

# CHAPTER 1

## INTRODUCTION

### 1.1 Research Background

Over the last few decades, the world has realized the importance of environmental health (Bhardwaj et al., 2020) and the development of environmental awareness has become a worldwide phenomenon (Nozari et al., 2021). Many studies have highlighted the environmental concerns connected with increased consumption and industrial production. It cannot be denied that output from industry is somewhat responsible for numerous environmental problems (Bhardwaj et al., 2020). The growth of new industries could lead to uncontrolled exploitation of natural resources, followed by the people's lifestyle in this globalization era., can negatively cause environmental damage (Darlius & Keni, 2021). The growing concern of global warming and ecological concerns has led to the emergence of a go-green movement to raise awareness of the significance of green behavior toward the environment (Darlius & Keni, 2021).

Businesses have taken into account and begun to respond to environmental challenges and concerns by adopting sustainable principles in business practices. They implement green marketing strategies, which are part of sustainable development strategies (Nozari et al., 2021). Sustainability as a business practice gained relevance after the concept of sustainability was introduced in 1987, which underlined its importance for human growth while also protecting the environment (Bhardwaj et al., 2020). Currently, most companies and organizations have their own green development visions (Nozari et al., 2021). The businesses' commitment to adopt green principles do not only help reduce environmental and social impact, but also become integral part in business strategy (Noranarttakun & Pharino, 2021).

On the other side, a noticeable increase in awareness about environmental degradation (Sameer et al., 2021) has led consumers to a behavioral shift towards more environmentally conscious consumption (Hamdani, 2023). The demand for products that are environmentally friendly grows in line with the global concern for the environment, and more customers are willing to pay greater prices to buy green products (Darlius &

Keni, 2021). Businesses use this opportunity as a window to promote their products and get an advantage over their rivals. They compete innovatively in the development of ecologically friendly products. Businesses and marketers must improve their understanding of consumer attitudes to eco-friendly products to execute effective marketing strategies and gain leverage upon more opportunities in the green marketplace (Ewe & Tjiptono, 2023).

Among the other generations, Generation Z is considered the most literature about their choice on eco-friendly product (Gomes et al., 2023). Based on research by Pew Research Center, Generation Zs are people that are born between 1997 and 2012 (Dimock, 2019) and known as “digital natives” generation, a term referred to those who are born in digital age (Debb et al., 2020) and raised in the world of internet and social media (Gomes et al., 2023). This generation is tech-savvy and spend most of their time online, and they have adopted different media consumption and shopping values compare to previous generations (Thangavel et al., 2022). Generation Z and Millennials are the most likely to make purchase decisions based on personal, social, and environmental values (Thangavel et al., 2022). "Millennials and Generation Z are more concerned with the current environmental situation compared to the older generation and consider environmental sustainability before making a purchase." informed by Stella Septania Farronikka, an expert on environmental, social governance (ESG), and sustainable development at the National Center for Corporate Reporting (NCCR), to The Jakarta Post (2023). According to First Insight (2020), Generation Z consumers are willing to pay about 10% more for sustainable brands and prefer to buy them. The survey showed that 62% of Generation Z customers prefer to buy from sustainable companies, with 73% willing to pay more for sustainable products. Research conducted by Statista Research Department also shows the same result where Gen Z consumers across Asia-Pacific, result shows that 72% accept paying higher prices for sustainable products. This result is much higher than older generations like Baby Boomers at 41% (Statista Research, 2024). Study by Noor et al. (2017) and Song et al. (2020) both conclude that Generation Z's purchase decisions are influenced by their environmental awareness and attitude towards green activities (Borah et al., 2024). A 2023 survey shows that Indonesian consumers are

ready to spend more on sustainable products, with 79% willing to pay higher prices for eco-friendly options (Nurhayati-Wolff, 2024). A study by Suminar (2024) reveals that 53.7% of Gen Z support pro-green behavior, while 22.7% oppose it, and 23.6% hold an ambivalent stance, indicating a fairly good overall inclination toward green behavior. This commitment is further reflected in their environmentally conscious purchasing choices. A large portion (70%) of Indonesian Gen Z regularly buys eco-friendly products, mainly focusing on daily needs like food, beverages, and personal care items. Their environmental awareness is clear, with 80% worried about climate change issues and 90% thinking about environmental impact when shopping. Gen Z's actions match their values, as 70% practice sustainable habits and prefer high-quality products from trusted brands known for eco-friendly practices (Sudirjo et al., 2024).

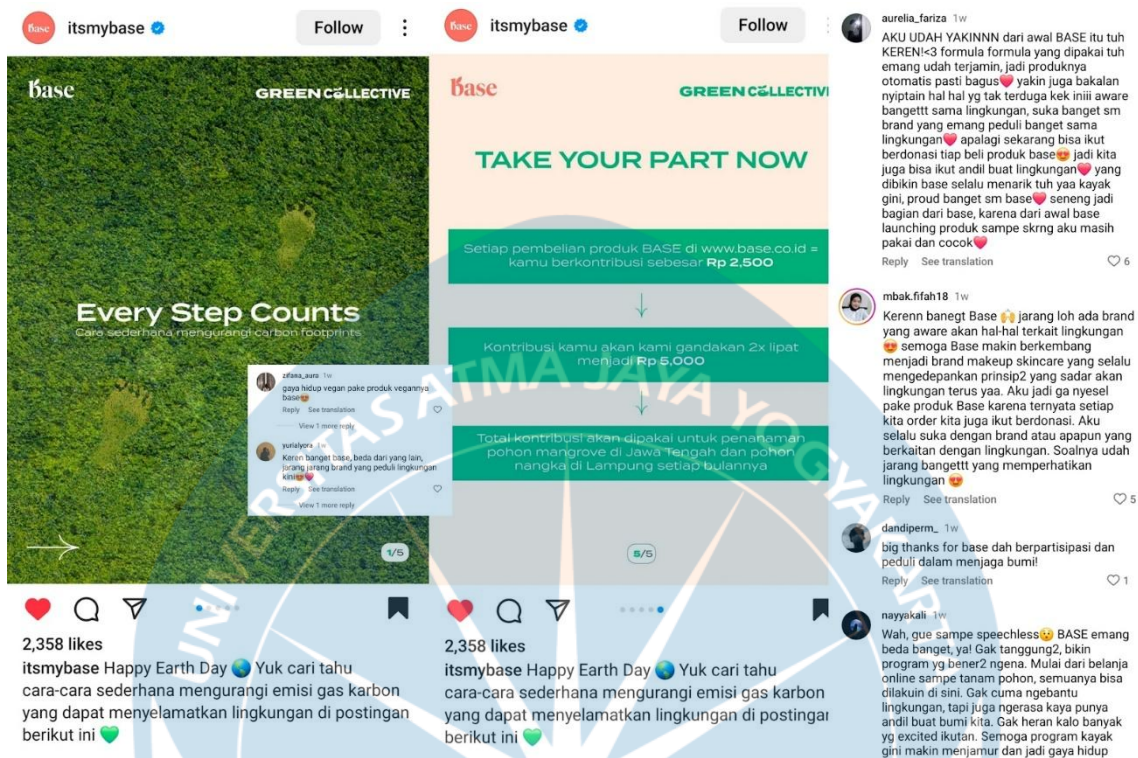
Generation Z's strong inclination towards sustainable consumption is reshaping market dynamics across various industries, one among them is the beauty industry. According to beauty market report by McKinsey & Company (2023) the beauty industry has demonstrated a strong recovery following the Covid-19 pandemic and is expected to experience continued growth. As one of the industries with the quickest growth rate in Indonesia, the revenue of the beauty & personal care market in Indonesia was forecast to continuously increase between 2024 and 2028 with a total of 1.7 billion U.S. dollars or around 27 trillion Indonesian Rupiah (Statista, 2024). The head of the Institute for Development of Economics and Finance (Indef) Digital Innovation and Economic Center, Nailul Huda, said to Kompas.id that the demand for beauty products has increased since Covid-19 and will probably reach its peak in another 3-5 years (Nababan, 2023). As the beauty industry expands, innovation naturally follows. Sustainability has become a key focus, driven by increasing demand for cruelty-free and environmentally friendly products (Acharya et al., 2021). According to Zero Waste Week data, the beauty business produces 120 billion packing units yearly, which equals the loss of 18 million hectares of forest each year (Kompas, 2021). In response to these environmental concerns and the growing demand for sustainable beauty products, many brands are rethinking their approach by adopting a green business strategy.

One such company at the forefront of this green movement is BASE, a beauty brand that has embraced sustainability as a core part of its identity and operations. BASE is an Indonesian beauty brand that, since its founding in 2019, has consistently emphasized its dedication to sustainability. The brand has been dedicated to creating a new standard by prioritizing science, safety, efficacy, and sustainability from sourcing to shelf. In an interview with Female Daily (2019), Yaumi Fauziah Sugiharta, the Chief Executive Officer (CEO) of BASE, expressed their ongoing concern about plastic issues. "From the start, we have been committed to conducting business activities with an eco-conscious approach. More than 8 million tons of plastic waste end up in the ocean. As the beauty industry grows and plastic packaging consumption increases, it also becomes a moral responsibility for BASE. Currently, BASE has been using 90% of packaging materials that are easily recyclable". In another interview with The Jakarta Post (2023), Ratih, the Chief Product Officer (CPO), also stated that their products are plant-based and organic, biodegradable, benefiting both the skin and the environment. Although some ingredients are allowed to some extent in Indonesia, they fully avoid controversial ingredients such as SLS, Phthalates, Parabens, Dyes, Perfumes, and GMOs.

As consumers often recall and view brands with strong environmental images favorably, associating them with high-quality products due to the company's ongoing promotion of environmental awareness (Darlius & Keni, 2021), BASE's eco-conscious approach and the way it builds its green brand image provide a solid position in the green market. Through every platform that they have, they demonstrated a strong commitment to sustainability. The brand regularly shares information about eco-friendly activities and movements they do to increase green awareness on their Instagram (@itsmybase) such as, in 2023, BASE expanded its dedication to environmental sustainability by introducing the Green Collective program in collaboration with Jejak. This program involves habitat restoration, reforestation, waste cleanup efforts, and the conservation of endangered species, such as the partnership with the Borneo Orangutan Survival Foundation. These programs strengthen BASE's green brand image and contribute to raising green awareness and ecological knowledge among its customers while also serving as a form of green advertising for the brand.

BASE's extensive and proactive approach to sustainability makes it a great subject for studying the motivating factors of green buying intention and behavior among Generation Z consumers. The company's initiatives are well aligned with the study's variables: green advertising, green brand image, green awareness, and ecological knowledge. Through its Green Collective program and engaging social media campaigns, BASE not only practices green advertising but also cultivates a strong green brand image. These initiatives, coupled with their educational content about eco-friendly practices, contribute significantly to enhancing green awareness and ecological knowledge among their target audience. Given that Generation Z, renowned for their environmental consciousness and digital nativity, forms a significant part of BASE's customer base, the brand offers a unique opportunity to investigate how these variables influence the green purchase intentions and behaviors of this demographic. By analyzing BASE's approach and its reception among Generation Z consumers, this research aims to see the effectiveness of green marketing strategies in the beauty industry and their impact on young consumers' purchasing decisions, especially the Generation Z. Furthermore, this study seeks to identify which factors among the four variables most significantly influence Generation Z's decisions to buy green products. This analysis will provide valuable insights for both academia and industry practitioners in the world of sustainable marketing, offering key understanding into the green factors that drive customer purchase decisions in the context of environmentally conscious beauty products.

While numerous studies have explored green purchase intentions and behaviors, significant gaps remain in understanding these phenomena within specific contexts and demographics. Rahmi et al. (2017) studied the effects of green brand image, green awareness, green advertisement, and ecological knowledge on green purchase intentions and behaviors in the creative industry. Their findings that green brand image, green awareness, and green advertisement did not positively influence green purchase intention, while ecological knowledge did, present an intriguing starting point for further investigation. However, the interplay between these variables remains underexplored, particularly in the rapidly evolving beauty industry.



**Figure 1. 1 BASE's Instagram Post on Environmental Initiatives and consumers' respond**  
 (Sources: @itsmybase on Instagram)

The beauty industry, with its significant environmental impact and increasing focus on sustainability, provides a fit context for studying green consumer behavior. Despite the industry's growth and shift toward eco-friendly practices, there has been a lack of comprehensive research into how the combined effect of ecological knowledge, green awareness, green advertising, and green brand image influences green purchase intentions and behaviors in this industry.

Furthermore, while Generation Z has become a focal point of consumer research due to their distinct consumption patterns and values (Thangavel et al., 2022), their green purchase behavior in the beauty industry remains understudied. As the largest consumer group globally, with significant spending power and a reported inclination towards

sustainability, understanding Generation Z's attitudes and responses to green beauty products is crucial (Grigoreva et al., 2021).

This study aims to address these gaps by:

1. Investigating the interconnected influence of ecological knowledge, green awareness, green advertisement, and green brand image on green purchase intentions and behaviors.
2. Focusing specifically on the beauty industry, an industry where sustainability is becoming increasingly important but remains underrepresented in green marketing research.
3. Targeting Generation Z consumers, providing insights into how this influential demographic responds to green marketing strategies in the beauty industry.

With the specific context of the beauty industry and focusing on Generation Z consumers, this research will contribute to a more specific understanding of green consumer behavior. This knowledge is vital for both academic advancement in green marketing theory and practical application in the beauty industry's sustainability efforts.

## **1.2 Research Question**

The research question is constructed as follows:

1. How does green advertising influence the green purchase intentions of Generation Z consumers?
2. How does a green brand image influence the green purchase intentions of Generation Z consumers?
3. How does green awareness influence the green purchase intentions of Generation Z consumers?
4. How does ecological knowledge influence the green purchase intentions of Generation Z consumers?
5. Do the factors that influence green purchase intentions (green advertising, green brand image, green awareness, and ecological knowledge) affect the actual green purchase behavior of Generation Z consumers?

### **1.3 Objectives of the Research**

The main objective of this research is to study the influence of green marketing elements, especially green advertising, green brand image, green awareness, and ecological knowledge—on Generation Z consumers' green purchase intentions and green purchase behaviors within the context of environmentally friendly beauty products offered by BASE. It then can be described as follows:

1. To study the influence of green advertising on green purchase intentions of Generation Z consumers towards environmentally friendly products.
2. To study the influence of a green brand image on green purchase intentions of Generation Z consumers towards environmentally friendly products.
3. To study the influence of green awareness on green purchase intentions of Generation Z consumers towards environmentally friendly products.
4. To study the influence of ecological knowledge on green purchase intentions of Generation Z consumers towards environmentally friendly products.
5. To study the influence of green purchase intentions on actual green purchase behavior by Generation Z consumers towards environmentally friendly products.

### **1.4 The Benefit of the Research**

#### **1.4.1 Academic Benefits**

This study adds to the existing knowledge in green marketing the interactions between ecological knowledge, green awareness, green advertisements, and green brand image. By showing how these elements work together to influence green buying intentions and behaviors, the study offers a clearer picture of how consumers, especially Generation Z, make green decisions. This broad view addresses a gap in literature, where these factors have often been studied separately.

The focus on Generation Z's green consumption habits in the beauty industry opens up a new area of consumer research. As this tech-savvy and eco-conscious generation matures, understanding their specific motivations and behavior towards green beauty products becomes more important. Their choices and preferences are likely to reshape the industry, making this study a valuable guide for future research in green



consumerism. The beauty industry will be studied along with the significant environmental impact they will be making, provides a rich setting for applying and expanding green marketing ideas. By focusing on this particular industry, the research gives a clearer view of how green marketing principles play out in real-world situations. This industry-specific approach is similar to a large-scale case study and could lead to new theories that apply directly to green marketing strategies in the beauty industry.

#### **1.4.2 Practical Benefits**

Beyond academic circles, this study offers valuable insights for businesses, especially those navigating the competitive beauty industry. By identifying the most important factors in Generation Z's green buying decisions, companies can adjust their marketing strategies to better connect with this important demographic. This knowledge serves as a guide for creating more effective green advertisements, building stronger green brand images, and increasing green awareness and ecological knowledge among consumers. For beauty companies, the study's findings can act as a guide to aligning their sustainability efforts with customer expectations. Knowing which green marketing strategies appeal most to Generation Z helps brands allocate their resources more effectively. This focused approach can build stronger brand loyalty, grow market share, and strengthen a brand's position in the growing green beauty market.

The insights gained from this research could also inspire innovation in product development. By highlighting the specific green features that matter most to Generation Z, beauty companies can adapt their products to match these preferences. This customer-focused approach could lead to increased sales and a stronger presence in the eco-friendly beauty market. The detailed view of Generation Zs' green buying motivations in the beauty industry in this study could help shape policies and guidelines. These insights may help develop rules that encourage sustainable practices in industry, contributing to broader environmental goals. In this way, the study acts as a link between consumer behavior, business practices, and public policy, potentially driving positive change across the entire beauty industry.

## **1.5 Research Systematic**

This research is divided into five main parts:

### **CHAPTER I: INTRODUCTION**

This chapter provides the foundation for the author's research, including the research background, research questions, research objectives, benefits of the research, and the systematic of the research.

### **CHAPTER II: LITERATURE REVIEW**

This chapter covers the details and knowledge used in this study, as well as the hypotheses and conceptual framework.

### **CHAPTER III: RESEARCH METHODOLOGY**

This chapter discusses the research design, population and sample, data collection methods, operational definition and data measurement, and data analysis methods.

### **CHAPTER IV: DATA ANALYSIS**

This chapter covers the results of the research and also includes an extended discussion.

### **CHAPTER V: CONCLUSION**

This chapter presents the study's result, managerial implications, limitations, and further suggestions.