THE INFLUENCE OF GREEN MARKETING STRATEGY TO
CONSUMERS ENVIRONMENTAL BEHAVIOUR

A Thesis

Presented as Partial Fulfillment of the Requirement for the Degree of
Sarjana Ekonomi (S1) **in International Business Management Program**
Faculty of Economics University Atma Jaya Yogyakarta

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YOGYAKARTA, 2016

CHAPTER I

INTRODUCTION

1.1. Background

There is small growing interest in being green in Yogyakarta lately. Thus, affected the increasing number of green products in several shops in this city. The products sort of: cosmetics, toiletry products, spices, F&B, and some types of stationary products were widely available in the market, especially the local market. Some were local green products, some were not. Both has attracted consumers because the benefit being offered. However, since green products unlike other products, it needs an extra elaboration about the product description in aims to help consumers to identify and recognize the green products so that it could promote the environmental behaviour among consumers.

Based on Juwaheer, *et. al.*, (2012), one way to attract the consumers' environmental behaviour is by using several green marketing tools. Not just for impressing the consumers to purchase the green products, but also for communicating the function of the green product so it could assist seller to deliver the green message creatively. Those green marketing tools are: eco-labelling, green packaging and branding, environmental advertisement, green premium pricing, and eco-image. Many studies have been stated that those are the powerful tool to influence the consumers' environmental behaviour. However, several studies also argue that it may vary depending on the geographical context

and the circumstances. Therefore, current research observed the influence of eco-labelling, green packaging and branding, environmental advertisement, green premium pricing, and eco-image to consumers' environmental behaviour.

1.2. Problem Statement

Based on the previous background, the problem statement would be:

"Do eco-labelling, green packaging and branding, environmental advertisement, green premium pricing, and eco-image influence the consumers' environmental behaviour?"

1.3. Research Objective

According to the problem statement that formulated earlier, so the research objective of this research is:

"To understand the influence of eco-labelling, green packaging and branding, environmental advertisement, green premium pricing, and eco-image to the consumers' environmental behaviour."

1.4. Research Contribution

As this research was in progress, there were several research contributions:

a. For academic, this research being expected could become a literature reference and triggered some other researchers to explore more about this topic.

b. For managers or companies, this research could be used for the making of the more effective green marketing strategy to promote their green product.

c. For the readers, this research could give more knowledge and lesson.

1.5. Research Limitation and Scope

The present research conducted in Yogyakarta, Indonesia. The questionnaire administered in hypermarkets/supermarket where green product widely available to visitors randomly who have experience on purchasing green products through offline store.This research does not point at any specific company or product.

1.6. Research Originality

This research was replicated but simplified from the previous research done by Juwaheer*et. al.* (2012) entitled,*"Analysing the Impact of Green Marketing Strategies on Consumer Purchasing Patterns in Mauritius"*. In that research, Juwaheer together with her partners, they investigate not only the influence and relationship of the green marketing strategies and environmental behaviour, but also related it with the environmental concern and belief. However, this research only observed the influence of green marketing strategies being used in that research to consumers' environmental behaviour. The instrument being used were the instrument that also set up by Juwaheer and her partners.

CHAPTER II

LITERATURE REVIEW

2.1. Theoretical Background

2.2.1. Green Marketing

Green marketing—which simply referred to an activity of marketing and selling products or services into potential consumers designed to minimize negative impact toward environments—trend began over the past few decades since 1970s, when a sharp rise of critical environmental issues has been successful infecting the rise of the environmental movement (Delafrooz, *et. al.*, 2013).

2.2.2. The Importance of Green Marketing

Since there is adoption of green business, companies need a marketing department which has the capability to communicate this change into citizens. Unfortunately, a traditional marketing felt didn't work for the new marketplace concept and that's how marketing was started turning *green* (Chitra, 2013), that was for the very first time people felt about the importance of green marketing. Similar illustration also shown by Grant (2008) that stated: it was the turning point when companies started to feel they need green marketing.

2.2.3. Eco-labelling

Delafrooz (2013) cited that study done by Rashid's (2009) study finds that eco-labels has a positive effect on consumers' knowledge and intention to purchase. It always has positive relations with green packaging when it comes to impress potential consumers.Eco-labelling defined as a label on environmentally friendly products. The labels contain whether a small simple piece of paper or a complex that is included as part of the package. The content is the brand of the green products and the green products description.Companies often used eco-labelling and green packaging to promote the identification of green products.The importance of eco-labelling, even increasing when the potential consumers' do not have any knowledge about green product since the green product is not an ordinary product. Sometimes it takes a lot of description to raise consumers' knowledge and awareness(Delafrooz, *et. al.,* 2012).

2.2.4. Green Packaging and Branding

Green packaging defined as product design and what covered the product. Green packaging is an important tool for product identification because people could value the characteristics of the product from it. Meanwhile, green branding, defined as a brand that less harmful for the environment and it has to help consumers' to identify the green products among other products. The green branding itself demonstrated that it is increasing the consumers' awareness of the green products. Thus, green packaging is use to support the brand awareness and the message that brought by green branding (Rahbar and Wahid,

2011).However, according to First and Khetriwal (2008) in Juwaheer*et. al.*(2012), the green branding concept less explored by the green marketers even though several studies demonstrated that environmental friendly brands has raised more consumers' awareness and researches observed by Eagly and Kulesa (1997); Swenson and Wells (1997); Travis (2000); Pickett-Baker and Ozaki (2008) affirmed that brands has power to change the impression and behaviour of consumers' consumption.

2.2.5. Environmental Advertisement

The green advertising is important because it is the way companies could communicate their product characteristics and their product specialty in a deeper way. Other than that, green advertising also facilitates green product promotion. Understanding the effect of green advertising on consumer purchasing patterns could give people an impetus to set better promotion. Environmental advertisement has chance to gain the consumers' credibility and attention through emotional intelligence by providing the truth information about environmental issues and product contributions without any exaggerated statements or claims (Kong *et. al.,* 2014).

2.2.6. Green Premium Pricing

Based on Christopher (2002), premium pricing is a practice of keeping the price of a product or a service high. A premium pricing strategy is a strategy that sets the price of a product higher than a similar product. In the green context, the premium pricing set because of a certain value behind production cost that will

go to the environmental contribution. A study done by Swezey and Bird (2001) found that green premium pricing contributes towards consumers' environmental behaviour.

2.2.7. Eco-Image

Consumers' perception often easier understood by the consumers' actual response to green marketing tools. Green marketing tools, sort of eco-label, eco-brand, eco-ads increase the awareness of green products' attributes. Indeed, the term eco-image itself derived from consumers' perception and green marketing itself. Hence, the eco-image refers to the fundamental of what may affect the perception of green concept (Delafrooz, *et. al.,* 2013).

2.2.8. Consumers' Environmental Behaviour

Kopnina and Blewitt (2015) in their book,*"Sustainable Business"* wrote that since the post-World War II there was growing interest among people to questioning the world sustainable as an effect of the damage and crisis left by the war. It affected the change in how they think and behave. They gradually change their consumption behaviour since they believe that by the change their behaviour could be a contribution to the environmental protection. Consumers' try to consume goods and services that environmentally safe. Thus, there was a green consumers' bandwagons and the trend of being green in 1980's-1990's (Kopnina and Blewitt, 2012). However, Louchran and Kangis (2004) wrote that strong environmental issues view claims do not necessarily can directly translate into actual purchasing decisions to green products and services. Yet, Juwaheer*et.*

al.(2012) highlighted that it may vary depending on the geographical context cause of demographic backgrounds.

2.3. Research Framework

The research framework could be seen down below.
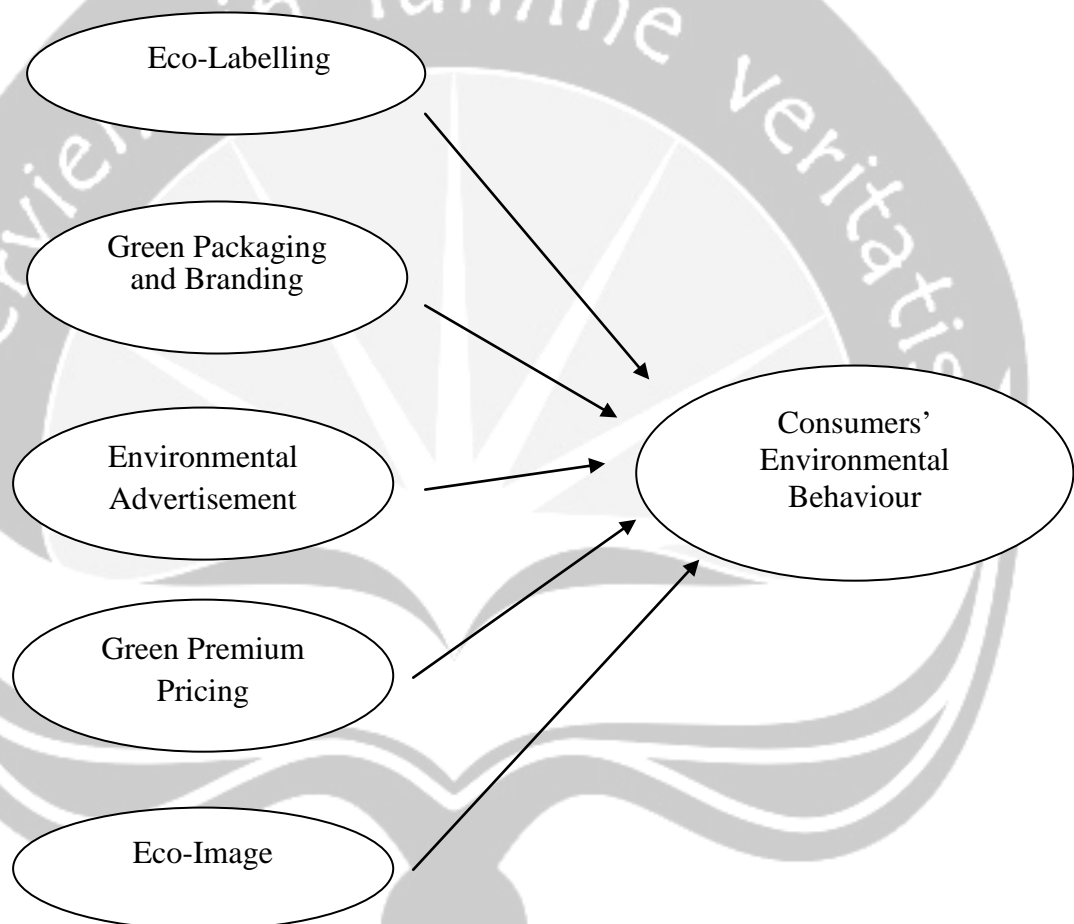
Note:

This research framework is adopted from Juwaheer*et. al.* (2012).

2.4. Hypothesis Formulation

Studies explained that eco-labelling, green packaging and branding, environmental advertisement, green premium pricing, and eco-image has important role in consumers' environmental behaviour. The previous study done by Juwaheer*et. al.* (2012) has shown that there is an influence between green labelling and consumers' purchasing patterns, between green branding and consumers' green purchase intention. A study done by Rashid's (2009) found that eco-labelling has a positive effect on consumers' knowledge and intention to purchase green products. Meanwhile, the positive relationship also found between green advertising and consumers' environmental behaviour (Juwaheer, *et. al.,* 2012). While a study done by Swezey and Bird (2001) has shown that green premium pricing contributes towards consumers' environmental behaviour. The influence of eco-image and consumer behaviour also found in the previous study done by Delafrooz*et. al.* (2013). Thus, by those literatures, a hypothesis formulated as follows:

H1. Eco-labelling, green packaging and branding, green premium pricing, environmental advertisement, and eco-image significantly influence to consumers' environmental behaviour.

CHAPTER III

RESEARCH METHODOLOGY

3.1. Population, Sample, and Sampling Technique

The population of the current research wasconsumers who were visiting organic market, supermarkets, and cafe inYogyakarta. The purposive sampling was being used in this research because only limited people who have the information that is sought. People who are most advantageously placed or in the best participation to provide the information required are people who were visiting organic market, supermarkets, and cafe in Yogyakarta and have experience on purchasing green products through an offline store in Yogyakarta. The Author expected to get at least 150 respondents.

3.2. Data Collection

Primary source data gathered in the form of a modified questionnaire from previous research done by Juwaheer, *et. al.* (2012) while other sourcessort of: citations, quotations, and interpretations, was taken from the printed and from the digital media: books, journals, newspaper, magazine, and web page.

3.3. Research Method

Present research is an applied quantitative research. A survey held by using self-administered questionnaires. Those questionnaires distributed to 220 people

in the chosen places, in Yogyakarta. The question within the questionnaires divided into three sections, sort of: (1) green marketing strategy tools, (2) environmental behaviour, and (3) demographics. The instrument used in the present research was replicated and modified from previous study done by Juwaheer*et. al.* (2012) entitled: *"Analysing the Impact of Green Marketing Strategies on Consumer Purchasing Patterns in Mauritius"*.

3.4. Research Variable

There are five independent variables that taken from green marketing strategy tools. Those five independent variables are: (1) eco-labelling, (2) green packaging and branding, (3) environmental advertisement, (4) green premium pricing, and (5) eco-image. Those were investigated in the relation with the consumers' environmental behaviour as the dependent variable. In addition, the demographic variables also included for presenting the profile of the respondents.

3.5. Data Measurement Scale

The type of questions used in the questionnaire was mostly closed questions since the choice answers were provided except for the demographics section. There are two open questions used to identify where the respondents live and originally comes from.

Likert Scale was used to measure the eco-labelling, green packaging and branding, environmental advertisement, green premium pricing, eco-image; and consumers' environmental behaviour. There are two types of Likert Scale used

(the level of agreement for dependent variables and level of frequency for consumers' environmental behaviour), both used 5 points-scale.

3.6. Validity and Reliability Test

An instrument of a survey must be tested for getting the valid and reliable findings. Therefore, a validity and a reliability test must be conducted. Validity being tested by using Pearson's Product Moment whilst Reliability being tested by using Cronbach's Coefficient Alpha.

3.7. Data Analysis Method

Descriptive Statistics used to present the profile of respondents, then, the Multiple Linear Regression operated to process the data. T (overall) and F (partial) Test used to investigate the main objective of this research.

CHAPTER IV

ANALYSIS AND FINDINGS

4.1. Profile of the Respondents

The detailed of respondents' profile could be seen in the following table.

Demographics Variable		Number of Respondents	Percentage
Gender	Male	86	41.7
	Female	**120**	**58.3**
Marital Status	**Single**	**161**	**78.2**
	Married	45	21.8
Education	SHS/ Vocational School	39	18.9
	Undergraduate	**140**	**68.0**
	Postgraduate	24	11.7
	Other	3	1.5
Age (Year)	**18**	**83**	**40.3**
	18-28	66	32.0
	29-39	31	15.0
	40-50	10	4.9
	>50	16	7.8
Occupation	**Student**	**66**	**32.0**
	PNS/Public employee	8	3.9
	Private Employee	64	31.1
	Entrepreneurship/Sales	49	23.8
	Housewife	8	3.9
	Retired	3	1.5
	Other	8	3.9
Income (Monthly)	≤1,000,000	40	19.4
	1,000,001-4,000,000	**114**	**55.3**
	4,000,001-7,000,000	31	15.0
	≥7,000,001	21	10.2
Residence	**Yogyakarta (DIY)**	**183**	**88.8**
	Other	23	11.2
Origin	Yogyakarta (DIY)	93	45.1
	Other	**113**	**54.9**

Source: Result from Data Processing, 2016

4.2. Validity and Reliability Test

The result from the validity and reliability test shown that all items in the instrument were valid and reliable.

4.3. Multiple Linear Regression

The result shows that eco-labelling, green packaging and branding, environmental advertisement, green premium pricing, and eco-image significantly influence the consumers' environmental behaviour in overall significance test. However, when it comes to the partial test, the result shows that only eco-labelling, green packaging and branding, and green premium pricing which influence the consumers' environmental behaviour whereas environmental advertisement and eco-image are not. The most influencing independent variable is green premium pricing followed by green packaging and branding, and the least is the eco-labelling.

CHAPTER V

CONCLUSIONS AND SUGGESTIONS

5.1. Conclusions

There were several conclusions that highlighted from the research finding. Indeed, in overall, all the tested-independent variables were significantly influence the consumers' environmental behaviour. However, in the partial test result found that only eco-labelling, green packaging and branding, and green premium pricing which influnce the consumers; environmental behaviour while environmental advertisement and eco-image are negative. The finding found that environmental advertisement and eco-image don't contribute to consumers' environmental behaviour may result from the daily practices of marketeers that don't offer suitable emotional relevance and lifestyle among consumers. Besides not well-designed, it's often not credible.

5.2. Managerial Implications

The marketershave to consider to improve the strategy to get consumers' impression. The more suitable and relevance of environmental advertisement were suggested. Besides, shows more visibility and credibility about the message that want to communicate. It could reduce the negative perspective and bias that resulted from green washing and green marketing fiasco in the past and it could gain consumers' trust.