CHAPTER I
INTRODUCTION

1.1   Research Background

Young consumers are thought to be good potential customers for environmentally friendly products (Deloitte, 2014). With the new wave of information, younger consumers' awareness of the environmental impact has grown. Because of social pressure, younger consumers prefer environmentally friendly products (Islam, 2020). In recent year there are a significant increase of coffee shop business throughout the city. Many young consumers hang out in coffee shop for several reason. Coffee shop are usually cosy and artistic making them popular among young customers. Although coffee is popular, the shop generates a lot of waste, including coffee grounds, plastic cups, paper cups, straws, plastic bags, and many other items. To sway customer opinion of the industry's sustainability, "green marketing" is used to attract customers (Kim, 2017).

Consumers in the eyes of marketing are usually segmented in several group. Segmented marketing is use in order to market a certain product more efficiently and effectively. The Generational cohorts theory (CGT) suggest that population can be grouped into generation cohorts based on years of birth. A generational cohort is a consumer segment that uses an individual's coming of year as an indicator to their valued priorities developed through life experiences during their formative years, which may persist through that person's life. (Jackson, Stoel, & Brantley, 2011)

According to Jiri (2016), the generational differences are use in the popular press, business-oriented books, conferences, workshops. The terminology used to label the generations is not standardized because various people writing about generational differences have come up with a variety of different names to label the various generations. There is also significant disagreement among various authors about which span of years should be encompassed within one generation.

Marketing has been a critical resource for every business in order to advertise their products or services. Marketing captures the attention of consumers through advertisements. Marketing also enables a corporation to target a specific type of consumer based on demographics or a geographically isolated group. However, people are becoming more aware of the most serious threat to our way of life, which is climate change. As consumers become more aware, they seek out ecologically responsible brands in order to contribute to the planet's preservation. Thus, green marketing is critical to attracting modern consumers (Hung, 2021).

Green marketing is the marketing and production of goods and services that promote environmental friendliness. Green marketing should be practiced by all companies throughout the world, as our environment is deteriorating due to global warming. Global warming happens because the amount of CO2 (carbon dioxide) in the atmosphere is quite high in comparison to the amount of O2 (oxygen). This causes a greenhouse effect, in which CO2 cannot escape the ozone layer, raising global temperatures. Worse, the ozone layer may be destroyed or punctured as a result. This is due to a lack of trees in the world, a lot of trees in the forest that are cut down recklessly and do not consider environmental sustainability, large

3

factories that are continuously operating cause a lot of pollution to be produced, both air pollution, water pollution, and land pollution, which is very damaging to our natural environment (Moravcikova, Krizanova, Kliestikova, & Rypakova, 2017). Companies must consider the environment in addition to profits.

Green marketing is nothing new. This concept has been introduced by Bell and Emeri, and Feldman since 1971, who stated that the marketing concept has been misplaced, because it is only limited to satisfying consumer desires but ignoring the interests of society and the environment in the long term. A company can say that they are green in all dimensions of its activities towards the environment (Waskito, 2014). But in reality, there are still companies that are talking green compared to being green. Company still use green marketing as a mask to get the maximum profit not as a real strategy. This requires consumers to better educate themselves about things related to green products to be purchased. Because after all, consumers are users of the products produced by the company.

Consumers contribute to environmental degradation by buying products that are harmful to the environment or used in ways that are not safe for the environment. However, consumers are not entirely to blame for this. Producers also have a role in reducing environmental quality. Many companies are still not environmentally oriented in their activities. For example, there are still many products that are packaged using packaging that is not environmentally friendly or difficult to decompose (Sofwan & Wijayangka, 2021).

The purpose of green marketing is not just to make a profit but also to care for the environment. Because the goods or services eventually reach consumers or

society, it automatically offers consumers or the global community knowledge about the value of the environment around us, as well as the importance of safeguarding and preserving this natural environment. minimizing environmental damage in order to promote consumer or societal welfare (Satrio, 2021).

According to John Grant's book "The Green Marketing Manifesto," the three stages of green marketing are as follows: green, greener, and greenest. (1) Green, promoting environmental awareness through the promotion of environmentally friendly brands or products from businesses. (2) greener, the corporation attempts to change the consumer's consumption or use of the product. For example, saving paper by printing or utilizing things that aren't important, saving water, saving electricity, and saving air conditioner usage. (3) Greenest, Companies are attempting to modify customer habits or culture so that they care more about the environment.

Brand Perceived Quality also plays a function in the decision-making process. Customer contentment, marketing, and recommendations from other customers can all demonstrate the quality of a brand's image. During this digitalization era, brands must be creative in order to preserve their customer's trust because individuals can now just read a review before purchasing anything from a specific business. Perceived quality is defined by Zeithaml (2012) as consumer opinion about the overall benefit or value of a product. If a product is of high quality, a brand will not lose customers to competitors since customers tend to prefer better products based on their quality (Lee & Wong, 2015).

Customer purchase decision is an action of consumers that want to buy or not to buy the product. For a business learning about the reasoning behind purchase decision is a marketing advantage. Businesses who understand the buying decision process can then use this information to increase sales by using a strategic marketing strategy (Kotler P. K., 2012). Companies must be able to analyse consumer behaviour prior to the purchase decision process. Customer not only consider the quality of the brand but also influenced by other factors such as promotion. (Mappesona, Ikhsani, & Ali, 2020)

Starbucks is one of the world's largest coffee brands that has used green marketing. They position themselves as a high-quality, detail-oriented brand. Starbucks CEO Kevin Johnson stated that the company has begun to move forward with sustainability in its new philosophy to help rescue the earth. They began reducing half of their carbon waste by using more plant-based ingredients and increasing quality for long-term sustainability (Warnick, 2020). Although all of these policies have been enacted, the impact on customer purchase decisions has yet to be measured.

Starbucks has become a pioneer of quality and green marketing for sometimes, focusing on good employee environment and positive contribution towards environment (Dwipamurti, 2018). These policies are very interesting to research because it is a quest for truth. Finding the impact of Starbucks policies does create the satisfaction for the researcher to refutes the consumer assumption of the brand. Finding out the customer reaction to the marketing strategy and how it changes their purchase decision.

1.2   Research Question

Based on the research background, the influence of Green Marketing toward

Starbucks café customer purchase decision can be identified through these

questions:

1. Does Green Marketing influence customer purchase decision?

2. Does Brand Perceived Quality influence customer purchase decision?

3. Does different generation perceive Green Marketing differently?

4. Does different generation perceive Brand Perceived Quality differently?

5. Does different generation perceive Customer Purchase Decision differently?

1.3   Research Scope

Based on the research background above, the researcher set a limitation on

the problem:

1. The research only discusses several factors influencing customer purchase

   decision.

2. The criteria of respondent are customer that frequently bought beverages in

   Starbucks.

1.4   Research Objectives

Based on the research questions above, the objectives of the research

include:

1. To determine the influence of Green Marketing on customer purchase

   decision.

2. To determine the influence of Brand perceived quality on customer purchase

   decisions.

3. To determine if different generations perceive Green Marketing differently.

4. To determine if different generations perceive Brand Perceived Quality differently.

5. To determine if different generations perceive Customer Purchase Decision differently.

1.5   Research Benefits

1) Coffee Shop or similar business entity

This research will help the shop to effectively measure their marketing success, exposure of their brand, the sustainability of their product and segmented market based on generations. Therefore, the researcher hope that the shop can implement the appropriate marketing for their product.

2) For Other Parties

It is hoped that other parties can use this research to increase their knowledge or as a reference for conducting similar research.

3) For Consumer

This research will help the customer determined are Starbucks really using sustainable product and not only used Green Marketing as a tool to increase sales.