

THESIS

THE INFLUENCE OF GREEN MARKETING ON CUSTOMER PURCHASE DECISION IN THE BODY SHOP MAKASSAR

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as one of the requirements to obtain
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compiled and submitted by

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to

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Makassar, August 7 2022



Fadhilah Raihanah

PREFACE

Bismillah

All perfect praises belong to the Almighty alone, Allah Subhanahu Wa Ta'ala. The only one who has bestowed mercy, bestowed His grace, blessings, and guidances to me so that I can complete my final thesis entitled "THE INFLUENCE OF GREEN MARKETING ON CUSTOMER PURCHASE DECISION IN THE BODY SHOP MAKASSAR"

This thesis is one of the requirement for taking the final examination of the Bachelor of Economics at the Faculty of Economics and Business in Hasanuddin University.

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ABSTRACT

THE INFLUENCE OF GREEN MARKETING ON CUSTOMER PURCHASE DECISION IN THE BODY SHOP MAKASSAR

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Many businesses nowadays use environmental problems as part of their marketing strategy. Green Marketing is the name given to this marketing technique. The growing attention to environmental concerns may be reflected in the increase in environmentally conscious markets. Many businesses are opting for a green marketing strategy firm that has a high chance of increasing revenue. Data collection method of this is using a questionnaire. Multiple regression analysis and hypotheses test was used to test the stated hypothesis and to find out the influence of dependent variable with independent variables using the application SPSS 25. The respondents of this research are 97 respondents. Green marketing in this research is represented by green product, green advertising and green brand as the independent variables. The result shows that these three independent variables have positive and significant influence on customer purchase decision simultaneously. Partially, both green product and green brand has a positive and significant influence on customer purchase decision. While green advertising has no significant influence on customer purchase decision.

Keywords: Green product, green advertising, green brand, purchase decision.

TABLE OF CONTENTS

COVER PAGE	i
TITLE PAGE	ii
APPROVAL PAGE	iii
VALIDATION PAGE	iv
STATEMENT OF AUTHENTICITY	v
PREFACE	vi
ABSTRACT	viii
TABLE OF CONTENTS	ix
LIST OF TABLES	xii
LIST OF APPENDIXES	xiii
CHAPTER I INTRODUCTION	1
1.1 Background.....	1
1.2 Research Questions	14
1.3 Research Purposes	14
1.4 Significance of the Study.....	14
1.5 The Scope of Research	15
1.6 Structure of Research	16
CHAPTER II LITERATURE REVIEW	17
2.1 Marketing	17
2.1.1 Marketing Purpose.....	18
2.1.2 Marketing Concept.....	18
2.2 Green Marketing	19
2.2.1 Definition of Green Marketing	19
2.2.2 Obstacles of Green Marketing	21
2.2.3 Activities in Green Marketing	23
2.3 Green Product.....	23
2.3.1 Product Strategy for Green Marketing	24
2.4 Green Advertising	24
2.5 Green Brand	27
2.6 Purchase Decision	30
2.7 The Differentiation of Green Product, Green Advertising, and Green Brand	34
2.8 Previous Research.....	34
2.9 Research Framework.....	36
2.10 Hypotheses.....	36
CHAPTER III RESEARCH METHODOLOGY	37
3.1 Research Design	37
3.2 Time and Place of Research	37
3.3 Population and Sample	38
3.3.1 Population	38
3.3.2 Sample	38
3.4 Types and Sources of Data.....	39
3.4.1 Types of Data	39

3.4.2.	Sources of Data.....	40
3.5	Data Collection Technique	40
3.6	Research Variables and Operational Definitions	41
3.6.1.	Research Variable	41
3.6.2.	Operational Definitions	41
3.7	Research Instrument.....	42
3.7.1.	Validity Test.....	43
3.7.2.	Reliability Test	43
3.8	Data Analysis Technique	43
3.8.1	Descriptive Statistics Analysis	43
3.8.2	Multiple Linear Regression Analysis	44
3.8.3	Hypotheses Test.....	45
CHAPTER IV	RESEARCH RESULT AND DISCUSSION	48
4.1	General Overview of The Research Object.....	48
4.2	Respondent Characteristics Analysis	49
4.2.1	Characteristics of Respondents by Gender.....	49
4.2.2	Characteristics of Respondents by Age	50
4.2.3	Characteristics of Respondents by Education.....	50
4.2.4	Characteristics of Respondents by Occupation.....	51
4.2.5	Characteristics of Respondents by Product Categories	51
4.2.6	Characteristics of Respondents by Utilization of The Bring Back Our Bottles Policy from The Body Shop....	52
4.2.7	Characteristics of Respondents by Utilization Frequency of The Bring Back Our Bottles Policy from The Body Shop.....	52
4.3	Descriptive Statistics Analysis.....	53
4.3.2	Description Statistics of Green Product Variable (X1) .	53
4.3.3	Description of Green Advertising (X2).....	54
4.3.4	Description of Green Brand (X3) and Score Calculation.....	55
4.3.5	Description of Purchase decision (Y) and Score Calculation.....	57
4.4	Validity Test and Reliability Test	58
4.4.1	Validity Test.....	58
4.4.2	Reliability Test	60
4.5	Multiple Linear Regression Analysis.....	60
4.6	Coefficient of Determination Test	61
4.7	Hypotheses Test.....	62
4.7.1	F-Test.....	62
4.7.2	T-Test.....	63
4.7.3	Hypotheses Test Result.....	64
4.8	Discussion of Research Result	66
4.8.1	The Effect of Green Product towards Purchase Decision at The Body Shop	66
4.8.2	The Effect of Green Advertising towards Purchase Decision at The Body Shop	67

4.8.3	The Effect of Green Brand towards Purchase Decision at The Body Shop	67
4.8.4	The Effectiveness of Green Program Conducted by The Body Shop in Makassar	68
CHAPTER V	CONCLUSION	71
5.1	Conclusion	71
5.2	Suggestions	71
REFERENCES	76
APPENDIXES	81

LIST OF TABLES

Table		Page
Table 1.1	Top Brand Index 1st Phase 2022	12
Table 2.1	List of Previous Research	34
Table 3.1	Operational Definitions	41
Table 3.2	Likert Scale Score	42
Table 4.1	Characteristics of Respondents by Gender	49
Table 4.2	Characteristics of Respondents by Age	50
Table 4.3	Characteristics of Respondents by Education	50
Table 4.4	Characteristics of Respondents by Occupation	51
Table 4.5	Characteristics of Respondents by Product Category	51
Table 4.6	Characteristics of of Respondents by BBOB Policy Utilization..	52
Table 4.7	Characteristics of Respondents by BBOB Utilization Frequency	52
Table 4.8	Responses to Green Product Variable (X1).....	53
Table 4.9	Responses to Green Advertising (X2)	55
Table 4.10	Responses to Green Brand Variable (X3)	56
Table 4.11	Responses to Purchase Decision Variable (Y)	57
Table 4.12	Validity Test Results	59
Table 4.13	Reliability Test Results	60
Table 4.14	Multiple Linear Regression Test Result	61
Table 4.15	Test Result for The Coefficient of Determination	62
Table 4.16	F-test Result	62
Table 4.17	T-test Result	63
Table 4.18	Hypotheses Result	65

LIST OF APPENDIXES

Appendix	Page
1 Research Questionnaire	82
2 Respondents' Identity	89
3 Respondents' Asnwars	91
4 a Validity and Reliability Test	98
5 Multiple Regression Analysis	106
6 Hypotheses Test.....	107
7 Biography	108
8 Questionnaire Online Poster	109

CHAPTER I

INTRODUCTION

1.1 Background

Green marketing has recently emerged as a huge issue in marketing research. This concept and approach of marketing emerges from a huge public concern about environmental damage. People are focused on protecting the environment from the harmful effects that are caused by the output of product consumption, its production, as well as waste byproducts. Customers' awareness of the environment and sustainability has expanded significantly over the world in this era of sophisticated and knowledge-based technologies. As stated by Quresha & Ahmed (2019: 1980), sustainability is a process by which people maintain changes in a healthy environment, including control over resource misuse and investment management, awareness of technological development, and institutional change, which are studied and improved in the present and future to meet human needs and desires.

As a consequence of increased awareness of the major issues caused by the companies production activities, as well as the irresponsible consumption linked with them triggered global warming, air and water pollution, and depletion of natural resources. While our fast-growing and more connected society has stimulated the economy all over the world it has also brought with it a number of issues and one of them being natural issues, which have a negative impact on all living creatures. To name a few, air contamination, deforestation and greenhouse effect are the major natural issues that have happened till now and is foreseen to continue to get worse in the upcoming years. With pollution levels continue to rise eventually leading to the degradation of human existence, Green Marketing is viewed as a strategy for sustainable growth. Global efforts are being done to minimize this phenomena so that future generations might prosper.

In Indonesia, the same issue is being discussed lately. As the globalization impact has shifted traditional lives towards modernisation and allows individuals to swiftly learn about contemporary global issues. That includes the awareness of the environment which considerably broaden the perspective of this concern in Indonesia.

Indonesia being the largest archipelago country, is faced with challenges of plastic waste and marine debris, resulting in major dangers to this country's exceptionally rich marine biodiversity. Many news reports of plastic waste in the oceans that harmed and killed marine animals flooded in various media outlets. According to a global research conducted in 2015 that estimated global inputs of plastic waste into the ocean, Indonesia is the second greatest world contributor to plastic marine pollution. (Jambeck et al, 2015). As stated by World Bank (2021), Indonesia being the fourth most populated country in the world, the cities produce an estimated 105 thousand tons of solid waste per day and is expected to increase up to 150 thousand tons by 2025, according to World Bank projections.

Plastic pollution has become one of the most urgent environmental challenges due to the rapid increase in plastic product manufacture and disposal. A growing number of business expansion with the vast majority rely heavily on product machines, many issues brought along as the impact of it, one of which is plastic waste that is difficult to recycle. Plastic manufacture and disposal emit greenhouse gases and toxic waste. Plastic and the toxins it produces are piling up on land, waters, and air.

The issue of plastic pollution is especially noticeable in developing countries because waste collection services are either inadequate or nonexistent. Because of inadequate collection services and access to disposal infrastructure, many areas in developing countries create mismanaged plastic waste. According

to reports, an estimated 346.5 kton/year of plastic garbage is released into the marine environment from land-based sources in Indonesia, with Java and Sumatra accounting for two-thirds of the total. (World Bank, 2021).

Despite the fact that plastic revolutionized many sectors by being a more practical, lighter, and more durable material, the conveniences that plastics provide have resulted in a disposal culture that reveals this material negative side and overwhelms the world's ability to cope with it. Plastic waste will persist in the water and take hundreds of years for it to be degraded into smaller particles. They include chemicals that allows plastic to last much longer, the same reason for it to be durable, with the estimation reaching up to 400 years (National Geographic, 2021). These wastes will continue to build up in the oceans unless all countries take parts to make thorough measure and prevention.

It's important to underline that the impact is not limited from plastic consumption only, but it is still undeniably true that the plastic footprint is one of the biggest physical contribution to environmental degradation. As stated by World Bank (2021), "Uncollected waste contributes more to plastic waste discharges than leakages from final disposal sites, and very little plastic is recycled". Especially as the packaging mostly made with plastic as its main component using single-use plastics in cosmetic products – the main object of this research. Single-use plastics account for 40 percent of the plastic produced every year. (National Geographic, 2019).

The customers, being the end-users of the majority of products, play a significant role in adding the tremendous amount of plastic waste into the landfills and ocean. However, this problem cannot be entirely blamed on the customers. Companies that sell plastic-containing products must also take accountability for this issue. It is reckon that customers prefer to keep their relationships with eco-

friendly businesses because they wish to contribute to environmental improvement. As concluded by Sadia et al. (2015) that developing nations such as Malaysia, Mexico, Pakistan, Kuwait, India, Brazil, and Bangladesh might generate powerful phenomena in climate change through the adaption of their customers' behavior toward green marketing.

The majority of people assume that green marketing only relates to the promotion or advertising of environmentally friendly products. Green marketing refers to eco-friendly items such as healthy foods, phosphate-free products, and ozone-friendly products that can be recycled, restocked, or are eco-friendly (Polosnky, 1994). In general, green marketing is a broad issue that may be practiced and applied to customer goods, industrial goods, and services. It encompasses a wide range of operations such as product modification, manufacturing system management, packaging process management, and advertisement department modification. Moreover, from the customer's point of view, they expect companies to limit the production of pollutants while simultaneously providing green products.

Meanwhile, green marketing is related to all activities designed to generate and facilitate any exchange intended to satisfy human needs or wants with minimal detrimental impact on the natural environment (Polonsky, 1994). Green marketing is also an effort by a business or organization in its production process up until delivering it to end-user by producing, promoting, packaging, and take products in a sensitive and responsive manner to ecological behavior in a variety of ways. Such as reducing consumption, switching wasteful or harmful consumption patterns into safer alternatives, thorough waste management, or various forms of demonstration that can represent ecological sensibility.

The substance of green marketing is based on a fundamental economic principle, which is how to use limited natural resources to maximize benefit – economics is the study of how people use their limited resources to try to satisfy unlimited wants (McTaggart et al, 1994). Due to the limitation of natural resources, businesses should establish alternate methods to fulfill the unlimited desires of the customers.

The cosmetic industry has been one of the areas with the strongest worldwide economic growth over the previous few decades. The worldwide cosmetic products market is rapidly expanding and is expected to do so for the upcoming years. According to Financial News Media, the industry is expected to reach USD \$183.03 billion by 2025, growing at a CAGR of 4.4 percent.

While in Indonesia, the Ministry of Industry reported that the figure is predicted to rise up until USD 8,46 billion in value by 2022. Economic growth also affects customer consumption patterns; the higher a country's income, the more diversified and dynamic its economic activities will be, causing consumption to increase continuously. This industry is expanding as a result of fast population increase, urbanization, and economic growth. Rising awareness about the numerous benefits of using personal care products has resulted in a growth in their demand, particularly for cosmetic products. Furthermore, the expanding e-commerce industry is expected to drive market expansion even further.

Cosmetics and other bodily products are one of the industries that continues to sell every day since it is one of the primary needs in which a daily consumption that runs out quickly and must be repurchased accordingly. The packaging itself accounts for over 70% of waste in the cosmetic industry. Every year, beauty packaging amounts to 120 billion units, according to Zero Waste Week. Plastic, paper, glass, and metals are all examples of materials that wind up

in landfills year after year. The constant packing disposal of these cosmetic containers undoubtedly accounts for a significant amount in causing environmental instability with accumulating piles of waste.

According to Anggriani Desy (2019), a data published in 2015 by *kompas.com* it is estimated that 61% of cosmetic and skin care product packaging is made of plastic in Indonesia. Meanwhile, in 2019 this percentage is projected to increase up to 12% with more and more cosmetic products being produced and purchased. And the data says only 14% of the plastic packaging is successfully recycled.

However, recycling cosmetic packaging is not always easy because the cosmetic brands create the majority of boxes, bags, and containers in a mixed materials. Even though the customers themselves can assist by separating the components on their own, it is not convenient for them. This cosmetic industry, in particular, demonstrates how we have grown overly reliant on single-use or throwaway plastics. Noting this concern it is only right to use alternative materials for cosmetic packaging that won't harm the environment even after being discarded after use from the customers and can still be relatively convenient.

The increasing product demand have a negative impact on environment during manufacturing, utilizing and final waste byproducts. The main cause is not exclusive to plastic packaging disposal, it can be very broad. Non-renewable natural resources like fossil fuels and metals, testing cosmetics on animal or better known as animal cruelty, deforestation from plant-based raw materials, as well as child labor are also affected. These are among the many issues that are caused by the irresponsible *unethical and unjust* business activities of the cosmetic industry. Using environmental friendly products is a very significant way to ensure environmental sustainability.

According to Saini (2013), lately a growing number of enterprises have realized the need of operating in an environmentally-friendly manner. Many businesses are realizing that they are part of a larger community and must thus act responsibly in terms of the environment. Besides the main objective of generating profits, businesses take into consideration to not sacrifice the environment. Firms take a strategic approach to environmental and entrepreneurial aspects of industry in order to change customer satisfaction through innovative and green products. This results in environmental issues being integrated into the firm's culture and activities.

Customers have begun to express worry about the environment. As a result, firms can only share their customers' concerns while also maintaining their values by decreasing the manufacturing of products that are considered to be harmful to the environment. Indeed, customers' concerns about the environment have encouraged marketers to adapt their techniques and implement a marketing approach known as "Green marketing." Eventually, green marketing examines how marketing operations use these limited resources while fulfilling the desires of customers, both persons and industries, and attaining the firm's sell goals while also keeping in mind the needs of the future generation as well.

As demand change, many firms see these changes as an opportunity to be exploited. Given these information, it can be assumed that firms marketing goods with environmental characteristics will have a competitive advantage over firms marketing non-environmentally responsible alternatives.

Green marketing has shown to have effect on purchase decision. The dramatic increase in environmental degradation has had a profound effect on customer behavior. As times goes by customers tend to be more aware about the environment and this have changed their attitude and perceptions towards the

environment. The fact that customers are exposed to open information about the harmful products and their long term effects on the environment, this has affected their purchasing decision.

Certain studies have investigated the change in customer's behavior, where those who worry about the environment will indicate their concerns through different behaviors. Such as checking the products they will purchase to ensure they are buying ethically, and whether or not the existence of the green marketing effort that can be implemented in many components such as product packaging, will lead the customer to further make or to not make purchase decision.

A previous survey (McKinsey, 2007) suggests that 87 percent people of different countries with the most emerging economies like Brazil, Canada, China, France, Germany, India, the UK and the US have shown their interest in reducing environmental impact. Lee (2008) stated there are minimal studies on the green marketing issues in Asian countries, as compared to the Western countries.

A considerable amount of research has been conducted on green marketing and customer purchasing decision or behavior, mainly, in developed countries. There is, however, a noticeable absence of research pertaining to customers in Makassar. It is certainly obvious that green marketing is suspected going to be effective for the customers in developed countries as they have higher income and better welfare, which allows them to spare time to be conscious about the welfare of their surroundings – environment. However for the developing countries as some of their basic individual needs are usually still unmet, they can't afford to be conscious about the welfare of the environment.

Based on the theory of Maslow's hierarchy of needs (Kotler & Armstrong, 2011: 147) a person tries to satisfy the most important need for themselves first, then they will try to satisfy the next most important needs. For example, if many of

the citizens are still living from day-to-day pay check to make ends meet (physiological needs – the bottom of the hierarchy) will not take an interest in the latest happenings in the emerging global issues (self-actualization needs – the top of the hierarchy) such as environmental degradation, nor even in whether they are going to be able to breathe clean air in the upcoming decades (safety needs). A person purchasing decision will arise from their personal well-beings, upbringings, and personal experiences. This theory might allow us to view from the lens that people in countries with lower income rates have more mediating factors that will or will not influence their willing to purchase products that are promoted with green marketing as a result of their customer behavior, than those in the tertiary countries.

However on the contrary, a research conducted in Sudan, North Africa (Mahmoud et al, 2017: 1045) demonstrate that four forms of green marketing mix namely green product, green price, green place, and green promotion have a positive and significant relationship with purchase intention. Also another research in South Africa (Jeevarathnam & Tushya, 2016: 83), with the profile of general South African population characterized of low education level, was found that respondents strongly felt that green marketing influenced their purchasing behavior. But price sensitivity with regard to green products was a prominent issue.that green products were not reasonably priced, were not easily accessible and not adequately promoted. Which implies that though they are aware and have adequate knowledge of green marketing, the general middle income population make it hard to obtain green products.

A study in Jakarta on fast food restaurant customers indicated that the intervening variable of green marketing shows positive and significant influence towards their purchase decision. (Ramli et al., 2020: 390). Jakarta being the capital

city of Indonesia and as a city with the most emerging economy in the country could add some factors to the customer purchase behavior in general.

Now if we take a look on a city being on middle-upper income in Indonesia somewhat below Jakarta in economy sector, Yogyakarta, a research that was conducted in The Body Shop store (Palwa, 2014: 73) found that green marketing have direct positive and significant influence on the purchasing decision.

According to Ottman and Peattie, Green product demand and attitudes are likely to differ across market groups and cultures. As a result, research on the influence of green marketing on purchase decision in Makassar, a metropolitan city with solid economic growth in Indonesia, is going to be needed because different results can be obtained through this process. The findings will assist organizations, manufacturers, and policymakers in improving environmental preventative tools and eco-friendly products in the cultivation of preserving the environment.

Several researches have identified various variable that influence the green marketing approach, such as environmental knowledge, product pricing and quality, and environmental marketing style (Agyeman, 2014). The state in Makassar itself, there is a slight economy gap, because it comprises of both urban and rural areas that are not equally spread across the city.

Also high rate of mismanaged waste can be easily seen across the city as there is limited access to disposal infrastructure and collection services. There is one landfills infrastructure, *TPA Antang*, however it was recently reported by Detik.com (2022) that the landfills is now overloaded because the reuse-reduce-recycle system hasn't been implemented. This implies that the local government intervention on waste mismanagement and the general lifestyle of waste disposal, shows that the vast majority have low awareness regarding the welfare of the environment that can be caused by piled up waste. There is very limited research

or report that can be found on the environmental awareness of customers in Makassar.

But the previous studies described above which shown opposite findings that despite not being developed countries/cities, customers are still influenced by green marketing that further mediate their purchase decision.

There are numerous example of firms who have strived to become environmentally responsible, in an attempt to better satisfy an emerging demand of environmentally-conscious business and to preserve the environment. Though previous paragraphs explained how cosmetic industries contributed to environmental degradation, many cosmetic firms are catching on to the reality that customers are leaning toward sustainability. Some companies are making efforts to be more ethical, transparent, and environmentally conscious. There are firms that adopt green marketing strategies and heavily promote the fact that they are environmentally responsible.

The Body Shop is one of the well-known companies in the cosmetic industry and act as a pioneer in cosmetic firms that implement green marketing. This firm was founded particularly to provide environmentally friendly alternatives to conventional cosmetic products to customers. Rather than solely being a competitive tool, green marketing is implemented strongly related to its broader corporate culture.

The Body Shop's primary eco-friendly policies are based on the ideals of reusing, refilling, and recycling what they can. This is encouraged by their three pillars of profit, people, and the environment. Their product is sold mainly sold in offline stores spread across Indonesia. There are five big Malls in Makassar and four of them have The Body Shop outlet. This brand is also widely known among the beauty community.

Table 1.1 Top Brand Index 1st Phase 2022

BODY MIST		BODY BUTTER/BODY CREAM	
BRAND	TBI 2022	BRAND	TBI 2022
The Body Shop	44.9%	The Body Shop	41.5%
Natural Beauty	11.3%	Oriflame	17.5%
Victoria's Secret	10.3%	Mustika Ratu	14.3%
Elvia	8.4%	Wardah	9.3%
Lovana	4.1%	Dove	8.5%

Based on the Top Brand Index survey data in the table above, it can be seen that The Body Shop is the number 1 brand in the body mist and body butter/body cream product category, with a percentage of 44.9% of the total, which is a big number in comparison to other brands on the lists. The biggest contributor to the good-selling of The Body Shop products is yet to be found, whether it's because the green marketing components that the company incorporate, or is it because the customers buy just for the sake of their products itself. Such as being moisturizing enough, or having a long-lasting fragrance body mist.

Green marketing at The Body Shop consists of four elements from the marketing mix or 4p (product, price, place, and promotion) in the manufacturing process up until the selling of the product itself and the services offered from superior environmental preservation benefits such as waste reduction, energy efficiency improvement, and reduced release of toxic emissions from manufacturing and distribution.

The implementation of green marketing at The Body Shop demonstrated in various ways that reflect green lifestyle and encourage less reliance on use of plastics. They the option of returning the empty bottles/packaging and customer can get points of membership on doing so. There is no use of plastic in wrapping the bought products in offline stores, instead they use carton-made packaging derived from recycled materials.

They also emphasized that they commit to community fair trade, as quoted in their website that they double community trade programme from 19 to 40 ingredients and help enrich communities that produce them. Besides the use of plastic, this cannot be overlooked because habitat loss, which is mostly caused by agricultural expansion and intense exploitation of forest products, is undoubtedly caused massive harm to our planet. They also take this into consideration as it poses a specific danger to the future of essential components of their supply chain. Protecting endangered ecosystems is critical to The Body Shop's goal of being environmentally sustainable.

They have made many more efforts to mention. However it turns out that The Body Shop hasn't created a promotion aimed at the wider community. It is possible that many customers bought the product without being aware that they are green products but bought it for the sake of the product itself, or, many people possibly hasn't come across and aren't even aware that such environmentally-conscious brand exist in Makassar.

Based on the green marketing concept that has been described above, the researcher wants to find out more about how does customers perceive and make purchase decision for cosmetic companies that pay attention to environmental aspects. We will try to empirically evaluate the relationship between variables that influence purchasing decisions for cosmetic products with a green marketing approach, The Body Shop. Therefore, this research will be conducted with the title "The Influence of Green Marketing on Customer Purchase Decisions in The Body Shop Co Makassar".

1.2 Research Questions

On the basis of several background described above, the research questions can be concluded as following:

1. Does green product have positive and significant influence customer's purchase decision in The Body Shop?
2. Does green advertising have positive and significant influence customer's purchase decision in The Body Shop?
3. Does green brand influence customer's purchase decision in The Body Shop?
4. Does green product, green advertising, and green brand simultaneously have positive and significant influence on customer's purchase decision in The Body Shop?

1.3 Research Purposes

Based on the research problems above, the purpose of this research is to:

1. To find out the influence of green product on customer purchase decision in The Body Shop.
2. To find out the influence of green advertising on customer purchase decision in The Body Shop.
3. To find out the influence of green brand on customer purchase decision in The Body Shop.
4. To find out the influence of green product, green advertising and green brand simultaneously on customer purchase decision at The Body Shop.

1.4 Significance of the Study

The research conducted will provide several uses or benefits, including:

1. Theoretical Significance

This research can provide additional insight and study on the effect of green advertising and green brand on purchasing decisions for The Body

Shop products. As well as enriching the repertoire of existing research and can be used as a comparison for future research.

2. Practical Significance

a. For the Researcher

This research can be used by researchers to deepen their experience in the field of marketing in the implementation of theories that have been obtained during the lecture period and add insight into real cases in the business world.

b. For the Business Conductor

As an objective basis for decision making and as a guide for determining the steps to be taken by the company in the future.

c. For the Readers

This study can add insights to individuals as the researcher have compiled several literatures and findings from research that was conducted.

d. For the Regulator/Government

Being able to find out the level of awareness for being environmentally-conscious of the citizens in Makassar, will hopefully be able to help local governments conduct more suitable regulations to help customer become more socially responsible for the sake of environment.

1.5 The Scope of Research

Based on the description of the problem identification that has been stated above, the problems that will be studied in this study are limited to the effect of green advertising and green brand on the purchase decision of The Body Shop products in Makassar, South Sulawesi. This limitation is carried out with the

consideration that there is still a lack of studies that examine the effect of green advertising and green brands on the purchase decision of The Body Shop products, especially in Makassar City.

1.6 Structure of Research

The writing of this proposal is divided into five chapters. The preliminary section encompasses the title of the thesis, approval sheet, validation page, statement of authenticity, preface, abstract, table of contents, list of images and graphics, list of tables, and list of attachments.

Chapter I: Introduction – This chapter is generally explanation of the object of the research, background, problem formulation, research questions, the purpose and usefulness of conduction research as well as the structure of the research.

Chapter II: Literature review – This chapter contains explanations from the research literature relating to research theories that support solutions to problems, prior review and thinking frameworks.

Chapter III: Research Method – This chapter provides an explanation of the research method that discusses the types of research conducted, variables, types and sources of data, populations and samples, data collection methods, and data analysis.

Chapter IV: Results and Discussion – This chapter discusses data analysis that focuses on the results of data processed according to the method used. Interpretation of the results of the analysis of the research object in accordance with the statistical test used.

Chapter V: This chapter contains conclusions from the analysis and discussion of the previous chapters and suggestions that can be applied by student who became the object of research and also the regulator in terms of improving financial literacy for students at the Hasanuddin University.

CHAPTER II

LITERATURE REVIEW

2.1 Marketing

Burns and Bush in Mantiaha (2016:59) defined marketing as an organization functions, not a group of persons or separate entity within the firm. It is also a set of processes and not a single tactic such as creating and end-aisle display. Marketing is not trying to sell customer something; rather it is providing customers with something they value. Marketing is the management process for identifying, anticipating and satisfying customer requirements profitability.

Marketing can be defined as a set of process from creating until delivering value to customer. It is also about how to establish a solid relationship between the company and the customer. As a result, the customer will be satisfied, and the company will benefit.

Marketing is critical in today's business world since it allows you to strategically communicate your products and services with a niche audience. The basic goal of marketing is to spread the word about your company: who you are and what products or services you offer. Kotler and Armstrong (2012:5) emphasized marketing as the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return.

Based on the above definitions, it can be concluded that marketing is an activity carried out by individuals or organizations to deliver value to meet their needs and obtain customer satisfaction. Good marketing always comes from understanding customer needs and customer expectations. Marketing must be understood not in the old sense of making a sale—"telling and selling"—but in the new sense of satisfying customer needs.

2.1.1 Marketing Purpose

Every marketing activity must have a purpose. The purpose of marketing itself according to Cannon, Perrault and McCarthy, (2002:6) "the purpose of marketing is to identify customer needs and meet those needs very well." Another definition of marketing objectives comes from Kriyantono (2015:39), "that the main purpose of marketing is sales and increasing sales. As for Taylor and Smith (2004:4) argued that, "Every marketing goal refers to sales, target markets, new product development."

Therefore, the purpose of marketing itself is to meet public demand by making sales by targeting the market according to the target buyer.

2.1.2 Marketing Concept

The marketing concept is the explanation for the method in which marketing operations can be carried out in accordance with a good philosophy that specifies responsive and responsible marketing. (Sofjan Assauri, 2013:75).

Swastha and Irawan (2005:86) emphasized that the marketing concept is based on a business philosophy as satisfying customer needs, which is an economic and social requirement for the company's future sustainability. Marketing is critical in a company's efforts to increase profits, one of which can be accomplished by boosting the targeted sales volume. In this way, sales and marketing are frequently considered the same, yet the two are fundamentally different.

The main concept of marketing is to serve customers with the aim of making a profit (profit), as a comparison between income and costs. This is different from the sales concept which focuses on the company's wishes. That is the basic philosophy in the sales approach that produces an item, then convinces customers to be willing to buy the product. In contrast to the marketing concept approach,

which expects management to determine customer desires first before conducting an examination in determining the method of providing satisfaction to customers. (Fardhan Syukri, 2018:12).

According to these marketing concept theory, in order to optimize sales, a company must position its products or services in the marketplace in such a way that customers believe they require a specific product or service or that a product or service they require offers a specific benefit.

2.2 Green Marketing

2.2.1 Definition of Green Marketing

Green marketing is defined by Diglel and Yazdanifard (2014:11) as a range of activities, which include alteration of the production process, adjustment of product lines and progression in packaging, as well as transforming advertising.

The term “green marketing” is used interchangeably with “sustainable marketing”, “ecological marketing” or “environmental marketing”. The objective is, ultimately, to sell products that are harmless to the environment, whilst simultaneously actively encouraging customers to support and protect the environment (Stern and Ander, 2008:164). This implies that businesses need to change the way in which they operate and to provide products that are beneficial to both customers and the environment.

The tendency of green marketing is one of the major strategies of modern business and customers around the world are showing their interest in environmentally green products or eco-friendly products.

Bhatia and Jain (2019:19) listed some common characteristics of green products, which are energy efficient (both in use and in production), water efficient (both in use and in production), low emitting (low on hazardous emissions), safe and/or healthy products, recycleable and/or with recycled content, durable (long-

lasting), biodegradable, renewable, reused products, third party certified for public or transport standard, locally produced. The green customers or environmentally conscious individuals are the customers who avoid any products which might harm or damage to the peoples or the environment during manufacturing, purchasing and consuming. Shrum *et al.* in Suki (2013: 50) stated that the customers whose purchasing behaviour is influenced by environmental concerns are known as a green customer.

In comparison, Ottman (2006:22) proposes a slightly different concept, in which the first rule of green marketing is to focus on the advantages of customers. This might be related to the fact that if customers sense an advantage in the purchase, they may be more motivated to make the purchase. The environment becomes a benefit associated with the act of purchasing under this concept. Green marketing is a company activity that focuses on the environment as the primary concern. They employ human awareness of environmental issues to develop or provide products or services that have a low effect on the environmental.

The customer's attitude towards the environment influences green marketing. Businesses use it to raise awareness and demonstrate that people are concerned about the environment and can help to solve some of the issues. Green marketing is a technique for environmental protection that, while difficult to use in the near term, will have a good influence on the company in the long run.

Utami (2020:86) stated that green marketing on environment marketing is evolving in line with the public's interest in environmental concerns, such that the community expects business people to take responsibility in performing business operations.

According to Kotler and Armstrong (2016) in Ramli et al (2020: 385), there are numerous methods that companies can use to monitor their progress in environmental sustainability. This comprises both internal and external

reforestation efforts that will provide outcomes for the company and the environment in the short term, as well as external reforestation actions that will produce results in the long run. Companies can perform pollution prevention at the most basic level. This activity involves more than just decreasing pollution and waste.

Yazdanifard and Yan (2014:1094) argued that modifying a company's marketing strategy by using a green marketing mix may be utilized to boost customer interest in purchasing the products offered. Especially if the products on sale are aimed solely at green customers. The company's green marketing mix, both as a whole and per dimension, can have an impact on the degree of customer purchasing decisions.

2.2.2 Obstacles of Green Marketing

Whatever the reason for a company's use of green marketing, there are a number of possible issues that must be addressed. One of the primary issues is that companies utilizing green marketing must ensure that their operations are not deceptive to customers or industry, and that they do not violate any of the environmental marketing standards or laws. For example marketers in the US must ensure their green marketing claims can meet the following set of criteria as explained by Polonsky (1994:7), in order to comply with the FTC (federal trade commissions) guidelines. Green marketing claims must:

- 1) Clearly state environmental benefits
- 2) Explain environmental characteristics
- 3) Explain how benefits are achieved
- 4) Ensure comparative differences are justified
- 5) Ensure negative factors are taken into consideration
- 6) Only use meaningful terms and pictures

Another issue that businesses face is that those who adjust their products in response to rising customer concern must deal with the fact that customers' perception are not always correct. Consider McDonald's as discussed by Polonsky (1994:7), which has replaced its clam shells with plastic coated paper. There is a continuing scientific dispute on which is more environmentally friendly. According to certain scientific research, polystyrene is less environmentally damaging from cradle to grave. If this is the case, McDonald's has surrendered to customer pressure while opting for the more environmentally damaging choice.

When businesses try to become more socially responsible, they run the risk that the environmentally responsible actions they take today will be shown to be damaging in the future. Given the limited scientific knowledge available at any given moment, it may be impossible for a company to be assured that it has made the right environmental decision. This could explain why certain companies, such as Coca-Cola and Walt Disney World, are becoming more socially responsible without making the effort public. If it is discovered that they made the wrong judgment in the past, they may be insulating themselves against potential future unfavourable backlash.

Customers appear to be less committed to environmental improvement and may be looking to place too much blame on industry and government. Green marketing, in the end, requires that customers want a cleaner environment and are willing to "pay" for it, whether through higher prices, altered personal lifestyles, or even government intervention. It will be difficult for businesses to lead the green marketing revolution on their own until this happens.

There is also considerable distrust among customers, which can occur as a result of misuse leading to greenwash. It might be risky to brand a product or location as "green." If such branding is ambiguous or weakly defined, it is

vulnerable to allegations of greenwash (Delmas & Burbano, 2011:64), i.e. environmental claims used to imply environmental responsibility that are not supported by evidence. According to Insch (2011:282), destination marketers in particular tend to rely significantly on natural attractions, risking overstressing their environmental credentials.

As a result, in the complicated context of rising worries about environmental degradation, particularly climate change, green place branding without integrity is a high-risk approach.

2.2.3 Activities in Green Marketing

Oyewole (2001:3) listed some activities in green marketing practice includes the following activities:

- 1) Using recyclable, reusable and light-degradable packaging and materials.
- 2) Pollution-free production process.
- 3) The raw material is free of aerosol.
- 4) Pesticide-free agriculture.
- 5) Preservation of food without chemicals.
- 6) Thin packaging so that it uses less raw materials.
- 7) Natural, without a lot of synthetic fertilizers.

2.3 Green Product

Ottman (2006:22) defined green product as incorporating the following characteristics; originally grown; non-toxic; recycleable or reusable; not tested on animals; not polluting the environment and minimally packaged; contains natural ingredients| recycled content and approved chemicals. He also added that green products are typically durable, non-toxic, made of recycled materials, or minimally packaged. Of course, there are no completely green products, for they all use up

energy and resources and create by-products and emissions during their manufacture, transport to warehouses and stores, usage, and eventually disposal. So green is relative, describing products with less impact on the environment than their alternatives.

Diglel & Yazdanifard (2014:11) also stated that products are claimed to be green if they meet some or all of the following criteria; creates minimum environmental effect; preserve natural resources such as water and energy; utilized recycleable sources materials; no use of plastic bags; is locally manufactured.

Though green products definition is still unclear and the concept boundaries are poorly defined, what these definitions have in common is that green product can be described as products which are not harmful/have minimize harm for the environment in some or all of its production process, and the chemical composed of the product suitable for recycle/reusable which can promote a sustainability product consumption.

2.3.1 Product Strategy for Green Marketing

Singh, Satpal (2012:171) argued that in order to boost green marketing, it is crucial to analyze customers' environmental needs and offer goods appropriately. It comprises more ecologically responsible packages that guarantee that items meet or surpass customers' quality expectations, allowing marketers to charge greater prices while emphasizing the products' eco-logical viability.

2.4 Green Advertising

According to Zinkhan and Carlson in Ridwan, H, Bafadhal (2018:80), green advertising is advertising that promotes green products in order to attract customers to buy to suit their needs and wants. Green advertising is different from common conventional product advertising because the advertising content

contains not only product information but also combined with ongoing environmental issues. According to Banerjee et al (1995:21) defines green advertising as advertising that meets one or more criteria:

- 1) Explicitly or implicitly discussing the relationship between products/services and the biophysical environment
- 2) Promoting a green lifestyle with or without highlighting the product/service.
- 3) Presenting a corporate image of environmental responsibility. Some things that are important in green advertising such as reduce, reuse, and recycle.

Several organizations use various strategies to demonstrate their environmental awareness. Environmental or green advertising is one of the marketing tools utilized by businesses. Green advertising initially appeared in the 1970s, during a recession that resulted in sky-high energy costs and an emphasis on environmental problems. It has returned recently owing to comparable issues, such as record-high fuel costs (Healey & Hagenbaugh, 2008:2).

Green messages in green advertising are expressed verbally and visually to pique the interest of customers in purchasing green products. Kronrod A, Grinstein A, & Luc Wathieu (2012: 95) observed environmental messages or social marketing slogans are mostly conveyed in assertive sentences. This research of Konrod et al. (2012:102) found that that if customers can identify that this issue is important to them, the environmental message does not need to be conveyed in an assertive sentence. However, if the topic is not perceived to be important, then assertive sentence is found to be more effective.

On the contrary, Chang (2011:19) argued that in responding to green products, customers have ambivalent attitudes of green products, such as believing that green products are more expensive, of lesser quality, and are doubtful of the usefulness of products to solve environmental concerns. This ambivalent perceived influences customer responses to green advertising. As a

result, for customers with low ambivalent impressions, it was shown that the effect of green advertising becomes more negative.

Several environmental-themed research have demonstrated that the anthropomorphic link between customers and nature is useful in influencing customers. Tam K-P, Lee S-L, & Chao M (2013:514) demonstrate that natural environmental concerns expressed by integrating texts that characterize nature as humans, or illustrated natural imagery with human physical traits, may boost the experience of being linked to nature, which subsequently influences environmental behaviour. According to Tam et al. (2013:514), writing nature as Mr. and calling nature "he" promotes a sense of connection with nature, which consequently has a major effect on environmental care behavior.

Another study found by Ahn H-K, Kim H-J, & Aggarwal (2013:5) shown that posters promoting energy saving include pictures of light bulbs with human face features, eliciting intentions to act more constructively. Both of these above studies use an anthropomorphic approach, a customer predisposition to evaluate products that are not human to have human traits and feelings, to make societal problems such as energy conservation respond favourably by customers. Argued by Ahn et al (2013:5) also showing an image of a trash can sob or a tree like a human might elicit good prosocial sentiments and even encourage customers to donate.

Karna (2003:4) argues that indicators in Green Advertising, ie:

- 1) Purpose of advertising

Promote an environmentally friendly company image and promote a healthy lifestyle.

- 2) Message template

A strong arrangement for advertisements consisting of ad titles, copyrights, and colour illustrations included in advertisements.

3) Message element

The attraction or theme that will produce the desired response by advertisers.

4) Customer benefits

The main benefits are communicated in advertising both in text or visuals conveyed in green advertising.

5) Supporting factors

The basic value or final destination that will be conveyed by green advertising.

While green marketing and advertising activities continue to expand, marketers lack suitable tools for analysing the performance of green advertising and understanding customers' environmental attitudes, intentions, and actions. Furthermore, there is limited agreement on the identity and character of green customers (Peattie, 2001:187). Understanding and forecasting environmental, nonetheless, environmental sentiments have not been as widespread (McCarty and Shrum, 2001:93).

2.5 Green Brand

The phenomena of the arise of numerous products with environmentally friendly labelling emerges as a result of increased human awareness of nature's limitations. This opens up opportunities for innovative young businesses to develop green branding on their products.

A green brand, according to Insch (2011:282) is one in which environmental principles are the essence of the brand. Although selective positioning and promotion of places based on their natural attractions and environmental credentials is not new, with increased recognition and awareness of environmental issues, emphasis on aspects of environmental sustainability in both product and place branding has become more common.

Chen (2010:384) defines green brand image as a comprehensive sequence of impressions, concepts, and concerns about the brand in the customer's memory that are connected to sustainability and environmentally friendly issues. The primary benefit of developing a strong brand image is an increase in environmental consciousness, which allows businesses to capitalize on the competitive advantages of their products in various markets.

Even to Ko et al. (2013:1709), also argued that the marketing results of a green product were highly connected to the construction of a favourable brand, and the results also demonstrated a customer's intention to use the product. A green brand is one that elicits a response from customers in relation to a product or service that refers to environmental concerns.

According to Hartman, Apolaza-Ibanez, and Forcada-Sainz (2005:9), green brand is the establishment of a brand that is devoted to environmental conservation efforts as part of the company's strategy, which requires the participation of all stakeholders. Green brands may also stimulate environmental initiatives to protect it, which can be developed from environmentally friendly products with varied brands given by manufacturers and can increase a favourable image for the brand.

In addition to that, Hartman et al (2005:9) stated that there exist essentially two approaches to green brand positioning:

- 1) Functional approach. By offering extensive information on environmental benefits, functional brand positioning appeals to the rational mind.
- 2) An emotional approach. Emotional brand positioning emphasizes brand benefits related to people's emotional needs, such as a sense of accomplishment from contributing to environmental improvement or protection, or from demonstrating one's lived environmental

consciousness to others. And also according to Hartmann et al (2005:21) the most effective branding strategy would be to pursue the creation of emotional benefits sustained by information on environmentally sound functional attributes.

Mourad and Ahmed (2012:514) explain the aspects discussed in the perception of green brands, as follows:

- 1) Green brand image refers to a customer's perception of a company's commitment in caring for the environment.
- 2) Green satisfaction is the level of customer satisfaction with an environmentally friendly brand's efforts.
- 3) Green trust refers to customer confidence in environmentally friendly or green products. Green trust may also be characterized as customers relying on a brand as a result of their belief in environmental credibility, virtue, and capability.
- 4) Green awareness is the awareness of customers to recall, recognize, and remember a brand's environmental aspects.

The perception of a green brand is one of the company's strategies carried out in which the brand considers not only the profit element but also the environmental component (Praharjo et al, 2013:9). Pickett-Baker and Ozaki (2008:281) suggested that companies should supply environmental safe products for their reputation.

Though green marketing may be beneficial to the company's reputation, the environmental issues of product marketing should not be compromised to satisfy primary customer needs. From an organizational point of view, the entire activities of marketing should integrate with environmental consideration, including new products development and communications.

As there has been extensive growth of interest in green marketing were shown by marketing academics and practitioners. It was speculated that the organization has moral responsibilities to the society in an eco-friendly way.

2.6 Purchase Decision

When it comes to using a product, customers are often faced with multiple options to choose from. This compels customers to carefully considers before making a purchase decision.

According to Peter and Olson (2013:21), a purchasing decision is the act of combining knowledge to assess two or more alternative behaviours and selecting one of them. The purchase decision entails identifying all viable options to the problem, assessing the possibilities, and determining their benefits and drawbacks.

Astuti and Cahyadi (2007:8) also defined purchasing decisions as a strong sense of self-confidence in customers or customers, which is the belief that purchasing decisions for the products they use are correct.

Decision making happens before the actual purchase, and the impact is felt after the purchase. Purchasing decisions, according to Peter and Olson in Aisah and Wahyono (2018:190), are an integrity process that combines a knowledge attitude to assess two or more options and pick one that meets their wants and preferences. Customers' decisions to acquire a product are a collection of a number of decisions made and factors considered while purchasing a product (Primandaru, 2021: 44).

According to Terry in Palwa (2014: 31), decision making is the choosing of specific alternative actions (behaviours) among two or more existent options. Decision making happens when a person is presented with multiple options and

must select the one that best meets their needs and wants. Simply put, decision making is the process of selecting an action to solve a problem.

Cobb and Hoyer in Palwa (2014: 31), stated that there are three types of purchases, namely:

- 1) Planned purchases (planned)
- 2) Partial planner purchases
- 3) Impulse buying

According to Prasetyaningsih and Astini in Ramli et al (2020:389), the purchase decision is the next stage following the intention or desire to purchase, but it is not the same as the actual purchase. Customers make a variety of purchase decisions, some of which are simple and others of which are complex. Purchasing decisions are complex since they are made after a lengthy determination process. Essentially, decisions are always motivated by a desire to learn more about the quality of the product, whether it is in a form of good or services. Some elements that might influence purchase decisions are under the seller's control, while others are not (Syukri, 2018: 27). Following an examination of the factors that potentially influence customers, marketers must consider how customers make purchase decisions.

Based on the concept of the above general definitions, purchase decision for green marketing products are influenced by green customers' purchasing behaviour. Green purchasing behaviour may be defined as the act of consuming (green consumption) products that are environmentally friendly and helpful to the environment, as well as responding to environmental concerns (Syukri, 2018: 26). While the concept of green consumption refers to a customer's decision to buy or not buy a product based on at least some of the environmental factors related to the product (Peattie, 1995: 42).

A buyer or customer will make a purchase transaction in five steps Kotler and Keller in Adhimusandi (2020: 990), which are as follows:

- 1) Problem recognition. In this stage, a person acknowledges the issue of their needs. When a buyer recognizes a problem or a need, the purchasing process begins.

These needs might be triggered by both internal and external stimuli. This stimulation then transforms into a desire, and depending on the customer's urge, the customer will seek out a for a known object to satisfy the urge.

- 2) Information research. After customers find problems and needs, the next step is to look for information. Customers will seek as much information as possible on products that will fulfil their demands at this time.

If the customer has begun to locate what they are looking for and is piqued by their interest, they will seek out additional information about that need. Customers will seek additional information if they have a strong desire, drive or need . If the information received is considered sufficient and capable of meeting the purpose, they will purchase the object.

- 3) Evaluation of alternatives. In this stage, customers will examine numerous alternative product options based on information gathered from various sources.

This evaluation process is not generally done simply once in a while. Before making a decision, customers must have various alternatives. Some of the fundamental elements of the customer evaluation process are the earliest attempts by customers to address needs. Second, customers are looking for specific benefits from product solutions. Third, customers see

each product to be a collection of features with varying ability to give advantages that are employed to meet those needs.

- 4) Purchase decision. The purchasing decision stage is when someone decides which brand or product will be used to suit their needs. Other people's influence, as well as unexpected factors such as a product's price or advantages, may all have an impact on customers' purchase decisions.

In the choice set, customers build preferences for brands. Customers might also build a desire to purchase the preferred brand. Buyer intention and buying choice are influenced by two factors:

- a. The attitude of other people. The extent to which other people's attitudes lower a person's preferred alternative is determined by two factors: the intensity of people's un-favourable attitudes against the customer's preferred alternative and the customer's preferred alternative to comply with the wants of others.
 - b. Unforeseen situational considerations that may occur and alter purchase intentions. These criteria include income, family, pricing, and product advantages.
- 5) Post-purchase behaviour. Indicates whether or not customers are happy with their purchases.

Customers will experience a varying degrees of satisfaction or dissatisfaction after purchasing a product. Customers who are unsatisfied or have doubts about the accuracy of purchasing buying decisions are more likely to switch brands. This will undoubtedly harm the company by resulting in client complaints, decreased sales, and even a diminished brand image. Meanwhile, satisfied customers are more likely to make repeat purchases.

2.7 The Differentiation of Green Product, Green Advertising, and Green Brand

Based on the literatures compiled prior to this section, it can be concluded how the three of green marketing branch variables from one another which are:

1. Green product is one that is environmentally friendly throughout its entire life cycle and even after discarding it or when it is no longer useful.
2. Green advertising is where environmental themes are used in commercial advertising to promote products, services, or company public image.
3. Green brand is a brand where they put weight on valuing the environmental as the brand essence and consumers identify these brands with environmental preservation and sustainable business practices.

2.8 Previous Research

As a basis for the preparation of this research, it is crucial to know the results of previous research. And as a comparison to this research, the following are some studies that are relevant to current research:

Table 2.1 List of Previous Research

Author	Title	Variables	Methodology	Result
Primandaru, Normalita (2021)	The Impact of Green Marketing on The Body Shop Product Purchase Decision (<i>IND</i>)	Green Brand (X1), Green Trust (X2), Green Advertising (X3), Purchase Decision (Y)	This research is a quantitative research where the data is collected through questionnaires and analyzed using the multiple regression analysis method.	Green brand, green trust, and green advertising partially have a positive and significant influence on the purchase decision for The Body Shop products.
Mantiaha, Gratia F. (2016)	The Influence of Green Marketing on Customer Buying Behavior (Study at The Body Shop Manado)	Green Product (X1), Green Promotion (X2), Customer Buying Behavior (Y)	This research is quantitative research in which the data is collected through questionnaire and analyzed using the multiple linear regression analysis	Green product and green promotion have a positive and significant influence simultaneously but insignificant influence partially.

Azmi (2016)	The Influence of Green Product, Green Advertising, and Green Brand on Philips LED Light Purchase Decisions (IND)	Green Product (X1), Green Advertising (X2), Green Brand (X3), Purchase Decision (Y)	This research is a quantitative research in which the data is collected through questionnaire and analyzed using the descriptive statistic analysis.	Green product, green advertising, and green brand both partially and simultaneously have positive and significant effect on purchase decision.
Cheema et al (2015)	Influence of Green Marketing Mix and Customer Fulfillment: An Empirical Study	Green Product (X1), Green Price (X2), Green Promotion (X3), Green Place (X4), Green Marketing Mix (X5), Customer Satisfaction (Y)	This research is a quantitative research in which the data is collected through survey questionnaire and analyzed using correlation analysis and regression analysis.	All the four P's dimensions of marketing mix have positive and significant correlation to customers' satisfaction. But regression analysis shown that except green promotion, all the dimensions are significant predictor of customer satisfaction.
Delafrooz et al (2014)	Effect of Green Marketing on Customer Purchase Behavior	Eco-labeling (X1), Eco-brand (X2), Environmental advertisement (X3), Customer Purchasing Behavior (Y)	This research is an applied research in which the data collected through survey questionnaire are used to solve existing problems withing organizations, and analyzed using analytical investigation and regression analysis.	All the green marketing tools have positive impact with the environmental advertising has the largest effect and the eco-brand has the least effect on purchasing behavior.
Palwa, Ariyanto (2014)	The Effect of Green Marketing on Purchase Decisions Mediated by Purchase Interest (Study on Customers of The Body Shop at Plaza Ambarukmo Yogyakarta) (IND)	Green Marketing (X), Purchase Intention (M), Purchase Decision (Y)	This research is a quantitative research in which the data is collected through survey questionnaire and analyzed using descriptive analysis and path analysis.	There is a positive and significant influence of green marketing on purchasing decisions mediated by buying interest.

2.9 Research Framework

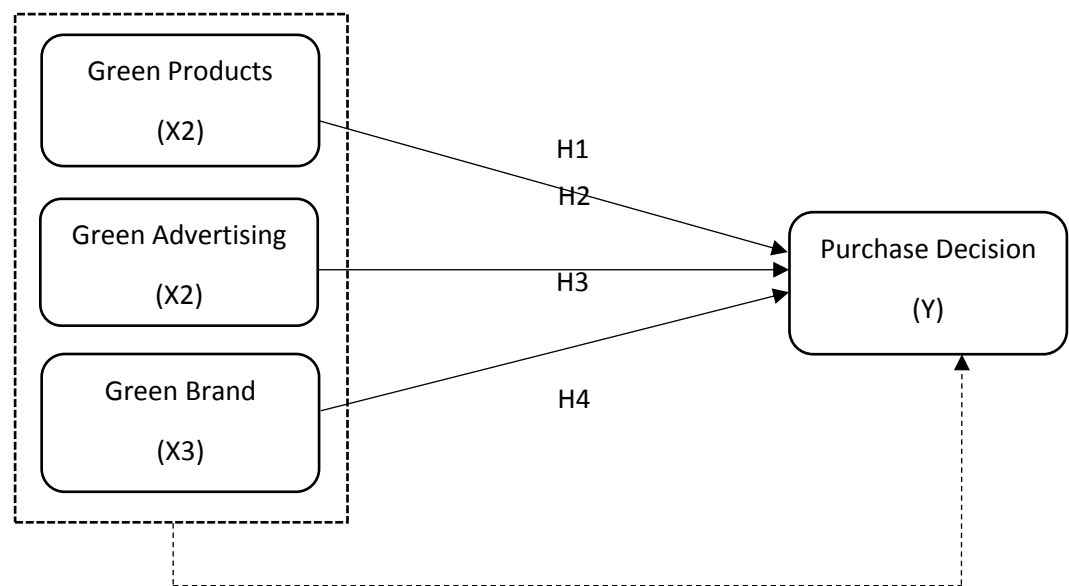


Figure 2.1 Research Framework

The theoretical framework above explains that purchase decisions are influenced by green product (X1), green advertising (X2) and green brand (X3).

2.10 Hypotheses

The hypothesis is a temporary answer to the problem formulation that still has to be verified through research (Sugiyono, 2010). Based on the problem formulation and empirical studies that have been carried out previously, the hypotheses proposed in this study are:

- H1 : There is a positive and significant effect of Green Product on customer's purchase decision.
- H2 : There is a positive and significant effect of Green Advertising on customer's purchase decision.
- H3 : There is a positive and significant effect of Green Brand on the customer's purchase decision.
- H4 : There is a positive and significant effect of Green Product, Green Advertising, and Green Brand simultaneously on customer's purchase decision.