

CHAPTER I

INTRODUCTION

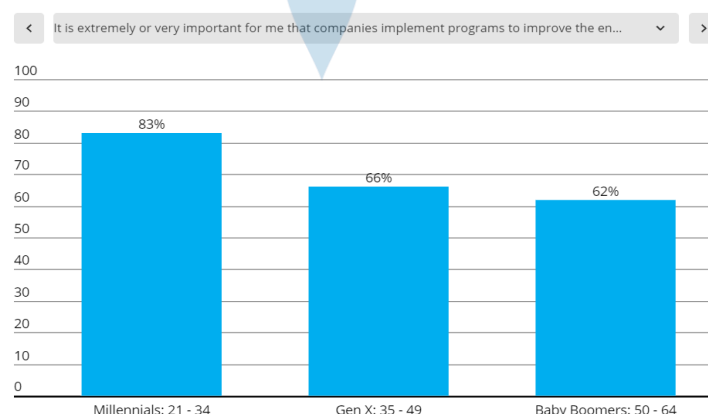
1.1 Background

The environmental degradation becoming world-wide issues. The tense of environmental issues like global warming and climate change are increase years by years. In the past, people tend to use and consume products that hard to be decompose like plastics which later also give the bad impact to the environment. The impact of using plastic will damage the environment, for example, plastic would become waste which later need years and might be decade to be decomposed, during decompose progress, the plastic might consume by animal and causing damage the food chain. National Geographic (2019) on their website claimed that Sperm whale in Wakatobi found to be death caused of plastic. More than 200 species noted consume plastics. They assume those species especially Whale will be extinct.

Human is responsible for the environmental depletion. Today people are more and more aware and conscious about the environment. Recently, peoples are becoming highly aware of the challenges posed to the environment. The effect of this phenomenon is the shift of the consumer attitude towards a green lifestyle. People these days start to understand and concern the importance of green marketing and the benefits of consume or using the ecofriendly product in their daily life. The shifting lifestyle of the consumer from not eco-friendly become ecofriendly caused by peoples start to concern to protect the environment and gain the sustainable development

by reducing the factors that causing damage for the environment. Some Scholars believe that consumers are willing to pay premiums for green products because consumers often prioritize green attributes over traditional product attributes (Donikini, 2013). Consumers who are aware of and interested in environmental issues called as green consumer (Soonthonsmai, 2007). The number of green consumers is increasing according to the increase awareness of various environmental problems which led a shift in the consumer's attitudes towards a green lifestyle.

According to Nielsen (2018), through the survey that they conduct in U.S. claims that millennial generation (83%) are definitely or probably changing their habits to reduce their impact on the environment. They also more willing to pay more for products that contain environmentally friendly or sustainable ingredients (90%), organic/natural ingredients (86%), or products that have social responsibilities claims (80%).



Source: Nielsen.com, (Accessed on 17th September 2019)

Figure 1.1
Sustainable Willingness to Pay Survey in U.S.

The important thing is the awareness level became an ingredient of marketing because if customers are unaware of the aims and benefits of green marketing and green products, it would be difficult to realize the aim of green marketing. This changes seen to be an opportunity and a challenges for organizations to gain an edge in the competitive market by exploiting the potential in the green market business by incorporating environmental friendly practices in designing, making, packaging and marketing products and services as part of the corporate social responsibility. As peoples become more aware with importance of natural environment, businesses have to come up with new strategies to meet the consumer preferences. Businesses have taken opportunity “Green Marketing” as a strategy to promote their product using environmental claims. The concept of green marketing includes a wide range activities such as modifying the product, making changes in the production, packaging, and advertising processes while discarding any process that influences the environment in a negative way (Prabha, 2018).

Companies tend to produces products which ecofriendly in order to gain a good perceptions of their brand image among consumers. The businesses that offer environmental friendly products to consumers at reasonable prices and high quality will develop positive intentions to purchase their products (Basha et al., 2011).

The consumer’s decision making process is influenced by the green promotional campaign of the company, and recommendations made by the

people at the point of purchase. The marketers which devise and implement an effective strategy will success educating and promoting green products among the consumers. Thus strategy help the consumers in better understanding the good effects of ecofriendly products from the perspective of health and environment. Further, such an effort will enable the companies to enhance their goodwill and build a strong brand image in the consumers view point (Prabha, 2018)

Similar with the green marketing, green products are known as ecological or environmentally friendly products. The terms of green products and eco-friendly products are used commonly to describe the products that are produced in ways which protect the natural environment by conserving energy/resources and reducing or eliminating the use of toxicagents (Prabha, 2018). Green products defined as the product that will not pollute the earth or deplore natural resources, and can be recycled or conserved and also has more environmentally sound content or packaging to reduce the impact on the environment (Elkington & Makower, 1988). Green Products is a product that has less of an environmental impact or is less detrimental to human health tan the traditional product. green product also related with “sustainability” terms which means is a product, service, and practices that allow for economic development while conserving for future generations. Green Product also refers to the product that incorporates the strategies in recycling or with recycled content, reduced packaging or using fewer toxic materials to reduce the impact on the natural environment (Donikini, 2013).

In Indonesia itself the consumers purchase intention towards green products start increase. According to survey held by WWF-Indonesia collaborate with Nielsen (2017) in Indonesia, 61% of the respondent think that they have to take responsibility to protect the environment by using green products on their daily life.

Today, in Indonesia many companies already take a part in environment protection by implement the green production. One of the most popular green products that produced in Indonesia especially in Bali is “Cassava Bioplastics.” Cassava bioplastic is a kind of bags with biodegradable and compostable ingredients with the main ingredients is cassava. The differences between cassava bioplastic with general plastics are, cassava bioplastics consist of 0% plastics and easy to decomposed since cassava bioplastics water soluble and at the other side general plastics need years to be decomposed. Cassava bioplastics beliefs would be able to high loading performance for carrying dry weights, non-toxic for the environment, has good oxygen barrier and anti-static properties. The Famous one to produce the cassava bag is Avani Eco company since they were the pioneer in Bali and Indonesia that produce cassava bioplastics, but now there are already several green company which follow this positive movements by also produce and sell green products especially cassava bioplastics in Bali such as Garuda Bali Eco Supplies, PT. Kharisma Plastik, Star Seller, Tokopedia etc. Since their product got a positive feedback from the society most of

them already expand their market not only among Balinese but also from other cities in Indonesia, even worldwide.



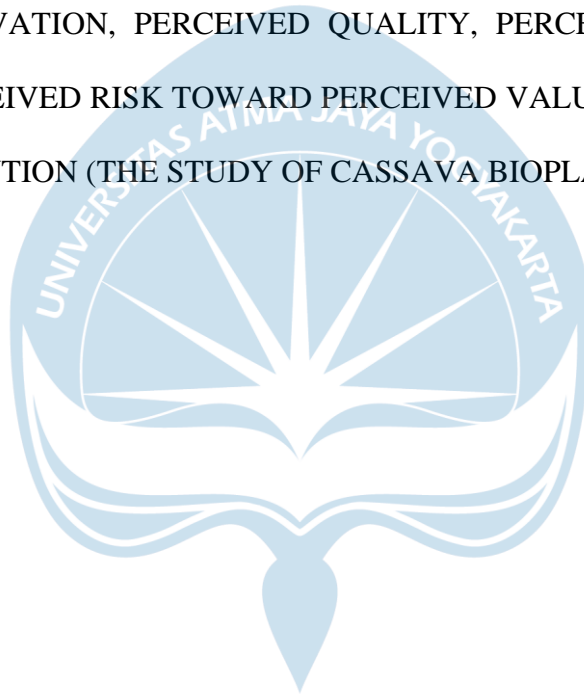
Source: Avanieco.com, (accessed on 23rd September 2019)

Figure 1.2
The example of Cassava Bioplastics Picture

The purchase intention towards green product in Bali especially towards bioplastics a little bit high since the Government issued a Balinese Governor regulation no. 97 in 2018, that prohibit the society to use plastics in order to protect the environment. The purchase intention toward green product increase not only because of the Government regulation but also influenced by many green movements that popular in Indonesia, like “No-plastic movement” and “No Straw Movement.” But unfortunately, there is no clear data or research that study about the purchase intention towards green products in Bali.

The shifting green lifestyle phenomenon influence the consumer purchase intention toward green product in this case, especially on cassava bioplastics affected also by the green marketing awareness held by the green companies that located in Bali but there is no real data or research that prove the statement above.

According to the background that the researcher already elaborates above, the researcher would like to conduct a research which purposed to analyze the relation between green marketing awareness with the consumer purchase intention towards green product with cassava bioplastic as the object of the research. The title of the research would be “THE INFLUENCE OF GREEN MARKETING AWARENESS, PERCEIVED INNOVATION, PERCEIVED QUALITY, PERCEIVED PRICE AND PERCEIVED RISK TOWARD PERCEIVED VALUE AND PURCHASE INTENTION (THE STUDY OF CASSAVA BIOPLASTICS).”



1.2 Research Problem

Based on the explanation and previous study mentioned in the introduction part above, this research problems are formulated as follows:

- 1) Does Green Marketing Awareness have an influence toward consumer's perceived quality, perceived price, perceived risk, perceived value and purchase intention on Cassava bioplastic?
- 2) Does Perceived innovation have an influence toward consumer's perceived quality, perceived price, perceived risk, perceived value, and purchase intention on Cassava bioplastic?
- 3) Does perceived quality, perceived price, perceived risk has an influence toward perceived value on Cassava bioplastic?
- 4) Does the perceived value have an influence toward the purchase intention on Cassava bioplastic?
- 5) Is there any difference perception between man and woman toward perceived quality, perceived price, perceived risk and perceived value on Cassava bioplastic?

1.3 Research Objectives

According to the research problem formulated above, this research objectives are:

- 1) To examine the influence of Green Marketing Awareness on a green product toward consumer's perceived quality, perceived price, perceived risk, perceived value and purchase intention on cassava bioplastic.
- 2) To examine the influence of Perceived innovation on a green product toward consumer's perceived quality, perceived price, perceived risk, perceived value, and purchase intention on cassava bioplastic.
- 3) To examine the influence of perceived quality, perceived price, perceived risk toward perceived value on cassava bioplastic.
- 4) To examine the influence of perceived value on the purchase intention toward cassava bioplastic.
- 5) To examine the difference perception between man and woman toward perceived quality, perceived price, perceived risk, and perceived value on cassava bioplastic.

1.4 Research Contributions

This research conducted with the expectation to contribute in some aspects based on the problem and objectives, there are:

- 1) For the Organization, as the information on how important the green marketing awareness and perceived innovation can affect the customer purchase intention which later might be useful for the organization in order to promote their product
- 2) For the Academic purpose, as boarder knowledge and understandings about the Green Marketing Awareness and the impact of green marketing awareness towards the consumer's purchase intention on eco-friendly product.

1.5 Scope of the Research

The limitation research of this research supposed to avoid the misunderstanding and deviations in this research progress:

- a. The subject of this research is the respondents who ever been purchase cassava bioplastic at least one time, who lived in Bali.
- b. The object of this research is the cassava bioplastic which is cassava plastic produced by green company that located in Bali.
- c. The Variable of this research divided into two variables which categorize into dependent variable and independent variable. The dependent variable is the Purchase intention toward cassava bioplastics. The independent variable consists of Green Marketing Awareness,

perceived Innovation, perceived quality, perceived price, perceived risk and perceived value.

1.6 Writing Systematic

The research is going to be written with the systematic order as follows:

Chapter 1 Introduction

Consist of background of the research, the research problem, the research objectives, the research contribution and the research structure.

Chapter 2 Literature Review

Consist of the basic theory, the related previous research and study, definition and explanation of terms, the research framework and the hypothesis development.

Chapter 3 Research Design

Consist of the method explanation, the research sampling, the data sources, the variable, the data collection and the analysis method.

Chapter 4 Data Analysis & Discussion

Consist of the explanation of data analysis and the discussion of the research result.

Chapter 5 Conclusion and Suggestion

Consist of the conclusion, the limitation and the suggestion.