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THE ROLE OF ECO-INITIATIVES FOR BRAND REPUTATION AND VALUE

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Abstract. The article reveals the ecological initiatives of the companies nowadays. These initiatives are described as a part of eco-branding strategy. In this article such terms as eco-branding, eco-consumption and eco-reputation are going to be considered as a way to bring additional value to the brands and make them more competitive in the market. The authors consider the ecological responsibility is a way to gain competitive advantage in the market, to attract new customers and to provide a special brand value. The article touches on the process of building the ecological reputation by companies for brands not only considering the point of view of ecological problems, but also based on the consumers' attitude towards ecological issues and eco-friendly companies nowadays. The article reveals what role environmental initiatives and goals play in brand positioning how environmental reputation is developed.

Key words: ecology, brand, value, reputation, consumption, safety, ESG, responsibility.

РОЛЬ ЭКО-ИНИЦИАТИВ В ФОРМИРОВАНИИ РЕПУТАЦИИ И ЦЕННОСТИ БРЕНДА

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Аннотация. В статье раскрываются экологические инициативы, внедряемые современными компаниями в настоящее время. Данные инициативы рассматриваются как часть стратегии эко-брендинга. В настоящей статье такие термины как эко-брендинг, эко-потребление и эко-репутация будут рассматриваться как возможность создать дополнительную ценность бренда в глазах потребителей и сделать его более конкурентоспособными на рынке. Авторы считают, что экологическая ответственность — это способ получить конкурентное преимущество на рынке, привлечь новых клиентов и обеспечить особую ценность бренда. В статье рассматривается процесс формирования экологической репутации брендов не только с точки зрения участия в решении проблем окружающей среды, но и с точки зрения отношения потребителей к теме экологии и к «есо-

friendly» компаниям в настоящее время. В статье раскрывается, какую роль экологические инициативы играют в позиционировании бренда, как формируется экологическая репутация компании.

Ключевые слова: экология, окружающая среда, бренд, ценность, инициативы, репутация, потребление, безопасность, ESG, ответственность.

Introduction. For many years, the environmental situation in the world has been getting worse significantly and, in this regard, it requires an immediate response and intervention. The most pressing environmental problems in the world include air and water pollution, deforestation, loss of biodiversity, global warming, destruction of the ozone layer, as well as radiation pollution and man-made disasters. Currently, each of us can notice that more and more companies are trying to position themselves as eco-friendly, introduce eco-friendly production concepts, work with recyclable materials, save electricity, sort garbage and ensure production equipped with technologies to minimize harmful emissions into the environment. In addition, companies not only introduce environmental solutions into the mechanics of their production, but also develop an appropriate positioning of themselves in the market, promote a careful attitude to ecology as a value and advantage of their brand. Thus, environmental initiatives of companies serve not only for the benefit of the environment, but also are a special competitive advantage of each brand to gain high positions in the market. The above examples of the environmental situation and the reaction of modern companies to it justify the relevance of the chosen topic. The authors would like to focus on environmental initiatives and the environmental reputation of MARS company. The hypothesis was made that the companies' actions towards ecological safety and improvement could be an essential part of the brand reputation and brand equity and competitive advantage. The main issues of this article are what is eco-branding and eco-reputation and is it true that ecology and ecological values can be the part of brand equity and create a special market advantage.

Eco-consumption issues. Over the past years, people's interest in ecological issues has grown significantly [1]. Nowadays, people are increasingly using the term "conscious consumption". Conscious consumption does reduce the scale of environmental disaster, but its implementation in everyday life depends on each individually. Responsible eco-friendly consumption implies a reasonable and economical consumption of natural resources to meet vital needs. Quite often today, the environmental safety of a product becomes an incentive to choose it when a person realizes its direct impact on their health [2]. Currently people tend to pay attention to the composition of products, eco-labeling and to visit specialized eco-shops [3]. Mostly such consumers' behavior concerns the following areas of production and providing of services: food production, household chemicals, cosmetics, goods for children and clothes with shoes (Fig.1).

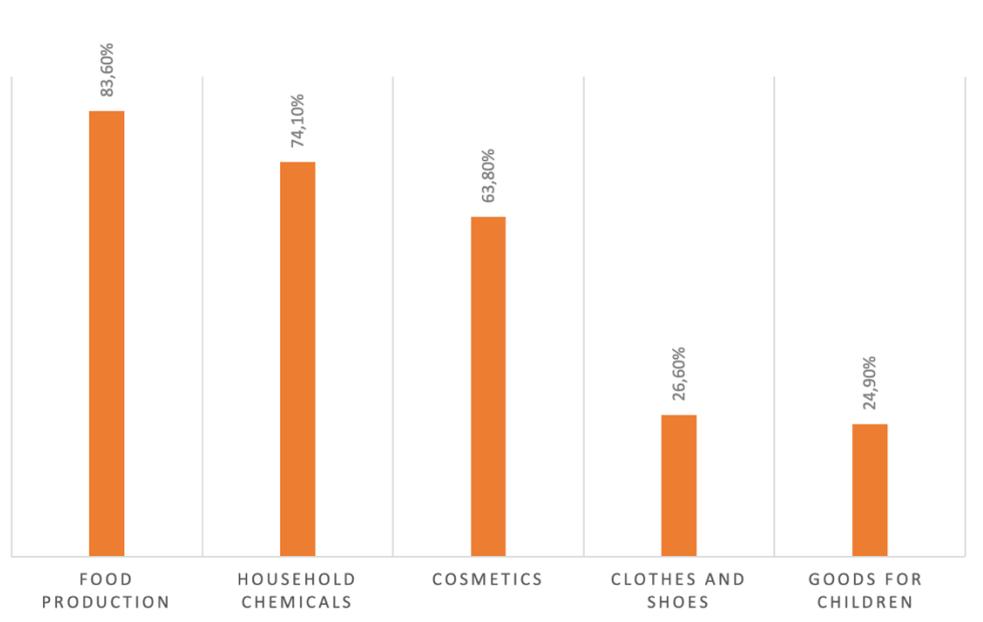


Fig.1. Categories with the highest trend on eco-consumption. Available at: [4]

As it was said before, over the past few years, the attitude of the population to environmental problems has changed significantly. According to a survey by the Public Opinion Foundation, more than half of the respondents believe that too little attention is paid to environmental problems [5]. Half of the survey participants consider the current environmental situation unfavorable. Still there is a list of the most common environmental problems that companies can bring to the environment: emissions of pollutants into the atmosphere; water use and composition of wastewater; industrial waste and forest cutting. The main damage to the soil is caused by food packaging. Usually these are various types of plastic that does not recycle for many decades. Every year the pollution of the Earth with plastic waste increases [6].

In this regard, and according to a 2018 Nielsen study, 81% of consumers worldwide believe that business has a duty to take care of the environment [7]. The research has shown that people tend to trust companies and brands that take care of the environment, introduce eco-initiatives and spread a culture of eco-friendly consumption due to the fact that such companies and brands use the right marketing strategies, otherwise eco-branding. It means that companies transform their ecological initiatives and investments into a special value for consumers. The nature of ecological brands adds value to them [7].

Ecological initiatives of the companies. Over the past decade, there has been a significant increase in interest in implementation of environmental safety measures and the development of social initiatives. The trend has significantly affected many businesses. The consideration is that customers trust companies that do not ignore the criteria of Environmental, Social, and Corporate Governance (ESG). As the topic of this article is environmental issues, it is necessary to say that “E” in ESG-concept is a whole set of criteria reflecting the attitude to the environment and the measures taken to protect it. This group includes the following actions as an example: reduction of harmful emissions into the atmosphere, which is especially important for industrial enterprises and brands with their own production; saving of all resources that are used during the production, transportation of finished products; prevention of environmental pollution,

including materials that are not biodegradable. Striving for these goals helps companies to attract new customers and strengthen the positioning of brands in the market [8].

Today considering the concept of sustainable ecological and economic development and ESG-standards "ecological goods" and then ecological branding is very important. Developing eco-branding as an eco-marketing tool is important for doing business in the modern world. Eco-branding and eco-consumption are new directions of consumers' behavior. Companies should take into the account these terms. If people are ready to overpay for eco-brand, it means they receive special benefits which create a value for them such as health and an ecologically friendly environment. Nowadays 69% of population are ready to overpay for the ecologically friendly brands [9]. There is also a term "environmentally responsible marketing". It refers to all companies' activities that contribute to the development, marketing, and promotion of products and services generating a lower environmental impact in comparison with the alternatives on the market. The main idea of eco-marketing is to set the production, marketing and use of a product in such a way as to make consumers choose environmentally sustainable consumption and buy eco-product. Environmental branding is a complex process of developing an eco-product and supporting the communication of consumers with manufacturers with the help of reliable product that offers them high quality and a value: preventing negative environmental impacts. The main idea of eco-branding is positioning of the environmental points of the product in the minds of consumers that associate the eco-brand with environmental protection. These properties reflect not only the high quality of the product, but also the responsibility of the manufacturer to prevent adverse effects on the natural environment.

Reasons for customers' preference for eco-goods. Brand – is a term which is used to describe customers' value judgements associated with a particular product or service. There is still the question why do many people tend to trust and give preference to companies and brands with an environmentally responsible approach to environmental conservation? Why are environmental friendliness and sustainability becoming new competitive advantages, and building a green brand helps to increase audience loyalty? There can be lots of reasons why people prefer such brands. The authors assume the most reasonable ones are feeling that if the company treats the environment carefully it produces organic and safe goods; feeling that they are helping the environment through the consumption of these brands; desire to buy the best products of the best brands, and careful eco-treatment is a kind of criteria for being such good brand. It is possible to divide these reasons into some groups, for instance, such as "safety" reasons, "social & ethical" reasons, "self-realization reasons". "Safety" reasons refer to the fact that people are concerned about their health, about products they eat and use, so they want to be confident about the quality and reliable origin of products. The second category "social & ethical" reasons means that people are interested in our planet saving, they want all people to live in a good environment, with rich flora and fauna and saved nature resources. The third kind of reasons "self-realization" are about the fact, that people want to feel their involvement in solving global problems, in saving the environment. They want to feel that they are personally taking actions to save the planet.

Eco-friendly approach of MARS company. Some examples of eco-friendly business operating, eco-positioning and reputation were analyzed from the practice of MARS company. As we know food industry is different in relation to the types of raw materials and technologies used and types of products produced. Due to these circumstances, the environmental aspects of their activities also differ quite radically.

MARS operates ten factories in Russia for the production of confectionery, chewing gum and pet food. Since 2015, Russian factories have not taken waste to landfills, burning only about 10%. The rest goes for processing or useful use, for example as food for productive animals. By 2025, Mars plans to switch to 100% recyclable or reusable packaging, by 2040 - to 100% renewable energy sources [10]. As part of MARS Sustainable in a Generation Plan [11], the company is also looking forward to eliminating unsustainable water use in value chain and improving water efficiency. MARS is focused on using water efficiently, promoting water recycling, and preventing pollution through responsible wastewater management. To follow water saving activities the company is deploying farmer training and technology to advance more sustainable water use.

Moreover, MARS is working with the supply chain partners to boost agricultural production without extending an overall land footprint. This means focusing on efficient, sustainable land use, for example, in relation to the cocoa: it accounts for nearly one third of our land footprint and has the potential to triple yields. Forests and other natural ecosystems are essential for a healthy environment and productive supply chains. MARS has taken significant actions in recent years to try to stop deforestation and create solutions in key supply chains. But still the forest area has continued to decline globally in the last several years. MARS recognizes the continuing problem, and the company is trying to engage suppliers and other stakeholders to deploy sufficient monitoring and verification of their supply chains to ensure that deforestation is not occurring and put in place plans for addressing and rectifying situations where deforestation occurs.

It is obvious that to achieve a great eco-reputation among customers it is not enough to use only recyclable materials or to just to sort garbage. Another really powerful factor is responsible consumers, efficient infrastructure, as well as policies and procedures through which eco-friendly business and eco-branding can become a reality. All markets are different in relation to the level of their ecological infrastructure and consumers' attitude towards environmental issues and eco-friendly companies. For instance, Switzerland is the most ecologically clean country, people there are striving for environment safety in all life spheres starting from the place to live, transport, use of electricity, water and, of course, consumption and level of trust to eco-brands [12]. Comparing with Russia, the eco-culture differs a lot in various aspects. The authors suppose that the issue of eco-friendly consumption, careful treatment of ecology is actively developing in Russia, but still, it is lower than in some countries like Switzerland. International companies face an issue how to develop eco-branding ideas and how to gain special advantage in all markets they operate taking into account different level of eco-culture in these countries. Some markets are likely to appreciate eco-friendly brands and trust them more. On the other hand, it might be difficult to gain consumers' trust and to position careful ecological treatment as a special value that should make consumers purchase the product. MARS company, for example, cooperates with public organizations, authorities, initiative groups and other industry players for educational activities on waste disposal. In Australia MARS collaborates with REDcycle in Australia.

Talking about brand positioning depending on the ecological reputation of the company and about the way for brands to become stronger due to it, it is worth mentioning about Forbes rating as an example. Forbes has studied the harm and benefits that the largest Russian companies bring to the environment and compiled the first rating of environmental responsibility. It was headed by the Russian division of MARS Corporation, which sends up to 90% of all waste for recycling. It is a really good point for the company to become a leader of the Forbes Rating and a very powerful way to

strengthen the reputation of the company, to attract partners and to see that all ecological initiatives implemented in the company are providing results. In addition to the fact that the company led a large and well-known Forbes rating, which naturally significantly influenced the strengthening of the company's position in the market, increased the level of consumer trust in products and production, the company secured the title of the most environmentally friendly company (a division of the MARS company) in Russia 2021. Moreover, company communicates with the consumers on ecological issues through the website, where everyone can find a lot of information on any language about all ecological initiatives that the company implements or is going to introduce in a very detailed way. Everyone can easily become closer to all values and sustainable development plan that MARS company is striving for. On the company's website it is also possible to find last news related to the ecological topics. The example of such small news review is an announcement from 2018 where it is said that MARS has signed an agreement on cooperation with the Ministry of Investment and Innovation of the Moscow region, the purpose of which was the introduction of new technologies in the field of ecology and environmental protection in the region. Annually company reduces the consumption of electricity and water per ton of products. This is an investment in the future that we want to build for our children and grandchildren" [13]. Here it is clearly seen that MARS company considers ecological safety, saving the planet and environment as a part of MARS brand value, purpose and responsibility, which then generate a brand equity and a special advantage for customers among competitors in the market. Additionally, it should be said that the company has found the possibility to continue the operation of the plants in Russia despite sanction press [14].

Conclusion. It is necessary to say that environmental problems – are one of the key areas nowadays that needs to be considered by government, people individually and companies. Every year the ecological situation in the world us getting worse and that is why it is really important for companies to minimize any wastes that appear while production of goods and then recycling. Nowadays customers tend to trust eco-responsible companies more because there is an increase of people who are studying ecological culture, who are treating their health well and believe that every person can do something to save ecology. Buying products in eco-responsible companies means that people are ready to overpay for some products because the value that such brands offer is really important for them – they help to save our planet through ecologically friendly consumption. Well-thought and rationally implemented eco-marketing and eco-branding increases the demand for eco-products and encourages buyers to take care of the natural environment by purchasing these products. The development of eco-branding in Russia is facilitated by the growth of environmental awareness of the population, the emergence and development of environmental industries, the popularization of a healthy lifestyle and the influence of fashion on eco-goods. Companies have to remember that successful implementation of the eco-branding strategy, environmentally friendly brands means that the products or services produced are eco-friendly not only because of their name or positioning but because of the environmentally friendly entire cycle of production, eco-responsible stage of consumption and ecologically harmless disposal stage. Only if companies have a really responsible approach to the creation of an environmentally friendly production process, people will begin to trust these brands and this trust will have a positive impact not only on the reputation of the companies, but also on the development of an eco-consumption culture in the world.

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