

CHAPTER 1

INTRODUCTION

1.1 Background

Green consumption is an extension of the global consumerism movement, which began when consumers became conscious of their rights to receive appropriate products that are both safe and environmentally beneficial. Increasing consumer knowledge of eco-friendly products is a good idea because it helps ensure the sustainability of human kind in the long run (Dono et al, 2010). Green marketing campaigns can raise awareness among consumers about environmental issues related to cosmetics production and consumption. By highlighting the benefits of environmentally friendly products and practices, businesses can educate consumers about the importance of green consumption and its positive impact on the environment.

It is important to note that the impact of businesses' green marketing behaviour on consumers' green consumption intentions may vary depending on several factors, including consumer demographics, product affordability, availability, and the credibility of the green marketing claims. Additionally, consumers' actual purchasing behaviour may not always align with their intentions due to various barriers, such as price premiums, limited product choices, or lack of awareness. To effectively promote green consumption, businesses should ensure that their green marketing practices are transparent, credible, and substantiated by concrete actions. Engaging in sustainable practices throughout the entire value chain and involving stakeholders in the process can further enhance the positive impact of green marketing on consumers' green consumption intentions (Suki, 2016).

The willingness of customers to buy green products, including green cosmetics, can vary depending on several factors. There are some key considerations for the customers. Customer willingness to buy green products is often influenced by their level of awareness and knowledge about environmental issues. When consumers

understand the environmental benefits of green products and their potential positive impact, they are more likely to express a willingness to purchase them. Then, Consumers who have a high level of environmental concern are generally more willing to buy green products. These individuals prioritize sustainability and seek products that align with their values and beliefs. They are often motivated to make purchasing decisions that have a lower environmental footprint.

Also, the perception of product quality and effectiveness is crucial in determining customer willingness to buy green products. Green products need to meet or exceed the performance standards of conventional alternatives. If customers perceive green products to be of inferior quality or less effective, their willingness to buy may decrease. In addition, Price is an important consideration for customers when evaluating green products. If the price of green products is significantly higher than conventional alternatives, it can pose a barrier to customer willingness to buy. However, if customers perceive added value in terms of environmental benefits or health advantages, they may be more willing to pay a premium.

Customers' trust in green product claims and the credibility of the companies promoting them play a significant role in their willingness to buy. Green marketing practices should be transparent and backed by credible certifications or third-party endorsements. When customers trust the authenticity of green claims, it positively influences their willingness to make a purchase. The availability and accessibility of green products can impact customer willingness to buy. If green products are widely available and easily accessible, customers are more likely to consider purchasing them. Limited availability or lack of accessibility can hinder customer willingness to buy, even if they have a positive inclination towards green products. Social norms and peer influence can also impact customer willingness to buy green products. If environmentally conscious behaviour is socially valued and encouraged, customers may be more inclined to purchase green products to align with societal expectations and to demonstrate their commitment to sustainability.

Businesses that cater to green consumers can tap into this market by aligning their products, practices, and marketing strategies with sustainability and environmental responsibility. By understanding and addressing the preferences and motivations of green consumers, companies can effectively engage this consumer segment and drive positive change towards a more sustainable future.

In Indonesia right now, a lot of products place great emphasis on vegan basic components, including cosmetics. In Indonesia, there are several cosmetics that have been deemed hazardous and that can harm the environment but are nonetheless offered for sale in some stores. As a result, environmental deterioration has become a widespread issue, raising awareness about how crucial it is for everyone to take action to safeguard the environment. Communities that care about the environment will integrate the use of environmentally friendly products into everyday decisions to safeguard the planet from harm (Chen, et, al., 2015; Jones, et, al., 2014). Not just individuals are concerned about the environment; business actors have begun to innovate to produce environmentally friendly products. In order to participate in environmental protection and to satisfy the demands of customers who are motivated to safeguard the environment, the company innovates to develop products that are ecologically friendly. People's willingness to use or purchase environmentally friendly items also grows as a result of increasing knowledge of the need to safeguard the environment. When consumers are willing to purchase a product that is less hazardous or environmentally friendly, they are said to have a green purchase intention (Usman, Hammad and Arham, 2014). Yet, while deciding to make a purchase intention for consumer goods, there are a number of elements that are taken into consideration, such as green awareness, green brand image and green marketing.

Green brand have been commercially successful because of a positive public image that leads consumers to buy and causes the growth of brand loyalty. *Awareness* or awareness of green brands among consumers to purchase environmentally friendly branded products is strongly influenced by consumer confidence in the benefits of environmentally friendly products and protecting the environment by purchasing

environmentally friendly branded products. The majority of respondents believe that Green advertisement increases their knowledge about environmentally friendly products.

In addition, another study conducted by Norazah (2016) entitled "Green product purchase intention: impact of green brands, attitude, and knowledge", suggests that green purchase intention is influenced by several variables, namely green brand positioning, attitude and knowledge. This research says that when a consumer has an understanding of the benefits or advantages of consuming products that are environmentally friendly will change the pattern of consumer buying behavior towards a more useful or greener lifestyle.

There are many cosmetic companies and beauty is in Indonesia. Here is a list of the green cosmetic companies in Indonesia along with the product brands they produce, namely:

Table 1.1
Green Cosmetic Companies in Indonesia

No	Cosmetics Company Name	Brand Company
1	PT.Mica Jaya Pratama	Mineral Botanica
2	PT.Keva Cosmetics	ESQA
3	PT AVO Innovation Technology	Looke Cosmetics
4	PT Dalea Kreasi	Rollover Reaction
5	PT.Cedefindo Indonesia	Posy Beauty

Source: databoks.katadata.co.id

In Table 1.1, it shows there are a lot of green cosmetics local brands in Indonesia which is apply environmentally friendly styles to their products. Now many consumers are starting to be more selective in buying cosmetic products, so that

cosmetic product companies are starting to apply environmentally friendly concepts. The application of a relevant environmentally friendly strategy concept has become an important issue that can maintain and strengthen the sustainability of a business in a dynamic world (Hsu, et al., 2017). Since the emergence of the green consumption, which results to a lot of popularity of a large number of consumers, is a kind of brand-new consumption way and living belief. It considers the environmental impact, resource efficiency and consumer rights mode of consumption. Green consumption is based on consumer health protection and resource conservation and conforms to people's health and environmental protection, its core is the sustainable consumption.

According to the China Consumers' Association, green consumption has three main meanings: First, it encourages consumers to consume green production. Second, it pays attention to the disposal of garbage in the consumption process to avoid environmental pollution; Third, it guides consumers to change their consumption concepts, advocate nature and pursue health. While pursuing a comfortable life, we should save resources and energy and achieve sustainable consumption.

Mineral Botanica was started in April 2015 by a couple, Widy Susindra and Anita Loeki. The husband and wife team returned from US in late 2010 to take over Anita's family cosmetic contract manufacturing business. Realizing that the business model was not perfect and needing a brand that will carry the legacy for the next generation, they decided to start Mineral Botanica. Mineral Botanica was born out of a necessity and also to fill a niche in the marketplace for cosmetic products that are innovative, exciting and fun.

Mineral Botanica is an Indonesian cosmetic brand that focuses on providing natural and botanical-based skincare and makeup products. The brand emphasizes the use of natural ingredients, such as minerals, vitamins, and plant extracts, in their formulations. Mineral Botanica aims to offer products that are gentle on the skin, free from harsh chemicals, and environmentally friendly. The brand offers a range of cosmetic products, including foundations, powders, blushes, eyeshadows, lipsticks, and skincare items such as cleansers, moisturizers, and serums. They also provide

makeup tools and accessories. Mineral Botanica promotes the concept of "beauty with a conscience" by using sustainable packaging materials and avoiding animal testing. They strive to provide affordable yet high-quality products to cater to a wide range of consumers

The idea of using minerals and plant extracts and marry that with technology to create colour cosmetics, skin care and body care that Indonesians and the rest of the world are proud to use. Additionally, each product has to be beneficial, easy to use and affordable. Mineral Botanica also cares about the environment. They pro actively seeks to use ingredients that are recyclable, do not contain harmful chemicals and avoid animal tested products. Small things that matter in the long run for the next generation. Mineral Botanica philosophy of outwardly inner beauty is also reflected in their core values that focus on empowerment and betterment. They seek to empower women to doing their best and also perfection in continuous improvements.

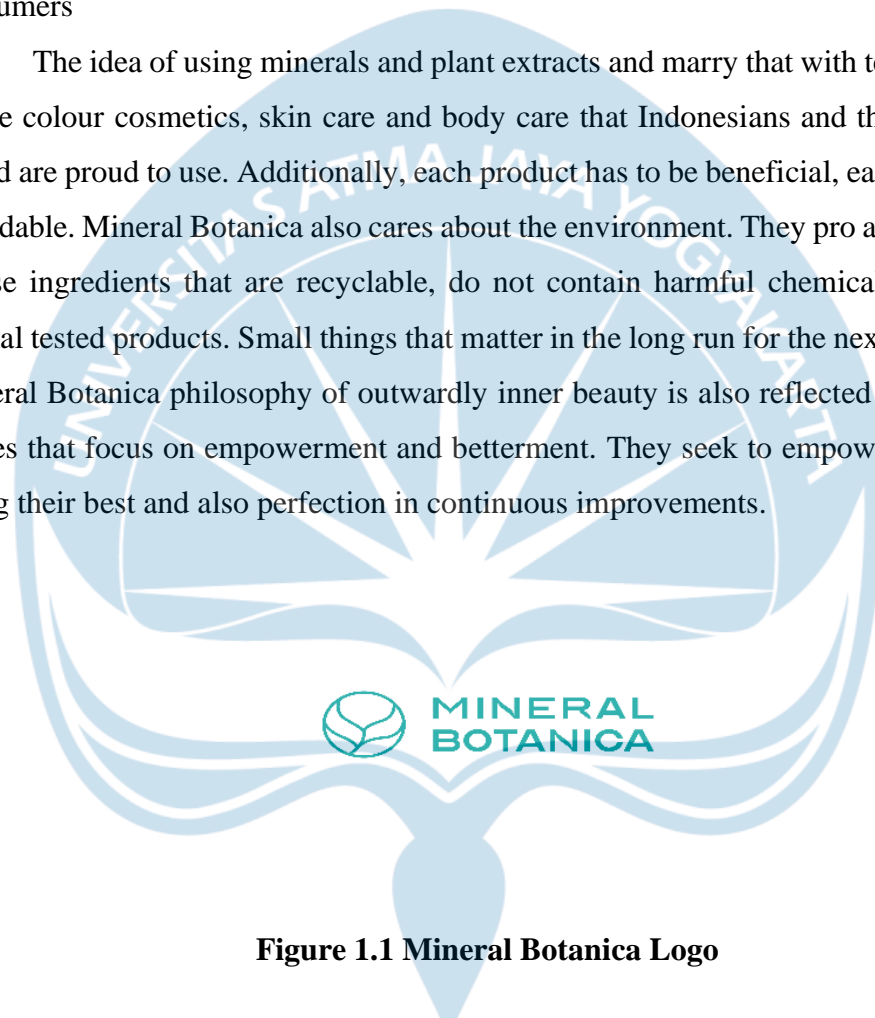


Figure 1.1 Mineral Botanica Logo

(*Source : Mineral Botanica*)

The founder Cindy Angelina and Kezia Toemion have been best friends for a long time. Growing up, they loved experimenting with makeup together. From spending hours trying out the newest makeup, getting tips & tricks from makeup tutorials, to putting on each other's makeup while playing dress up. They just say they are both obsessed with makeup! Since moving back to Indonesia from their studies in Los

Angeles, they wanted to create glam cosmetics with chic packaging that are formulated without harsh ingredients. Both believe that every woman is naturally beautiful and makeup is not supposed to change someone's look, but to enhance their natural beauty. So they develop innovative products that are the cutting edge in the international makeup scene. This is how ESQA was launched in June 2016. ESQA is the first and leading Vegancosmetics brand in Indonesia. ESQA is also Halal Certified. With a tagline titled "glamorously natural" complemented by high-quality packaging and presentation, ESQA cosmetics are able to compete with other local cosmetics.

ESQA is an Indonesian cosmetic brand that offers a range of makeup and skincare products. The brand focuses on creating high-quality products that are suitable for various skin tones and types. ESQA's philosophy revolves around empowering individuals to express their unique beauty through their makeup and skincare choices. ESQA's product line includes foundations, concealers, powders, blushes, eyeshadows, lip products, and skincare essentials such as cleansers, toners, serums, and moisturizers. They aim to provide products that are not only aesthetically pleasing but also formulated with skin-loving ingredients.

One of ESQA's notable features is their commitment to inclusivity. They strive to offer shades that cater to diverse skin tones, ensuring that customers with different ethnic backgrounds can find suitable options. This dedication to inclusivity is reflected in their shade ranges for foundations, concealers, and other complexion products. ESQA emphasizes the use of safe and beneficial ingredients in their formulations. They aim to minimize the use of potentially harmful substances and prioritize the inclusion of skin-nourishing ingredients.

The logo for ESQA cosmetics features the brand name in a stylized, orange-brown font. The letters are bold and have a slightly irregular, hand-drawn appearance. The 'E' and 'S' are connected at the top, and the 'Q' has a distinctive shape with a small tail.

Figure 1.2 ESQA cosmetics Logo

(Source : ESQA cosmetics)

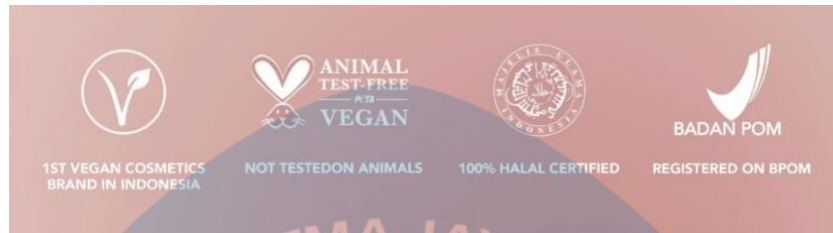


Figure 1.3 ESQA cosmetics Certificate

(Source : ESQA cosmetics)

Looké Cosmetics is an Indonesian local brand that is concerned with health and environmental issues by accentuating vegan, cruelty-free and halal ingredients. Taken from a French word which means presenting a stunning appearance, Looké hopes to help everyone to be able to express their uniqueness freely by creating a signature look that they feel comfortable with in order to become the best version of themselves.

Looke Cosmetics is an Indonesian cosmetic brand that offers a range of makeup products. The brand focuses on creating products that are high-quality, innovative, and suitable for various skin tones. Looke Cosmetics offers a variety of makeup products, including foundations, powders, blushes, eyeshadows, lip products, and makeup tools. They aim to provide products that are not only visually appealing but also formulated with skin-friendly ingredients.

One of the notable aspects of Looke Cosmetics is their emphasis on customization. They offer customizable palettes for eyeshadows and face powders, allowing customers to create their own personalized makeup looks. Additionally, Looke Cosmetics aims to cater to the diverse needs of consumers by offering a wide range of shades, particularly for foundations and concealers. This inclusivity is intended to ensure that individuals with different skin tones can find suitable options within their product range.



Figure 1.4 Looke cosmetics Logo

(Source : Looke cosmetics)

Believe in fuss-free, no-hassle beauty. Rollover reaction vision is to create ever-evolving products that you can always count on, the ones that work for you. You can enhance and experiment with them, so embracing your uniqueness is now easier than ever. No restrictions, no rules except your own. Rollover Reaction was brought to life in 2016 by co-founders Tinanda Nabila, Sarah Novia Hartono, Novianti Haryanto, and Dinar Amanda – who witnessed the lack of high quality makeup products that are accessible and fit into the preferences of modern day Indonesian women. Throughout the years, we continue to provide multitasking beauty essentials while spreading the awareness that makeup should be fun, easy, and celebrates your individuality. The goal is not to look perfect, but to get your makeup to look the way you feel on the inside. As of November 2020, Ms. Dinar Amanda is no longer with Rollover Reaction.



Figure 1.5 Rollover Reaction cosmetics Logo

(Source : Rollover Reaction cosmetics)

Posy is a cosmetics product with the theme vegan, cruelty-free, paraben free, halal and contains vitamin E. Posy wants to evoke the intense longing of beauty, it possesses the ability to make everyone feel beautiful when people take a glance of them.



Figure 1.6 Posy Beauty Logo

(Source : Posy beauty)

According to Sumarwan (2017) purchasing decisions are consumers who already decided on the alternative chosen from several alternative choices. Before making a purchase, consumers tend to consider several aspects, such as the product to be purchased, the time of purchase, the choice stores, and payment methods. The emergence of changes in consumer behaviour that more concerned and responsible for the environment to make consumers reconsidering the products to be purchased and used. Consumer understanding of the problems that are happening especially Environmental problems make consumers more critical and responsive terms of seeking information about a product that does not damage the environment or environmentally friendly products. So consumers can respond to action carried out by the company,

especially those related to problems natural environment and maintain environmental sustainability for the sake of sustainability live in the future.

1.2 Research Questions

Based on the background, the research questions will be :

1. Does enterprises green marketing behaviour have a positive and significant influence on consumer green consumption intention on local green cosmetics in Indonesia ?
2. Does enterprises green marketing behaviour have a positive and significant influence on consumer perceived effectiveness on local green cosmetics in Indonesia ?
3. Does consumer perceived effectiveness have direct and positive influence on consumers green consumption intention on local green cosmetics in Indonesia ?
4. Does consumer environmental awareness moderate the effect between enterprises green marketing behaviour and consumer perceived effectiveness on local green cosmetics in Indonesia ?
5. Does types of green marketing moderate the effect between enterprises green marketing behaviour and consumer green consumption intention on local green cosmetics in Indonesia?
6. Does enterprises green marketing behaviour and consumers green consumption intention have a positive and significant the effect between presence of others on local green cosmetics in Indonesia?
7. Does consumer perceived effectiveness mediate the effect between enterprises green marketing behavior to consumer green consumption intention on local green cosmetics in Indonesia?

1.3 Research Objectives

1. To analyze enterprises green marketing behaviour have a positive and significant influence on consumer green consumption intention on local green cosmetics in Indonesia.
2. To analyze positive and significant influence on consumer perceived effectiveness on local green cosmetics in Indonesia .
3. To analyze consumer perceived effectiveness have direct and positive influence on consumers green consumption intention on local green cosmetics in Indonesia.
4. To analyze environmental awareness moderate effect between enterprises green marketing behaviour and consumer perceived effectiveness on local green cosmetics in Indonesia.
5. To analyze types of green marketing moderate the effect between enterprises green marketing behaviour and consumer green consumption intention on local green cosmetics in Indonesia.
6. To analyze the enterprises green marketing behaviour and consumers green consumption intention have a positive and significant effect presence of others on local green cosmetics in Indonesia.
7. To analyze consumer perceived effectiveness mediate the effect between enterprises green marketing behavior to consumer green consumption intention on local green cosmetics in Indonesia.

1.4 Research Benefit

1. Academic Benefit

This research can be used as reference for other researchers who are researching the same variable or topic. This research is also expected to provide a new perspective on Enterprises green marketing behavior, Consumers green consumption intention, Consumer Perceived

Effectiveness, Consumer Environmental Awareness, Types of Green Marketing Activities, Presence of Others.

2. Practical Benefit

This research can be used by the general public or consumers can read this research as their reference when or before buying cosmetics products. This research can be used by local green cosmetics in Indonesia to find out about the brand that using green formula in Indonesia and can continue to process green products so that they are more varied. Can be used as useful findings for entrepreneurs. The findings from this study can be used as input and consideration for entrepreneurs in developing appropriate marketing strategies.

1.5 **Research Systematic:**

Chapter I Introduction

In this part will discuss the influence of enterprises' green marketing behavior on consumers' green consumption intention on green cosmetics with mediating and moderating role.

Chapter II Literature Review and Hypothesis Development

In this part will conduct a thorough review of relevant literature on green marketing, consumer behaviour, and sustainable consumption in the cosmetics industry. Identify key theories, concepts, and previous research studies related to the topic. Develop specific hypotheses or research objectives that align with the research question. For example, "H1: Businesses' green marketing behaviour positively influences consumers' green consumption intention.

Chapter III Research Design

In this part will determine the research design, such as quantitative or mixed-methods, to investigate the relationship between businesses' green marketing

behaviour and consumers' green consumption intention. Define the target population, sampling techniques, and data collection methods.

Chapter IV Result and Findings

In this part will be an interpretation the analyzed data and present the results in a clear and concise manner. Discuss the statistical significance of the findings and their implications for the cosmetics industry in Indonesia. It compares the research findings with existing literature, identify any limitations of the study, and discuss the implications for businesses and policymakers in promoting green marketing and sustainable consumption in the cosmetics industry in Indonesia.

Chapter V Summarize the main findings of the research

In this part will restate the implications, and provide recommendations for future research or practical applications.