reason for this is that separate labelling cannot obtain significant recognition among competing labels on products and thus it is difficult to optimize its role (Koos 2011).

Unfortunately, there are a very limited number of studies on this problem in Bulgaria (Vasileva, Ivanova, Stefanov & Tipova 2012; Nikolov, Vassileva & Ivanova 2010). Attempts to explore consumer knowledge and identification of environmental and ethical labels are sporadic and limited in scope.

The purpose of this study is to explore the understanding of Bulgarian consumers of environmental and ethical labels and their attitudes to the consumption of products labelled with them.

Material and methods

Information was collected through direct personal interviews with persons who fall within the scope of the surveyed population through two-stage random cluster sampling based on electoral rolls. The survey was conducted during the month of April - May 2013; it involved 1011 adult citizens of the Republic of Bulgaria.

The study was conducted through a questionnaire organized logically in order to gather accurate and objective information about: understanding of Bulgarian consumers of environmental and ethical labels on products; attitudes to consumption of products with environmental and ethical labels; the social and demographic characteristics of respondents.

Results and discussion

The survey collected information about the respondents' environmental knowledge related to their perception of the various labels used to indicate environmental products and services on the one hand and on the other - the extent to which these labels are recognized and understood. The results indicate the need for more information on the topic and the difficulties both in the identification and orientation in the various labels and in the choice of the labelled products.

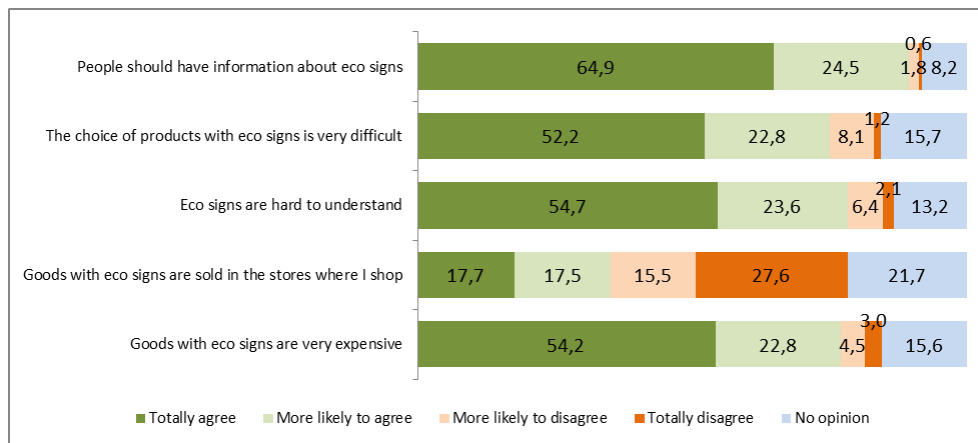


Figure 1. Respondents' opinion about environmental labels and products marked with them (% respondents)

Source: Own research

Almost all study participants (about 90 %) agree that citizens in general and they personally need information about the importance of these specific labels. Three out of four respondents adhere to the view that environmental labels are difficult to understand and that respectively difficult is the choice of products marked with such labels. About 77 % of the respondents identify the goods marked with environmental labels as too expensive in relation to their income (Figure 1. Respondents' opinion about environmental labels and products marked with them).

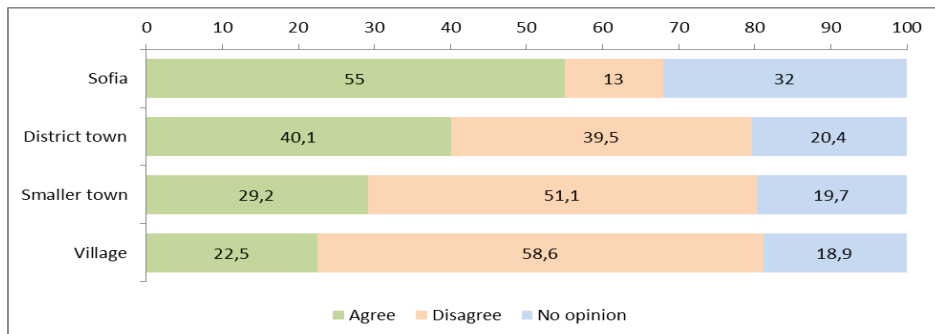








Figure 2. Correlation between the availability of products with environmental signs and the place of residence




Source: Own research

The analysis of the collected information indicates an uneven distribution of the products with environmental labels in the country (Figure 2. Correlation between the availability of products with environmental signs and the place of residence). They can be found in large urban centres and are virtually absent in smaller places of residence. Only a quarter of the residents of small places (towns and villages) can find products marked with an environmental label in the stores where they shop. In the district towns the share of these answers is about 40 %, and in Sofia - about 55%.

Consumer understanding of nine environmental and ethical labels on products

The participants were offered the following nine signs which meaning they had to recognize:

Sign 1	Sign 2	Sign 3
		
EU Organic production	EU Ecolabel	Fair Trade
Sign 4	Sign 5	Sign 6
		
FSC certification	Protected geographical indication	Protected designation of origin

Sign 7	Sign 8	Sign 9
		
Traditional speciality guaranteed	Energy label	The product is obtained by recycling or can be recycled

Results show that the majority of the respondents are poorly informed about the importance of signs and do not recognize them. One sign stands out among the others and is considerably ahead of them because of the extent to which it is recognizable and correctly interpreted by the respondents. This is Sign "Energy label" – 43 % of the respondents know it and know its meaning (Figure 3. Awareness of the importance of environmental and ethical signs). Another relatively well recognized sign is Sign "The product is obtained by recycling or can be recycled", and about a quarter of the respondents were aware of its importance (Figure 3. Awareness of the importance of environmental and ethical signs).

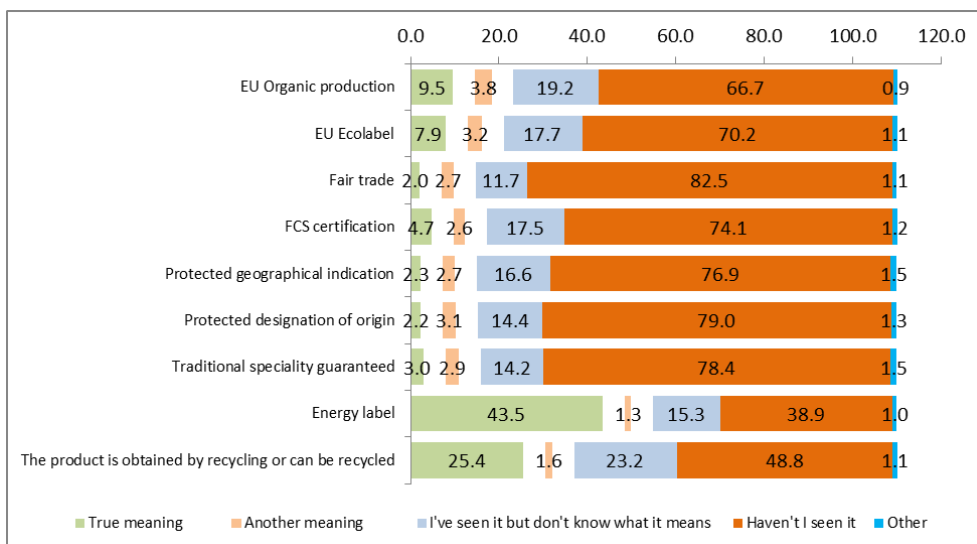


Figure 3. Awareness of the importance of environmental and ethical signs (% respondents)
 Source: Own research

All other seven signs are poorly or very poorly known. About 9 % of the respondents understand Sign "EU Organic production" and Sign "EU Ecolabel". The other five signs are recognized by a very small number of respondents (less than 5 % of the participants) (Figure 3. Awareness of the importance of environmental and ethical signs).

The study found a strong correlation between information about the labels and the main socio-demographic characteristic of participants - education. While for respondents with higher education the share of those who know "Energy label" sign is about 64 % for people with lower levels of education it is only about 16 % (Figure 4. Recognition of Sign "Energy label" according to the education of the respondents).

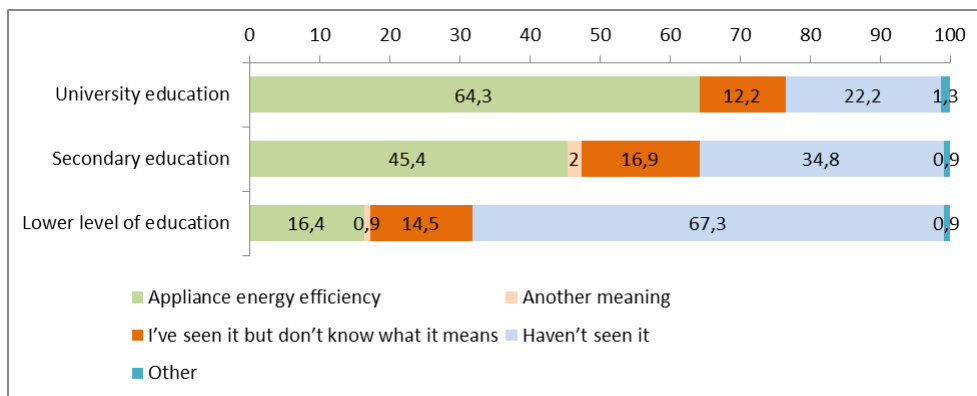


Figure 4. Recognition of Sign "Energy label" according to the education of the respondents (% respondents)

Source: Own research

Similar are the results for the Sign "The product is produced by recycling or can be recycled". Almost half of university graduates properly identify the meaning of the label, while among those with the lowest level of education - only about 4 % of the participants.

The higher levels of education are generally associated with higher income and that means more personal experience in the purchase of certain types of goods including those marked with the respective labels (e.g. certain types of more expensive appliances on which the sign of energy efficiency is usually placed - refrigerators, stoves, washing machines, television sets). A quarter of university graduates say they have never seen the sign "Energy label" and among people with the lowest education about 70 % indicate that answer.

The data gathered on the opinions and estimates of the respondents allows to make a kind of a "user profile" for each of the nine labels suggested for recognition.

Interesting are the results for the four signs which can be said to be relatively familiar to the respondents: "Energy label" Sign, "The product is obtained by recycling or can be recycled" Sign, "EU Organic production" Sign and "EU Ecolabel" Sign. The opinions of the respondents are presented in Table 1.

Table 1. Opinion of Consumers who know the meaning of the signs: "Energy label", "The product is obtained by recycling or can be recycled", "EU Organic production" and "EU Ecolabel", (% positive answers)

Question \ Sign	Energy label	The product is obtained by recycling or can be recycled	EU Organic production	EU Ecolabel
I have recently bought a product with this sign	51.9	48.8	48.4	35.1
I know the sign because I was particularly interested	63.9	47.0	54.7	54.5
By the look of this sign it is immediately clear what it means	73.5	64.3	43.2	63.6
Products with this sign are really such	76.9	64.9	56.8	53.2
There are rules in which cases the sign can be used	64.8	63.7	58.5	72.7
The use of the sign is controlled	62.2	61.0	51.1	67.5
If I know more about the sign I would be more interested in the product	70.6	70.2	61.7	66.2

Source: own research.

What is interesting is that the profiles of the two best known labels ("Energy label" and "The product is obtained by recycling or can be recycled") are very close. About 50 % have bought recently a product labelled with the respective sign. For both signs the respondents are the least informed about the extent to which the relevant product actually possesses the qualities that the label certifies, whether the use of the label is subject to any rules and whether it is subject to any

control. More often respondents specifically collected information about the meaning of the label "*Energy label*" (about 64 % of those who recognize the sign), and more rarely about the label "*The product is obtained by recycling or can be recycled*" (about 47 % of those who recognize the sign) which is understandable since energy consumption is directly related afterwards to the costs and to the household budget. Respondents slightly more often regarded as clear the sign of energy efficiency (about 73 % versus about 64 % for the recycling symbol).

The profiles of the other two labels (recognized by about 10% of the respondents) - "*EU Organic production*" and "*EU Ecolabel*" also show such similarity. Here the three obscure factors for the respondents are: the extent to which the product complies with the content of the label, the availability of rules for the use of the label and control options. Two out of three people who recognized the signs (between 60 and 70 %) stated that greater awareness of the label would lead to greater interest in the product on their part.

Conclusions

For consumers it is difficult to estimate the impact of the products they consume on the environment or society. Their environmental and ethical characteristics turn them into products of confidence. Certification by a third party and the corresponding labelling can provide the necessary information. Environmental and ethical labels reduce the costs of information search when consumers understand their messages.

The study of consumer knowledge of the quality of products gained from the existing certification schemes (with a focus on environmental and ethical characteristics) showed that very limited number of such schemes are recognized in our country. It was found that Bulgarian consumers need more information about the labels, the methods of production and processing, the standards, the certification schemes and control. The presence of information asymmetry, in turn, hinders the development of market for products with environmental and ethical characteristics in the country. The limited market penetration of environmental products, coupled with the poor knowledge of Bulgarian consumers opened the door to the emergence of unregulated eco labels. This can create further confusion and lack of confidence among consumers.

In this regard, the role of stakeholders, including government institutions, NGOs, business organizations and others is crucial for the impact of information and the creation of trust in environmental and ethical product labelling.

Acknowledgments

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