

# **Communicating Green Products to Consumers in India to promote Sustainable Consumption and Production**

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*A Study based on the Consumer Perceptions of Green Products in India*



*A Research Project conducted by:*  
**Green Purchasing Network of  
India**

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*We hope that the outcomes of this study will further the cause of green products for the India consumers.*



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## List of Abbreviations

BEE	Bureau of Energy Efficiency
CII	Confederation of Indian Industry
EMS	Environmental Management System
GEN	Global Ecolabelling Network
GHG	Green House Gas
GPNI	Green Purchasing Network India
GPP	Green Public Procurement
GDP	Gross Domestic Production
IGPN	International Green Purchasing Network
ISO	International Organization for Standardization
JFGE	Japan Fund for Global Environment
LCA	Life Cycle Analysis
MSME	Micro, Small and Medium Enterprises
OECD	Organization for Economic Cooperation and Development
SCP	Sustainable Consumption and Production
UN	United Nations
UNEP	United Nations Environment Programme
USEPA	United States Environmental Protection Agency



## 1.0 Introduction

The four decades post-independence, India pursued socialist planning and free enterprise policies which lead to a degree of industrialization and modernization. Subsequently, since the early 1990s socialist economic planning has been replaced by liberalization measures, including industrial deregulation, privatization of state-owned enterprises, and reduced controls on foreign trade and investment. This has resulted in accelerated growth of the country and an economy which has sustained impressive growth rates. Since 1991 it has been among the top 10% of the world's countries in terms of economic growth<sup>1</sup>. The growth has been accompanied by a rise in per capita income.

The real household disposable income has more than doubled since 1985. With the rise in income, consumption patterns have changed and a new middle class has emerged, which is growing at a fast pace. According to Asian Development Bank estimates, India's middle class will explode over the next four decades, increasing to 1.2 billion by 2030 and 1.4 billion by 2050.<sup>2</sup> This middle class has emerged as the predominant consumer in India. With the rise in income of the middle class, consumption patterns have changed. In 2007, a study<sup>3</sup> predicted that with India's high growth path, the income levels will triple in the next two decades. This is expected to move India from its position as the twelfth-largest consumer market today to become the world's fifth-largest consumer market by 2025. The study also forecasted that the middle class will account for 59 percent of the country's total consumption by 2025.

While at present the majority of the expenditure on consumption is on food, however there is decline in this expenditure as expenditure on discretionary items is increasing. Discretionary expenditure, among others, includes food & beverages, personal products, apparel, household products.

This changing pattern clearly indicates that the changing consumption pattern will drive the consumer goods market in the future. There is a shift in preferences for products and willingness to pay for such products. This rapid change in the consumption pattern has expectedly resulted in growth of industrial production and manufacturing. The manufacturing technology adopted by most of the conventional industries has placed a heavy load on environment especially through intensive resource and energy use, as is evident in natural resource depletion (fossil fuel, minerals, and timber), water, air and land contamination, health hazards and degradation of natural eco-systems. With high proportion fossil fuel as the main source of industrial energy and major air polluting industries growing, industrial sources have contributed to a relatively high share in air pollution. Large quantities of industrial and hazardous wastes brought about by expansion of chemical based industry have compounded the wastes management problem with serious environmental health implications.

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<sup>1</sup> *The World Bank Website*

<sup>2</sup> *Asia 2050 – Realizing the Asian Century, Asian Development Bank, April 2011*

<sup>3</sup> *The 'bird of gold': The rise of India's consumer market, McKinsey Global Institute, May 2007*



The Government of India recognises the environmental concerns arising as a result of the economic growth. The 12<sup>th</sup> five year plan, which is the centralized and integrated national economic program, recognizes the fact that the issue of environmental sustainability cannot be ignored. Sustainability of economic development itself crucially hinges on the protection of environment. The preventive strategies have been considered important for abatement of pollution. Preventive strategies like minimization of the waste in production of products and goods to public disclosure of information on polluting activities have been reflected in the planning document as elements which can create pressure in the market to manufacture environment-friendly products. However the Government approach of environmental protection has been mostly through the legislative route. Such approach has now been recognised to be mitigative rather than preventive.

Way back in 1991, the Government recognized the need for increased consumer awareness on eco-friendly (or green) products and launched the eco-labelling scheme known as 'Ecomark'. The aim was to have a mechanism for easy identification of environment-friendly products. However, the scheme did not succeed. Over the years there are some internationally accepted eco-labels which are available in India. However the manufacturers who have applied these schemes have mostly done so with the aim of accessing the developed country market worldwide. The Indian market for green products has over the years has been driven by green claims made by the manufactures with little evidence to back up the claims.

The Indian consumers, particularly the middle class consumers, over the last two decades have become environmentally more conscious. This has been reflected in various surveys. The 2012 Greendex<sup>4</sup> survey reflected that Indian consumers are choosing to buy environmentally friendly products but it also found that amongst the 17 countries surveyed, the Indian consumers have the highest percentage of respondents who are sceptical of green products.

Given the background, where there is a need to move away from the business-as-usual products and have more green products in Indian markets and there is distinct interest amongst the consumers to buy green products, it is imperative to assess the perception of the customers on the environmental attributes of products as well as to understand the barriers perceived in acceptance of green products. This study has been designed and carried out to understand the customer perceptions and come out with recommendations to promote the penetration of green products in the Indian market.

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<sup>4</sup>The National Geographic/GlobeScan Greendex findings result from an international consumer survey conducted between March 12 and May 3, 2012



## 2.0 Study Background

The Greenness of products is defined through various attributes. These could be environmental focussed in terms of materials used, energy consumed or pollution generated. These attributes are reflected in different stage of the life cycle - before usage, during usage or after usage. However the understanding of the consumers for these attributes needs to be assessed. Also it is important to understand those facets of green products that attract them towards buying them as also to understand those factors which acts as a barrier. Such an approach is necessary to identify the gaps in understanding of green products for the consumers as well as to identify methods and approaches for increasing consumer awareness.

Consumer's concern about the environment has been on the rise in India. However, the understanding of 'Greenness' varies widely among the consumers. Manufacturers make various claims about greenness of their product but there is little the consumer can do to authenticate such claims. While in many countries governments, industries and civil society organizations are working together to promote green products there has been no such focused initiative in India. Although India has been amongst the first few countries to initiate schemes like Eco-labelling aimed at promoting green products, but there has been little impact on the green products market.

In order to understand the perception of urban Indian consumer on green products, a market based study has been designed and conducted by the Green Purchasing Network India (GPNI). Some of the key issues addressed by the study are:

- What is greenness to an Indian consumer?
- What criteria on greenness is the Indian consumer looking for?
- What are the barriers perceived by the consumers that deter them from buying green?
- Do Indian consumers trust various claims made by product manufacturers? If yes, then up to what extent?
- What are the problems faced by the industry in communicating green products to Indian consumers?

The study was based on consumer survey carried out at strategic locations targeting the urban middle class consumers. Interviews with retailers, manufacturers and green product certifiers were also conducted to understand their approach on communicating green products in the market and the challenges they face in promoting green products. This study aims at understanding the communication gap between the consumers and the producers.

The survey data was analysed to understand the perception of the consumers on green products, the gaps and barriers to the adoption of green products. The outcome is expected to support the identification / development of mechanism that can be most effectively used in communicating greenness of products.



In order to achieve the above mentioned objectives, following tasks and activities had been undertaken by the GPNI:

- Preparation of different questionnaires for all the stakeholders involved i.e. consumers, retailers, manufacturers and certification bodies.
- Conducting retail intercept survey of consumers at various strategic locations mostly visited by urban consumers.
- Parallel online perception survey for consumers.
- Face to face and telephonic interviews with the retailers, manufacturers and the certification bodies.
- Analysis and distillation of the survey outcomes.

The outcome was presented at a consultation workshop attended by representatives of various stakeholder groups and their suggestions addressed in preparing the final recommendations.

This study on the perceptions of consumers about green products is expected to act as a catalyst in developing a better policy framework on green products. Also, it would be insightful for companies to know better ways of communicating with the consumers with appropriate and easily understandable information on their products.



### 3.0 Methodology

The study was conducted in two different segments i.e. consumer perception survey and consultations with retailers, manufacturers and certification bodies. The approach for targeting both the segments is explained in detail in this section.

#### 3.1 Rationale for Methods Used

##### 3.1.1 Retail Intercept Survey

The consumer perception was accessed through retail intercept survey conducted in the month of January-February 2014. Consumer perception was also accessed through an on-line survey.

The retail intercept surveys were carried out at shopping malls in two locations and a corporate hub in Mumbai over an extended period of time. This approach was of particular importance as the shopper’s purchasing decisions were fresh in their minds and the responses are expected to give insight into their actual shopping behaviours.

The questionnaire developed for the surveys is presented as Annex-I.

The locations of the retail intercept surveys are given below:

Locations for Offline Surveys			
Sr. No.	Location	Place	Type
1	Inorbit Mall	Malad, Western Mumbai	Shopping Mall
2	Inorbit Mall	Vashi, Navi Mumbai	Shopping Mall
3	247 Park	Vikhroli, Central Mumbai	Corporate Hub

The online survey was carried out on the portal [www.SurveyMonkey.com](http://www.SurveyMonkey.com). Communication and promotions for the survey were done through the help of various social networking websites.

The total number of responses received by the overall approach was 2,051 of which 1,598 surveys were conducted through retail intercept surveys and 453 surveys were conducted online.

The online and offline survey database were integrated in order to simplify the analysis of the survey findings.

##### 3.1.2 Consultation with Retailers, Manufacturers and Certification Bodies

This segment of the study involved either face-to-face or telephonic discussions with the industry stakeholders all over the country. Interviewees for the survey were persons in



the organization who were aware about the business operations, marketing and other procedures related to green products.

The main purpose of interviewing industry stakeholders was to co-relate their responses with consumer responses and to understand the challenges for promoting sustainable consumption and production in India.

The consistency of the survey was maintained through a set of questions prepared specifically targeting the various stakeholders. The Questionnaire used for the manufacturers, retailers and product certifiers is presented in Annex II to IV respectively.

The stakeholders, selected for the consultation were identified keeping in view that they covered the three broad categories of green products most prominently recognised in India i.e. Organic food, Organic textile and Recycled paper industry.

The consultation was carried out with representatives of eight manufacturers, six retailers and two certifiers.

### **3.2 Limitations of the study**

Sample size is always a limitation for any survey. To achieve the maximum number of responses, the approach of retail intercept surveys and on-line surveys was carried out. This approach also is expected to bring in diversity amongst the survey respondents. However, there could be limitations in terms of the characteristics of the sample.

For consumers who were not aware of green products, it was difficult to understand some of terms related to green used in the questionnaire. Some of the terms were explained in the consumers who asked for it. For the online respondents this flexibility was not there.



## 4.0 Sustainable Consumption and Production (SCP) and Green Products

*"Sustainable consumption and production is the use of goods and services that respond to basic needs and bring a better quality of life, while minimizing the use of natural resources, toxic materials and emissions of waste and pollutants over the life cycle, so as not to jeopardize the needs of future generations."*

*- Symposium: Sustainable Consumption. Oslo, Norway; 19-20 January 1994.*

### 4.1 SCP and the Role of Green Products

With the ever increasing human population around the world, the use of resources has been on an exponential rise. Not only the amount of the resources used has increased, but also the attitude of people towards the proper use of these resources has changed over the time leading to adverse impacts on the environment.

A developing economy like India, which is 18% of the world population<sup>5</sup>, and growing, is definitely scarce of resources to fulfil the needs of its large and ever increasing population. Moreover, with improving economic condition of the country over the past decades, the income level of Indian middle class has also seen a rise which has resulted into a shift in consumption behaviour. Addressing sustainability in resource consumption, therefore, is a key requirement to address all round growth of India. The implementation of a Sustainable Consumption and Production (SCP) approaches in India is need of the hour.

SCP considers a 'cradle to cradle' approach i.e. life cycle based analysis of goods or services to know its positive or negative impacts on human health and the environment along the value chain. It aims at promoting resource efficiency and sustainable infrastructure leading to better consumption practices and cleaner production systems. For developing countries like India, SCP is an opportunity to move towards a more resource efficient and environmentally sound technologies instead of conventional practices followed by the developed countries in the past. The various elements of SCP

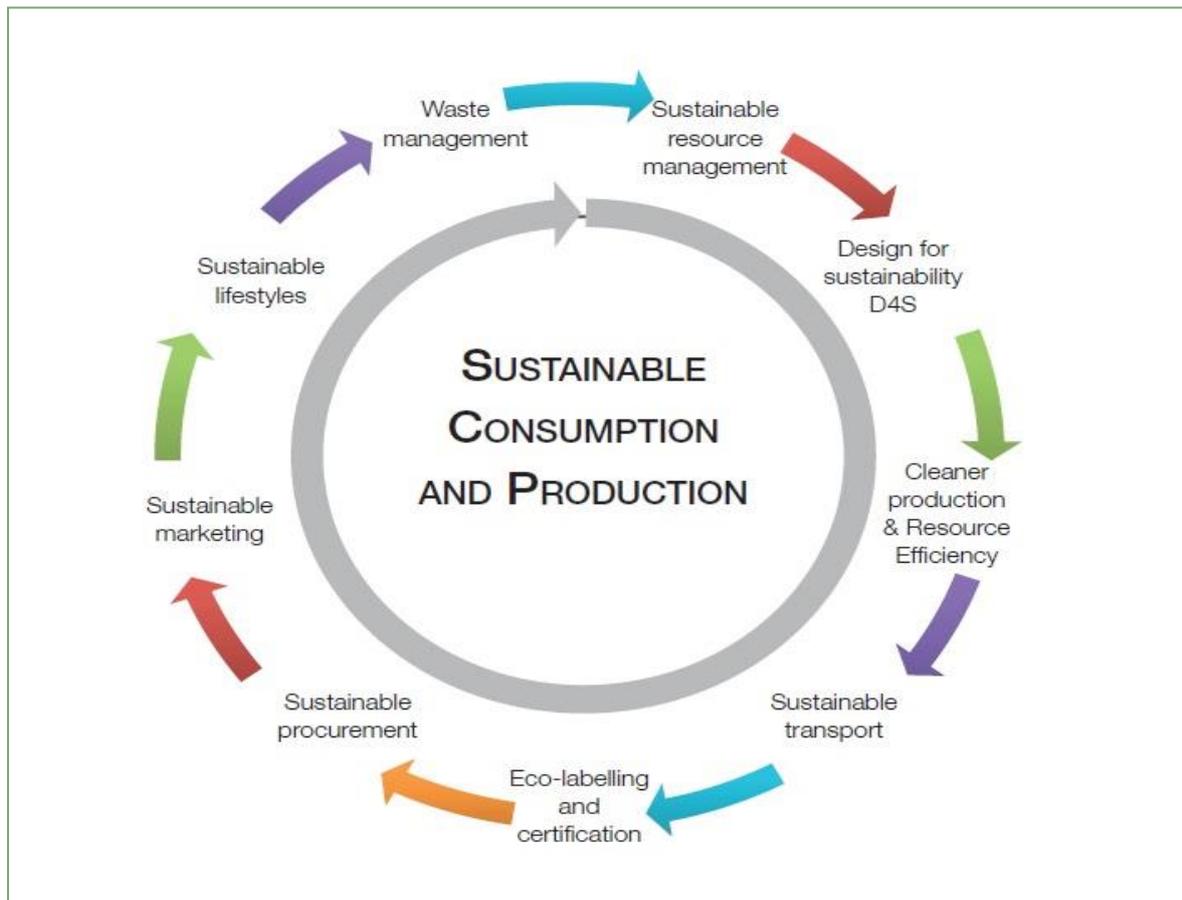
#### Evolution of SCP

*At the UN Conference on Environment and Development, held in Rio de Janeiro in 1992, the need for SCP was first recognized. The final report i.e. **Agenda 21** of this conference, stated the unsustainable practices of consumption and production worldwide as the main reason for destruction of natural resources all around the world, hence triggering the need for implementation of a SCP framework. After two years in 1994, the Oslo Symposium on Sustainable Consumption took this initiative to the next level by analyzing the role of stakeholders in promoting SCP and provided a working definition for SCP (stated above).*

<sup>5</sup> World Bank, 2011



are presented in Figure 2.



**Figure 2: Elements of SCP**

Source: UNEP

#### **4.2 Role of Green Products for Promoting SCP in India**

As discussed earlier, SCP uses a life-cycle approach towards goods and services; and the products made with taking into consideration such an approach can reduce the impact they have on the environment. Products developed and manufactured keeping in view such considerations are expected to have minimal negative impact on the human health and the environment across its life cycle. The shift from conventional products to greener alternatives will thus result in conservation of resources and better quality of life on the planet.

In India, the aspects like life cycle impacts of products find very little consideration in product evaluation. Moreover, there is no specific government policy that promotes manufacture or use of green products. In India, there is a fairly well-developed legal framework in place for environmental protection and to some extent for resource conservation. However, in general, existing policies pay little attention to the consumption of goods and services as a driver of resource use and pollution. Exceptions are water, land and energy where resource constraints are already having a negative



impact on people's quality of life and the prospects for future development. In these areas there are policies in place to promote efficiency and sound resource management.

Some initiatives taken by the government have alignment to green products, but still need to be strengthened with a holistic approach. For Example, the energy star rating launched by the Bureau of Energy Efficiency (BEE) for labelling the electrical appliances based on its energy efficiency. Although, this leads to consumer awareness about the energy consumption of the product and promotion of energy saving appliances, it does not take into consideration, the negative impacts of the product on the environment during the production and final disposal of the same. Another important aspect to be looked at in order to increase consumer demand and attracting more and more consumers to green products is to revive the eco-labelling scheme (Ecomark).

The Micro, Small and Medium Enterprises (MSMEs) form the major part of the private sector in India. These companies generally have very little knowledge on environmental issues associated with the products they manufacture. Hence, they find it difficult to change their existing products or processes into those with reduced negative impacts on the environment during its life cycle. With proper training and guidelines, these companies can be shifted towards cleaner production practices. Also, the shift to Green Public Procurement (GPP) by the government can give a push for the MSMEs to manufacture green products.



## 5.0 Green Products – An Introduction

### 5.1 What is a Green Product?

*In general, green product can be defined as the product which has lesser or no adverse environmental impacts throughout the life cycle, as compared to any other product performing a similar function.*

Green products as such have no established definition till date, but in simple words these are the products made giving due consideration to the life cycle. The life cycle analysis of a product estimates the positive and negative environmental impacts of the product from cradle to grave i.e. from the extraction of raw materials through production processes, packaging, transportation, use and disposal or end of life. Another aspect that can be covered under the realm of green products is the positive impact of the product on the society such as fair trade practices and cleaner working conditions for the workers. The attributes that a product should possess in order to be called as 'green' are explained in detail in following section.

### 5.2 Green Products and Consumer Responsibilities

The consumption at individual level has an impact on the environment at large. In a country like India with such large population, every consumer has a potential to mitigate the adverse impacts on the environment by changing their consumption behaviour. However, awareness amongst the customers on environmental sensitivity of products is a major factor to develop customer responsibilities towards consumption.

The Greendex Survey<sup>6</sup> conducted by the National Geographic Society states that Indian consumers are at the top of the list amongst 17 countries in showing preference to green products. In fact India is the country with the highest **Greendex score** since 2008. But many of the Indian consumers said that the environmental issues are complex in nature to understand and this has kept them from buying green products. For instance, the sustainability information communicated by the companies is not understandable by the consumers or sometimes the claims made by the companies are not trustworthy. Probably, the traditional ethos of the Indian society where repairing broken items rather than replacing them or choosing to buy things that are "used" rather than new has been a driver to this high score and not necessarily driven by the understanding of green products.

For consumers to understand green products, it is important that the consumers ask some basic questions before making a purchase decision to ensure that the product they buy is 'green' in a true sense. What all processes did the product undergo before reaching them? What were the raw materials used in making the product? Was the

<sup>6</sup><http://environmet.nationalgeographic.com/environment/greendex/>



product exposed to harmful chemicals during its manufacturing? Was recycled material used in the packaging of the product? Do I buy food from a supermarket or from a local vendor? What will be the impacts of the product on health and the environment after it is being disposed? However expecting consumers to make such queries and make conscious purchase decision will not be practically feasible option. Self-declarations by manufacturers answering some of these queries will be a positive approach promoting responsible consumerism. At present these are not explicitly addressed by the Indian product manufacturers.

### **5.3 Overview – Green Product Attributes**

Any product before reaching to the end user goes through various stages of production and at each stage there is extensive use of resources like water, energy, fuel, etc. So, it becomes very important to optimize the use of these resources at every stage in order to mitigate the potential environmental impacts during the production phase. Not only during the production, but also during the use and after the disposal/end of life of the product, it can lead to major environmental hazards. In order to address these issues, a product is to be assessed based on its impacts on the environment at every stage of its life cycle from raw material extraction/procurement to its disposal/ end of life. Any product which has lesser environmental impacts as compared to any other product with similar function or application is considered as a ‘green product’.

In a study performed by the GPNI<sup>7</sup>, over 140 eco-labels existing around the world were assessed to arrive at common core criteria reflected in most of the eco-labels, used for the certification of green products across various categories. These core criteria are the attributes which should be looked at for identifying green products.

The common core criteria’s identified from this study are explained in the following sections.

#### **5.3.1 Compliance to Environmental, Health and Safety Regulations**

Compliance with national or international environmental laws and regulations is a basic requirement for any product to be assessed further for its attributes, to qualify as a green product. This compliance ensures that the product meets the essential legal requirements for the country/region in which it is being produced. In addition, if the product also complies with other international standards, it will only contribute to the greenness of the product and would also help in convincing the consumers to prefer such product. Compliance with some product specific environmental requirements is also included in the certification criteria’s of some international eco-labels.

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<sup>7</sup> Development of framework towards standardized assessment criteria for eco-products and eco-services; GPNI, 2011-12



### 5.3.2 **Resource Conservation and Efficiency**

The most important attribute a green product should possess is the ability to conserve and optimize the use of resources in its production phase. The design of the product and the type and quantity of materials used play a significant role in determining its impacts on the environment throughout the life cycle of the product. Also, resources used across the various stages of life cycle such as water, energy, fuel, packaging material, etc. should be conserved by the implementation of cleaner production practices such as technology or process modifications, waste/effluent management systems, use of renewables, etc.

### 5.3.3 **Exclusions and Preferences based on Life Cycle Analysis (LCA)**

LCA helps in determining the potential environmental impacts of the product and possible alternatives for mitigating the identified potential adverse impacts. It identifies a particular raw material used or the whole process that is to be excluded or modified in a way so as to reduce the impact associated with it. These exclusions and preferences implemented by the producer after performing LCA can be disclosed on the product in the form of a label and is known as Environmental Product Declarations (EPDs). This label discloses the environmental performance of the product after performing LCA and is similar to a nutrient label on food products.

### 5.3.4 **Environmental Protection and Conservation of Biodiversity**

Along with product modifications, it is also necessary to protect the surrounding ecosystem and diversity of the region in terms of flora and fauna. Compliance with this criterion ensures that the product contributes in the protection and conservation of regional and global ecological resources. This criterion is mostly used for certification of agricultural and forest-based products, as the raw materials for these products are obtained from eco-sensitive areas rich in biodiversity.

### 5.3.5 **Reporting and Responsible Disclosure of Product Information**

A green product should always disclose information on the ingredients used, safety measures on its use, environmental impacts, recycling ability or disposal instructions, which will help in convincing the consumers to prefer such products instead of its counterparts which have adverse environmental impacts. It will also help in better waste management from the consumer side.



### 5.3.6 **Biodegradability and Compostability**

Biodegradability is the ability of the product to biodegrade under natural conditions by biological agents such as microorganisms. This criterion is less common as compared to other attributes mentioned above as the concept of biodegradability is complex and varies according to the type of the product. But, the inclusion of this criterion ensures that the toxic ingredients used (if any) will not accumulate in the environment for a longer period of time and maintain the stability of the ecosystem. Some certifications have standards that mention the time to be taken by a product to biodegrade under natural conditions. For products to be considered biodegradable, 70% of the product formula compound must, under aerobic conditions, break down into carbon dioxide, basic salts and water within 28 days.

### 5.3.7 **Implementation of Environmental Management System (EMS)**

An EMS in place helps in monitoring the environmental performance of an organization. It ensures that the organization includes environmental concerns as an integral part in its decision making process. The organization benefits from such a control system as it requires continuous monitoring and reporting of the environmental parameters. It also reflects the commitment of the organization to serious environmental concerns and has an edge in the market.

### 5.3.8 **Social Inclusions**

Along with the environmental factors, this criterion intends to include social impacts of a product such as fair trade practices, employment of local community, safer working conditions, women empowerment, compliance with national or international labour standards, etc. Most prominent internationally accepted certification for social inclusions in a green product is Fairtrade International.

The attributes explained above are not the minimal requirements for a product to be called as 'green', but satisfactorily ensuring these attributes in a product will assure its acceptance across various product categories internationally. Also, the attributes of a green product are not restricted to the above mentioned criteria's and depends on the type of the product and the geographical area where it is being produced. A harmonized eco label scheme taking into consideration such common core criteria's can make it easier for consumers to understand the information communicated to them by the producer and helps producers to follow a standardized format for communicating green products to their consumers.



#### 5.4 Eco labels and Product Certifications

*“An ecolabel is a label which identifies overall environmental preference of a product (i.e. good or service) within a product category based on life cycle considerations. In contrast to a self-styled environmental symbol or claim statement developed by a manufacturer or service provider, an ecolabel is awarded by an impartial third party to products that meet established environmental leadership criteria.”*

*- Global Ecolabelling Network (GEN)*

An ecolabel is the authentication of a green product (goods or services) based on the life cycle assessment and acts as a tool for the consumers to ensure that the product possess the attributes to be called as ‘green’ and is considerably less environmentally impacting than other products in the same category. Ecolabelling is a voluntary approach practiced around the world across various product categories.

The International Organization for Standardization (ISO) took an initiative in 1989, to form a basic standard for ecolabelling by introducing the ISO 14020 series. Three broad types of ecolabelling schemes were identified as follows:

- Type I (ISO 14024) – Ecolabelling via third party certification
- Type II (ISO 14021) – Self declared eco labelling
- Type III (ISO 14025) – Quantitative data measuring environmental impact.

Amongst the various ecolabels existing around the world, some ecolabels cover many or all the attributes as mentioned in the previous section of the report and are known as multi-attribute ecolabels. While, some ecolabels focus mainly on a single environmental or social criterion. For example, Fairtrade certification focuses mainly on the social impacts of the product and Energy Star label by USEPA (United States Environmental Protection Agency) reflects only the energy efficiency of a product. The major disadvantage of single attribute ecolabels is that they may not confirm the product to be really ‘green’ as the life cycle impacts of the product are not taken into consideration. However, the single attributed ecolabels are better to understand for the consumers as compared to complex information on multi-attribute ecolabels. Hence, increasing consumer awareness and simplification of the information on the ecolabels is the need to promote multi-attribute ecolabels.

Ecolabels encourage the consumers to buy green products by providing them reliable, comparable and certified information about the environmental impacts of the product they tend to purchase. In form of a logo or an emblem, it helps consumers in taking a better informed purchase decision. In addition, it requires producers to implement environmentally sound technologies and operations which will help them in gaining an edge over other competitors and improve public image. This will result in conservation



of resources, decreased emissions and reduced overall environmental impact of the company.

As ecolabels are the only means of communication between the manufacturer and the consumers, it should be strongly supported by national or international regulatory bodies in order to differentiate it from deceptive marketing claims made by producers also known as 'green washing'.

Hence, there is a need for implementation of such schemes in India on a wider scale, for increasing consumer awareness and promoting Sustainable Consumption and Production (SCP).



## 6.0 Green Products - Indian Scenario

### 6.1 Current Status of Green Products in India

While environmental protection in India has been a governmental priority with a well-established regulatory regime, the focus has been more on emissions and waste management. But, there has been very less emphasis on product oriented standards till date. The development and implementation of such standards for green products will bring about a change in the market availability of green products and boost SCP in India.

There is gradual increase in voluntary initiatives being taken for manufacturing and promotion of green products in the Indian market due to increasing awareness amongst the urban consumers. Although, this change is taking place at a slow pace but is expected to gain pace in the near future. It is observed that most of the Indian companies manufacturing green products obtain certifications mainly for products to be exported, as they have to meet the stringent requirements of the developed countries. So, there are hardly any producers who obtain green product certifications for the domestic market as the demand for certified green products from the Indian consumers is very limited.

*India is the largest organic cotton producer in the world since 2007 followed by Syria and China.*

- 2011 Organic Cotton Market Report, Textile Exchange

Another important aspect that is responsible for slower market growth of green products in India is the lack in participation from MSMEs. MSMEs form a major component of the Indian industry and are suppliers for large scale national and international companies as well as they play a large part in public or government procurement of India. Due to limited capacity, lack of expertise and limited access to long-term finances, MSMEs find it difficult to meet the client requirements on product sustainability. Moreover, there is no financial, technical or regulatory support from the government which will shift the SMEs towards manufacturing of environmentally sustainable products. If these areas of concern are addressed by the government, it will potentially lead to innovations in materials, design and technology by the SMEs, which will further attract consumers to purchase green products in India.

Effective communication of green products to consumers in India is also one of the major challenges taking into consideration the limited knowledge on green products and minimal information disclosure on the same. The lack of understanding of ecolabel usage for products make it difficult for the consumers to differentiate between the nationally/internationally accepted ecolabels and the spurious self-declared claims made by the manufacturers.



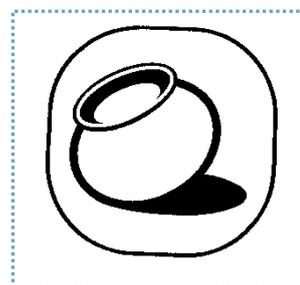
## 6.2 Policy instruments and voluntary initiatives promoting Green Products

While the environmental regulations in India started taking shape from the early seventies of the last century, the Environmental Protection Act (EPA), promulgated in 1986 laid the foundation for establishment of many agencies and legislations for implementation of country's environmental strategies. However, no such legislative approach has been developed for promoting green products in India. There are no legislations in India promoting the procurement and manufacturing of green products.

However there has been a notable initiative to promote green public procurement to promote green public procurement in India. On advice from the Prime Minister's Council on Climate Change, the planning commission has set up a core committee to advice on developing GPP guidelines. The committee, comprising senior members from various government ministries and departments including BEE, DGS&D, MoEF, CPCB, Defence, Railways, and industry associations like CII.<sup>8</sup> The need for such initiatives for turning the government procurement into 'green' is immediate and implementation of such schemes will also encourage the businesses to consider the environmental characteristics of the product, a practice not primarily visible today.

### 6.2.1 The Indian Ecomark Scheme

In 1991, MoEF, Government of India, launched its very own ecolabelling scheme called "Ecomark" for recognition and authentication of green products in India. The certification is based on the cradle-to-grave approach for ecolabelling of the products.



Although the Ecomark is similar in many ways to ecolabels in other countries, it differs from most in one important aspect; ecolabels in most countries<sup>9</sup> are awarded solely on the basis of environmental considerations alone, however, the Ecomark is also linked with the quality of products. In other words, in order to be eligible, products must meet both environmental and quality criteria. There are about 16 product categories covered under the Ecomark scheme.

The Ecomark criteria span across a range of possible environmental impacts associated with products – use of chemicals in processes, biodegradable packaging, water usage, emphasis on sourced material, and so on. Additionally, the Ecomark does not base all product-specific criteria to address life cycle impacts in the "strictest sense" (although

<sup>8</sup>Issues In Public Procurement The Public Procurement Bill 2012 - Dr Jaijit Bhattacharya & Arijit Sen, Hewlett Packard

<sup>9</sup> In Canada too, a similar approach was adopted. However, in this case, it is not mandatory for their ecolabel to be accompanied by a quality label.



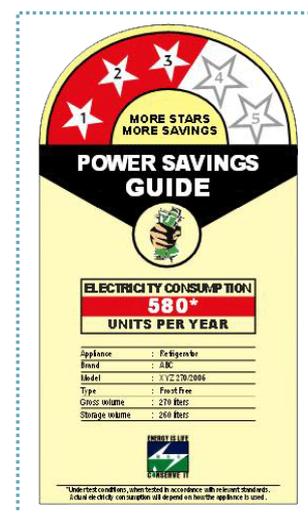
the spirit of the scheme is said to be modelled on the cradle-to-grave approach<sup>10</sup>), i.e. through the use of specific standardized methodologies.

The lack of awareness on the scheme amongst Indian consumers was a major reason for the failure of the scheme. It was unviable for the producers to manufacture green products that meet the quality standards along with the environmental criteria requirement of the scheme and that too in a situation where there is no acceptance for such labelled products. Over a period of time, with no further updations and elaboration of the scheme, the scheme lost relevance.

Any ecolabelling scheme to be a successful one needs to be popularized amongst the industry stakeholders and consumers by appropriate communication. The Ecomark scheme needs to be revived with proper institutionalization and higher involvement of stakeholders for improvising the existing structure of the scheme. Along with the restructuring of the scheme, there has to be a nationwide awareness campaign to bring about a behavioural change in consumer's purchasing decisions.

### 6.2.2 Energy Efficiency Labelling Scheme in India

The Bureau of Energy Efficiency (BEE) is an agency of the Government of India, under the Ministry of Power created in March 2002 under the provisions of the nation's 2001 Energy Conservation Act. Amongst the various schemes initiated by the BEE, Standard & Labelling is one of the thrust areas. A key objective of this scheme is to provide the consumer an informed choice about the energy saving potential of the relevant marketed product. Number of "star" are assigned from 1 to 5 in increasing order of efficiency and estimated annual energy consumption is displayed on the Star Label for benefit of customer



Started as a voluntary scheme, star labelling has now been made mandatory for some of the household electrical appliances – viz. frost free refrigerators, fluorescent tube lights, air-conditioners and distribution transformers – meaning that only the products having specified energy efficiency levels will be allowed to be manufactured and marked in the India. After initiation in 2002, the BEE labelling scheme has been able to draw attention of the industry as well as the consumers. It is the only successful scheme in India in terms of institutionalization and in attracting consumers to buy products which have lesser environmental impacts as compared to other products of similar category. The only drawback of the ecolabel is that it only takes into consideration the energy efficiency criterion and not the life cycle impacts of the product.

<sup>10</sup> Ecomark Scheme. URL: [http://www.cpcb.nic.in/oldwebsite/Eco-mark%20Scheme/default\\_Eco-mark.html](http://www.cpcb.nic.in/oldwebsite/Eco-mark%20Scheme/default_Eco-mark.html)



### 6.2.3 **National Programme for Organic Production (NPOP)**

Owing to the favourable climatic conditions and the agricultural biodiversity of India, there is large potential for cultivation of wide range of organic products. There was a need to recognize this potential and focus on developing an organized organic agriculture system. This led to the formation of National Programme for Organic Production (NPOP) in 2000 by Ministry of Commerce and Industry, Government of India. The standard was formally notified under the Foreign Trade (Development & Regulation) Act (FTDRA). The same is implemented under the AGMARK<sup>11</sup> scheme of Ministry of Agriculture, Government of India for the domestic markets and by Agricultural & Processed Food Products Export Development Authority (APEDA) for exports.

The main objectives of the standard are to fasten the process of organic certifications in India, ensure transparency in the production process, assign credibility to Indian organic products and gain assurance of consumers in Indian organic products around the world. It has been observed that the scheme is developed with a prime purpose of increasing the export volume of organic products, addressing the high demand for such products in foreign countries. Majority of the organic products are exported today to the U.S and the European Union. There is a need for promoting the standard in the Indian market to attract more manufacturers and retailers opting for certified organic products and to increase awareness amongst the consumers.



### 6.3 **Review of key past studies on green products in India**

There have been various studies carried out in the past addressing the green products and consumer behaviour towards them. Some the key studies and their outcomes are summarised in the following section.

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<sup>11</sup> AGMARK is a certification mark employed on agricultural products in India, assuring that they conform to a set of standards approved by the Directorate of Marketing and Inspection, an agency of the Government of India.



<b>Title of Study</b>	<b>Greendex 2012: Consumer Choice and the Environment – A Worldwide Tracking Survey</b>
<b>Author/Organization</b>	National Geographic Society and GlobeScan
<b>Year</b>	July 2012
<b>Description</b>	<ul style="list-style-type: none"> <li>• This is the fourth report for the Greendex survey initiated in 2008 by National Geographic and GlobeScan.</li> <li>• The central component of this research initiative is the creation of a composite index of environmentally sustainable consumption called the Greendex. The Greendex will be used over time to monitor and report changes in consumer behavior by replicating the research on an ongoing basis.</li> <li>• The project is spread across 17 countries including India with a sample size of about 1000 respondents from each country.</li> </ul>
<b>Objectives</b>	The key objectives of this consumer tracking survey are to provide regular quantitative measures of consumer behavior and to promote sustainable consumption.
<b>Methodology</b>	Responses were collected through a quantitative internet based methodology.
<b>Outcomes/Findings</b>	<ul style="list-style-type: none"> <li>• According to the 2012 survey findings, India is the country with the highest Greendex score since 2008.</li> <li>• Indians show decreasing concerns towards environmental issues as compared to survey conducted in 2011.</li> <li>• Indian consumers are most guilty of the impact they have on the environment.</li> <li>• Indians feel very strongly that companies are working hard to strive for a clean environment in the country.</li> <li>• Indian consumers are of a mindset that lowering their consumption will not improve the environment for future generations.</li> <li>• Most of the Indian consumers are willing to pay more for an energy-saving product, if it will save money over the product's life.</li> </ul>

<b>Title of Study</b>	<b>Green Brands, India Insights 2011 - Regulation, Transparency and Choice Results from the 2011 ImagePower Green Brands Survey</b>
<b>Author/Organization</b>	Penn Schoen Berland, Landor Associates, Cohn & Wolfe and Esty Environmental Partners
<b>Year</b>	2011
<b>Description</b>	<ul style="list-style-type: none"> <li>• Study on consumer perceptions of green products and corporate brands conducted across eight</li> </ul>



<p><b>Objectives</b></p>	<p>countries with a total of more than 9000 respondents.</p> <ul style="list-style-type: none"> <li>• The ImagePower Green Brands survey has been conducted annually for past seven years.</li> <li>• To know how consumer attitudes towards green brands, products and services have changed from previous years.</li> <li>• To know much the consumer attitudes vary by country.</li> <li>• To know what kind of green products are consumers currently buying and will prefer to buy in the future.</li> </ul>
<p><b>Methodology</b></p>	<p>Online interviews among the general adult population from tier-one cities.</p> <ul style="list-style-type: none"> <li>• 95% Indians want government to support more green innovation and regulation.</li> <li>• Majority of consumers in India say that they intend to spend more on green products in the near future.</li> <li>• The majority of respondents in India cite lack of availability and inconsistent labelling as the major barrier to buying green.</li> <li>• The lack of clear packaging and labelling standards in India makes it difficult for consumers to get the information they need to help make informed choices.</li> </ul>
<p><b>Outcomes/Findings</b></p>	<ul style="list-style-type: none"> <li>• 86% of Indian respondents report that advertising about green products help consumers make more informed choices</li> <li>• 57% of respondents indicate that TV advertisements have the greatest impact on their likelihood to buy green.</li> <li>• 28% of consumers say they intend to purchase green auto in the near future.</li> </ul>

<p><b>Title of Study</b></p>	<p><b>Sustainable Shopping Basket – A lifestyle &amp; shopping guide</b></p>
<p><b>Author/Organization</b></p>	<p>GIZ India</p>
<p><b>Year</b></p> <p><b>Description</b></p>	<p>2010</p> <p>A shopping guide for Indian consumers compiled with basic shopping tips concerning sustainable consumption in India. Existing sources of information like product labels and comparative tests are presented in the Guide to assist private households in making their everyday shopping decisions in a sustainable way.</p>
<p><b>Objectives</b></p>	<p>To provide Indian consumers with an easy-to-understand shopping guide which will help consumers in taking responsible purchase decisions.</p>
<p><b>Methodology</b></p>	<ul style="list-style-type: none"> <li>• Collection of relevant information from various sources as far as it is available.</li> <li>• Review of various existing environmental, social</li> </ul>



	and quality standards/certifications.
<b>Outcomes/Findings</b>	<p>A shopping guide for consumers to make them understand the various sustainability related attributes of products they purchase in the following product categories:</p> <ol style="list-style-type: none"> <li>1. Daily Shopping – Food, Textiles, Washing and Cleaning, Transport, Cosmetics and Toys.</li> <li>2. Rare Purchases – Appliances and Gadgets and Travel.</li> <li>3. Major Purchases – Green Buildings and Vehicle</li> <li>4. Festival Shopping</li> </ol>

The above mentioned studies and some other smaller regional studies<sup>12</sup> on green products in India show that the awareness level of Indian consumers is on the rise and more and more Indians are willing to opt for green products in the future. Some barriers faced by Indian consumers for not buying green products have also emerged from these studies. The issues of availability of green products in the market have been cited consistently as a barrier. This, along with inconsistent labelling of green products, probably poses the major deterrent to the promotion of green products in India. The lack of government policies supporting green products is another issue which predominantly figure in most studies.

12

- *Consumer Awareness and Buying Decisions of Green Products in Tamilnadu, India - Dr.L.Anitha, Associate Professor, Karunya University, Karunya Nagar, Coimbatore*
- *A study on consumer's perception for green products: An empirical study from India - Dr Sabita Mahapatra, Associate Professor Marketing, Indian Institute of Management, Rau, Indore.*
- *Pro-environmental Concern Influencing Green Buying: A Study on Indian Consumers - Ishaswini (Corresponding author) - Junior Research Fellow, Saroj Kumar Datta- Professor and Dean, Faculty of Management Studies, Mody Institute of Technology and Science, Lakshmangarh-332311(District: Sikar), Rajasthan, India*



## 7.0 Retail Intercept Survey

This section presents the findings of the Retail Intercept Survey conducted as per the methodology stated in section 3.1.1.

### 7.1 Survey Design and Setting

As mentioned in the previous section of the report, most of the major international surveys in the past were conducted online. This methodology can be inappropriate in context to Indian consumers as it may not be able to attract a sufficiently representative sample of real consumers. Hence the methodology adopted by the GPNI to maximise its approach to consumers through a retail intercept survey at the point of consumer activity as well as a parallel online approach was adopted.

Moreover, the questionnaire for consumers (see Annex I) was designed considering the limited background research on the understanding of Indians on environmental issues. Wherever possible, the participants to the retail intercept survey were made aware of the terminologies used in the questionnaire, before they mark their responses.

### 7.2 Sample Size and Characteristics

The Survey returned a sample size of **2051 Indian consumers**, primarily from Mumbai City which is considered to have good purchasing capacity thus representing the typical Indian middle class. The distribution of responses had about 78% from the Mumbai city. The remaining (particularly those online) were a mix.

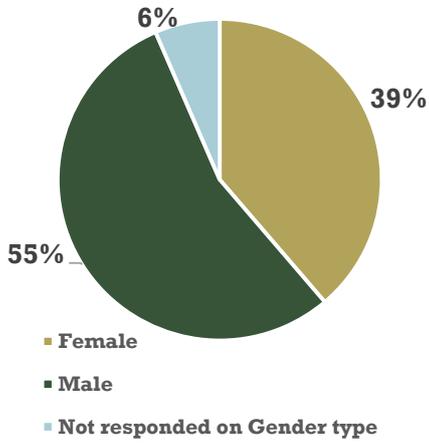
The sample had **55% Male and 40% Female** respondents wherein

- 90% of respondents of both gender were young and belonged to the age group between 21-60 years
- 86% of male respondents and 91% of female respondents were well educated and belonged to group that had completed graduation at minimum
- 66% of male respondents and 55% of female respondents had good buying capacity i.e. more than INR 20000 per month

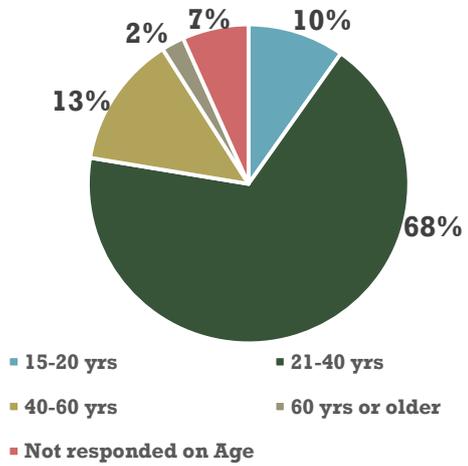
***The above analysis shows that the Sample was very representative of the target middle income group with adequate buying capacities.*** Refer Figure 1: Sample Size and its Characteristic



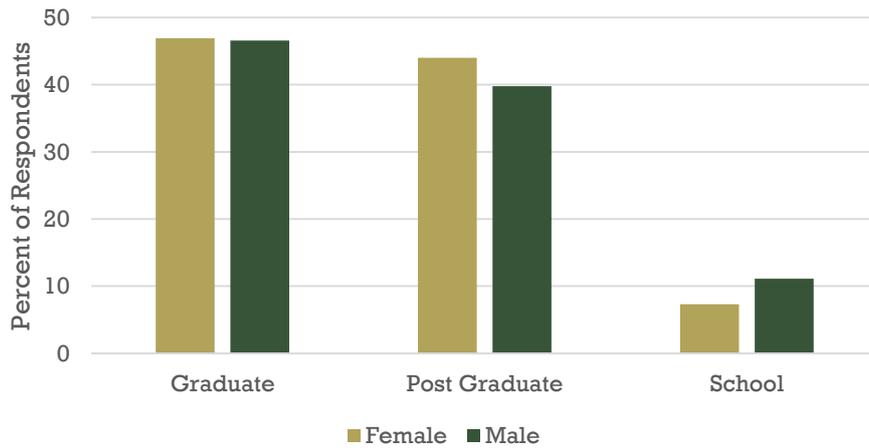
**Distribution of Respondents w.r.t Gender**



**Distribution of Respondents w.r.t. Age**



**Sample Characteristics w.r.t. Education**



**Figure 2: Sample Size and its Characteristics**





### 7.3 Analysis: Consumer Attitudes towards Green Products

The present section gives the analysis and findings of the survey conducted to understand the consumer perception on the green products.

#### 7.3.1 Awareness on Green Products

Result showed that 90% of the respondents were aware of the term ‘green’ or ‘eco-friendly’ product (refer Figure 3). Amongst the various terms used as attribute for green products the awareness was highest for the terms ‘Biodegradable’, ‘Recycled’, ‘Organic’ and ‘Non-toxic’ (refer Figure 4). However, it could not be ascertained if the consumers understood the significance and essence of these terms. Considering that there is very



little or no definitions or communications to qualify these terms readily available in the Indian context, the consumers could be recognising the terms based on the prevalence of usage by the manufacturers to communicate the greenness of their products.

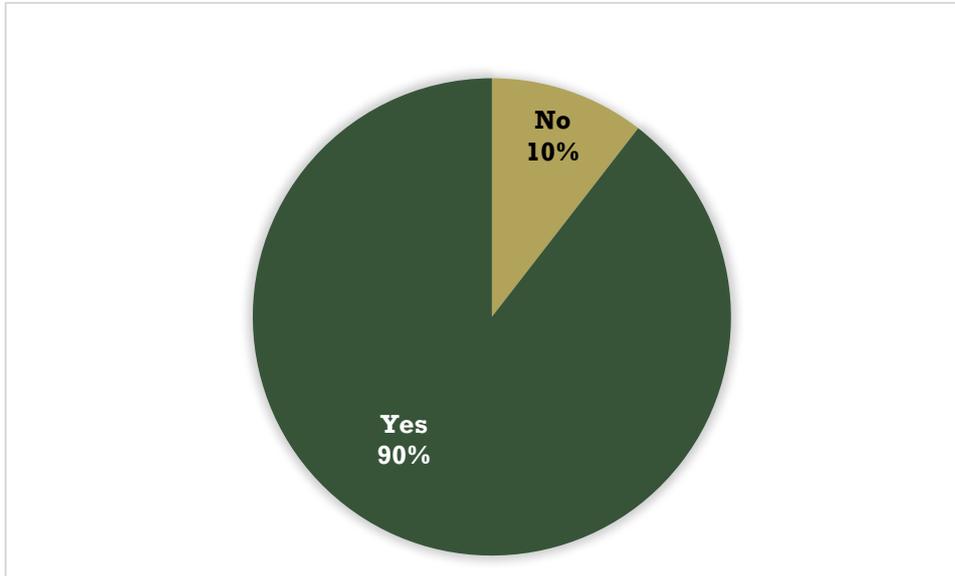


Figure 3: Awareness of the term "Green products"

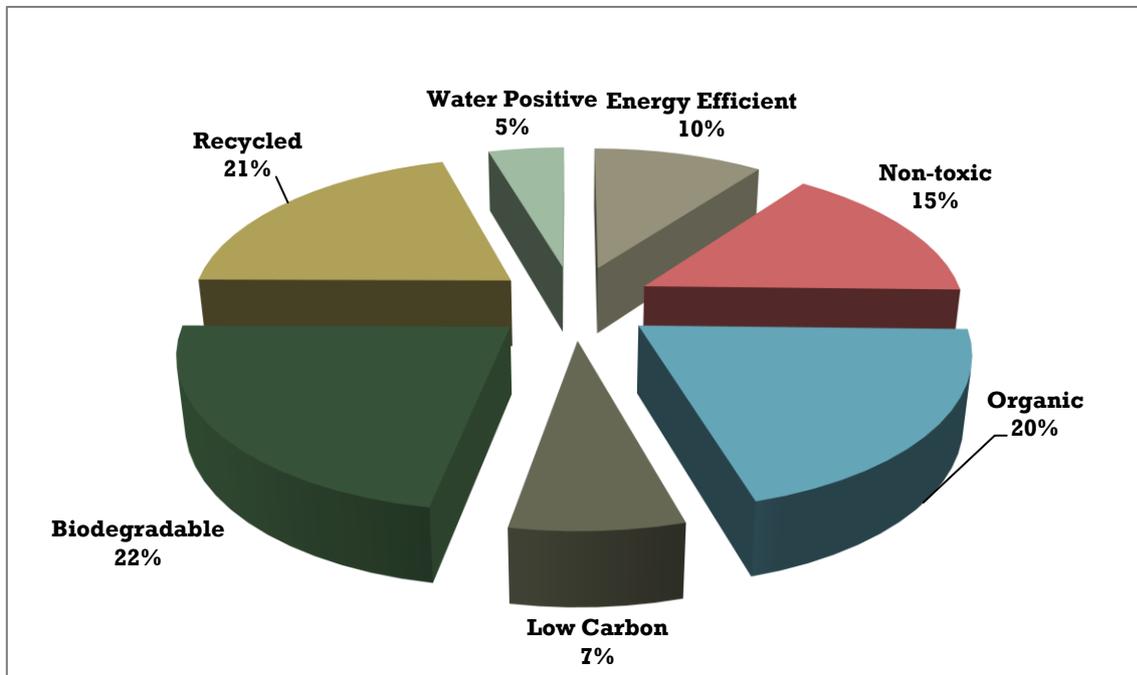
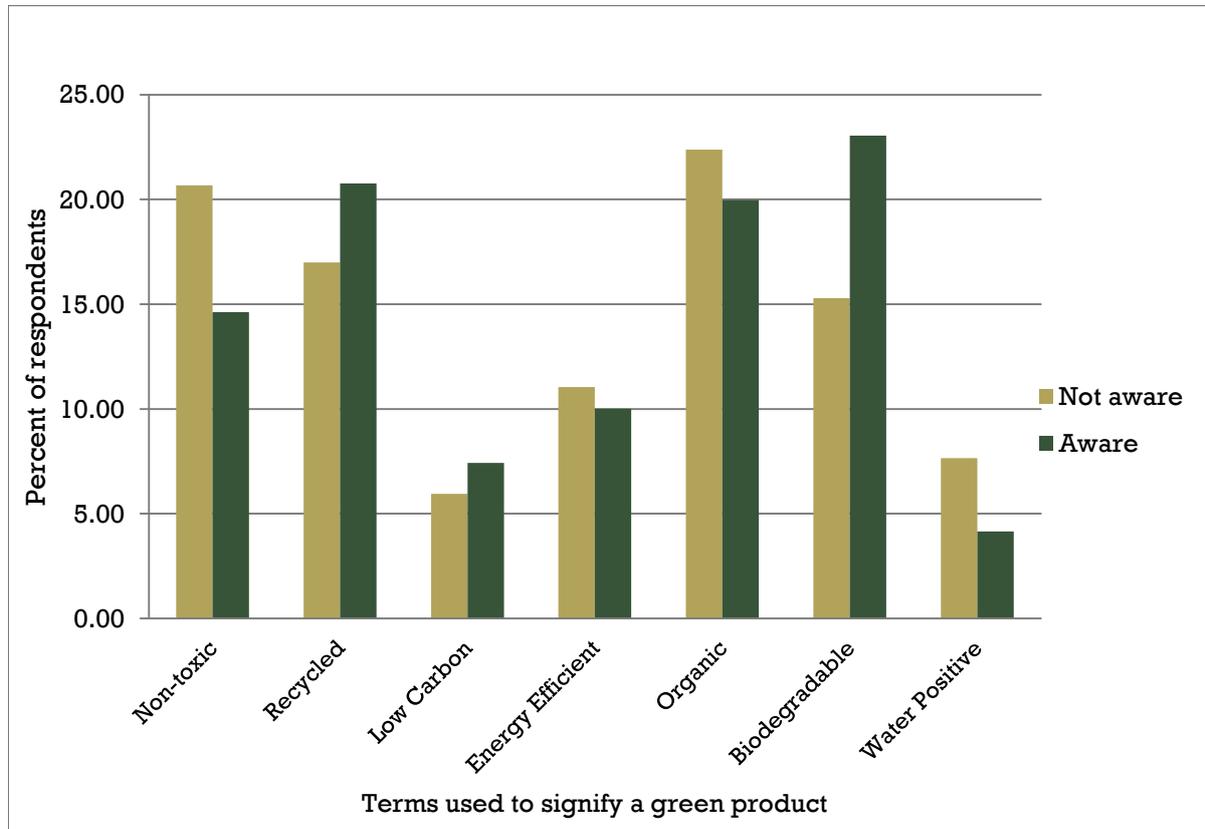


Figure 4: Understanding of "Green Products" by Consumers



Interestingly, the terms ‘Recycled and Biodegradable’ were more popular amongst those consumers who said they were aware about green products whereas the terms ‘organic and Non-toxic’ were more popular amongst those consumers who were not aware about green products (see figure 5).



**Figure 5: Green products awareness and understanding of Terminologies used for defining the Greenness of the Products**

It can be interpreted that a common consumer relates the word ‘green product’ more with social and health benefits, whereas consumers with awareness of green products relate it to the environmental benefits of the product.

Another interesting finding came out when the understanding of the green terms were mapped with the Age group of consumers. It was found that the term ‘Organic’ was more popular with the age group 41 years and above and the term ‘recycled’ with the younger consumer (15 to 40 years). Although ‘Biodegradable’ term was common for all age groups.

The result provides a reflection of the demand of the consumer for different age groups. Consumers beyond 40 years aspire for Organic products (as health and other social aspects becomes important) as compared to the younger consumer who is more ‘environment’ conscious and finds it fashionable to be called as a green person.

Result also showed that the Indian consumer understands that ‘preference’ to green products would make a difference to them, the society they live in and to the larger



environment (refer Figure 6). Only 3% of the consumers surveyed were not sure that green product can make a difference to their lives; these were majorly the teenagers (age 15-20 years), ones who just finished their schooling.

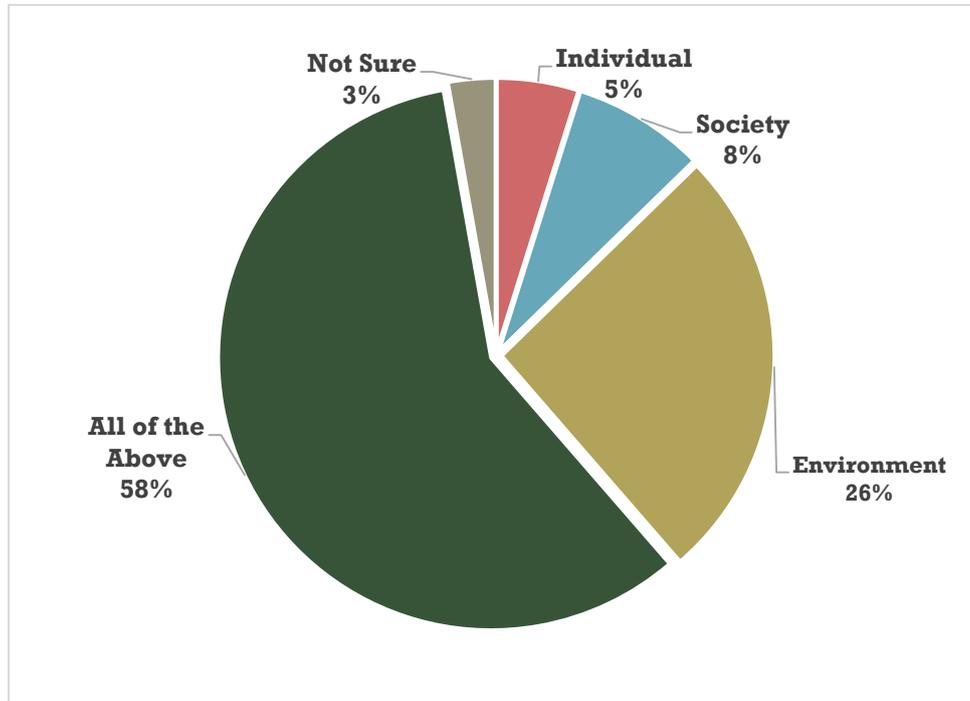
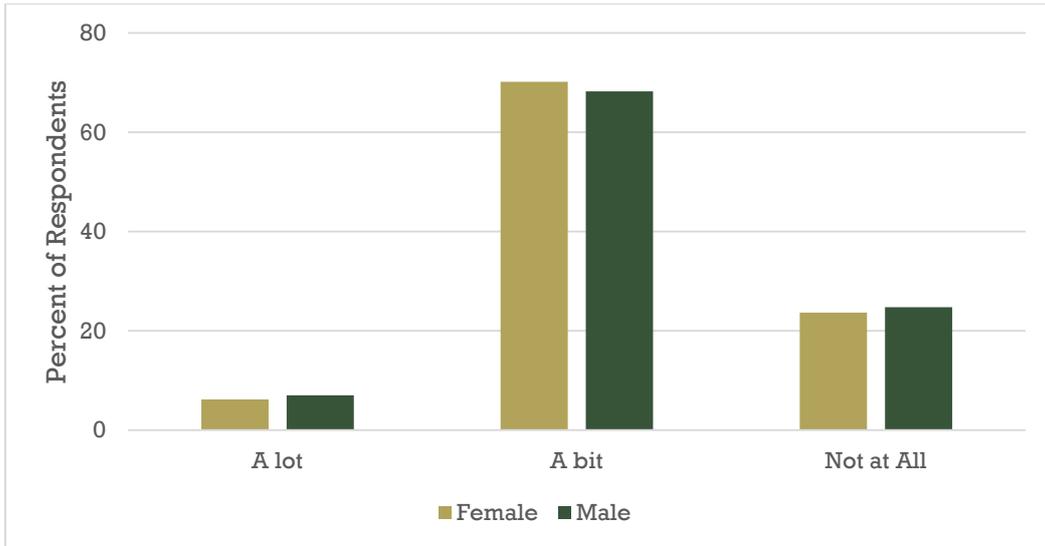


Figure 6: Consumer Perception on the Use of Green Products

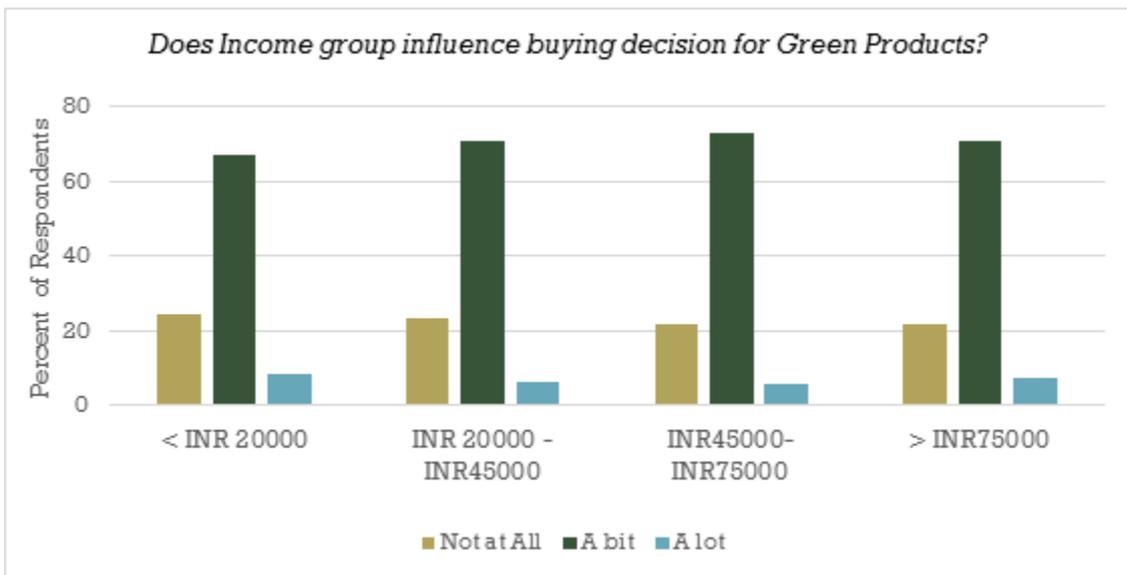
### 7.3.2 Factors Influencing Buying Decision

The survey results show that **cost of the green products partially influences the buying decision** of an Indian consumer **but it certainly is not the key factor acting as deterrent to buying green**. It is also noted that gender difference has little influence on the cost consciousness (refer Figure 7). When cross checked with the different income group, it was observed that the perception does not differ for different income groups either. (Refer Figure 8).





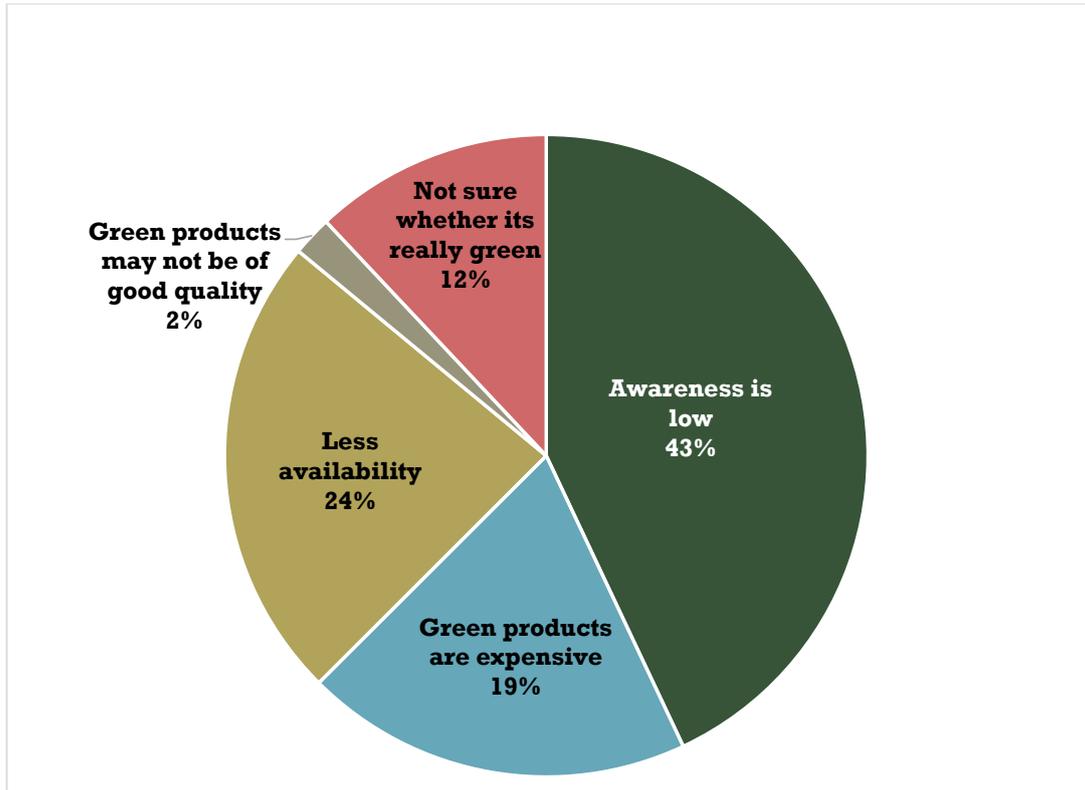
**Figure 7: Gender sensitivity to cost of green products**



**Figure 8: Income group sensitivity to cost of green products**

Amongst the various barriers to buying green products, low awareness about the green products and their availability in the market emerge as the major barriers, while doubts of the green claims and cost of the product are the other two barriers identified in the survey (Refer Figure 9).



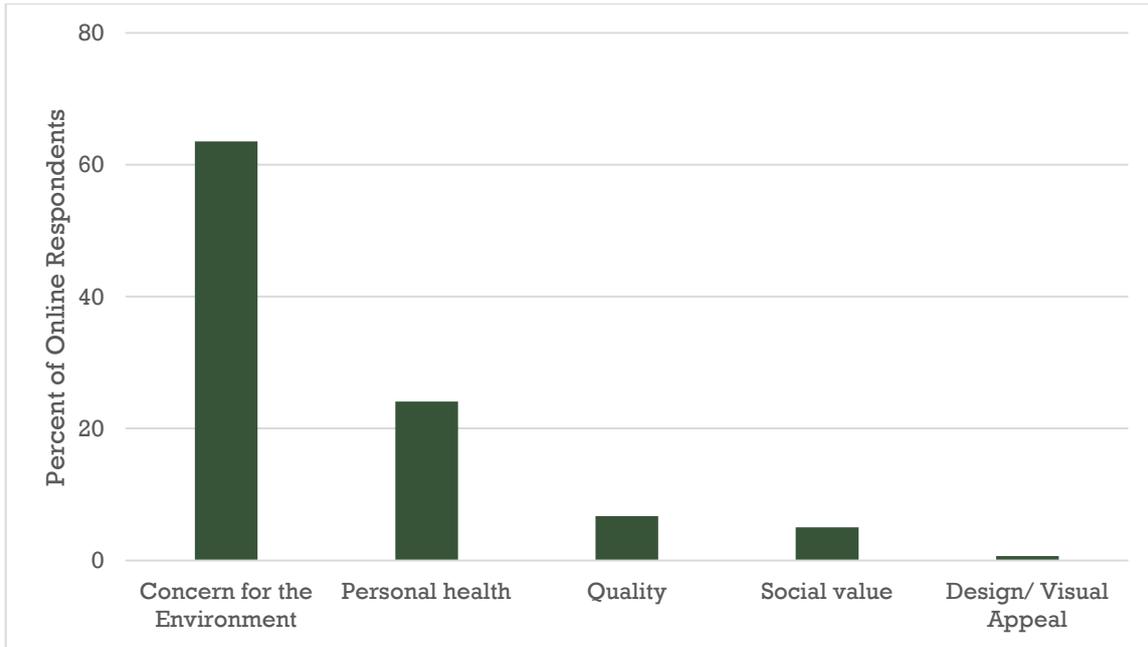


**Figure 9: Barriers to Buying decisions**

From the above analysis it can be concluded that **the most important factor that influence the buying decision is NOT cost as generally perceived but is the lack of knowledge about the green products.** This establishes the necessity for creating awareness amongst consumers on green products.

Other factors that influence the buying decision of an Indian consumer are their ‘concern to environment’ and ‘personal health’. Design of the product and the social value attached to green product has lesser influence in their buying decision. This is contrary to the common perception amongst the Retailers that the consumers buy green products more based on the design of the product than any other factor. (Refer Figure 10)

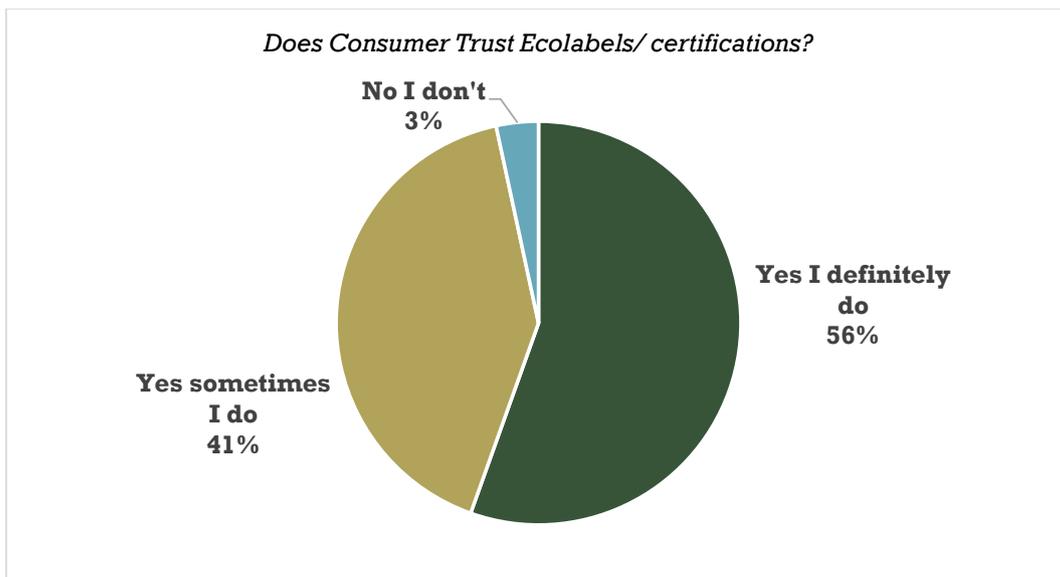




**Figure 10: Factors influencing buying decision**

Survey also showed that the ecolabels or certifications on green products also influences the buying decision (refer Figure 11). It is also noted that trust on ecolabels has no gender bias (i.e. perception that female may trust on ecolabels more than male consumer or vice versa) (Refer Figure 12).

Hence, it can be concluded here that **Indian consumer would prefer ecolabels** that are understandable and would definitely influence their buying decision.



**Figure 11: Consumers' Trust on Ecolabels**



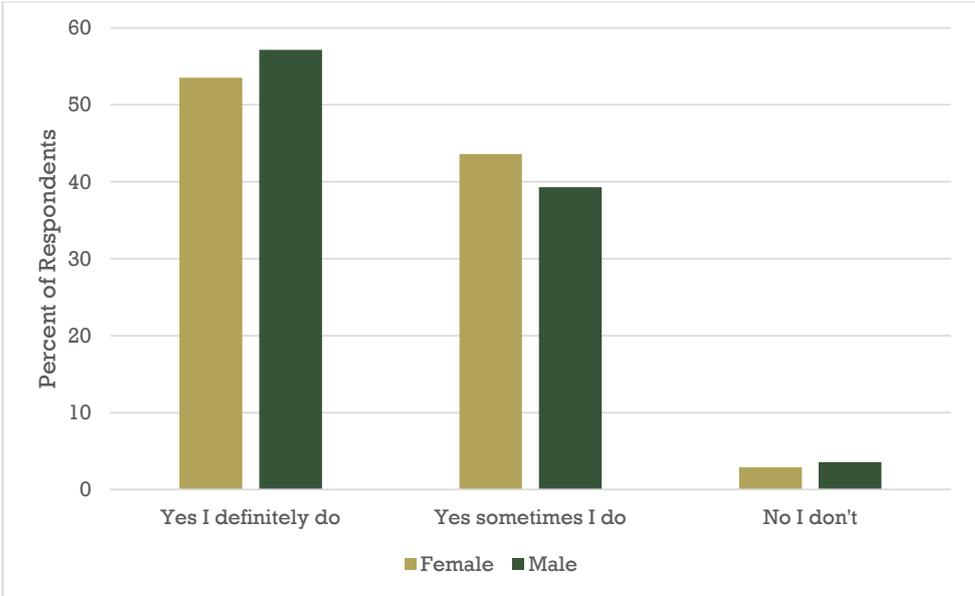


Figure 12: Ecolabel preferences amongst the Gender



## 8.0 Consultation with Manufacturers, Retailers and Certification Bodies

In order to understand the market understanding of the consumers a series of consultation were held with the manufacturers, retailers as well as green product certifiers. A list of manufacturers, retailers and certifiers consulted are presented as Annex V.

This section presents the findings from these consultations.

### 8.1 Consultation Design and Setting

The rationale for reaching out to manufacturers and retailers of green products was to learn more about the process of production and consumption with special regard to the interaction with the consumer at specific stages in the cycle.

The other relevant stakeholder in the manufacture, sale and purchase of green products is the certifier. Therefore certifiers of green products were contacted to solicit and record their views and observations on the subject.

The objective was to present a complete picture by receiving different perspectives of the various stakeholders.

To begin with, a comprehensive list of manufacturers and retailers of 'green products', as sourced from the public domain was created. The list was divided into three categories of eco-friendly/organic food, organic textile and eco-friendly paper. Manufacturers and retailers of each category were listed. Secondary data on each manufacturer and retailer was gathered through an online search and additional details such as online presence, location, contact person and details were added to the database.

The list comprised of a total of 54 manufacturers and retailers of green products in the categories of food, textile and paper. The companies are located mostly in Mumbai, the rest are in Thane, New Delhi, Jaipur, Tirupur, Lucknow, Rajkot, Karur, Aurangabad, Ahmedabad and Pune.

On closer inspection, four of the manufacturers on the list were removed as although they claimed offering green products it was found that they did not offer products that fit a broad definition of green or that they no longer do so.

All the companies listed were contacted through email as well as telephone. Since the companies are located all over India, meetings were set up with those located in Mumbai. Others were interviewed over the phone. In the initial contact, a background note on the project was shared with the prospective interviewees. Interviewees were allowed uninterrupted time to answer the questions. The questionnaire was shared beforehand with the representatives of those manufacturers and retailers who were willing to participate in the consultation.



## 8.2 Sample Size and Characteristics

### Retailers:

A total of **six** retailers were interviewed for the project.

- Out of the six, the earliest founded was in 2000 and the latest founded was in 2012.
- Two of the six are focused on online retail, two are store based, and two have both - on and offline retail presence.
- All of them stock different brands of products, only two have their own branded products in addition to other products.
- All of them stock stationery, lifestyle products, food and clothing.

### Manufacturers:

A total of **eight** manufacturers were interviewed for the project.

- Out of the eight, the earliest founded was in 2003 and the latest in 2011.
- Two of the eight do not sell products online the rest all sell their products online.
- Two of the companies sell their own branded products as well other brands of products.
- Stock clothing, fabric, paper, stationery, lifestyle products and food are the types of products manufactured by these manufacturers. Each of them specializes on one of these products.

### Certifiers:

Two certifiers were consulted. Both these organisations are into certifying Organic products.

## 8.3 Findings

The present section gives the results and analysis from the consultation with the industry stakeholders in order to understand their views on consumer behaviours towards green products in India. The consultation targeted to know:

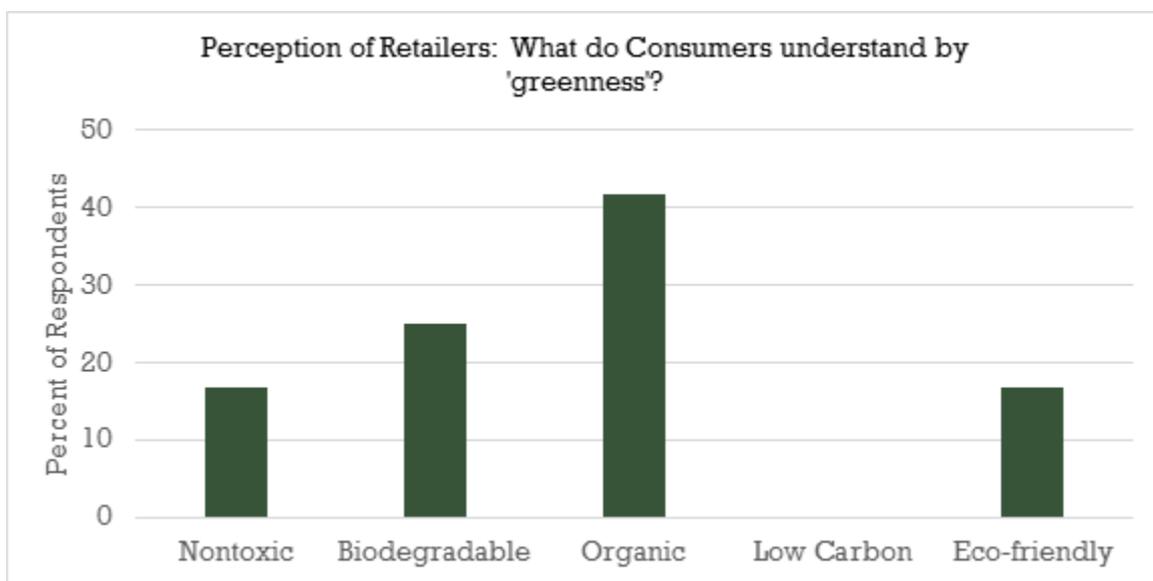
- What are the challenges faced in communicating greenness to the consumer?
- What attracts a consumer to buy green?
- What prevents a consumer from buying green?
- Do consumers understand eco-labels and certifications?
- Suggestions for increasing awareness and understanding of green products



### 8.3.1 Awareness on Green Products

100% of the industry participants felt that there is an increase in awareness amongst the Indian consumers on green products. Reasons given included: increase in coverage in Media especially new and unconventional media such as Social Media, spread due to word of mouth, people have become health conscious, financial abilities have increased, it also lends a 'cool' factor, people wish to be seen discussing these topics as it increases their social standing, availability increasing has meant that there is greater awareness, however some feel green products are marketed to a niche audience and while there is awareness this does not necessarily translate into purchase/buying.

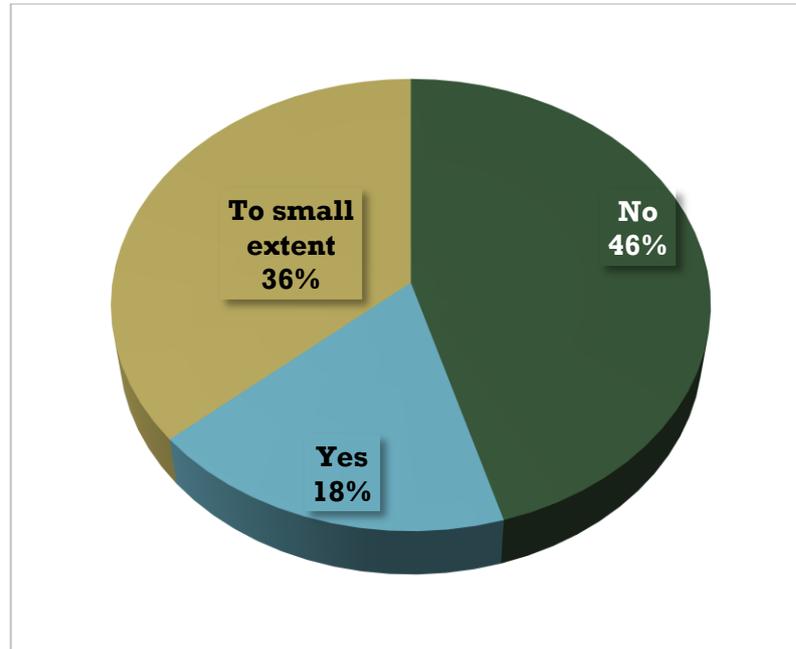
The top terms used for communication of green as per the manufacturers, retailers and certifiers are '**Organic**' and '**Biodegradable**'. (Refer figure 13).



**Figure 13: Terms used by consumers to signify green products**

Almost all participants thought that customers do not understand eco-labels. Interviewees felt that customers do not trust labels, some do not go to the extent to check the certification, and some understand the universally recognizable ones like the 'Recycle' logo. The topic of green washing also came up where the symbol is placed and the meaning is only implied. The lack of a common standard across all the areas and the need for such a common standard was expressed. The need for awareness raising campaigns among the Indian consumers was also stressed.





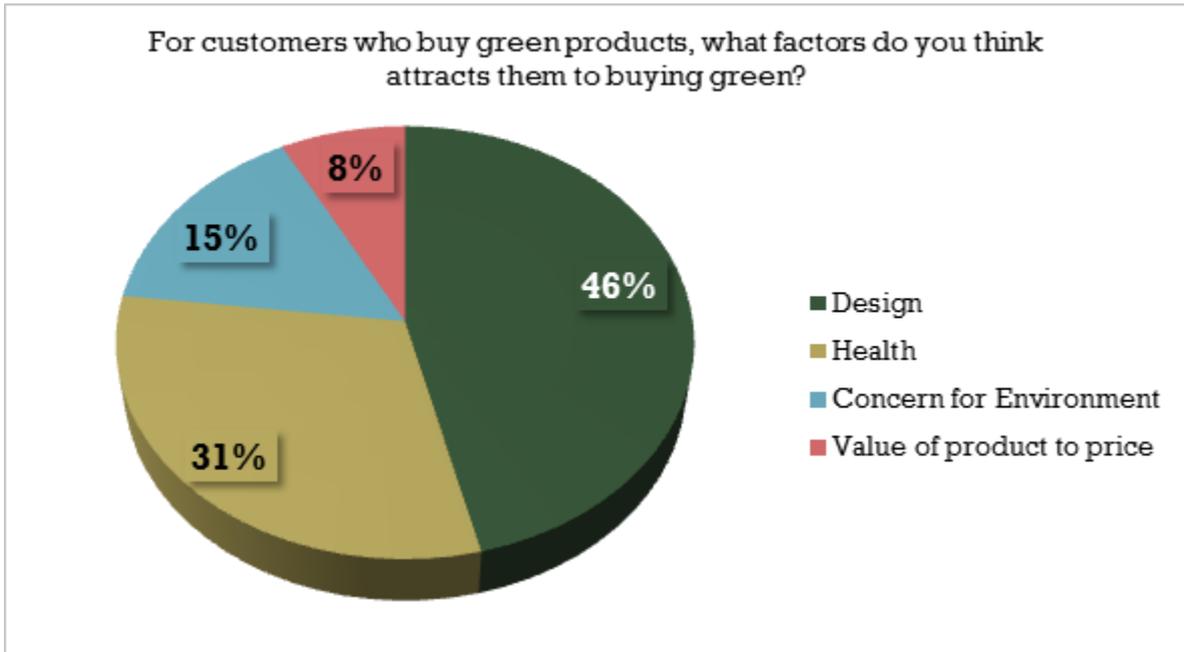
*Figure 14: Understanding of ecolabels/certifications*

Eco-labels/certifications commonly used by Indian Manufacturers were found to be Global Organic Textile Standard (GOTS), USDA, Ecocert, Indocert, Fairtrade and Forest Stewardship Council (FSC). It was also expressed that consumers understand brand more than an eco-label.

### 8.3.2 **Factors Influencing Buying Decision**

46% of the interviewees felt that customers themselves are not conscious and are mostly driven towards green products due to the unique design of the products. Another important reason stated was health – consumers are aware of the health implications and go for products which are less harmful. Price is another important factor: consumers look for competitive pricing that provides value for money as well as the green quotient. Design, aesthetic appeal and fashion rank high when making a purchase. It is firmly believed by the participants that green products sell for their contemporary design. (Refer figure 15)





**Figure 15: Factors attracting consumers to buy green products**

More than **70%** of the interviewees responded that the cost of a green product acts as a major barrier preventing consumers from buying them. Lesser availability of green products in the market was also cited as an important barrier. Interestingly, very few (less than 10%) of the participants mentioned lower awareness levels of the Indian consumers as a barrier. (Refer figure 16).

In addition, around **80%** of the interviewees accepted that green products have higher retail costs as compared to their counterparts (Refer Figure 17). The major reasons for the same were given to be higher input cost at each stage of life cycle and lower economies of scale.



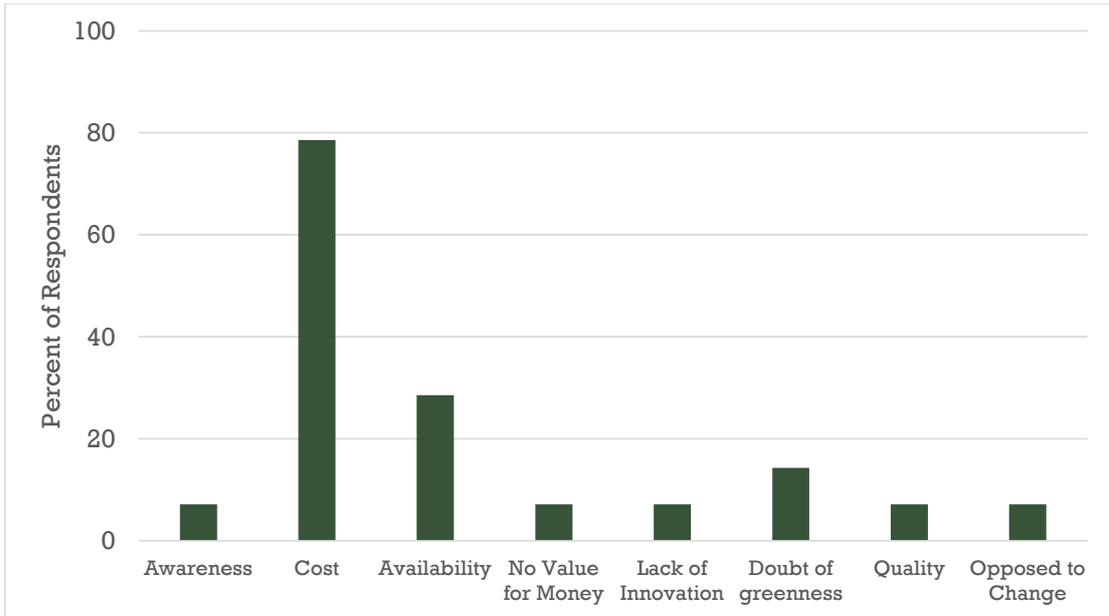


Figure 16: Barriers preventing consumers from buying green products

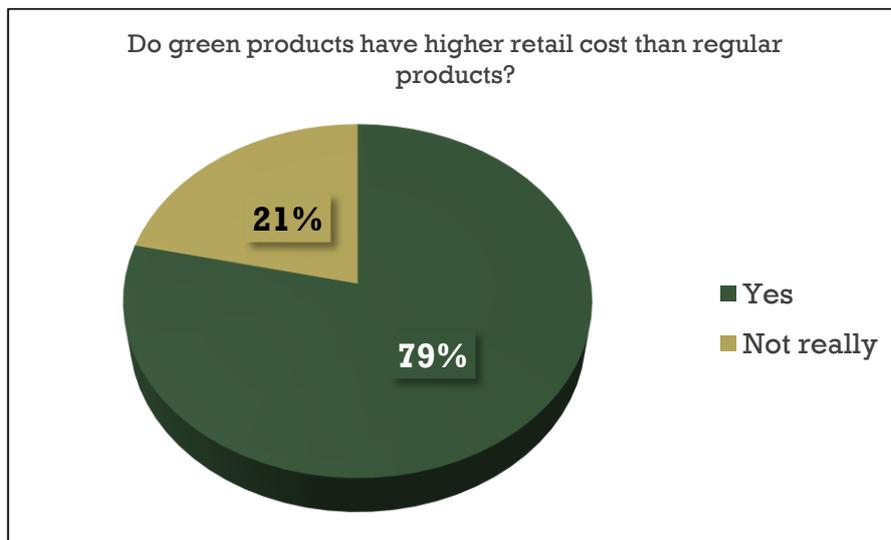


Figure 17: Perception on cost of green products



## 9.0 Conclusions

The study has brought out interesting outcomes in terms of understanding the perception of the customers as well as in understanding the perception of the other key players in the green products market of their customers. While the consumers indicated greater understanding of terms 'biodegradable' and 'recycled' the other stake holders felt the customers understood the terms 'organic' and 'biodegradable' better. Similarly, while the consumers didn't attach more importance to cost of the green products as a barrier the other stakeholders felt the cost being the key barrier.

The overall summary from the retail intercept survey and the consultation with the other stake holders is summarised below.

### 9.1 Key Outcomes from the Retail Intercept Survey

- Awareness about the existence of 'green' or 'eco-friendly' product is very high.
- Amongst the various terms used as attribute for green products the awareness was highest for the terms 'Biodegradable', 'Recycled', 'Organic' and 'Non-toxic'
- Cost of the green products partially influences the buying decision of an Indian consumer
- Low awareness about the green products and their availability in the market emerge as the major barriers, while doubts of the green claims and cost of the product are the other two barriers identified
- Consumer would prefer Ecolabels that are understandable and would definitely influence their buying decision

### 9.2 Key Outcomes from the Consultation with Industry Stakeholders

- Although awareness has increased the sale in the products has not increased proportionately as there are still barriers preventing consumers from buying.
- Cost of a green product is the major barrier for consumers that deter them from buying green.
- Design of a green product and the health benefits of the same are the two most important attracting factors for consumers to buy green products.
- There is less understanding amongst the consumers about the terminologies used to signify a green product.
- Most of the eco-labels or certifications are not known to Indian consumers and hence play a very minor role in influencing their buying decisions.



- There is a tendency among Indian consumers to believe the claims however certification does not play a role in purchase decision.
- Suggestions for better communication and promotion of green products to Indian consumers include better customer engagement, more mass media coverage, awareness campaigns, and increase in accessibility and availability of green products and communication through product such as design and packaging.



## 10.0 Recommendations: Communicating Green Products to Consumers in India

Based on the studies conducted the key recommendations towards improving the communication of green products to the consumers in India are listed below.

### 10.1 Awareness Raising on Green Products

From the outcomes of this study, it is very clear that the awareness on green products is limited amongst the Indian consumers. Even if the consumers are aware of the term 'green product', the terminologies used to signify these products are may be vaguely understood by the consumers. There is, therefore, a need for raising awareness on green products and their attributes. Knowledge dissemination on green products can be one of the tools for awareness raising. While the Government is expected to play a key role, the other stakeholders could carry out informal activities on awareness raising through mass media and social media. Schools and colleges, environmental NGO's, certification bodies for green products for green products can also play a critical role in creating awareness on green products.

The key terminologies used in the context of green products like 'Biodegradable', 'Recycled', 'Organic' and 'Non-toxic' need to be qualified and communicated to the consumers. While the Government should play a key role in standardising these terminologies in the Indian context, the consumer organisations need to ensure that this are well communicated to the consumers so that they understood the significance and essence of these terms and are able to make conscious purchase decision.

### 10.2 Mechanism to Restrict Green Washing Claims

The study shows that the consumers get influenced by the claims on the product to an extent. However, consumers do not have mechanisms to assess the authenticity of the claims being made. The lack of understanding of the perception about green products also leads to a situation where there is no differentiation between the deceptive claims and the genuine ecolabels.

Many of the green products today are sold in the Indian market through self-claims. While it is expected that the businesses would consciously take steps to restrict themselves from making spurious claims, mechanisms should be established to initiate action against businesses resorting to spurious claims (green washing<sup>13</sup>). The high distrust reflected in the survey towards self-claims indicates that consumers can move

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<sup>13</sup> Dictionary defines green washing as "disinformation disseminated by an organization so as to present an environmentally responsible public image."



away from green products if products and manufactures resorting to green washing claims are not castigated.

While the green products market may be growing, consumers are growing weary of unsubstantiated green claims and are becoming more educated regarding environmental impacts of products. Businesses need to make sure they are achieving significant environmental impact reduction and are communicating it accurately and effectively to gain the consumer trust.

The other stakeholders including the Government need to act so as to minimise green washing and thus improving the consumer trust on green products. While NGOs need to be vigilant in bringing out the claims with support from media, the Government need to devise mechanism to act on such claims.

### ***10.3 Communicating the shades of green***

The certification bodies play an important role in promoting their ecolabels to the consumers as well as the industry and make them aware about the attributes of greenness of products. Moreover, if the ecolabels are promoted by industry associations, consumer forums, etc. it will give consumers the confidence to buy green products. For example: Most of the Indian consumers are familiar with the BEE star rating (refer chapter 6.2.2) for electrical appliances and hence look for more energy efficient appliances.

### ***10.4 Increased Availability, Accessibility and Affordability of Green Products***

One of the most important barriers perceived by Indian consumers that deter them from buying green products is the lesser availability and visibility of green products in Indian markets. In order to address this issue, continuous efforts by the industry and the government institutions are required for the promotion and marketing of green products.

The manufacturers and retailers should ensure that the consumers readily find green products in the markets as any other product. For example: If green alternatives are displayed along with their counterparts, the consumer might look at it as an opportunity to opt for green products instead of the conventional product.

### ***10.5 Need for Regulatory Policy on Green Products in India***

Countries in the Asia-Pacific region like Thailand, Malaysia, Singapore, Korea and Japan, amongst others, have embarked on national laws, regulations and policies related to green products and their procurement. In India, on the other hand, has given very less emphasis on the promotion of green products. In order to attract the industry and the



consumers, government should promote greening of public procurement, thus creating a market for green products.

This is an area where already some momentum has been built and where a certain degree of interest exists in key governmental organizations. Decisions for purchasing electrical appliances with Energy Star ratings of three or higher indicate an interest in using the Government's purchasing power to further green products and this has set a precedent by doing this. Greening of Public Procurement could play a significant role in terms of overall positive impact on the green products market and thus further in the availability of green products in the Indian market.



# Annexures



## Annexure I: Questionnaire for Consumer Perception Surveys

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### **Questionnaire for Perception Survey**

1. Have you heard about a “Green product” or “Eco-friendly product”?

Yes

No

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2. To you, which of the following terms used for a product signify that the product is Green? (Tick two most important options)

Non-toxic

Biodegradable

Energy Efficient

Organic/ Locally grown

Recycled

Low carbon

Water positive

Any other, please state \_\_\_\_\_

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3. Would claims of greenness (eco labels/certifications) encourage you to buy green products?

Yes, I would buy green products

I would prefer green products over other products

No, I would not consider greenness while making my buying decision

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4. How much can the cost of a green product affect your purchase decision?

Not at all, I will buy green products whatever the cost

A bit, I will buy green products if the cost is comparable to other products in the same category

A lot, I wouldn't buy green products because they are too expensive

---

5. In your opinion, what is the most important factor that prevents customers from buying green products?

Awareness on green products is low

Green products are not easily available in the market

Green products are expensive

One cannot be sure if the green products are really green

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Green products may not be of good quality

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6. If you start buying green products, whom do you think it will make a difference to?

- You
- The society
- The environment
- All of the above
- Not sure

Date:

Gender:  Male  Female

Age Group:  15 – 20 yrs  21-40 yrs  41 – 60 yrs  60 +yrs

Education:  Schooling  Graduate  Post graduate

Monthly Income:  Below 20000  20000 to 45000  45000 to 75000  Above 75000  
(INR)

If you want to know about the results of the survey, please mention your email address here

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**Thank you for your time!!!**



## **Annexure II: Questionnaire for Manufacturers**

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### **Company Details**

- Name of the Company:
- Founded on:
- Address:
- Contact Person:
- Contact No.:
- Products:
- Ownership details:
- Nature (Online/Wholesalers & Retailers):

### **Questions**

1. How do you define your products as 'green' to your customers?
2. Do you have any environmental/social certifications for your products? If yes, which are these?
3. What difficulties/hurdles you face in communicating 'greenness' to the consumers?
4. For customers who buy green products, what factors do you think attracts them to buying green?
5. What are the customer expectations from green products according to you?
6. Do you think customers understand eco labels? If yes, which are the most accepted labels?
7. In your opinion, what is the most important factor that prevents customers from buying green products?
8. What according to you is the solution for better communication and spreading awareness about eco-friendly/green products to the Indian consumers?
9. Do you engage with supply chain (vendors/suppliers)? Do you insist on any particular environmental or social performance from your vendors/suppliers?
10. Do green products have higher manufacturing cost than regular products? If yes why?
11. Do you see increasing awareness about green products amongst consumers? If yes, what factors are contributing to this increase?



12. Do you export your products? What are the expectations of your international customers?



## **Annexure III: Questionnaire for Retailers**

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### **Company Details**

- Name of the Retail store:
- Founded on:
- Address:
- Contact Person:
- Contact No/Email/Website.:
- Products:
- Ownership details:
- Nature (Online/Offline):

### **Questions**

13. Do all products stocked in your store conform as green products or only a portion of the products?
14. What has been the deciding factor for you to decide on retailing 'green products'?
15. Of the following terms, which are the ones which are predominantly used to signify as 'green' for the products? Which are the top two terms?  
  
*Non-toxic, Water positive, energy efficient, organic, biodegradable, low carbon, locally sourced, recycled, any other (please specify)*
16. Are product endorsements (ecolabels/certifications) for greenness used by Indian manufacturers? If yes, which are these?
17. Do you think customers understand eco labels? If yes, which are the most accepted labels/ certifications?
18. Are you able to source 'green' products or do you have difficulties in finding manufacturers of green products?
19. Do you ensure that the products that you stock are as per the claims (in terms of greenness) made by the manufacturers? If yes, how?
20. What is the majority of your customer base consisting of? Individuals or Corporate groups?
21. For customers who buy green products, what factors do you think attracts them to buying green?



22. In your opinion, what is the most important factor that prevents customers from buying green products?

- *Awareness on green products is low*
- *Green products are not easily available in the market*
- *Green products are expensive*
- *One cannot be sure if green products are really green*
- *Green products may not be of good quality*
- *Any other. Please specify*

23. Do green products have higher retail cost than regular products? If yes why?

24. Do you see increasing awareness about green products amongst consumers? If yes, what factors are contributing to this increase?

25. What according to you is the solution for better communication and spreading awareness about eco-friendly/green products to the Indian consumers?



## **Annexure IV: Questionnaire for Certifiers**

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### **Company Details**

- Name of the certifying company:
  - Founded on:
  - Address:
  - Contact Person:
  - Contact No/Email/Website.:
  - Product categories certified:
  - Ownership details:
  - Nature (National/International):
1. When did your certification operations started in India?
  2. Which product categories are certified by you? How many products have been certified under your certification till date?
  3. Is there an increase in awareness amongst the Indian consumers on green products? If yes, what are the driving forces?
  4. Do you think Indian customers trust/understand the various green product certifications existing today?
  5. According to you, manufacturers opting for green product certifications target it predominantly for Indian or International markets?
  6. How do you ensure that the manufacturers comply with the certification's requirements on regular basis?
  7. In your opinion, what are the barriers faced by the Indian manufacturers opting for such certifications?
  8. Which category of industry (SME's/large scale) usually prefers such kind of certifications for their products in India?
  9. Is the cost of certified green products higher than other similar products without any certifications?
  10. Do certifications help manufacturers get higher price for their products?
  11. What is your suggestion to increase awareness amongst the Indian companies about such certifications?



## Annexure V: Manufactures, Retailers and Certifiers Consulted

### Manufacturers

Name of the Manufacturer	Address	Interviewee, Designation	Website
<b>Moral Fibre</b>	1/26 Kalhaar Bungalows, Shilaj PO Bopal, Ahmadabad 380058	Shailini Seth Amin, Founder/Director, Moral Fibre	<a href="http://www.moralfibre-fabrics.com/">http://www.moralfibre-fabrics.com/</a>
<b>Green the Gap</b>	Swechha - We for Change Foundation, B 1/46, 3rd floor, Malviya Nagar, New Delhi 110017	Vimlendu Jha, Founder/Director, Green the Gap	<a href="http://greenthegap.com/">http://greenthegap.com/</a>
<b>No Nasties</b>	Goa, India	Apurva Kothari, Founder/Director, No Nasties	<a href="http://www.nonasties.in/index.html">http://www.nonasties.in/index.html</a>
<b>Do u speak green</b>	207, Kalbadevi Road, Mumbai	Shirish Goenka, Founder, Do u speak green	<a href="http://douspeakgreen.in/">http://douspeakgreen.in/</a>
<b>Cleanplanet</b>	214 Raheja Plaza, Shah Industrial Estate, Off Link Road, Andheri West, Mumbai 400 053	Savitha Rao, Founder, Clean Planet	<a href="http://cleanplanet.in/cleanplanet/retail">http://cleanplanet.in/cleanplanet/retail</a>
<b>Essence Ecocraft / Tatva Online</b>	65, Udyog Bhavan, Sonawala Road, Goregaon(East), Mumbai - 400 063	Mr.Pawan Poddar, Proprietor, Tatva Online	<a href="http://www.tatvaonline.com/">http://www.tatvaonline.com/</a>
<b>I Wear Me</b>	601 B, Annapurna Apartments Opp. Oshiwara Park Gate, Oshiwara Andheri West, Mumbai - 400053	Ashwin Palkar, Co- Founder, I Wear Me Fashions Pvt.Ltd.	<a href="http://www.iwearme.in/">http://www.iwearme.in/</a>
<b>Haathi Chaap</b>	Inkblots Publishing, Delhi	Mahima Mehra, Founder, Haathi Chaap	<a href="http://elephantpooper.com/index.html">http://elephantpooper.com/index.html</a>



## Retailers

Name of Retailer	Address	Interviewee, Designation	Website
<b>Eco Corner</b>	109, Bussa Industrial Estate, Hanuman Lane, Near Peninsula Corporate Park	Amish Mody, Director, Ecocorner India Retail Pvt Ltd	<a href="http://www.ecocornerindia.com/">http://www.ecocornerindia.com/</a>
<b>Green n Good</b>	Flat 203-204, Tirupati Enclave, Plot 6, Vinay Path, Kanti Chandra Road, Bani Park, Jaipur - 302 016	Aparna Bhatnagar, Founder, Green n Good	<a href="http://greenngood.com/">http://greenngood.com/</a>
<b>Immune</b>	Shop No. 25, Dosti Shoppe link, Ground Floor, New uphill link road, Near Dosti Acres, Wadala (East), Mumbai 400037	Mandar Chakote, Owner, Immune	<a href="http://www.swamisdhiorganic.com/index.php">http://www.swamisdhiorganic.com/index.php</a>
<b>Sprouts</b>	5, Pawar Shops, Rani Sati Marg, Malad (East), Mumbai – 400 097. Office Landline: +91-22-2878-4889	Anand Pendharkar, Founder, Sprouts	<a href="http://sprouts.co.in/">http://sprouts.co.in/</a>
<b>Godrej Nature's Basket</b>	Natures Basket Ltd. Gate No. 4, Pirojshanagar, Vikhroli (East) , Eastern Express Highway, Mumbai - 400 079	Sreejith Mohan, Category Head (Sourcing) GNB	<a href="http://www.naturesbasket.co.in/">http://www.naturesbasket.co.in/</a>
<b>Live Natural</b>	602, D.S.Trade Center, Station Road, Vidyavihar West, Mumbai 400086	Vikas Shah, CEO, Live Natural	<a href="http://www.livenatural.co/">http://www.livenatural.co/</a>

## Certifiers

Name of Certifier	Address	Interviewee, Designation	Contact
<b>Control Union – Certifications India</b>	Plot No. C-113, TTC Industrial Area Pawane MIDC Navi Mumbai 400709 Maharashtra	Mr. Sanjay Sailas, Control Union, General Manager – Certifications India	<a href="mailto:ssl@controlunion.in">ssl@controlunion.in</a>
<b>Global Organic Textile Standard</b>	Khargar, Navi Mumbai, India	Mr. Sumit Gupta, (GOTS) Representative – GOTS India	<a href="mailto:gupta@global-standard.org">gupta@global-standard.org</a>

