Green Awareness Effect on Consumers' Purchasing Decision

Asia-Pacific Management and Business Application 8 (3) 199-208 ©UB 2020 University of Brawijaya Malang, Indonesia http://apmba.ub.ac.id

I Made Surya Prayoga^{a*} Made Santana Putra Adiyadnya^b Bagus Nyoman Kusuma Putra^c

^{a,b,c}Faculty of Economics, Mahasaraswati University, Denpasar, Indonesia

Abstract

Environmental conditions are influenced by the behavior of the community itself. In this transparent era, public awareness as a consumer is very important. Green awareness is needed as a consideration for making purchasing decisions. Consumers must be careful in choosing products to consume. Production of green products requires efforts that make product prices higher than green products on the other hand high prices usually make it difficult for consumers to make purchasing decisions on that product. Companies must inform people of product specifications about the products they produce are green. This research was conducted in a well-known tourist city in Indonesia, Denpasar, Bali by taking the subject of teenagers in Denpasar. using a purposive sampling method with a total sample of 108 respondents. The results showed that environmental awareness has a positive but not significant effect on purchasing decisions. Green product awareness has a positive and significant influence on purchasing decisions and brand image awareness has a positive and significant effect on purchasing decisions and brand image awareness has a positive and significant effect on purchasing decisions.

Keywords

Consumers environmental concern; awareness of green product; awareness of price; awareness of brand image and consumers purchasing
Received: 14 January 2020; Accepted: 9 March 2020; Published Online: 30 April 2020

DOI: 10.21776/ub.apmba.2020.008.03.4

Introduction

Environmental conditions are influenced by the behavior of the community itself. The issue of preserving the environment has long been recognized (Juwaheer and Pudaruth, 2012; Zulfa, et al, 2016). On the other hand, several countries have begun several efforts to save the environment such as sustainability as an earth-hour campaign, environmentally friendly campaign, and so on (Sarkis, et al, 2010; Cronin, et al, 2011). The campaign was carried out by people to save the environment from the mistakes they had made (Kai Chan, et al, 2012). Their bad habits with using products that have a high degradation time such as plastic bags harm environmental conditions. Plastic bags consisting of polyethylene require a very long time to degrade itself (Albertsson, AC, 2017).

*Corresponding author Email: prayogamade@unmas.ac.id P-ISSN: 2252-8997 Asia-Pacific Management and Business Application, 8, 3 (2020): 199-208 E-ISSN: 2615-2010

Exploitation of nature really needs public awareness for its preservation. Natural imbalances will cause natural disasters and will have a negative impact on the surrounding community (Kai Chan, et al, 2012). Environmental improvement has been largely described as a question by consumers expressing their concerns by environmentally buying new friendly products (Hussain, et al, 2014). There are several indications that occur due to natural imbalances such as global warming, floods, landslides, and many more (Zulfa, et al, 2016). Public awareness as consumers is very important. Green awareness is needed to make purchasing decisions (Suki, 2013). Consumers must be careful in choosing and assessing products to be purchased (Prakash, 2002). Customers who are responsible for the environment are very important because the purchase of goods that are not approved can damage the environment (Ayodele, et al, 2017). People who care about environmental sustainability will change their consumption habits such as making savings or replacing consumer goods with goods that are more environmentally friendly (Moser, 2015; Young et al., 2009). Customers prioritize environmentally friendly products to save the environment, consumers then change their concerns through purchasing actions and purchasing environmentally friendly products (Chen, 2013; Moser, 2015; Young et al., 2009). Production of green products requires efforts that make product prices higher than other products (Chen and Chang, 2013). High prices usually make it difficult for consumers to make purchasing decisions on these products (Ambec & Lanoie, 2008). However, this includes consumers who are willing to pay higher prices for environmentally friendly products. Companies must obtain product specifications for people about the products they produce are green products (Schmeltz, 2012). Consumers prefer green products,

green products become the market leader day by day. Thus, increasing demand for environmentally friendly products throughout the world (Putra, 2016). Customers who change because environmental awareness and intention to do better for the ecology, more and more environmentally friendly products launched into the market (Shruti, 2014).

In this way, consumers know that companies have made efforts to conserve nature (Moisander, 2007). It is very important for customers to develop this green awareness (Cherian & Jacob, 2012). Previous research studies have been carried out on consumers' perceptions or attitudes towards green products (Suki, 2013; Hussain, et al, 2014; Ayodele, et al, 2017). Bali as an island that is very concerned with awareness of sustainability has regulation No. 36 on 4 October 2018 and governor's regulation no. 97 on December 21, 2018 concerning the use of plastics.

But in reality, many consumers continue to make purchases of products that do not care about the green environment. Environmental damage is getting worse, like global depletion warming, of the ozone stratosphere until sea and river pollution. The damage that happened leads to environmental degradation although not headed to dangerous levels, already headed at levels that reduce the quality of the earth as a place to live. That happened because the price of the green product is more expensive when compared to not a green product. It means that the green product is not very important for consumers. Based on these problems, researchers want to research deeper about green awareness effects on purchasing consumers decisions. This research focused on the Z generation as a respondent.

Nature awareness is the main topic for people to worry about. To carry out a go green campaign effectively, a community section is needed. The world needs influencers to share the urgency of nature's awareness. People in Generation Z between 19-24 years are believed to carry missions. Generation Z is the generation that will feel the impact of environmental conditions the longest compared to generation X and Y, so generation Z has an interest in preserving the environment for their lives even for their children.

Generation Z has the desire to consume green products because, with technology, they can easily get information about the effects of environmental pollution. This generation is trusted because of their knowledge of nature conservation. environmentally friendly issues, and having a high awareness of natural issues (Putra, 2016). By an important part of generation Z, this can make Balinese have a high awareness of the importance of nature conservation. This can also provide a positive image for the island of Bali because Bali cares about the nature of sustainability. Generation Z in Denpasar get used to using technology to get lots of information, it causes marketers to consider generation Z to be a new market segment to improve the image of green products. Based on that explanation, deeper analysis is needed about green awareness effect on consumer's purchasing decision dan factors influence it. These factors include environmental concern, awareness of the green product, awareness of price, and awareness of brand image. This research is important to know the effect of green awareness on consumer's purchasing decision.

Literature Review

Purchasing Decision

A purchasing decision by consumers is a collection of decisions on alternative choices available. Mramba (2015)state consumer's purchase decisions are influenced by many factors, including personal, psychological, social and cultural factors, thus making it difficult marketers to predict how consumers buy a particular product. The purchase decision is a merging process that combines knowledge about the product to improve two or more ways of choosing and choosing wrong (Peter and Olson, 2010).

Environmental Concern

According to Weigel in Joshi (2012), environmental care can be considered as attention to facts and behavior from oneself with certain consequences for the surrounding environment.

Awareness of Green Product

An environmentally friendly product has the characteristics of non-toxic or contain hazardous materials (non-toxic), grows organically, can be recycled, not tested on animals, does not cause pollution to the packaging, environment, minimal contains natural ingredients, ingredients recycling, and permitted chemicals (Pavan 2010 in Suki, 2013). While Durif et al, 2010 are of the view that environmentally friendly products are products whose raw materials, sales, utilization, and management of waste can be recycled, reducing pollution and saving energy.

Awareness of Price

Price is an attribute that consumers consider when making a product purchase decision. Consumers rarely choose environmentally friendly products if the price is more expensive (D'Souza et al, 2006 in Suki 2013). D'Souza, 2006 in Suki 2013, states that all products offered should meet the criteria for environmentally friendly products without any reduction in quality or premium prices.

Awareness of Brand Image

Djatmiko and Pradana (2015) state that brand image significantly influences purchasing decisions. Defines brand image as part of a brand that is recognizable but cannot be pronounced, such as symbols, special letter or color designs, or customer perceptions of a product or service represented by its brand.

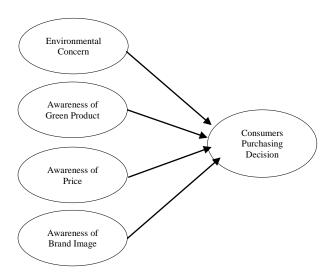


Figure 1. Conceptual Model

The Effect of Environmental Concern on Consumer Purchasing Decisions

According to Chan and Wang (2012) environmental care as a unit of dimension in which environmental care is defined as one's emotional level and commitment to environmental issues. It is characterized by the occurrence of changes in consumer behaviour in choosing green products. Research conducted by Ayodele, et al (2017) and Hussain, et al (2014) which states that environmental concern has a significant effect on consumer purchasing decisions.

H₁: Environmental concern has a significant effect on purchasing decisions.

The Effect Awareness of Green Products on Consumer Purchasing Decisions

(2015)Durif al stated et that an environmentally friendly product is a product that designed and contained content that can be recycle and reduce environmental damage or reduce environmental pollution in the entire product life cycle. Awareness of environmentally friendly products means giving comprehension to the consumers about the content, the production methods, the impact of the product to the environment and the differences between environmentally friendly product with conventional products. Research conducted by Hussain, et al (2014),

Rumpoko (2016) Santoso & Fitriyani (2016) dan Azmi (2016) which states that awareness of green product has a significant effect on consumer purchasing decisions.

H₂: Awareness of green product has a significant effect on purchasing decisions.

The Effect Awareness of Price on Consumer Purchasing Decisions

Consumer purchasing decision is influence by price of a product. Consumers always prefer to purchase or buy those products which have low prices as compare to other product and less from market. Incase to purchase those products or goods which are environmentally friendly goods or products are more expensive as compare to ordinary produc s which are harmful for health and environment. Research conducted by Suki (2013), Ayodele, et al (2017) and Rumpoko (2016) which states that awareness of price has a significant effect on consumer purchasing decisions.

H₃: Awareness of price has a significant effect on purchasing decisions.

The Effect Awareness of Brand Image on Consumer Purchasing Decisions

Brand image is a picture or impression caused by a brand in the minds of customers. Placement of the brand image in the minds of consumers must be done continuously so that the brand image created remains strong and can be received positively. When a brand has a strong and positive image in the minds of consumers, the brand will always be remembered and the possibility of consumers to buy the brand in question is very large. Research conducted by Suki (2013) and Hussain, et al (2014) which states that awareness of brand image has a significant effect on consumer purchasing decisions.

 H_4 : Awareness of brand image has a significant effect on purchasing decisions.

Methodology

This research was conducted in Denpasar, Bali by taking the subject of teenagers in Denpasar. Margareta (2018) have explained that generation Z is the most interested in being actively engaged in environmental protection activities. Sampling in this study a purposive sampling According to Sugiyono (2016) purposive sampling is a sampling technique with certain considerations. In this study the consideration is respondents aged 19-24 years, because it is part of generation Z which is considered still relevant for answering questionnaires. The Generation Z consumers are strongly influenced in their purchasing decisions by peer contact by Irene, at all (2019). Another consideration is respondents who have heard or read information about environmental issues because they are considered capable of understanding and being able to answer questions in the questionnaire in accordance with the experience gained. One form of purchasing behavior that is developing rapidly in generation Z is hedonic purchasing behavior by Andre and Megawati (2018).

Insofar, the application of TPB in green marketing studies have yet to include another individual factor that may influence Generation Z green purchasing decision, namely social visibility by Mohd Nazri, at all (2017). The number of sample members or the size of the sample (sample size) is determined with the consideration that states, that the number of samples can be determined from the number of indicators in the model multiplied by five to 10 (Hair, et al, 2010). Because the number of indicators in this study was 18 items, the sample size was between 90-180. Based on practicality and cost considerations, the number of samples used was 108.

Findings and Discussion

	Significance	T- Statistics	Conclusion
EC → CPD	0,671	0,426	H1 Rejected
AGP → CPD	0,031	2,183	H2 Accepted
AP → CPD	0,000	6,463	H3 Accepted
ABI → CPD	0,009	2,680	H4 Accepted

Table 1. Hypothesis Testing Results

The Effect of Environmental Concern on Consumer Purchasing Decisions

The results of data analysis show that environmental awareness has a positive and not significant effect on purchasing decisions. This result can be seen from the significance value of 0.671 with a t-statistics value of 0.426. This study is in line with research conducted by Suki (2013) and Rumpoko (2016), while the results of this study contradict research conducted by Ayodele, et al (2017) and Hussain, et al (2014).

The Effect Awareness of Green Products on Consumer Purchasing Decisions

The results of the data analysis show that awareness of green products shows a positive and significant impact on purchasing decisions. This result can be seen from the significance value of 0.031 with a t-statistics value of 2.183. This study is in line with research conducted by Hussain, et al (2014), Rumpoko (2016) Santoso & Fitriyani (2016) and Azmi (2016), while the results of this study contradict the research conducted by Suki (2013) and Mantiaha, at all (2016).

The Effect Awareness of Price on Consumer Purchasing Decisions

The results of data analysis show that concern for price has a positive and significant effect on purchasing decisions. This result can be seen from the significance value of 0,000 with a t-statistics value of 6,463. This study is in line with research conducted by Suki (2013), Ayodele, et al (2017) and Rumpoko (2016).

The Effect Awareness of Brand Image on Consumer Purchasing Decisions

The results of data analysis show that concern for brand image has a positive and significant effect on purchasing decisions. This result can be seen from the significance value of 0,009 with a t-statistics value of 2,680. This study is in line with research conducted by Suki (2013) and Hussain, et al (2014), while the results of this study contradict research conducted by Rumpoko (2016).

Conclusion and Future Research

Based on the results of the discussion it can be concluded as follows, (1) environmental concern has a positive and not significant effect on purchasing decisions. This means that consumers care for the environment is not an important factor in making decisions to make purchases by consumers. There are still other factors that are more important in purchasing decisions. consumer awareness of green products has a positive significant effect on purchasing decisions. This means that high consumer awareness of environmentally friendly products such as the availability, benefits and features of environmentally friendly products can make it easier for consumers to make purchasing decisions. Marketers can consumer increase awareness of environmentally friendly products by massive Green Advertising to increase purchases of environmentally friendly products. (3) price concern has a positive significant effect on purchasing and decisions. This means that consumers tend to look for products with lower prices than other products and lower than market prices. Usually environmentally friendly products are smaller in size at a premium price. However, there are groups of consumers who are willing to pay a higher price for environmentally friendly products. concern about brand image has a positive effect on purchasing significant and This that consumer decisions. means awareness of brand image is an important factor in making purchasing decisions. Brand image seen from the attributes, features and quality offered by the product. Consumers buy a product not because who is the maker and who is the user, but because of the content and quality of the product.

Research topics on Green awareness, especially related to purchasing decisions have not been done much in Bali, while the opportunity for Bali to become a world trend setter tends to be large, there are many classes of consumers other than generation Z, such as generation Y or with consumers cluster with other theoretical approaches that can be researched in Bali to obtain more

varied results so that they can provide additional benefits of reference or knowledge for subsequent authors. Subsequent research can add several variations of new variables to increase the reference approach to the topic of green awareness and test existing concepts.

Notes on Contributors

I Made Surya Prayoga is a Lecturer in the Management Department at the Faculty of Economics and Business, Mahasaraswati University, Bali, Indonesia. His research interests are Green marketing, Relationship marketing, Relationa benefit and Consumer behavior.

Made Santana Putra Adiyadnya is a Lecturer in the Accounting Department at the Faculty of Economics and Business, Mahasaraswati University, Bali, Indonesia. His research interests are Marketing Management and Development economic.

Bagus Nyoman Kusuma Putra is a Lecturer in the Management Department at the Faculty of Economics and Business, Mahasaraswati University, Bali, Indonesia. His research interests are Marketing Management, Financial Management and Human Resources Management.

References

Albertsson, AC. (2017). Designed to Degrade. Journal: Science (New York, NY) 358 (6365): 872-873.

Ambec. S & Lanoi. P. (2008). Does It Pay To Be Green? A Systematic Overview. Academy of Management Perspectives, 22(4), 45-62

Andre Fachrun Ramadhan, Megawati Simanjuntak. (2018). Generation Z Hedonic Purchasing Behavior:

- Marketing Promotion, Reference Groups, and Self Concepts. Department of Family and Consumer Sciences, Faculty of Human Ecology, Bogor Agricultural University Vol. 11, No.3
- Ayodele, Adeola Adetola, Panama, Amos Ejiro & Akemu, Eguononefe. (2017). Green Awareness and Consumer PurchaseIntention of Environmentally-Friendly Electrical Products in Anambra, Nigeria. Nnamdi Azikiwe University Awka, Journal of Economics and Sustainable Development 8(22).
- Chan, H., Kai, He, Hongwei & Wang Y.C. William. (2012). Green marketing and its impact on supply chain management in industrial markets. Industrial Marketing Management 41, 557–562.
- Chen, Yu-Shan & Chang, Ching-Hsun. (2013). The Determinants of Green Product Development Performance: Green Dynamic Capabilities, Green Transformational Leadership, and Green Creativity. J Bus Ethics, 116, pp. 107-119.
- Cronin, J. J., Smith, J. S., Gleim, M. R., Ramirez, E., & Martinez, J. D. (2011). Green marketing strategies: an examination of stakeholders and the opportunities they present. *Journal of the Academy of Marketing Science*, 39(1), 158–174
- Djatmiko, T. and Pradana, R. (2015). Brand Image and Product Price: Its Impact for Samsung Smartphone Purchasing Decision. *Procedia Social and Behavioral Sciences*, 221-227
- Durif, F., Bolvin, C., & Julien, C. (2010). In Search of a Green Product Definition. *Innovative Marketing* 6 (1): 25-33.
- Hair, J. F., Black. W. C., Babin. B. J.; and Anderson. R. E. (2010), *Multivariate*

- Data Analysis, 7th ed. Pearson Prentice Hall, New Jersey.
- Hussain, M. A., Khokhar, M. F., & Asad, A. (2014). Green Awareness Effects on Consumers' Purchasing Decision: A Case of Pakistan. Global Journal of Management and Business Research.
- Irene C. Kamenidou, Spyridon A. Mamalis, Stavros Pavlidis, and Evangelia-Zoi G. Bara. (2019). Segmenting the Generation Z Cohort University Students Based on Sustainable Food Consumption Behavior: A Preliminary Study. Eastern Macedonia Thrace Institute of Technology
- J. Cherian and J. Jacob, "Green Marketing:
 A Study of Consumers' Attitude towards Environment Friendly Products", *Asian Social Science*, 8 (12), 2012. Available: 10.5539/ass.v8n12p117.
- Moisander. J, "Motivational complexity of green consumerism", *International Journal of Consumer Studies*, *31*(4), pp. 404-409, 2007.
- J. Peter and J. Olson, (2010). *Consumer behavior*. New York: McGraw-Hill Higher Education.
- Juwaheer, Thanika Devi & Pudaruth, Sharmila. (2012). Analyzing the impact of green marketing strategies on consumer purchasing patterns in Mauritius. World *Journal of Entrepreneurship, Management and Sustainable Development* 8(1), pp. 36-59
- Joshi, P. (2012). Effects of Environmental Concern & Social Norms on Environmental Friendly Behavioral Intentions. *Business Intelligence Journal*. *5*(1). pp. 169-175.
- Maheshwari, Shruti P. (2014). Awareness of Green Marketing and its Influence on Buying Behavior of Consumers: Special Reference to Madhya Pradesh,

- India. AIMA Journal of Management & Research, 8 (1/4), ISSN 0974 497.
- Mantiaha, Gratia F. (2016). The Influence of Green Marketing on Consumer Buying Behavior: Study at The Body Shop Manado. *Journal EMBA*. 4 (2), pp. 058-067.
- Margareta Nadanyiová, Lubica Gajanová. (2018). Consumers' Perception of Green Marketing as a Source of Competitive Advantage in the Hotel Industry. University of Žilina, *Littera Scripta*, 2018, 11(1).
- Mohd Nazri Mohd Noor, Rudaini Sham Abdullah Jumain, Afandi Yusof, Mohd Amirul Hafidz Ahmat, Izzat Fakhruddin Kamaruzaman (2017) Determinants of generation Z green purchase decision: A SEM-PLS approach, International Journal of Advanced and Applied Sciences, 4(11) 2017, Pages: 143-147.
- Moser, A., (2015), "Thinking green, buying green? Drivers of pro-environmental purchasing behavior", *Journal of Consumer Marketing*, 32(3), pp. 167-175.
- Mramba, Nasibu Rajabu. (2015). The Marketing Communication Strategies of Street Vendors in Dar es Salaam Tanzania, *American Academic & Scholarly Research Journal* 7(4), p. 33 41.
- Prakash, A. "Green marketing, public policy and managerial strategies", *Business Strategy and the Environment*, 11(5), pp. 285-297, 2002.

- Putra, Yanuar Suya. (2016). Theoretical Review: Generational Difference Theory. *Among Makarti* 9(18): 123-134.
- Sarkis, J., Gonzalez-Torre, P., & Adenso-Diaz, B. (2010). Stakeholder pressure and the adoption of environmental practices: The mediating effect of training. *Journal of Operations Management*, 28(2), 163–176.
- Schmeltz. L. "Consumer-oriented CSR communication: focusing on ability or morality?", Corporate Communications: An International Journal, 17(1), pp. 29-49, 2012. Available: 10.1108/13563281211196344 [Accessed 14 March 2020]
- Sugiyono. (2016). *Metode Penelitian Kuantitatif, Kualitatif dan R&D*. Bandung: PT Alfabet.
- Suki, Norazah Mohd. (2013). Green awareness effects on consumers' purchasing decision: some insights from Malaysia. Universiti Sains Malaysia, 9(2), 49-63.
- W. Young, K. Hwang, S. McDonald and C. Oates, "Sustainable consumption: green consumer behaviour when purchasing products", *Sustainable Development*, p. n/a-n/a, 2009. Available: 10.1002/sd.394.
- Zulfa, Vania. et al. (2016). Isu isu kritis lingkungan dan perspektif global. *Jurnal Green dan Manajemen Lingkungan*, 5(1) Juli.