

CHAPTER I

INTRODUCTION

1.1 Overview of Research Objects

1.1.1 PT Unilever Indonesia Tbk History

Unilever is a multinational company headquartered in Rotterdam, Netherlands and London, England. Unilever is engaged in the manufacturing, marketing and distributing of consumer goods, including soaps, detergents, margarine and dairy-based foods, ice cream, cosmetic products, tea-based beverages and fruit juices. Unilever Indonesia was founded on December 5, 1933 with the initial name "Lever's Zeepfabrieken N.V", then Unilever Indonesia changed its name to "PT Unilever Indonesia" on July 22, 1980. After that, it changed its name again to "PT Unilever Indonesia, Tbk".



Figure 1. 1 Unilever Logo

Source: Unilever.com (2022)

Figure 1.1 above shows the logo of Unilever Company. Unilever is a company whose mission is to promote sustainable living. Unilever makes products concerned with positive benefits for society and the environment. Currently, Unilever has 400 brands spread worldwide and a global mission to do good.

1.1.2 Vision and Mission of PT Unilever Indonesia Tbk

PT Unilever Indonesia Tbk has a vision and mission that aims to help achieve the company's goals, the vision and mission of PT Unilever Indonesia Tbk are as follows:

a. Unilever Vision

To gain love and respect from Indonesia by touching the lives of every Indonesian every day.

b. Unilever Mission

- Work to create a better future every day.
- Helping consumers feel good, look good and enjoy life more through brands and services that are good for them and others.
- Inspiring people to take small steps every day that can be combined to make big changes for the world.
- Constantly developing new ways of doing business that will allow us to double our growth and reduce our impact on the environment and increase our social impact.

1.1.3 Love Beauty and Planet Profile

Love beauty and planet is a beauty brand by Unilever and was first launched in the United States in 2017. Now, the brand has officially been present in Indonesia since 2019. Love Beauty and Planet apply environmentally friendly products that can be recycled and have several a series of products consisting of hair care (shampoo and conditioner) and skin care (body wash and body lotion).

Along with its launch in Indonesia, this brand carries a #SmallActsOfLove campaign that invites beauty enthusiasts to be more concerned about the preservation of the earth through small things that can be done every day. In realizing #SmallActsOfLove, Love Beauty Planet stand to the principle of “Five Labors of Love”, which consists of: **Powerful & Passionate** – the use of packaging bottles made from recycled plastic and can be recycled again; **Fast & Fabulous** – has a high-quality conditioner and uses fast rinse technology to save water every time you wash it; **Goodies & Goodness** – formulated without the use of parabens or artificial colours that are vegan certified from vegan.org and cruelty-free from People for the Ethical Treatment of Animals (PETA); **Scents & Sensibility** – all products use essential oils as fragrances obtained from the 'responsible sourcing' partnership program with Givaudan; and **Carbon Concious & Caring** - committed to leaving a minimal carbon footprint.

To attract people's enthusiasm for #SmallActsOfLove, Love Beauty Planet collaborates with various organizations that share the same vision. For example, Love Beauty Planet collaborates with Waste4Change to provide drop boxes at several Farmers Market outlets so that people can easily return used plastic packaging for products from any brand so that Love Beauty and Planet and Waste4Change can recycle them. In addition, Love Beauty Planet is also collaborating with the non-profit organization XSProject, which converts any used packaging collected into a form of donation to reduce the cost of education for scavenger children in the Cirendeu area, South Tangerang.

1.1.3 Product and Service



Figure 1. 2 Love, Beauty and Planet Products

Source: lovebeautyandplanet.com (2022)

Figure 1.2 shows the example of Love, Beauty and Planet products. Love, Beauty, and Planet products attract a lot of attention, especially for women who love beauty products. This is a good start for this brand to continue to develop its green products. The positive response from the public has made Love, Beauty, and Planet products proliferate in the last two years. The following are some of the products owned by Love Beauty and Planet:

1. Mumuru Butter & Rose Product

The Mumuru Butter & Rose variant consists of shampoo, conditioner, body wash, body lotion, and hand cream. The product formulas with Amazonian murumuru butter are known to nourish and moisturize dry hair and skin.

Meanwhile, Bulgarian rose comes from natural oils and extracts that are picked and processed from Bulgarian rose petals to get a natural fragrance.

2. Argan Oil & Lavender Products

Argan Oil & Lavender Variant consists of shampoo, conditioner, body wash, hand wash, and body lotion. This product is specially made from Argan Oil which contains vitamin E to blend curly hair to make it smooth, soften the skin, and relax with a pampering lavender scent.

3. Coconut Water & Mimosa Flower Product

Coconut Water & Mimosa Flower variant consists of shampoo, conditioner, body wash, hand lotion, and body lotion. The content of organic coconut water, known as "dew from heavens, " can help revitalize, refresh the skin, and hydrate the hair to keep it shiny. Meanwhile, mimosa flowers have a long-lasting fragrance combined with honey and fresh raspberry crassis.

4. Coconut Oil & Ylang Ylang Product

Coconut Oil & Ylang Ylang Variant consists of shampoo, conditioner, and body wash. This collection is infused with organic coconut oil from the Philippines as a substitute for natural silicon that can nourish and hydrate dry hair and skin. While the aroma that comes from Ylang Ylang flower has an aroma similar to jasmine with the addition of a fruity aroma and sweet taste.

5. Tea Tree Oil & Vetiver Products

The Tea Tree Oil & Vetiver variant consists of shampoo, conditioner, and body wash. The content of natural ingredients Australian Tea Tree Oil has high-quality that can clean and moisturize hair and skin. While the vetiver used comes from Haiti, which has a soft and natural aroma.

6. Tucuma Butter & Vanilla Product

The Tucuma Butter & Vanilla variant consists of a body lotion and hand cream. The content of tucuma butter is made from the seeds of the tucuma palm which hydrates and moisturizes the skin. Tucuma butter is known to have a high content of antioxidants, fatty acids, and vitamins. While vanilla comes from Madagascar. Vanilla extract mixed with sweet buttercream aroma can help warm the senses in winter.

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1.2 Research Background

Plastic is a material that we often found in various products, either as the main ingredient or as a packaging material for a product. Among people, we can easily find plastic because plastic price is very affordable and it is practical to use. However, behind its very diverse functions, plastic materials can cause serious problems if we use them continuously in large quantities, which we usually called plastic waste (Pan *et al.*, 2020). One of the main problems of plastic waste is that it is difficult to be broken down by micro-organisms and it takes tens or even hundreds of years to decompose plastic waste (Letcher, 2020). If this is allowed, it can threaten the survival of living things and the environment.

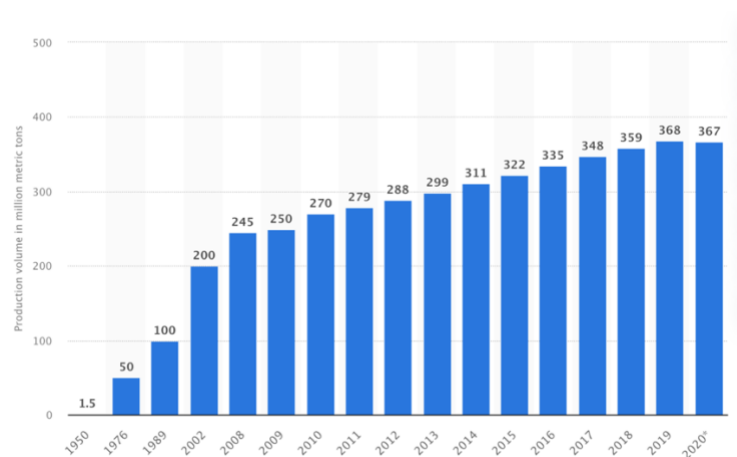


Figure 1. 3 Production of Plastic Waste

Source: Statista.com (2022)

Based on figure 1.3, it explains that the production of plastic waste in the world experienced a significant increase from 1950 to 2019, which means that it impacts an increase in plastic waste. The highest peak in world plastic production was in 2019 at 368 million metric tons. Followed by 2020, the world's total plastic production was 367 million metric tons, which means a decrease when compared to 2019, a decrease

of around 1 million tons due to the Covid-19 pandemic which affected the industry. This proves that the plastic waste emergency is become a global problem.

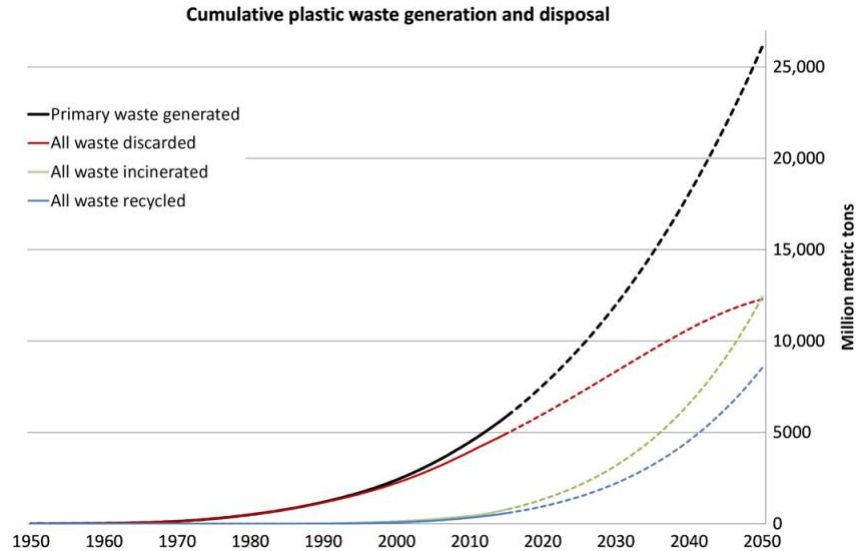


Figure 1. 4 Cumulative Plastic Waste

Source: Researchgate.net (2022)

According to figure 1.4, Geyer, Jambeck and Law (2017) predict that plastic waste will increase significantly by 2050. It is estimated that there will be around 2600 million metric tons of plastic waste in the world, or four times greater than the total plastic waste that exists today. Plastic production illustrates a strong time trend during its entire history, if the production consistently on this curve patterns, 9000 million metric tons of plastic waste will be recycled, 12.000 million metric tons incinerated, and 12.000 million metric tons discarded in the natural environment. Because it is difficult to decompose, it is estimated that there will be billions of tons of plastic waste on planet earth.

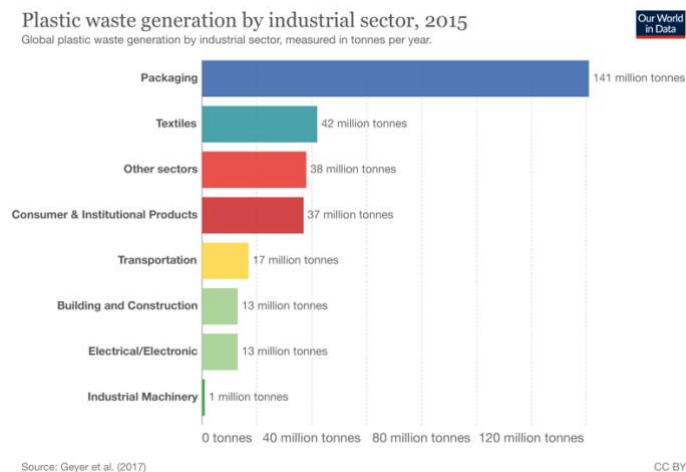


Figure 1. 5 Plastic Waste Sector

Source: Ourworldindata.org (2022)

According to figure 1.5, the sector that produces the most plastic waste is the packaging sector. There were around 141 million tons of plastic waste in the form of packaging in 2015. We often encounter product packaging using plastic, ranging from food products, beverages, and health to beauty products. Most plastic waste ends up in the waters and can potentially damage the environment. As quoted from the World Economic Forum, about 150 million tons of plastic waste are in the world's waters. Its growth is also very significant, reaching 8 million tons per year.

Undeniably, the number of plastic wastes in Indonesia is still very high. Based on data from the Indonesian Plastic Industry Association (INAPLAS) and the Central Statistics Agency (BPS), the plastic waste produced by Indonesia reaches 64 million tons/year. From all the wastes that is not managed properly, most of it is dumped into the rivers and ends up in the ocean.

Table 1. 1 The Total of Waste in Indonesia's Oceans

No.	Material Name	Amount / Gram Per Meter Square
1.	Plastic	627,8
2.	Glass & ceramics	226,29
3.	Metal	224,76
4.	Wood	202,36
5.	Fabric	128,58

6.	Rubber	110,64
7.	Plastic foam	56,68
8.	Paper & cardboard	21,86
9.	Other materials	173,73
Total		1.727,7

Source: menlhk.go.id (2022)

From the table 1.1 above, according to data from the Ministry of Environment and Forestry (KLHK), in 2020 Indonesia's oceans were polluted by around 1,772.7 grams of waste per square meter (g/m²). Considering the total area of Indonesia's oceans is 3.25 million km², it can be estimated that the total amount of garbage in the archipelago's seas has reached 5.75 million tons (www.databoks.co.id, 2022). The most common type of waste found was plastic waste, with a weight of 627.80 g/m². That amount has a proportion of 35.4% of the total waste in Indonesia's seas or equivalent to 2 million tons of plastic waste in Indonesian seas.



Figure 1. 6 Direct Impact of Marine Plastic on Biota

Source: plastic-pollution.org (2022)

As can be seen in the figure 1.6 above, plastic waste in the sea has a direct impact on marine life which is very dangerous for their lives. Plastic waste have a negative impact on marine ecosystems, ranging from health effects that affect marine organisms, because they are ingested or entangled in plastic waste and fishing rods so that they can kill marine biota and damage the ecosystem (Carney Almroth and Eggert,

2019). Based on data from the World-Wide Fund for Nature (WWF), there are at least 2,144 species that suffer from plastic pollution in their habitats. In fact, many species end up having to swallow the plastic waste, with details of cases of plastic waste consumption in 90% of seabirds and 52% of sea turtles (www.liputan6.com, 2022).

Regarding the problem of plastic waste which is very dangerous, public awareness is needed both in terms of individuals as consumers and as producers. From this problem, people become more concerned about the surrounding environment. This is supported by the government's policy for the Jakarta area which prohibits the use of single-use plastic and is required to use environmentally friendly shopping bags at Shopping Centers, Supermarkets, and People's Markets. Although it has not been proven effective, implementing it throughout Indonesia will most likely help reduce plastic waste.

Environmental damage in Indonesia is indeed quite alarming. This issue creates a new phenomenon in the marketing world called green marketing. Green marketing can be the first step for business people to reduce plastic waste. Green marketing is not only limited to marketing activities and the composition or characteristics of the products produced, but also to the processes and production techniques (Osiyo & Samuel, 2017). It gives a positive influence on environment, because green marketing will change the consumer behavior toward the environment (Shabbir *et al.*, 2020). In addition, the previous research also found the importance of green marketing for business, the companies need to consider the development of eco-friendly strategies and their value for sustainability business environment because it provide a meaningful path forwards for responsible creation and the development of marketing strategies (Shabbir *et al.*, 2020).

Nowadays, companies are starting to realize that most of their products using plastic packaging. So that many of them implement green marketing strategies by creating green products and improving their quality. According to Bahri (2022), green products are created because of consideration of environmental aspects in life so as to minimize the bad impacts that occur on natural conditions. In creating green products, companies must also pay attention to the quality of the products produced (Yadav and Pathak, 2016).

One of the companies that plays an active role in environmental care through green product and has a primary focus in overcoming the problem of plastic waste in

Indonesia, especially in single-use plastic packaging waste is PT Unilever Indonesia that are in Fast Moving Consumer Goods (FMCG) industry. As a consumer company, Unilever feels obliged to help reduce environmental pollution. The program undertaken by Unilever is the Unilever Sustainable Living Plan (USLP) which was created in 2010 which has three big goals with the 3P concept (People, Profit, Planet) which has the aim of improving the health of more than one billion people, reducing the impact of environmental pollution, and improve the lives of millions of people (www.unilever.com, 2022).

Green products launched by Unilever aims to help the success of the USLP program through Love Beauty and Planet products. The quality of green products is a product that contains environmentally friendly materials and has packaging that can be recycled so that it can reduce the impact of environmental pollution (Dianti and Paramita, 2021). Green product quality are products that are designed and processed in a way that aims to reduce the negative effects that can pollute the environment, both in production, distribution, and consumption (Putro, 2017). Love, Beauty and Planet products uses natural ingredients, does not contain parabens and dyes. Parabens are preservatives that are usually used in care products, parabens are known as ingredients that can harm the body that can cause breast cancer, allergic reactions, reproductive problems and endocrine disorders (www.halodoc.com, 2022).

The creation of Love, Beauty and Planet products shapes the public's perception of the Love, Beauty and Planet brand as an environmentally friendly brand. Green brand image can be defined as a perception that arises in the minds of consumers that combines the company's commitment and concern for the environment (Akbar and Rubiyanti, 2022). In addition, green brand image also can be said as consumer trust in a name, symbol, and impression of the brand of a product and become top of mind in the minds of consumers (Osiyo and Samuel, 2018). Salatun and Layoo (2017) stated that brand image is one of the factors causing purchasing decisions. Their research says that a strong brand image can provide many advantages both for the company and the consumers. With a wide variety of products offered in the market, consumers will also see which brands can fulfill their needs and desires.

Currently, it is easier for people to obtain information and education about environmental issues, which causes consumers to be more concerned about the goods

they purchase in terms of their environmental impact, this situation is called environmental attitude (Umam and Widodo, 2022). To reduce the environmental pollution, of course, it is necessary to support the attitude of the community towards environmental care. When an individual has a good attitude for the environment, they show more concern for environmental problems and focuses on eco-social benefits, this may drive them to replace non-green products with green products (Cheung and To, 2019). Therefore, consumers with a positive attitude toward the environment will make them motivated to buy or consume the green product (Maichum, Parichatnon and Peng, 2017). It means that environmental attitudes have a direct influence on their intention to buy environmentally friendly products.

To complement the data that has been presented, researchers have conducted a pre-survey of 30 people to find out deeper perceptions regarding consumer responses to green product quality, green brand image, environmental attitude and their interest in eco-friendly products Love, Beauty and Planet in Indonesia

Table 1. 2 Pre-Survey Questions

No.	Variable	Question	Agree	Disagree
1.	Green Product Quality	I like Love, Beauty, and Planet products because it doesn't damage the environment.	90%	10%
		I feel that the quality of the products offered by Love, Beauty and Planet can help reduce environmental pollution.	56.7%	43.3%
		The quality of Love, Beauty, and Planet products is superior compared to conventional products.	56.7%	43.3%
2.	Green Brand Image	I remember Love, Beauty, and Planet products as eco-friendly brands	83.3%	16.7%
		I chose Love, Beauty, and Planet products because it is trustworthy	46.7%	53.3%

(continue)

(continuance)

3.	Environmental Attitude	I feel obligated to participate in protecting the environment.	83.3%	16.7%
		I care about the environment by buying eco-friendly products	63.3%	36.7%
		If I know that a company in its business processes has damaged the environment, I will stop buying its products.	63.3%	36.7%
4.	Green Purchase Intention	I am interested in buying Love Beauty and Planet products because it is harmless to the environment	70%	30%
		I want to buy Love Beauty and Planet products because I want to contribute to preserving the environment and have a good reputation for protecting the environment	46.7%	53.3%

Source: Author's Processed Data (2022)

According to the results of pre-survey in table 1.2 above, it can be said that there are still respondents who disagree with several statements related to green product quality, green brand image, environmental attitude, and green purchase intention on Love, Beauty, and Planet products. Regarding green product quality, there are results that show as many as 43.3% of respondents disagree with the quality of Love, Beauty and Planet products which are superior to other brands and can help reduce environmental pollution. The results of these respondents' responses indicate that there are some consumers who feel other products is more superior and can reduce environmental pollution more than Love, Beauty and Planet products which make consumers prefer to use other products. In the second variable, namely green brand image, there are results showing that 53.3% of respondents do not choose Love,

Beauty and Planet products because lack of trust in Love, Beauty and Planet products in protecting the environment. In the environmental attitude section, it shows that there are still 36.7% of respondents who do not really prioritize environmentally friendly products to reduce environmental damage. Meanwhile, in the green purchase intention section, 53.3% of respondents did not intend to buy Love, Beauty and Planet products to contribute to protecting the environment.

Based on the description above, Love Beauty and Planet has carried out various strategies, especially in increasing green product quality and green brand image in increasing customer attitude towards environmental issues. Therefore, with the phenomenon of environmental problems that have an impact on the company's strategy in producing green products to increase customer awareness in protecting the environment, the authors decided to research with the title "**The Influence of Green Product Quality and Green Brand Image on Green Purchase Intention of Love Beauty and Planet Mediated by Environmental Attitude**"

1.3 Statement of the Problem

Based on the background that has been described, the formulation of the problem in this study is:

1. How does green product quality affect environmental attitude of Love Beauty and Planet customers?
2. How does green brand image affect environmental attitude of Love Beauty and Planet customers?
3. How does green product quality affect green purchase intention of Love Beauty and Planet customers?
4. How does green brand image affect green purchase intention of Love Beauty and Planet customers?
5. How does environmental attitude affect green purchase intention of Love Beauty and Planet customers?
6. How does green product quality affect green purchase intention of Love Beauty and Planet customers through environmental attitude?
7. How does green brand image affect green purchase intention of Love Beauty and Planet customers through environmental attitude?

1.4 Research Objectives

Based on the formulation of the problem above, the objectives of this research are:

1. To find out the effect of green product quality on environmental attitude of Love Beauty and Planet customers.
2. To find out the effect of green brand image on environmental attitude of Love Beauty and Planet customers.
3. To find out the effect of green product quality on green purchase intention of Love Beauty and Planet customers.
4. To find out the effect of green brand image on green purchase intention of Love Beauty and Planet customers.
5. To find out the effect of environmental attitude on green purchase intention of Love Beauty and Planet customers.
6. To find out the effect of green product quality on green purchase intention through environmental attitude of Love Beauty and Planet customers.
7. To find out the effect of green brand image on green purchase intention through environmental attitude of Love Beauty and Planet customers.

1.5 Benefit of Research

The researcher hopes this research can produce benefits in terms of academic and practical aspects.

1.5.1 Theoretical Aspect

The results of this study are expected to complement knowledge and insights for research, especially those related to green products, green brand image, environmental attitude, and green purchase intention. This research is also expected to be a reference for further research.

1.5.2 Practical Aspect

The results of this study are expected to be used as evaluation material for related companies, namely Love Beauty and Planet about product quality and brand image, to influence green purchase intention on Love Beauty and Planet.

1.5.3 Systematics of Writing

To make it easier and provide direction and description contained in the writing of this thesis, the authors arrange systematics with the following arrangement:

CHAPTER I INTRODUCTION

This chapter contains the description of the object of research, background of the problem, formulation of the problem, objectives and uses or benefits and systematics of writing research.

CHAPTER II. LITERATURE REVIEW

This chapter contains the theoretical basis used as the basis of research analysis, previous research, framework and research hypotheses.

CHAPTER III. RESEARCH METHODOLOGY

This chapter contains the types of research and data sources, data collection methods, and analytical methods to answer all research problems.

CHAPTER IV. RESEARCH RESULTS AND DISCUSSION

This chapter contains the research results and the influence of green product quality and green brand image on green purchase intention of Love Beauty and Planet mediated by Attitude Towards Environmental Issues according to the problem formulation and research objectives.

CHAPTER V. CONCLUSIONS AND SUGGESTIONS

This chapter outlines the conclusions from the research results and suggestions that can be considered for companies related to research benefits.