MARKETING OF GREEN PRODUCT IN INDONESIA CONTEXT TODAY

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ABSTRACT: *This study aims to determine the extent to which consumer awareness of the environment either directly or indirectly currently exist in Indonesia, there are several companies that serve as unit of analysis in this study that has implemented the company go green, among others are: (1). The Body Shop, (2). PT. Unilever Indonesia Tbk, (3). NSN Indonesia, (4). Sofyan Hotel. In this study researchers want to know how much influence of green perceived value and green perceived risk against green purchased intention mediated by green trust to consumers who consume green products in Indonesia. The model in this study is to test the hypothesis of the research by distributing questionnaires as many as 459 questionnaires to consumers who have consumed green products for the last year in all areas of Jakarta, so the sampling technique is purposive random sampling and analysis data method in this research was using PLS (Partial Least Square) Method. The result of data processing in this research shows the influence, among others: (1). green perceived value has a positive effect on green trust of 0.876; (2). green perceived risk has a negative effect on green trust of -0.445; (3). green trust has a positive influence on green purchased intention sebeesar 0.11; (4). green perceived value has a direct effect of 0.650 to green purchase intention: (5). green perceived risk has a negative effect on green purchase intentuio of -0.22 but not significant. So in this study it can be concluded that consumers who consume green products are strongly influenced by green perceived value but will have greater influence if mediated by green trust, so producers who produce green products must create value for consumers so that will create consumer loyalty in long term.*

KEYWORDS: The green product, green trust, green purchase intention, green perceived value

INTRODUCTION

Background

The rapid changes happening today in all competitions have resulted in many companies having to set their strategy to be more competitive. Issues on green products today almost everywhere, especially consumers who already have an understanding of green products, wherever would choose to consume green products. The current issues of global warming are causing consumers to be careful in consuming their products, some companies in Indonesia are taking this opportunity to apply green products in producing their products. (Molina-Azorin et al., 2009). Based on data collected from various sources, it can be mentioned here are some sources of Go Green companies: (1). The Body Shop, (2). PT. Unilever Indonesia Tbk, (3). NSN Indonesia, (4). Sofyan Hotel. If a machine company is to market its green products, green marketing plays a crucial role in determining how much competitive advantage will be achieve (Peattie, 1992 Dallam Chen and Chang, 2013).

Green marketing not only changes the common competitive rules, but also produces a strategy of differencing that can satisfy the environmental needs of consumers (Ottman, 1992 Dallam Chen and Chang, 2013). Consumer awareness comes from their knowledge of the importance of creating a healthy environment that is the basis for improvement quality of human life. Improving the quality of life can be controlled by consumers by making changes to choose and consume certain goods that are environmentally friendly (Martin & Simintras, 1995, Yam-Tang and Chan, 1998 in Junaedi, 2005). Based on the background above, it can be formulated research problems, among others as follows:

1. Whether there is a positive influence green perceived value toward green trust?

2. Whether there is a positive influence green perceived risk toward green trust?

3. Whether there is a positive influence green trust toward green purchase intention?

4. Whether there is a positive influence green perceived value toward green purchase intention?

5. Whether there is a positive influence green perceived risk toward green purchase intention?

LITERATURE REVIEW

According to Kotler and Keller (2009), if the company wants to expand its offer to the market, the company can do three ways: 1) Increase Total Customer Benefit by improving company image, employee, service and product usage, 2) Reducing non monetary cost issued by consumers by reducing psychological, energy and time costs and 3) Reducing the monetary cost (price) of products to be paid. The definition of customer perceived value according to Kotler and Keller (2009) is customer perceived value is the difference between the prospective customer's evaluation of all the costs of an offering and the perceived alternatives. While the definition of Perceived Value according to Zeithaml (1998) is: Perceived value is the customer's overall assessment of the utility of a product based on the perception of what is received and what is given. Dowling (1986) assumes that the function of perceived risk is the probability the result (probability of outcome) and the resulting outcome (severity of outcome). Probability of results is a possibility of negative outcomes of an action, while the resulting outcome (severity of outcome) is the level of negative results. This means that in an action, especially the act of purchasing a product or service contains two dimensional structures that is the probability of results and the ugliness of undesirable results. Kogan and Wallach (1964) illustrate that the concept of risk has two dimensions: first, the aspect of opportunity where it focuses on probability and second, the aspect of hazards where the emphasis is on the consequences of the ugliness of results. According to Assael (1998) perceived risk is one important element used by consumers in processing information. Consumers will seek additional information when faced with high-risk product purchases. Perceived risk becomes higher due to: (1) Information about the product concerned is very small. (2) The product is a new product. (3) The technological complexity of the product. (4) Low consumer confidence in evaluating the product brand. Trust is defined as the level of expectation made by one party who believes the words, promises and statements of others (Rotter, 1971 in Chen and Chang, 2012). In addition, trust is a level of confidence that the other party will behave as expected (Hart and Sauders, 1997 in Chen and Chang, 2012). Meanwhile, according to Schurr and

Ozanne, (1985) in Chen and Chang, (2012), trust is generated from three beliefs namely integrity, goodness and ability. Therefore, trust can be said is the level of willingness to trust the other party based on expectations about the ability, reliability and goodness of the party (Ganesan, 1994). According to Assael (1998) purchase intention is the tendency of consumers to buy a brand or take action related to the purchase as measured by the level of possibility of consumers making a purchase. While purchase intention according to Belch (2004) is a tendency to buy a brand and generally based on the suitability between purchasing motives with attributes or characteristics of the brand that can be considered. Howard (1994) defines purchase intention as something related to the consumer's plan to buy a particular product as well as how many units of product are needed in a given period. This process starts from the emergence of the need for a product or brand and then proceed with the processing of information from consumers. The results of Chen and Chang's (2012) study show that in today's environmentally friendly products, companies need to increase green perceived value by providing sufficient information about the environmental performance of their products so that consumers can reduce green perceived risk and gain green perceived trust. Overall, it will increase the green purchase intention. Based on the theoretical overview and study of the above research, it is clear that green perceived value, green perceived risk and green trust are three important things that can give impact to green purchase intention on a product. And can be formulated this research hypothesis as follows:

H1: Green Perceived Value affects Green Trust.

H2: Green Perceived Risk has an effect on Green Trust.

H3: Green Trust affects the Green Purchase Intention.

H4: Green Perceived Value affects the Green Purchase Intention.

H5: Green Perceived Risk effect on Green Purchase Intention

METHODOLOGICAL FRAMEWORK

This study refers to research done by Chen and Chang (2012) where several factors affect the green purchase intention both directly and indirectly, but in this study also include green trust as another variable as a mediating variable that will strengthen and weaken influence on green purchase intention. This study uses correlation techniques and research design is a hypothesis test, which attempts to test the research hypothesis of the existing problems. The population in this research is 459 consumers who have been using green product for three years in Jakarta. Sampling method used in this research is non probability sampling with sampling technique "purposive random sampling" that is withdrawal sample based on certain considerations, where the selected sample according to research criteria. Calculation of the number of targeted samples using a margin error of 5% or with a 95% confidence level.

RESULT AND DISCUSSION

In this research used powerful method by using PLS software analysis tool, decision making will be seen from p-value which must be smaller <0.05, for the acceptance limit of Ha,

otherwise if above p> 0.05 then Ho will be accepted and Ha will be rejected from the results of existing statistical calculations. Here is the result of hypothesis testing with PLS method.

Table -1: Statistical Analysis Resulted

Hypothesis	Model	Estimate	p - Value	Noted
H1	GPV → GT	0,876	0,000	Accepted
H2	GPR → GT	-0,445	0,000	Accepted
H3	GT → GPI	0,115	0,000	Accepted
H4	GPV →GPI	0,650	0,000	Accepted
H5	GPR→GPI	-0,222	0,221	Rejected

Concluding Remarks and Implication

From the results of study, so we can drawn some conclusion below, they are:

1. In this study GPV will affect the GT, because the trust will fly if consumers get the value of the products consumed, so the green products should be able to provide high value to the consumer so that the increase of GT.

2. However, the GPR will have a negative effect on the GT, because trust will be built if the green product consumed by the consumer has no risk whatsoever, so the lower the risk the higher will be in the consumer.

3. The trust built will affect how consumers behave to buy the product, what to do is how to build a high trust that will ultimately affect how the consumer will behave to buy the product, especially green and environmentally friendly products.

4. In this case the value obtained by consumers of the products it consumes will affect the intention to make purchases of these environmentally friendly products.

5. Likewise GPR will be inversely or negatively to GPI, as more and more negative aspects, it will lower the GPI from the consumer side.

This research is only limited to some of the above variables and still far from perfection, so the next researcher should conduct more in-depth research especially related to the problem of the number of research variables, unit of analysis and duration of this research. this research should also combine between qualitative and quantitative research models in order to obtain optimal results so that it is beneficial to the academic world and for the parties concerned both directly and indirectly. in the rapidly expanding academic world today, marketing research has become a very interesting topic to be discussed more thoroughly, many researchers managed to find new theories related to the current empirical conditions. Green Purchase Intention is a very interesting to be studied and the factors that influence it, green perceived value leads to how big the value of green product received by consumers, but consumers also do not want to be faced with the risk of green products, so the manufacturer should always be seeks to avoid any risks arising from any process of producing the green product. The most important issue is how to always strive to create a good trust in the eyes of consumers. The level of customer satisfaction, and the convenience of using the product to effect the green trust on green Purchase Intention of green products can be significant. These improvements can be done by tightening the employee selection process, using professionals as brand ambassador, and

always paying attention to consumer expectations followed by creating product innovation so that consumers feel satisfied.

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