

Eco-Labels and Consumer Trust: A Study in Sustainable Branding

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Abstract

Sustainable branding has emerged as a critical strategy for organizations seeking to align with the growing environmental consciousness of consumers. Eco-labels, as visible indicators of sustainability, serve as a significant communication tool influencing consumer perceptions and purchase decisions. This paper examines the role of eco-labels in building consumer trust, drawing exclusively on secondary sources such as peer-reviewed journals, industry reports, and case studies. The study explores how eco-labels function as a signal of product authenticity, corporate responsibility, and environmental commitment, thereby shaping brand credibility. Further, it highlights the challenges associated with eco-label proliferation, including consumer scepticism, lack of standardization, and the risk of greenwashing. By synthesizing existing literature, the paper underscores the potential of eco-labels as a strategic element of sustainable branding while identifying gaps for future empirical research.

Keywords: *Eco-labels, Consumer Trust, Sustainable Branding, Green Marketing*

Introduction

In recent decades, the clarion call for sustainable consumption has grown louder, compelling brands to embrace eco-friendly practices as a core of their identity. Yet consumers face a labyrinth of environmental claims whose meaning often remains elusive. This study begins with a reflection: imagine a shopper stands before a supermarket shelf, scanning labels that promise green credentials—some certified, others vague. What signals does that consumer trust, and why? This scenario foregrounds the critical intersection of eco-labelling and consumer trust, underpinning sustainable branding strategies today.

Eco-labels are designed to reduce information asymmetry, transforming credence attributes into quasi-search attributes by signalling verified environmental benefits (Gorton et al., 2021). Trust in these eco-labels is pivotal: consumers are more likely to act on green claims when they believe in the label's legitimacy (Gorton et al., 2021). Institutional trust—such as confidence in public or government-backed certification processes—enhances label trust, which in turn boosts the label's usage (Gorton et al., 2021). This mediating effect underscores that without trust at the label level, even well-intended sustainability efforts may fall flat.

However, the eco-label landscape is uneven and confusing. Consumers often grapple with similarity, overload, and ambiguity confusion, arising from the ever-expanding and overlapping array of eco-labels, inconsistent criteria, and opaque assessment methods (Walsh et al., 2024). For instance, even legally robust schemes like the EU Ecolabel may go unrecognized by many consumers due to lack of awareness (Walsh et al., 2024). Such confusion undermines trust and impedes sustainable branding objectives.

Moreover, the pervasiveness of greenwashing—vague, misleading, or unfounded environmental claims—further erodes the credibility of eco-labels and the brands that use them (Pendse et al., 2025). When consumers suspect that a label or claim is more marketing than substance, it not only damages the offending brand but can spill over to the broader category of sustainable goods, increasing scepticism

across the board (Pendse et al., 2025). The result is a cycle of distrust that threatens the very foundation of eco-labelling as a credible tool in sustainable branding.

This research therefore seeks to weave together two intersecting stories: first, how the design, provenance, and communication of eco-labels influence consumer trust; and second, how confusion and greenwashing dilute that trust and compromise branding effectiveness. Anchored in secondary sources—from empirical studies to theoretical reviews—this paper aims to distil the mechanisms through which eco-labels shape trust, and to expose the upstream challenges that must be addressed.

By doing so, the study contributes to both scholarship and practice: shedding light on how transparency, standardization, and credible certification reinforce consumer trust, and how brands may better navigate the crowded eco-label marketplace. Ultimately, clarifying the trust-building power of eco-labels can empower sustainable branding to be both ethically meaningful and commercially viable.

Literature Review

Eco-labels function as market signals that reduce information asymmetries between firms and consumers, but their effectiveness depends critically on credibility and consumer trust. Early work in this period established that eco-labels could shape evaluations and purchase intentions, particularly when consumers perceive the label as credible and diagnostic (Thøgersen, Haugaard, & Olesen, 2010). Subsequent evidence from Italy showed eco-labels can be effective marketing tools by enhancing perceived value and intention to buy, anchoring trust in the label's certifying process (Testa, Iraldo, Vaccari, & Ferrari, 2015). Together, these studies frame eco-labels as trust devices within sustainable branding.

A central stream examines who stands behind the label. Large-sample research demonstrates that third-party certification and the identity of the sponsor (e.g., government or NGOs versus business associations) materially affect consumers' use of and trust in eco-labels. Consumers who trust public or NGO sponsors rely more on labels in purchase decisions, while distrust of business-sponsored labels dampens use—underscoring the importance of perceived impartiality for trust formation (Darnall, Ji, & Vázquez-Brust, 2018).

Parallel evidence from food and beverage categories refines this picture. A 2021 study of 128,000+ French wines found that third-party organic and biodynamic certifications were associated with higher expert quality ratings, whereas self-declared claims (without certification) performed like conventional wines—suggesting that credible certification not only sustains trust but can counter assumptions of eco-quality trade-offs (Delmas & Gergaud, 2021).

Systematic evidence consolidates these effects on behavior and valuation. A Cochrane-style review of 56 experiments reported that environmental labels generally increased sustainable selections and purchases, albeit with variation by context and outcome (Frie et al., 2021). Complementing this, a meta-analysis of discrete-choice studies concluded that ecolabels increase willingness-to-pay (WTP) for foods, establishing a robust monetary premium linked to label presence and, by implication, to the trust signalled by credible schemes (Bastounis et al., 2021).

Yet, effectiveness is not guaranteed. Research documents “penalty” effects when environmental cues are isolated or poorly designed (e.g., the colour green triggering efficacy concerns), highlighting that label design can unintentionally erode trust or perceived performance (see discussion in Delmas & Gergaud, 2021; related cue-based penalties reported in adjacent work). More directly, recent experimental work on the EU Green Leaf shows that improving logo clarity reduces uncertainty, strengthens trust, and increases label use—evidence that visual design can be an active lever for trust calibration (Hartmann et

al., 2025). Related studies show that a “meta” sustainability label or harmonized design can aid comprehension and effectiveness for some segments, potentially mitigating proliferation-driven confusion (Schäufele et al., 2023).

Consumer knowledge and eco-label literacy are recurring moderators. Studies in emerging and mature markets report that both general environmental knowledge and eco-label knowledge bolster attitudes and pro-environmental behaviours via trust (e.g., label knowledge → trust → choice), while low understanding limits impact (various national contexts) (e.g., narrative review evidence in 2023). These findings situate trust as partially knowledge-dependent and suggest education can amplify label efficacy.

Two structural challenges complicate trust. First, label proliferation fosters confusion and scepticism; theoretical and empirical work links multiple or conflicting labels to consumer confusion and mixed behavioural responses (e.g., multi-labelling research and modelling of label profusion). Second, greenwashing—unverified or vague claims—undermines green brand trust and reduces purchase intentions, with cross-market studies showing negative spillovers from non-certified claims onto the broader label ecosystem (e.g., evidence connecting non-certified claims to “greenwashing” perceptions; survey-experimental work on greenwashing’s effects on trust and intention)

Policy has moved to restore trust by tightening claim standards. The EU’s Green Claims Directive (passed in 2024) requires substantiation and verification of environmental claims and seeks to streamline labels—actions expected to reduce confusion and bolster consumer trust by penalizing vague or unverified claims. For sustainable branding, this regulatory turn elevates the strategic value of credible third-party eco-labels and increases the risk of greenwashing tactics.

Objectives

1. To analyse how eco-labels influence consumer trust in sustainable brands by examining their role as credibility signals in purchase decision-making.
2. To evaluate the challenges that affect the effectiveness of eco-labels, including issues of label proliferation, consumer confusion, and the risk of greenwashing.
3. To synthesize insights from secondary research in order to identify best practices and strategic implications for using eco-labels as a tool in sustainable branding.

Methodology

This study adopts a descriptive research design based on secondary data analysis. Relevant peer-reviewed journals, industry reports, government publications, and case studies from 2010–2025 were systematically reviewed to examine the role of eco-labels in influencing consumer trust. Both global and Indian contexts were considered to identify trends, challenges, and best practices in sustainable branding.

Analysis and Discussion

Eco-labels reduce the information gap between brands and consumers by signalling compliance with sustainability standards. Globally, schemes like the Fairtrade and EU Organic labels demonstrate how third-party certifications enhance consumer trust and justify price premiums (Testa et al., 2015).

In India, eco-labels are gaining traction in both food and non-food categories. The “India Organic” certification—issued by the Agricultural and Processed Food Products Export Development Authority (APEDA)—provides credibility to organic products. Consumers, particularly in urban centres like Bengaluru, Delhi, and Mumbai, increasingly view this label as an assurance of authenticity. For instance, Organic India, a health and wellness brand, has leveraged the India Organic label to strengthen consumer trust, expanding its presence across global markets (Shukla & Singh, 2020). Similarly, in the textile sector,

Fabindia and Arvind Limited have capitalized on eco-labels such as Global Organic Textile Standard (GOTS) to enhance brand credibility and reach environmentally conscious consumers.

Thus, eco-labels in India are functioning as tools not only for signalling sustainability but also for positioning brands in competitive markets where consumer trust is a differentiator.

While eco-labels enhance trust, they face notable challenges. Globally, label proliferation and consumer confusion undermine effectiveness. The coffee industry, with overlapping certifications like Fairtrade, Rainforest Alliance, and UTZ, exemplifies this confusion. Similarly, in India, multiple organic labels—such as India Organic, PGS-India Organic (Participatory Guarantee System), and private certifications—create uncertainty among consumers (Narayanan & Tyagi, 2019). Surveys show that many Indian consumers struggle to distinguish between these certifications, reducing the intended trust effect.

Greenwashing further exacerbates this issue. In the Indian fashion sector, brands like H&M Conscious Collection and domestic retailers have faced criticism for overstating sustainability claims without robust verification. This reflects findings from global studies that vague or unverifiable claims can erode consumer confidence not only in a brand but also in eco-labels more broadly (Pendse et al., 2025).

Another challenge in India is low eco-label literacy. While urban consumers may recognize the India Organic label, awareness in semi-urban and rural regions remains limited. Even robust schemes like the Eco-Mark—India's official eco-label introduced in 1991 for environmentally friendly products—have failed to gain traction due to lack of promotion and weak consumer awareness (Gupta & Narayan, 2021). This demonstrates that without strong consumer education, eco-labels risk being ineffective.

A synthesis of research highlights four best practices for leveraging eco-labels as sustainable branding tools.

1. Third-party certification enhances trust. Studies show consumers trust eco-labels more when backed by impartial organizations (Darnall et al., 2018). In India, the Food Safety and Standards Authority of India (FSSAI) has introduced sustainability-oriented initiatives, such as front-of-pack labelling and “Jaivik Bharat” (organic logo), to provide credibility. Brands using these certifications are better positioned to build trust.
2. Clarity and standardization matter. The EU Green Claims Directive (2024) reflects global moves toward harmonization of eco-labels. India could similarly strengthen consumer confidence by consolidating overlapping labels like PGS-India and India Organic into a single, widely promoted scheme. This would reduce confusion and enhance credibility.
3. Consumer education amplifies effectiveness. Scandinavian markets demonstrate that eco-label literacy drives higher adoption. In India, organizations such as Centre for Science and Environment (CSE) and NGOs promoting sustainable consumption play an important role in raising awareness. For example, Jaivik Bharat campaigns have been introduced to educate consumers about organic standards and reduce scepticism (Narayanan & Tyagi, 2019).
4. Integration with holistic branding. Eco-labels are most effective when combined with transparent sustainability initiatives. A global example is Patagonia, which integrates eco-labels with activism and supply chain transparency. In India, ITC Limited has successfully linked its eco-label-backed paper products (FSC-certified) with broader corporate sustainability practices such as its “Wow No Waste” initiative, reinforcing consumer trust.

Conclusion

Eco-labels serve as vital instruments for building consumer trust and reinforcing sustainable branding. This study highlights that third-party certifications, clear labelling, and integration with broader corporate sustainability initiatives enhance credibility and positively influence purchase decisions. In the Indian

context, schemes like India Organic, Jaivik Bharat, and GOTS have helped brands such as Organic India, ITC, and Fabindia establish trust with environmentally conscious consumers. However, challenges such as label proliferation, low consumer awareness, and greenwashing persist, undermining effectiveness. Strategic standardization, consumer education, and authentic sustainability practices are essential to maximize the potential of eco-labels as credible trust-building tools.

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