

## **CHAPTER II**

### **LITERATURE REVIEW**

This chapter will explain more about the Green Marketing Awareness and other research variables which determine as suitable variable along with green marketing variable as the independent variable and consumer's purchase intention towards green product as the dependent variables which will be used in this research. The information given was taken from previous research which is conducted on the similar topic related to the influence of green marketing awareness toward consumer's purchase intention on green products.

According to previous research, the others variable which also influence the purchase intention of green products along with green marketing awareness is perceived innovation (Horn & Salvendy, 2006), perceived quality (Chaudhuri, 2002), perceived price (Suter & Hardesty, 2005), perceived risk (Agarwal & Teas, 2001), and perceived value (Kaufman, 1998), as the independent variable with purchase intention as the dependent variable.

#### **2.1 Green Marketing Awareness**

Modern people start to consider how important environmental protection and make this as one important factor in purchase decision. The green industry has become popular in recent years. Organizations start to acknowledge environmental aspects as competitive advantages. Green consumerism started with the consumer awareness about the rights to get proper product, safe and green product.

Green Products based on Palevich ( 2012), is a concept which related to sustainable manufacturing and supply chain management, which involves environment friendly, planet friendly, and people friendly standards, technologies and practices. This concept of green is extended to every step of procuring the raw materials, producing, storing, packaging, shipping, and distribution. Furthermore, green is a product whether it tangible or intangible proposes to minimize its environmental impact direct-indirectly during its whole life-cycle, subject to the present technological and scientific status (Pantazidou & Valeontis, 2009). Companies started to produce environment-friendly products and have tried to teach 'Green Marketing' concept to the customers (Alex & Mathew, 2018).

The overpowering advance in the general environmental awareness among various consumer backgrounds have been attempt undertaken by organizations to go green by introducing the idea of corporate environmentalism (Cherian & Jacob, 2012). Consumer's green marketing awareness means consumer aware that green marketing covers the overall brand of marketing activities undertaken by companies in a manner that they promote manufacture of products or service operation which have a positive impact on environment or alternatively reduce negative impact on the environment (Cherian & Jacob, Green marketing: A study of consumer's attitude towards environment friendly products, 2012). Consumers attitude towards environments is a common tendency that is learn or formed in responding consistently towards environment in a positive or negative form.

Green marketing awareness refers to the two kind of subject which are the green marketing and environment awareness. The relation between two subjects

here, explained as the green marketing performed by the organization and the consumer's environments awareness which also used to define as the green consumerism. Green consumerism defined as the consumers consciousness about the environment. Henceforward, green consumerism defined as the consumers, which their purchase behavior involved by the environmental issues. They believe as an individual they can contribute effectively to the environmental protection by purchase and consume green products (Suki, 2013). Green consumer has the rights to purchase and consume products which less harm the environment, safe and fulfill the quality standard. Green marketing occurred caused by the society environment awareness and the willingness to contribute in the environment protection by purchase the green products.

Meanwhile, green marketing as an opportunity for innovation, this means innovation will influence company's growth and determine whether or not the companies will survive, in this case, the companies can see the green marketing as an idea to innovate and keep survive. Green Marketing is taking shape as one of the key business strategies of the future, and that the increasing environmental consciousness makes it incumbent on consumer marketers not just to respond to it, but to lead the way in environmental programs. Marketers have to realize that customers are increasingly becoming more and more aware of the environmental problems and prefer green products over less environmental friendly products.

Green marketing is an organized environmental protection campaign that the general public cares about because it improves the environment (Kotler & Armstrong, Principle of Marketing, 2006). According to Polonsky (1994) green or

environmental marketing consist of all the activity designed to generate and facilitate any exchange intended to satisfy human needs and wants, such that the satisfaction of these needs and wants occur with minimum detrimental impact on the natural environment. Green marketing suggests that the entire lifecycle of a product, from materials acquisition, production, sale, and consumption, to disposal of waste, has a minimum impact on the environment or in the other side this marketing model highlight on puts the environmental protection concept into the product design, production and service process (Alex & Mathew, 2018). Sarkar (2012) explain green marketing as environmental marketing and sustainable marketing that refers to an organization's efforts at designing, promoting, pricing, and distributing products that will not harm the environment. Furthermore, green marketing define as the holistic management process responsible for idetify and anticipate the needs of customers and society in a profitable and sustainable way (Peattie, 1995).

However, green marketing awareness defined as the green consumer consciousness about the green product and green lifestyle which lead the organizations to apply the green marketing. The green consumers who aware with the environmental condition, will pay attention more to the organizations that implement the eco-friendly or green marketing. The indicators for measuring the consumer's green marketing awareness are designed based on the six dimensios addressed by Chen & Kao (2005) such as: green products, green manufacture and packaging, green design, green promotion, green enterprises, and green

consumption. Indicators that already stated above will be used as the variable instrument for this research.

## **2.2 Perceived Innovation**

Innovation is the initial introduction of a new product or process whose design departs radically from past practice. Changes in product benefits are based on the new capabilities an innovation provides in terms of customer need fulfillment (Agarwal et. al., 2002). Innovation not only create new markets but also bring existing industries to new states, extend their life cycle, and reshape their competitive advantage (Knott et. al., 2009). Thompson (1965) as cited on Mendoza, (2015) defines innovations as the “generation, acceptance, and implementation of new ideas, processes, products, or services.”

In sociological context, innovation may be defined as an idea, practice, or object that the members of a social system perceive as new. Thereby, an innovation needs to initiate a communication process in which the members of the social system exchange information about the innovation and develop mutual understanding of it (Rogers, Diffusions of Innovations, 2003). Innovation can refer to technological innovation, product innovation, process innovation, marketing innovation, organizational innovation, strategic innovation, service innovation, governance innovation and green innovation (Weidner, 2012).

Green innovation might be comes from the organization innovation which refer to the innovation that suggests the stakeholder focus, strategic orientation, and core competence to be more sustainable or environmentally friendly. The green

innovation also might be comes from consumer perspective. Customer might expect a product with a green innovation which could be able not only to fulfill their needs but also less environment harmfull. Green innovation is related to green products or processes, including the technologies that are involved in energy-saving, pollution-prevention, waste recycling, green product design, or corporate environmental management (Chen & Kao, Development and Analysis of A Framework for Evaluating A Green Production and Consumption System, 2005)

Afterwards, perceived innovation defined as perceived degree of “newer and better” products. Lowe, (2015) through his research has found that, the newer product concept, the more consumers are likely to see the product as innovative. Furthermore, the greater relative advantage consumers perceive the product to have, the more they will perceive the product to be innovative. Based on the explanation above, the green perceived innovation can be assumes as the consumers perception about the product which have newer concept and less environment harmfull as more innovative. Betz (2003) divide innovation into three categories which later can be use as the indicator to measure the consumer’s, those categories are: product innovation, manufacturing process innovation and service innovation. Those indicators will be used as the variable instrument for this research.

### **2.3 Perceived Quality**

Perceived quality assume as one of important thing that will influence the customer purchase decision. Customer must be aware and consider the quality of the product before they decide to purchase it. Consumer’s used to make comparison

of the quality of alternative products with regard to the price within a category (Jin & Gu, 2005).

According to Garvin (1984) cited on Signh & Kannoja (2012), quality defined as conformation to the product's design or specification in other terms refers to the degree to which a specific product satisfies the wants of a specific consumers.

Organization tend to enhance the quality of their products in order to obtain the competitive advantages in the market (Parasuraman et. al., 1988; Alex & Mathew, 2018). Green consumers used to judge the brand and product based on the overall environmental excellence of superiority (Zeithaml, 1998 ; Wu & Chen, 2014). Recently, organization must actively to evaluate how customers perceive the quality of and learn to understand the customers point of view about their product. The reason for maintaining customer's perceived quality more than the quality itself is because sometimes customers evaluate the products attributes subjectively rather than objectively evaluate the complete information of the products (Lambert, 1980; Shintaputri & Wuisan, 2017).

Afterwards, perceived quality defined as the consumer's judgement about the product's entity conatining overall excellence or superiority (Snoj et. al., 2004). Customers can directly justify whether the product is easy to use and the versatility of the product even before they decide to purchase the product. The quality standart always changes and continues to adapt with the current situation. The perceived quality is measured using four dimensions of Petrick (2002): superiority,

consistency, dependability, and reliability, these can be used to measure consumer's overall judgment of a product or service. Those dimensions will be used as the variable instruments in this research.

## **2.4 Perceived Price**

Price is one of important factor for the customer to consider about whenever they decide to purchase a product. The classic definition of price is a thing paid to obtain a product is often limited to the monetary units only (Korda & Snoj, 2007; Agarwal & Teas, 2001). Kotler & Armstong ( 2008) define price as the amount of money that a product have or the amount of money that the consumers must to pay in order to get the benefit of that product. Futhermore, Kotler (2008) stated price as the amount of value that the consumers have to spend in order to get the advantages offered by a product or service.

Perceived price defined as customer's subjective perception of what is given up or sacrificed to acquire the product (Zeithaml, Consumer Perception of price, quality, and value: A means-end model and synthesis of evidence, 1998). Furthermore Zeithaml (1998) as citen on Wu & Chen (2014), stated that customers do not always remember or know the actual price of a product, but rather they subjectively encode the prices as "expensive" or "cheap". Thus, it suggests that customer's perception of price may be different from the product price.

Perceived price is a kind of feeling that consumer have about the product's price, this concept including the paid currency and non-corruncy cost (Zeithaml, Consumer Perception of price, quality, and value: A means-end model and



synthesis of evidence, 1998). In common life, consumers used to labelling “cheap” price as a low price or better value, whereas “expensive” as high price or good cost more, this perception easily sticks in people’s memories that so-called perceived price (Kashyap & Bojanic, 2000). Petrick (2002) proposed six indicators used to measure the consumer’s perceived price which are: an excellent purchase, equivalent value, above the value, reasonable price, economic, and a fine trade. Those indicators will be used as the variable instruments for this research.

## **2.5 Perceived Risk**

Every decision followed by the risk as the responsible of each action which taken by each person. American Psychological Association (2019) define risk as a probability or threat of damage, injury, liability, loss, or any other negative occurrence that is caused by external or internal vulnerabilities, and that may be avoided through preemptive action. Risk Management is needed to prevent the risk, which might be occur while taking an action. Nosworthy (2000) stated that risk management is an implementation of measures aimed to reducing the likelihood of those threats occurring and minimizing any damage if they do; Risk analysis and risk control form the basis of risk management where risk control is the application of suitable controls to gain a balance between security, usability and cost.

Perceived risk is a subjective assessment by the consumers which related to the negative consequences and uncertainty that may occur due to their wrong decision (Aaker, 1996). According to Chen and Chang (2013) the definition of green perceived risk is the possibility of acceptance of negative result related to the

purchasing green product. The negative result described here, means the perceived risk might lower the product purchase behaviour. Additionally, Peter & Ryan (1976) through de Mello & Collins (2001) stated that perceived risk is a subjective estimation by consumers connected with the possible outcome of wrong purchase decisions. Consumers will try to reduce the product's risk by spending more time on survey to improve their basic knowledge about those products. Due to high levels of perceived risk, consumers can reduce the risk by relying on well-known product or the product that might be familiar for customer (Dowling & Staelin, 1994).

Perceived risk on green product refers to the whether is there any specific loss of the product which can harm the environment or vice versa. To increase the interest of the customer, the perceived risk have to be reduced in order to gain the good brand image. There are five categories used as indicators to measure the consumer's perceived risk addressed by Jacoby & Kaplan (1972) cited on Wu & Chen (2014) which are: financial risk, performance risk, physical risk, psychological risk and social risk. Those indicators that explained above will be used as the variable instruments for this research.

## **2.6 Perceived Value**

According to Patterson and Spreng (1997) Consumer's ratings of green products that they consume by comparing the benefits of what they accept to their sacrifice to obtain the product, which involves their needs of environmentally friendly products. Based on Grimmer and Wolley (2014), when consumers decide to purchase, they will maximize the value that can be obtained, compare the

perceived cost to the perceived value, and purchase products that provide greater perceived value.

Perceived value becomes important and therefore companies might increase the consumer's interest in purchasing by increasing the perceived value. According to Sweeney et al.(1999) perceived value is a set of attributes related to the consumer's perception of the product value, and therefore the higher the perceived value, the more positive word-of-mouth that are created and the interest in purchasing increases. Chang and Chen (2008) state that when consumers are increasingly getting the high perceived value of the products they consume, they increasingly want to buy the product. Bolton (2012), describe perceived value as a customer's general assessment of the net benefit of a service or product based on a customer's judgement. A product can send message value to customers by present themselves differently with other competitors product (Kim, 2008). Product which presented differently with other competitor might help the customer to recognize and distinguish that product from their competitor, as the result, direct-indirectly it also improve the perceive value of those product.

However, due to the increasing of environmental degradation and people's awareness toward the environment, a theory of green perceived value is developed. Perceived value on green product or used to call as green perceived value can be defined as the general valuation from the consumer's about the advantage of the good or service that has a benefit for the environment as people expected (Chen & Chang, 2012). At the other side, the green value wil increases the awareness of social value. green perceived value is one of the most important for green users

since a lot of consumers really care about their purchases. Sweeney & Soutar (2001) classified perceived value into four dimensions as the indicators to measure the consumer's perceive value such as: emotional value, social value, quality/performance value and price/monetary value.

## **2.7 Purchase Intention**

Intention are assumed to control the motivational factors that influence behaviour which means the indicator of how hard people are willing to try, or how much of an effort they are planning to exert in order to execute the behavior (Ajzen, 1991). In short, the stronger the intention to engage in certain behaviour, the more likely an actual behaviour would be performed. Purchase intention is the desire of the people to get the things they want by purchase it. In this case, people or the customers will put their effort to purchase it and usually it affected by their behaviour. Porter (1974) as cited on Thorsteinsson et. al., (2014) stated that consumer's purchase intention is a kind of decision in which studies why consumers purchases particular brand, constructs like considering something purchasing a brand and anticipate to purchase a brand aids to scope the intentions of purchasing.

Purchase intention become the best indicator to measure consumer's response behaviour towards specific product (Bioca, 2012). Consumer's purchase intention toward green product which used to call as green purchase intention is conceptualized as the probability and willingness of a person to give preference to products having eco-friendly features over other traditional products in their purchase considerations. Likewise, Chen & Chang (2012) defined green purchase

intention as the likelihood that a consumer would buy a particular product resulting from his or her environmental needs. Henceforward, purchase intention toward green product is the consumer tendency to purchase specific product based on the environmental necessity (Chen & Chang, 2012). Whereas the study by Abdul et. al., (2009) reffered green purchase intention as the probability and willingness of a person to give preference to products having eco-friendly features over other conventional products in their purchase considerations

Green purchase intention can be measured with three terms, which are the environmental concern becomes the main considerations to purchase a certain product, the environmental performance will influence your intention to purchase a certain product in the future, and the environmental friendly feature becomes the reason to purchase a certain product (Chen & Chang, 2012). Green consumers tend to use a green product that has less environmental harm and less dangerous effects for the environment. Whenever the consumers are more conscious about the environmental problem, they prefer to purchase a green product that has less harmful impact on the environment (Peattie, 1995). Moreover, purchase intention indicates an emotional reaction of consumer's product evaluation and the possibility of consumer's willingness to purchase that product (Grewal et. al., 1998). Bei & Yu (2001) measured the consumer's purchase intention using to major items: re-purchase and recommending the item to other consumers.

## **2.8 Previous Research**

The green lifestyle nowadays becoming a trend in the worldwide. According to that phenomenon many researcher brought up that topic into their research. Consumer's purchase intention toward green products is the most favourable topic relate with the green lifestyle. There are several previous research conducted to analyse the green marketing awareness, green perceived innovation, green perceived quality, green perceived price, green perceived risk, green perceived value and customer's purchase intention toward green products Here are some of the previous research supporting this current research.



Table 2.1

## Previous Research that Support this Research

<b>Title &amp; Author</b>	<b>Hipotesis</b>	<b>Variables</b>	<b>Research Method</b>	<b>Result</b>	<b>Implication</b>
Role of Green Marketing Awareness on Purchase Intention of Eco-Friendly Products  Snutha & Mathew, (2018)	H1. Green Marketing Awareness has a positive influence on perceived quality H2. Green Marketing Awareness has a positive influence on perceived price H3. Green Marketing Awareness has a positive influence on perceived risk H4. Green Marketing Awareness has a positive influence on perceived value H5. Green Marketing Awareness has a	<b>Dependent</b> Purchase Intention  <b>Independent</b> 1.Green Marketing Awareness 2.Percived Innovation 3.Percived Quality 4.Percived Price 5.Percived Risk 6.Percived Value  <b>Object</b> CFL Bulbs	1. This research using Structural equation modeling partial least square (SEM-PLS ) to analysis the data. 2. The total respondents of this research were 210 respondents 3. The data collected through 7 Likert Scale questionnaires	1. Green Marketing awareness has positive impact to perceive price and perceived value. 2. Green Marketing awareness has positive influence towards purchase intention	This research aims: 1. The purchase intention increase along with the customer awareness toward environment 2. As the awareness of green products increase the perception about the price and value of the product also increase. The consumer realize that green product will be more pricey than the normal product but at the other side, the value of that product also increase.

Table 2.1  
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<b>Title</b>	<b>Hipotesis</b>	<b>Variables</b>	<b>Research Method</b>	<b>Result</b>	<b>Implication</b>
The Impact of Green Marketing and Perceived Innovation on Purchase Intention for Green Products  Wu & Chen, (2014)	H1. Product Innovation will positive influence on consumer's perceived quality H2. Product Innovation will positive influence on consumer's perceived price H3. Product Innovation will positive influence on consumer's perceived risk H4. Product Innovation will positive influence on consumer's perceived value H5. Product Innovation will positive influence on purchase intention	<b>Dependent</b> Purchase Intention  <b>Independent</b> 1.Green Marketing Awareness 2.Perceived Innovation 3.Perceived Quality 4.Perceived Price 5.Perceived Risk 6.Perceived Value  <b>Object</b> Environmental Cleanser	1. This research using Structural equation modeling partial least square (SEM-PLS ) method to analysis the data. 2. The total respondents of this research were 630 respondents 3. the data collected through 7 Likert Scale questionnaires	1. Perceived innovation has a positive influence toward perceived quality, perceived price, perceived risk, perceived value 2. (H.5)Product Innovation will positive influence on purchase intention was rejected.	This research aims: 1. consumers perceive the innovation of a green product will further perceive the quality changes which strengthens their recognition of quality, but at the same time the price will increase and the consumer also perceive uncertainty which relate with perceive risk also increase that is why it will affect the purchase intention negatively



Table 2.1  
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<b>Title</b> Green Perceived Value for Environmental-Friendly Products: Green Awareness Improvement Syafuddin & Alamsyah, (2017)	<b>Hipotesis</b> H1. Green perceived value had positive correlation with green marketing awareness H2. Green brand attitude had positive correlation with green marketing awareness	<b>Variables</b> <b>Dependent</b> Green Awareness <b>Independent</b> 1. Green Perceived Value 2. Green Brand Attitude <b>Object</b> Environmental friendly products in supermarket	<b>Research Method</b> 1. Data was reviewed using multiple regression analysis 2. The total respondent of this research were 467 respondents 3. data collected through 5 Likert Scale questionnaires	<b>Result</b> Green perceived value has greater correlation with green awareness than green brand attitude with green awareness.	<b>Implication</b> The green perceived value can improve the customer's green awareness on environmentally friendly products
<b>Title</b> The Roles of Green Perceived Value, Green Perceived Risk, and Green Trust towards Green Purchase Intention of Inverter Air Conditioner in Surabaya Rahardjo, (2015)	<b>Hipotesis</b> H1. Green perceived value will have an impact to green purchase intention H2. Green perceived risk will have an impact to green purchase intention	<b>Variables</b> <b>Dependent</b> Green Purchase Intention <b>Independent</b> 1. Green perceived value 2. Green perceived risk 3. Green trust <b>Object</b> Inverter Air Conditioner in Surabaya	<b>Research Method</b> 1. Data was reviewed using multiple regression analysis 2. The total respondent of this research were 467 respondents 3. data collected through 5 Likert Scale questionnaires	<b>Result</b> 1. Green perceived value has a positive impact towards green purchase intention 2. Perceived risk has no direct impact towards green purchase intention.	<b>Implication</b> Surabaya's customer tend to believe the inverter air conditioner has a great value towards environment than the normal air conditioner this statement proved by the purchase intention towards this product increase.

Table 2.1  
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Title	Hipotesis	Variables	Research Method	Result	Implication
Green Purchase Intention of Laundry Detergent Powder in Presence of Eco-Friendly Brand Isa, et. al.,(2017)	H1. Green perceived quality has a positive effect on green purchase intention H2. Green perceived value has a positive effect on green purchase intention H3. Green perceived risk has a negative effect on green purchase intention	<b>Dependent</b> Purchase Intention  <b>Independent</b> 1. Perceived quality 2. Perceived value 3. Perceived risk  <b>Object</b> Eco-friendly Laundry Detergent Powder	1. The data collected through questionnaires with 7 Likert Scale 2. The total respondents were 136 participants 3. this research using statistical package for social science version 22 (SPSS 22) and SmartPLS 3.2.6.	1. Green perceived quality is having significant effect on green purchase intention towards eco-friendly brand of laundry detergent. 2. Green perceived value has a significant positive relationship with the purchase intention. 3. H3. Green perceived risk has a negative effect on green purchase intention was rejected	1. the quality of the ingredient for detergent product is the most important factor for consumers to consider the purchase decisions 2. perceived value plays the major role in influencing the consumer's green purchase intention, the organization have begin to labelling their brands as eco-friendly to position their value as eco-friendly product 3. young generation not put any attention with the perceived risk.
Title	Hipotesis	Variables	Research Method	Result	Implication
The Influence of Environmental Friendliness on Green Trust: The Mediation Effects of Green Satisfaction and Green Perceived Quality Chen et. al., (2015)	H1. The degree of product's environmental friendliness has a positive influence on its green perceived quality	<b>Dependent</b> Green Trust  <b>Independent</b> 1. Environmental Friendliness 2. Green Satisfaction 3. Green Perceived Quality  <b>Object</b> Green Products	1. This research using Structural equation modeling (SEM) with AMOS 21.0 to analyse the data 2. The total respondents were 477 participants 3. The data collected through 7 Likert Scale Questionnaires	product's environmental friendliness has significant positive influence toward green perceived quality	This research aims that companies have to increase the environmental friendliness aspects on their product to improve the green perceived of the product in order to gain the customer's green trust.

Table 2.1  
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<p><b>Title</b></p> <p>Customers' Intention to Use Green Products: The Impact of Green Brand Dimensions and Green Perceived Value</p> <p>Doszhanov &amp; Zama, (2015)</p>	<p><b>Hipotesis</b></p> <p>H1. Green brand awareness has positive significant relationship with customers' intention to use green products</p> <p>H2. Green perceived value has a positive significant relationship with customer's intention to use green products</p>	<p><b>Variables</b></p> <p><b>Dependent</b></p> <p>Intention to Use Green Products</p> <p><b>Independent</b></p> <p>1. Green Brand Awareness</p> <p>2. Green Brand Trust</p> <p>3. Green Brand Image</p> <p>4. Green Perceived Value</p> <p><b>Object</b></p> <p>Green Products</p>	<p><b>Research Method</b></p> <p>1. This research using ANOVA to analyse the data</p> <p>2. The total respondents were 392 participants</p> <p>3. The data collected through 5 Likert Scale Questionnaires</p>	<p><b>Result</b></p> <p>The research finds that there is significant positive relationship between perceived value and customer's intention to use green products</p>	<p><b>Implication</b></p> <p>This research indicates that perceived value for customers' play fundamental role to use the green products. If the customers feels that there are desire outcomes and values for choosing a products, they will engage to select those products.</p>
<p><b>Title</b></p> <p>Environment Friendly Products: Factors that Influence the Green Purchase Intentions of Pakistani Consumers</p> <p>Ali &amp; Ahmad, (2012)</p>	<p><b>Hipotesis</b></p> <p>H1. There is positive relationship between Organization Green Image (OGI) with Consumer Green Purchase Intention (CGPI)</p> <p>H2. The Perceived product price &amp; quality moderates the influence of OGI towards the environment on consumer GPI</p>	<p><b>Variables</b></p> <p><b>Dependent</b></p> <p>Green purchase intention</p> <p><b>Independent</b></p> <p>1. Organization Green Image (OGI)</p> <p>2. Environmental Concern</p> <p>3. Perceived Product Price &amp; Quality</p> <p><b>Object</b></p> <p>Eco-friendly products</p>	<p><b>Research Method</b></p> <p>1. The Analysis tools of this research were correlations, regressions, and descriptive analysis</p> <p>2. The total respondents were 377 participants</p> <p>3. The data collected through 5 Likert Scale questionnaires</p>	<p><b>Result</b></p> <p>1. The correlation results indicate that all of the independent variables are significantly and positively correlated with dependent variable</p> <p>2. According to the regression result, all of the hypotheses are accepted</p> <p>3. There is significant relationship between OGI and CGI</p> <p>4. Perceived product price and quality is a strong moderator of OGI and EC</p>	<p><b>Implication</b></p> <p>This research aims that: The Pakistan customer becoming conscious about the environment friendly products that is why the organization green image becoming the important role on their green purchase decision.</p>

**Table 2.1**  
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<b>Title</b>	<b>Hipotesis</b>	<b>Variables</b>	<b>Research Method</b>	<b>Result</b>	<b>Implication</b>
Consumer Perception of Eco-Friendly Products Issacs, (2015)	H1. A significant statistical relationship between eco-friendly product quality and customer willingness to pay more for green products H2. . A significant statistical relationship between eco-friendly product price and customer willingness to pay more for green products	<b>Dependent</b> 1. Customer Willingness To Recycle E-Waste at Drop Off Recycle Facilities 2. Customer Willingness To Pay for Green Products  <b>Independent</b> 1. Product Quality 2. Product Price 3. Brand Loyalti	1. This research using SPSS version 17 to analyse the data 2. The total respondents is 313 3. The data collected through 5 Likert Scale questionnaires	1. The hypothesis 1 which is a significant statistical relationship between eco-friendly product quality and customer willingness to pay more for green products was rejected. 2. There is a significant statistical relationship between eco-friendly product price and customer willingness to pay more for green products	This research aims: 1. Quality might not be much of a concern in consumer's willingness to pay for a green products 2. customers are willing to pay more for green products because they are willing to pay a premium for product sustainability as a baseline condition for consumer products.

Table 2.1  
(Continue)

Title	Hipotesis	Variables	Research Method	Result	Implication
Environment Friendly Products: Factors that Influence the Green Purchase Intentions of Pakistani Consumers  Ali & Ahmad, (2012)	H1. There is positive relationship between Organization Green Image (OGI) with Consumer Green Purchase Intention (CGPI) H2. The Perceived product price & quality moderates the influence of OGI towards the environment on consumer GPI	<b>Dependent</b> Green purchase intention  <b>Independent</b> Organization Green Image (OGI)  Environmental Concern  Perceived Product Price & Quality  <b>Object</b> Eco-friendly products	1. The Analysis tools of this research were correlations, regressions, and descriptive analysis 2. The total respondents were 377 participants 3. The data collected through 5 Likert Scale questionnaires	1. The correlation results indicate that all of the independent variables are significantly and positively correlated with dependent variable 2. According to the regression result, all of the hypotheses are accepted 3. There is significant relationship between OGI and CGI 4. Perceived product price and quality is a strong moderator of OGI and EC	This research aims that: The Pakistan customer becoming conscious about the environment friendly products that is why the organization green image becoming the important role on their green purchase decision.

## **2.9 Hypothesis Development**

Hypothesis development is ultimately experienced-based. In this step the basic knowledge that support the hypothesis in this research will be revealed. This knowledge took from the previous research that will prove the improbable and some might be contradictory. This step proposed to see the imperfections of the people understandings about green marketing awareness, perceived innovation, perceived quality, perceived price, perceived risk, perceived value and consumer's purchase intention toward green product, also to avoid the pitfall of accepting weak or flawed evidence for one hypothesis when another provides a more possible explanation.

### **2.9.1 The Influence of Green Marketing Awareness on Perceived Quality**

Green marketing include all actions taken to fulfill needs and requirements of the consumer with minimal disastrous repercussions inflicted on the natural environment. The increase in awareness of green marketing encourage people to purchase and use more green products to participate in protecting the environment..

When a company performs green marketing it can increase the consumer's perception of high quality, purchase intention and environmental perceptions of the products (Lin, 1996). Hence, the one of the fundamental reason for consumers to purchase green products lies in the expectations of high quality in green products (Simon, 1992). The consumers will perceive positively if they feel a product more represent eco-frendly and has green marketing characteristics (Simon, 1992). Wu & Chen (2014) through their research also find that consumer's green marketing awareness has significantly positive influence on the perceived quality. That result was consistent with the concept brought up by Ottman (1999) which indicates that

the green marketing perceived by consumer positively satisfied their demand in terms of quality, use and function. Therefore, the following hypothesis is established:

***Hypothesis one (H1). Green Marketing Awareness of a consumer towards a green product has an influence on consumer's perceived quality.***

### **2.9.2 The Influence of Green Marketing Awareness on Perceived Price**

The consumer's environment issues concern drives them to purchase green products even with the higher price. Most people in various countries are willing to spend extra money for green products (Leonidou & Katsikeas, 2012). Consumer's perceive buy purchase green products they already contribute on environment protection. Most of people assume the green products as pricey products since the products supposed to contained less harmfull materials, it might use other materials with the higher price.

Hendershot (2009) stated that green marketing awareness positively influence the perceived price. Furthermore, Hendershot (2009) also explain that most people were willing to pay more for the product which represent the green products. Kassarian (1971) as cited on Wu & Chen (2014) discovered that the consumer's concern about environmental issues made them willing to purchase green products on a higher price. Alex & Mathew (2018) through their research found that consumer's green marketing awareness positively influence the consumer's perceived price, as the awareness of the green product increases



consumer perception about the price will also increase. Therefore, the following hypothesis is established:

***Hypothesis two (H2). Green Marketing Awareness of a consumer towards a green product has an influence on consumer's perceived price.***

### **2.9.3 The Influence of Green Marketing Awareness on Perceived Risk**

Green marketing offer eco-friendly product to the customers with an organized campaign that protects the general public and improves the environment (Kotler & Armstrong, 2008). The implementation of green marketing can help consumer to identify the green products and form a basis for buying green products which can also reduce the consumer's uncertainty (Björner et. al., 2004). Consumers will perceive that green products have more value and reduce their perceived risk (Leonidou & Katsikeas, 2012).

Wu & Chen (2014) discovered that consumer's green marketing awareness has significantly negative influence on the perceived risk. The reduction of perceived risk leads to the increase of purchase probability and to the rise of customer purchase intentions, so perceived risk is negatively associated with purchase intentions (Wood & Scheer, 1996). Otherwise, Doszhanov & Ahmad (2015), indicates that the green marketing awareness create positive perceptions and decrease the perceived risk on green products. Therefore, the following hypothesis is established:

***Hypothesis three (H3). Green Marketing Awareness of a consumer towards a green product has an influence on consumer's perceived risk.***



#### **2.9.4 The Influence of Green Marketing Awareness on Perceived Value**

Green marketing creates positive impact on the production and its positive impact to the environment etc. The impact on perceived value is increased and perceived risk is decreased. The occurred of green products proposes to reduce the negative impact of the product in the environment or increase the positive impact of the product in the environment will increase the perceived value in the minds of consumers.

Consumers expectation about green product is it will provide extra value, such as high security and environmental protection (Manget, 2009). The greater consumer's perception of a green product, the higher the perceived value is. Chen & Chang (2012) suggested the organizations to develop products with green features to attract the consumer, it clarify that green product which represent the green marketing will create positive impact towards consumer's perceived value. Based on Chang (2005) the product that meet the principles of environmental protection, such as reducing, reusing, and recycling will persuade the consumer's to think that those products is valuable which also refers to the greater consumer's perception of a product's green marketing, the higher the perceived value is. Therefore, the following hyphothesis is establised:

***Hyphothesis four (H4). Green Marketing Awareness of a consumer towards a green product has an influence on consumer's perceived value.***

### **2.9.5 The Influence of Green Marketing Awareness on Purchase Intention**

The environment protection awareness encourage people to purchase and use green products. Greenseal (2009) found that most consumers were still willing to purchase green products even in an economic downturn. Consumers begin to value environmental issues gradually and consequently become more willing to purchase green products (Loudon & Bitta, 1988).

Environmental advertisements and ecological packaging are positively related with the green purchase intention (Ansar, 2013). There is a strong positive effect and correlation of green marketing awareness, green brand image, green trust and green brand preference (Ottman, 2008). Wu & Chen (2014) discovered that green marketing awareness has significantly positive influence on purchase intention, further they explain that the more influence consumers have on green marketing awareness, the higher the overall product value is raised, and the purchase intention will also be enhanced. Therefore, the following hypothesis is established:

***Hypothesis five (H5). Green Marketing Awareness of a consumer towards a green product has an influence on consumer's purchase intention.***

### **2.9.6 The Influence of Perceived Innovation on Perceived Quality**

Along with the consumer green consciousness increase, innovation is another important aspects that the consumer might consider about before they decide to purchase green products. Innovation indicates the degree of developing

new products or gradual improvement, and simultaneously took into account novelty in technologies and markets (de Brentani, 2001).

Innovation could improve the quality of products and attract potential customers to purchase (Ottenbacher & Gnoth, 2005). The more curious consumers felt about an innovative product, the more they would recognize any improvement in its quality, functions and benefits (Kwaku, 1995). More innovative the products could become, the greater value and quality those products have. Consumer's perceptions on product innovation will positively influence on consumer's perceived quality (Alex & Mathew, 2018). Consumers perceive that when the highly innovative product launched in the market will also have high quality standards. The concept brought up by Robertson (1985) that cited on Wu & Chen, (2014) indicates that when consumer's perceived innovation of a green products they will further perceive the quality changes, which strengthens their recognition on quality. henceforth, proved that consumer's perceived innovation toward green products has significantly positive influence on perceived quality. Therefore, the following hyphothesis is establised:

***Hypothesis six (H6). Consumer's perceptions on product innovation will influence the consumer's perceived quality.***

#### **2.9.7 The Influence of Perceived Innovation on Perceived Price**

While introducing an innovative product, organizations used to keep the price high, because of that the price of innovative products are usually high (Kotler & Armstong, 2008). Consumers believe that innovative products have new

functions or better utility, so their prices will be relatively higher. The consumers willing to take risk and pay more for innovative product since the consumers tend to like the exciting and novel things, besides it, they also interested in the innovation that offered by a product (Alex & Mathew, 2018).

The consumer's perceived innovation has significant influence on the perceived price, indicating that when consumers perceive the innovation of a green product, they will further recognize that the price may increase (Wu & Chen, 2014). NPD (2010) investigated consumer's perception and attitudes about innovative products and also found that consumers thought innovative products were worth higher prices, which indicates that perceived innovation has significant influence on perceived price. Surprisingly, Alex & Mathew (2018) found that the consumer's perceived innovation insignificantly influence the perceived price. Moreover, Alex & Mathew (2018) explain that the culture differences vary the consumer's response towards green product perceived prices. Therefore, the following hypothesis is established:

***Hypothesis seven (H7). Consumer's perceptions on product innovation will influence the consumer's perceived price.***

#### **2.9.8 The Influence of Perceived Innovation on Perceived Risk**

Alex & Mathew (2018) refer on Ram (1989) concept has brought up there are three factors of innovation resistance: risk, the necessity for more information, and the previous structure of faith. The innovation resistance came from the

consumer's behavioral habits and the perceived risk of adopting innovation (Sheth, 1981).

When the consumer perceive the innovation of green products, they will perceive uncertainties, such as the unsure value of the new products, risk and negatively stereotyped images, which will increase the consumer's risk, this indicates that the consumer's perceived innovation positively influence the perceive risk (Wu & Chen, 2014). Similiar with the previous research, Alex & Mathew (2018), through their research that reveal that consumer's perceived innovation has a positive influence on perceived risk, indicates that consumer's perceive the innovation of green products will change the quality which strengthens their recognition of quality. Rogers (1995) argued that not all innovations would be accepted positively, there could be obstacles which perceive as the risk that caused consumers refuse to purchase innovation products. Therefore, the following hyphothesis is establised:

***Hypothesis eight (H8). Consumer's perceptions on product innovation will influence the consumer's perceived risk.***

#### **2.9.9 The Influence of Perceived Innovation on Perceived Value**

Innovation gradually improves products, production, service and marketing systems to increase customer value (Weerawardena, 2003). The influence of innovation on consumers included the advance of relative predominance, that is, product innovation brings consumers positive value (Rogers, 1995). Consumer perceive the more innovative the product could be will have higher value.

The new developing products and services positively influence the consumer's expectations and satisfaction that will enhance customer value (Tsai M. T., 2010). Boyd & Mason (1999) has found that the attraction of innovation positively influence the consumer's tendencies and perceived value. furthermore, Wu & Chen (2014), reveal that perceived innovation has significantly influence the perceived value since the new functions of innovative green products satisfy more consumer's demand, thus, the higher innovation of a green product consumer perceive, the higher the perceived value is. Therefore, the following hypothesis is established:

***Hypothesis nine (H9). Consumer's perceptions on product innovation will influence the consumer's perceived value.***

#### **2.9.10 The Influence of Perceived Innovation on Purchase Intention**

The innovation of green products might drives the consumer to perceive that those products has greater value which later leads them to raise their purchase intention. Innovation persuade the consumers to think that the product benefits are more than the previous versions of the product. (Holak & Lehmann, 1990). Consumer used to perceive the innovation of a green products will contribute to environmental sustainability and minimiza the released of toxic substances.

Consumers that provided by detail information and basic knowledge about an innovation product, their purchase intention would be positively stimulated (Horn & Salvendy, 2006). Refer on the research by Alex & Mathew (2018), consumer's perceptions on product innovation positively influence the

consumers purchase intention. Alongside with previous research Wu & Chen (2014) also reveals that perceived innovation has positive impact to consumer's purchase intention. Consumers have a tendency to use the innovative products and achieve the benefits associated with the products. Therefore, the following hypothesis is established:

***Hypothesis ten (H10). Consumer's perceptions on product innovation will influence the consumer's purchase intention.***

#### **2.9.11 The Influence of Perceived Quality on Perceived Value**

Generally, the high perceived quality generates higher perceived value (Zeithaml, Consumer Perception of price, quality, and value: A means-end model and synthesis of evidence, 1998). When perceived quality is greater sacrifice, consumers have positive perceived value. According to Chen & Dubinsky (2003) the value that consumers gain is mainly the benefit obtained from product quality. Perceived quality can also create customer's perceived value (Dodds & Monroe, 1985; Shintaputri & Wuisan, 2017). The components of quality are important to customer's perceived value (Lapierre et. al., 1999).

Empirical studies found a positive relationship between perceived quality and perceived value (Chen & Dubinsky, 2003). Perceived quality becoming important variable since customers have a favorable preference of quality which later used as the evaluation standards of product's perceived value. Shintaputri & Wuisan (2017) through their research according to the similar topic with this research has found that there is significant positive relationship between

perceived quality with perceived value. Furthermore, Shintaputri & Wuisan (2017) explain based on their research that perceived quality could predicting the consumer's perceived value toward a product. Therefore, the following hypothesis is established:

***Hypothesis eleven (H11). Consumer's perceived quality towards a green product has an influence on consumer's perceived value.***

#### **2.9.12 The Influence of Perceived Quality on Purchase Intention**

Perceived quality is an important factor in consumer's satisfaction, the higher perceived quality the consumer had, the higher their purchase intention was (Chaudhuri, 2002). The causal relation model showed that consumer's purchase intention depended on perceived value, and the perceived value came from perceived quality, so the increase of perceived quality increased consumer's purchase intention (Zeithaml, Consumer Perception of price, quality, and value: A means-end model and synthesis of evidence, 1998).

The perceived quality and purchase intention were directly positively correlated, so the perceived quality could be used in predicting purchase intention (Tsotsos, 2006). A brand associated with quality would make a strong competitive advantage when consumers compare the product's status with the competitor's products. According to Kurniawan & Diryana (2015), perceived quality has a positive impact on green purchase intention. If the consumers perceive higher quality on a product, they will increase their intention to purchase the particular product. Based on the research conducted by Alhaddad (2015), the



perceived quality has a significant positive relationship with the customer's purchase intention. The quality of the material used for a product is the most important factor for consumers to consider the purchase decision (Genencor, 2011). Therefore, the following hypothesis is established:

***Hypothesis twelve (H12). Consumer's perceived quality towards a green product has an influence on consumer's purchase intention.***

### **2.9.13 The Influence of Perceived Price on Perceived Value**

Whenever the consumers perceive that a price of a product seems high, the consumers feel what they paid is more than what they gained, so the perceived value decreases (Bruce & Abhijit, 2002). The consumer also used to assume the higher price of product the greater value that products have. Most customers are prepared to pay a premium if there is a perception of additional product value (Donikini, 2013).

Sweeney & Soutar (2001) found that price has a direct negative influence on perceived value. Refer to the research conducted by Ravald & Gronroos (1996), perceived price has an insignificant relationship with the perceived value. Meanwhile, increasing customer's perceived value can be done by providing more benefits or reducing customer's perceived sacrifices. Consumer perceived price has a significant negative influence on perceived value, that is why when organizations carry out sales strategies related to green products, they should consider the pricing of those green products. If the prices seem to be high,

the consumer's perceived value will be reduced (Wu & Chen, 2014). Therefore, the following hypothesis is established:

***Hypothesis thirteen (H13). Consumer's perceived price towards a green product has an influence on consumer's perceived value.***

#### **2.9.14 The Influence of Perceived Price on Purchase Intention**

The perceived price indicates consumer's sensitivity to price variation: people with greater price were described as being less willing to purchase products (Tsai M. T., 2010). When the price of a product is obviously high, consumer's think they are treated unfairly, and the purchase intention decreases (Maxwell, 2001).

Ali & Ahmad (2012) through the research reveal that despite the perception of environmentally friendly is important but the higher prices will influence the customer purchase intention, it means, the perceived price has negative relationship with the consumer's purchase intention toward green products. Otherwise, Manaktola & Jauhari (2007) found that product's perceived price has negative relationship with consumer's purchase intention, since perceived price influence the customer intention to purchase green products. The higher the price will reduce the customer's purchase intention. According to D'Souza et. Al., (2006) the perceived price has a significant negative impact with consumer's purchase intention on green products. There are many customers who have positive and high intentions to purchase green products but due to higher

prices compare to non-green products, they do not intended to buy it. Therefore, the following hyphothesis is establised:

***Hypothesis fourteen (H14). Consumer's perceived price towards a green product has an influence on consumer's purchase intention.***

#### **2.9.15 The Influence of Perceived Risk on Perceived Value**

When consumer intended to purchase a product, they will evaluate the risk, and when the perceiver risk seem to be high, their perceived value of the product is lowered (Sweeney, 2001). Perceived risk is a necessary cost to obtain a product that influences the perceived value through overall trade evaluation (Wood & Scheer, 1996).

Agarwal & Teas (2001) found that perceive risk has a significantly negative relation with consumer's perceive value. Tsai & Lee (1999) discovered that for consumers perceive risk is an invisible cost when purchasing products, and it has direct negative influence on perceive value. Based on the research conducted by Pratama (2014), perceived risk has a negative influence toward perceived value, the higher the risk will drives the consumer's to perceive that the product has lower value. Therefore, the following hyphothesis is establised:

***Hypothesis fifteen(H15). Consumer's perceived risk towards a green product has an influence on consumer's perceived value.***

### **2.9.16 The Influence of Perceived Risk on Purchase Intention**

When consumers cannot predict purchase results and uncertain, perceived risk exists in their decision-making process (McKnight & Chervany, 2002). When encountering perceived risks, consumers usually have diversified reactions, one of which is to delay the purchase behavior in order to transfer the loss (Roselius, 1971). Taylor (1974) considered that before purchasing, consumers perceive the risk of a product could generate; this type of risk reduces consumer's purchase impulse because they want to avoid unpleasantness after the purchase.

The consumer's purchase intention is influenced negatively by perceived risk (Bettman, 1973). Henceforward, the research conducted by Isa et. al., (2017) which the respondents of that research is young generation were the age range from 26 .to 35 years old have risk taking behavior; hence, the green perceived risk has no impact to the consumer's purchase intention. Differently, Garretson & Clow (1999) claims that when the consumer have high perceived risk, their purchase intention reduced. Therefore, the following hyphothesis is establised:

***Hypothesis sixteen (H16). Consumer's perceived risk towards a green product has an influence on consumer's purchase intention***

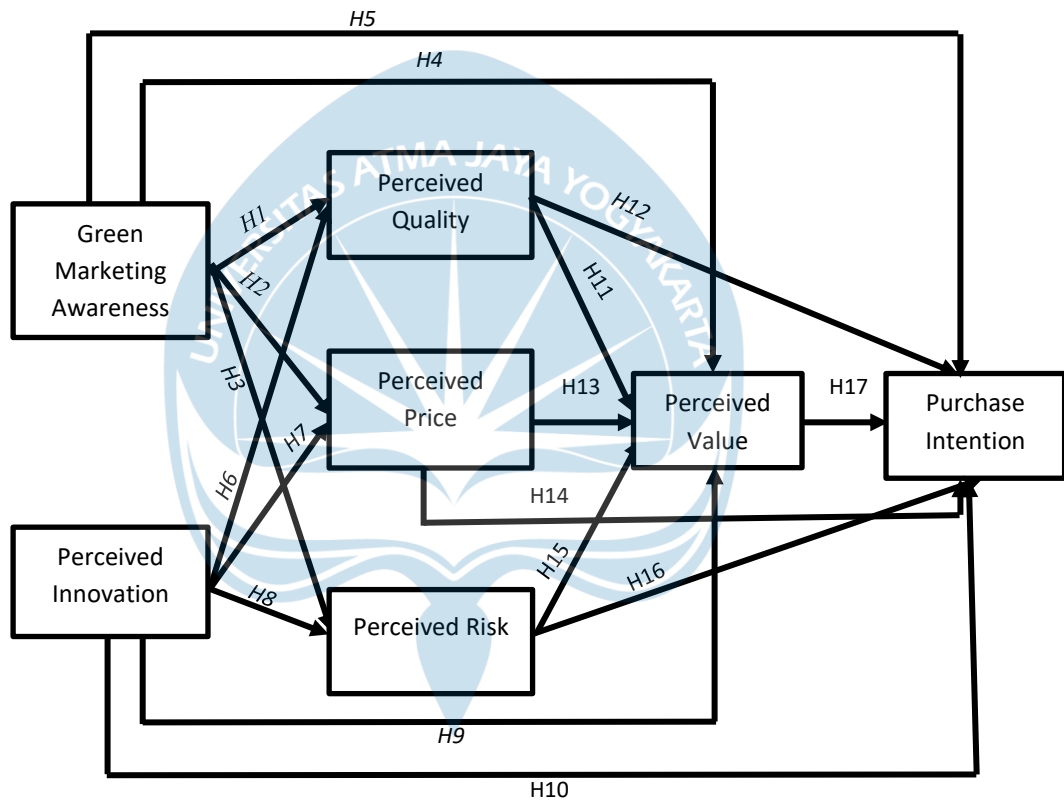
### **2.9.17 The Influence of Perceived Value on Purchase Intention**

Consumers are influenced by perceived value when they decide to purchase a product (Fornell et. al., 1996). thus, consumer's purchase intention depend on their perceive value of a product, which indicates a positive association between perceived value and purchase intention (Zeithaml, 1988; Isa et. al., 2017). Kaufman (1998) considered that perceived value could be used to discover the consumer's desire, demand, and exchange value for goods or services when deciding whether or not to purchase. Perceived value is consumer's subjective perception; it is relevant to consumer's emotional response and consumption experience and further influences consumer behavior (Dumana & Mattilab, 2005).

Green perceived value is positively associated with green pruchase intention (Rizwan et. al., 2013). Since the value of a product in a consumer mind will establish a trust and therefore the consumer's purchasing behavior will also be necouraged. Leung et. al. (1998), stated that perceive value positively influence the consumer's purchase intention. Furthermore, (Leung et. al. (1998), explain that consumers are more interested to know what kind of benefits they can receive from tje product. The previous research conducted by Isa et. al, (2017) also found that perceived value has significant positive relationship with consumer's purchase intention. Thus, high perceived value increases consumer's purchase intention (Bellizzi, 1981). Therefore, the following hyphothesis is establised:

*Hypothesis seventeen (H17). Consumer's perceived value towards a green product has an influence on consumer's purchase intention*

## 2.10 The Conceptual Model



Source: (Alex & Mathew, 2018)

**Figure 2.1**  
The Conceptual Model Adapted from the Previous Research