

CHAPTER I

INTRODUCTION

1.1. Background

An official report from international government noted that a large scale of a welfare and an economic growth was happening since a century ago. It has never been happened before in the history of human post the World War II. The life expectation average was growing approaches to two-third globally. And, citizens around the world has been succeeding in increasing the education level for a consequence, currently people tend to well-educated and knowledgeable than their ancestors. On the other hand, the growing facts about human population growing at a rapid rate also reported. This phenomenon naturally affected the increasing of the growing needs and it's happening globally. In aims to fulfill that "extra" needs, the capital in natural resources is depreciating at a rapid rate. So rapid that could treat human's life. To make it worse, a surprising fact found that most humans are creating economic growth by depreciating the capital in natural resources without considering the long-term consequences. In Yogyakarta there is a similar phenomenon that also happening since last couple years. The growing needs in property development has been gradually increasing along with the growth of people residing in Yogyakarta, recently. The new demands in consumption have been made forest clearance and nature destruction while in the past, Yogyakarta originally enriched with its unique nature and forest.

Citizens have seen the increasing of standard living of the population with a change in the consumption patterns. The increasing of human interference and human settlement affected the nature which resulted in the gradual forest clearance to fulfill the needs of the settlement, sort of: agriculture, houses, roads and factories. In addition, there are a growing number of people stay here year by year for a certain period because of an educational reason (indeed, this city has large numbers of school and universities and has relatively lower cost living compared to other Indonesian cities), besides that, the infrastructure and business in Yogyakarta has been gradually developed time by time (Pemprov, 2013).

This phenomenon has finally attracted researchers to observe so they can provide a solution and give a real prevention to this dangerous growing habit. Post this turning point, things are going better. The environmental awareness was increasing along with the growing interest of a number from environmental studies being published later. It influences how people adopt the *greener* lifestyle lately that could be concluded as consumers' environmental behaviour (Dermawan, 2010). Unfortunately, the increasing of this positive interest not mushroomed evenly. It's mostly happening in developed countries instead of developing countries. More than that, finding has shown that developing countries won't be able to have the same growing interest to adopt *greener* lifestyles and having sufficient environmental awareness due to several factors like the lower standard of education or social living compared with the developed countries. It being forecasted that developing countries may catch this growing interest up later in the next 20-40 years. Thus, raising the consumers'

environmental awareness and turn it into actual green product purchasing will greatly assist to solve the problem occurred (Juwaheer et. al., 2005).

Even though, the research mentioned earlier stated that developing country may don't have enough level of environmental awareness, uniquely, there is small growing interest in being green in Yogyakarta. Lately, in Yogyakarta, there has been a growing green community that encouraged its member and citizens to engage in natural preservation or make a contribution to the environmental. Besides, this green community also sells their eco-friendly product, sort of: farming production, organic food and meals, health product, and several other products. This movement was grasped the local government attention and the local government supported this. That's why some green activities and seminar held in Yogyakarta held by the local government and most of them were free. Indeed, this phenomenon has attracted the local government since 2008 that caused the local government put his attention and effort to formulate the green issues and its prevention through education and green construction activities. However, the problem occurred is this green euphoria only lives in a certain area (Pemprov, 2013) while the number of green products was increasing in several shops in Yogyakarta also. The most products that are widely sold, were cosmetics, toiletry products, spices, F&B, and some types of stationary products. Some were local green products, some were not, but both has widely available in Yogyakarta.

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(Juwaheer et. al., 2012). 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 limitations and scopes were set to conclude the research. Therefore, in this research limitation and scopes were made, and those are:

- a. 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.
- b. This research does not point at any specific company or product.
- c. Multiple Linear Regression was used to analyse the research objective and descriptive study conducted for the purpose in understanding the characteristics of respondents.

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 in the mentioned-previous study.

1.7. Research Outline

The writing of this research divided into five chapters. Below is the outline:

a. Chapter I: Introduction

Chapter I contains of research introduction that consist of background, problem formulation, research objectives, research contribution, research limitations and scopes, the originality, and the outline itself.

b. Chapter II: Literature Review

Chapter II investigated the theoretical background and review of the topics.

c. Chapter III: Research Methodology

This chapter will reveal the method used and the research operational definition.

d. Chapter IV: Analysis

The finding, result, and analysis would be addressed during this section.

e. Chapter V: Conclusion

The last chapter would be discussed about the managerial implications, the summary and the future research suggestion.

