# DESIGN A SUCCESSFUL ECO-LABELING PROGRAM

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## *ABSTRACT*

There have been a variety of policies/regulations and approaches identified to regulate or promote climate change mitigation and carbon footprint reduction. Examples include conventional regulations, carbon taxes, cap-and-trade programs, and innovative voluntary approaches (Yang, 2013). But it is notable that uniform and effective enforcement shows a great obstacle (Tang, Fryxell, & Chow, 2004). Consequently, governments and policymakers have been trying to utilize various non-regulatory approaches to direct industry and society towards more sustainable practices. Because these approaches/programs are voluntary, they act as "soft" policy instruments, complementing the more traditional command-and-control mandates. In recent years, one voluntary approach has acquired significant attention, which is the eco-label/environmental label/green label/carbon label (Gallastegui, 2002; Tang, Fryxell, & Chow, 2004; Craig, 2012). In this paper, we simply refer to it as eco-label.

The wide range of the application and the success stories of eco-labels prove the flexible, effective and less costly nature of the voluntary eco-labeling programs. Therefore, the proper design of eco-labeling programs will likely attract more environmentally cautious companies to participate the program; it will also demonstrate the authoritativeness and trustfulness to customers to choose eco-labeling products. Ultimately, the environmental consumer behavior will lead to higher market penetration of products with eco-labels. In this paper, we conduct a comprehensive literature review of consumer demand of eco-friendly products, corporate social responsibility, an overview of eco-labels and their designs. Strategies of how to design a successful eco-label are also discussed. The successful design of an eco-label will: (1) set an appropriate eco-standard accepted by the industry and the participants; (2) offer various degrees of strategic benefits from the participation; (3) increase the market share of eco-labeling products; and (4) bring green quality improvement to the environment and benefit the society and human beings.