

Chapter 1 Introduction

1.1 General understanding of the Concept

In today's world, sustainability has evolved into a widely recognized and critical issue, capturing the attention not only of governments and the public, but also of marketers. Addressing the green market, which has been identified as a rapidly growing market segment, is now recognized as a source of competitive advantage, and added value. The perception of the planet deteriorating to alarming levels of pollution and degradation has fueled the rise of the environmental protection "movement" (Lee, 2009), coinciding with the rapid expansion of a distinct market segment green consumers, who are expected to actively participate in environmentally conscious behaviors (Suganthi, 2019). The adoption of green behavior is a critical component in the pursuit of sustainability. Typically associated with green consumption, this entails the use of products that do not pollute or harm the natural environment. Despite having positive attitudes toward environmentally friendly products and services, only a small percentage of consumers follow through on their intentions. According to a recent survey, 65% of respondents expressed a desire to support purpose-driven brands that promote sustainability, but only 26% made a purchase. Addressing the "intention-action gap" is critical not only for meeting corporate sustainability goals, but also for environmental well-being. Unilever emphasizes the impact, estimating that nearly 70% of its greenhouse gas footprint is determined by customer choices, as well as sustainable usage and disposal practices. This includes things like conserving water and energy during laundry and responsibly recycling containers .

For decades, environmental social scientists have struggled with a central question regarding the conceptualization of 'environmental behaviors' and 'environmental awareness and norms.' This scientific investigation delves into the complex ways in which people incorporate environmental considerations such as climate change, water scarcity, biodiversity, waste management, and renewable energy into their daily lives. The emphasis is on determining how ordinary people navigate, perceive, understand, evaluate, and manage the complex relationships between their personal lifestyles, routine consumption practices, and the broader backdrop of global environmental change. This study, like (Cohen & Murphy, 2001), (A NEW

MODEL FOR TESTING GREEN CONSUMER BEHAVIOUR, n.d.), and (Jackson's, 2006), aims to shed light on the multifaceted dynamics by which individuals engage with and respond to pressing environmental challenges. The predominant focus of environmental discourse and study on environmentally friendly consumption revolves around refraining from specific objects, breaking adverse habits, reducing consumption, mitigating impacts, and addressing the unfavorable facets of consumption (Dauvergne, 2008). Insofar as they represent logic and dynamics at odds with accepted, positive consumption norms, a large portion of research on green symbols and practices is typically "negative." Behavioral alternatives that are suggested, especially when it comes to climate change policies, tend to focus on abstaining from certain behaviors or implementing habits that require more work (Daffa et al., n.d.; Martianti et al., n.d.; Pramiyanti & Millanyani, 2014; Rahmadina & Millanyani, n.d.). Recommendations like "eat less meat," "reduce car usage," and "limit air travel" are a common feature of the much-discussed "top ten environmental actions," which are crucial for substantial reductions in personal footprints. Over the course of forty years, research on environmental and social responsibility has made tremendous progress in identifying and resolving the problems that arise from modern marketing and consumption practices, which are referred to as sustainable consumption. Through the perspectives of both individuals and organizations, a complex investigation into ethical consumption, conservation behaviors, ecological and prosocial marketing, and green marketing has emerged. Investigations into the subtleties of conservation behaviors, the dynamics of ecological and prosocial marketing, and the complexities of ethical consumption are important turning points in this trajectory. The body of research has not only revealed the complexities of these phenomena but also laid the groundwork for suggesting and evaluating solutions to problems that already exist. According to a review of the literature, these many strands have been synthesized in seminal works by (Irwin, 1999) and (Kilbourne and Beckmann, 1998), providing thorough insights into the complex world of sustainable consumption. These critical analyses have highlighted the importance of both organizational and individual viewpoints while also highlighting the complexity of the problems at hand. Research contributions have moved beyond academic discourse and into practical domains, examining public policy approaches as described by (Thøgersen, 2005) and (Martens and Spaargaren, 2005). As a result, the trajectory of research on sustainable consumption has taken on a variety

of forms, providing a solid basis for understanding the complex dynamics of responsible consumption behaviors and formulating plans for a more sustainable future.

1.2 Research Background

As environmental concerns continue rising, more people focus on sustainable development to protect the environment and society. The practices of green marketing and green purchasing are gaining popularity. Consumers refer to environmentally friendly products as "green purchases." since it helps the environment and saves resources (Tsarenko et al., 2013). In the context of the marketing mix, green marketing refers to various strategic business activities that include pricing, planning, processes, production, promotion, and personnel. The principal objective is to reduce the ecological footprint of their offerings (Groening et al., 2018). Numerous companies have restructured their production approaches in response to evolving environmental concerns and shifting consumer attitudes. This entails abandoning products with significant ecological footprints or potential health risks in favour of environmentally responsible alternatives. Despite producing ecologically friendly products, a substantial segment of consumers shows little interest. This lack of interest results from several factors, including ingrained consumption values, resistance to new technologies, and reluctance to pay the higher prices of these environmentally friendly alternatives, all contributing to consumers' hesitance (Coderoni & Perito, 2019; Tsarenko et al., 2013). As a result, understanding the factors that influence consumer purchasing of green products is essential. Previous studies have focused on how corporate environmental responsibility (CER) or corporate social responsibility (CSR) affects pro-environmental behaviour. These studies have frequently portrayed green marketing as a tactic for gaining firms a sustained competitive advantage (Chuang & Huang, 2018; Su et al., 2017; Suganthi, 2019). On the other hand, there is limited knowledge about how green consumption impacts consumer environmental responsibility. The norm activation model defines a person's sense of responsibility as a moral and cognitive state that directs selfless behaviour and personal norms (Normativ, n.d.).

It is common knowledge that the increase in international trade and production is causing widespread environmental pollution, which is detrimental to people, animals, and crops. In this setting, resources are limited, but human demands never cease. Consumers were

encouraged to switch from using traditional products to environmentally friendly products or making green purchases due to the growing global interest in sustainability and that using non-environmentally friendly products causes environmental problems that impede sustainable development (Hazaea et al., 2022). The most effective organizational strategy is green purchasing, which helps businesses increase productivity, reduce waste, and even become more competitive (Yang & Zhang, 2012). A further aspect of green purchasing is purchasing products intended to be recyclable, which further contributes to the general improvement of the environment (Mostafa, 2007b).

On the other hand, (Lo et al., 2018) assert that green purchasing is a crucial element in achieving sustainable development for institutions. It frequently influences institutional work performance, which impacts environmental protection practices. Green purchasing is vital because it helps to reduce the adverse environmental effects that come from the processes of manufacturing, use, and recycling (Dubey et al., 2013).

Purchasing environmentally friendly goods, supporting eco-friendly businesses, encouraging sustainable consumption habits, and making extra financial investments in green products are all considered forms of making green purchasing decisions (Carfora et al., 2019; Essoussi & Linton, 2010; Schlegelmilch et al., n.d.). The consumption value theory states that the significant social value of green products can influence consumers' decisions to purchase environmentally friendly products. However, the extra expense of purchasing ecologically friendly goods is a disincentive toward purchasing decisions (Nekmahmud & Fekete-Farkas, 2020). Young, well-educated Consumers are more likely to buy environmentally friendly products in developing nations. (K. Lee, 2014). Through programs like eco-friendly supply chain management, sustainable practices, and promoting eco-friendly attributes, SMEs in Indonesia are essential to advancing green marketing (Ghina et al., 2023). Industries such as tourism, palm oil, and crafts extend their commitment to satisfying the demands of environmentally conscious customers. It also reflects a strategic alignment with environmental sustainability (K. Lee, 2014; Limaho et al., 2022; Said et al., n.d.; Sunarjo et al., 2021).

Though researchers have conducted much research in green marketing, There is limited knowledge about how consumers decide which environmentally friendly products to buy

(Taylor, 2000). Market segments have different consumer interest in eco-friendly products (Ottman, 1993). Companies must first identify and target specific segments of the green consumer base to communicate environmentally conscious products or environmental initiatives to people who care about the environment (Bohlen et al., 1993). Relatively few attempts have been made in the past 20 years to specifically categorize customers based on their levels of green purchasing behaviour. Nonetheless, abundant research has attempted to characterize the population's overall environmentally conscious members using a range of segmentation variables (Schlegelmilch et al., n.d.). For businesses looking to enter the green and sustainable marketing space, understanding different facets of consumers' green purchasing behaviour and knowing how consumption values influence attitudes, intentions, and behaviours toward environmentally friendly products is invaluable. (Carrete et al., 2012; Thøgersen et al., 2015a).

It is crucial to understand that older consumers are the ones who make the majority of these purchases, even though younger consumers are more enthusiastic about purchasing environmentally friendly products (Magnusson et al., 2003). Food choices within families are changing dramatically, with more and more young parents choosing to feed their kids organic food and goods (Hughner et al., 2007). In Indonesia, most committed organic food consumers are well-educated, upper-class individuals who actively practice environmentally friendly consumption habits (Lockie et al., 2002).

With an emphasis on environmentally conscious purchasing decisions and the moderating effect of peer influence (Nekmahmud & Fekete-Farkas, 2020), our research examines sustainable consumption practices among Indonesian university students. The existing body of knowledge regarding the factors influencing environmentally conscious purchasing decisions is lacking, particularly when considering developing countries such as Indonesia's young, educated consumers (Al-Swidi & Saleh, 2021). Although several studies (Business & Research, 2018) have examined sustainable consumption, relatively few have likely examined the dynamics and influences that impact the decisions made by Indonesian university students. Such variables include perceptions of quality and benefits, pricing awareness, willingness to purchase, future estimation, and the critical role of peer influence. (Nekmahmud & Fekete-Farkas, 2020).

The main contributions of this research are to fill a research gap in green purchase decisions by applying the Theory of Planned Behaviour (TPB) and comparing green marketing with earlier studies (Ajzen, 1991a) as a theoretical framework that incorporates other concepts like peer influence, future green estimates, perceived quality of the green environment, and environmental concerns. With a focus on the younger, more educated population, the current study expands on earlier research to give consumers in Indonesia a thorough understanding of their green product purchasing decisions. Sustainable development depends on this population segment's knowledge, attitudes, and purchasing patterns regarding green products, as they will also influence future corporate and national strategies.

However, this study answers the following questions: 1) What aspects of green marketing affect young people's buying of environmentally friendly products in developing nations? 2) Peer functions as a moderator in the positive influence of green consumer characteristics on green purchasing decisions, which include environmental concern, price awareness, perceived benefit, purchase decision, future estimation, perceived quality, and willingness to purchase. Marketers and producers can benefit from understanding youth attitudes toward green purchases to prioritise customer needs and provide safer, healthier products. Leaders in business and policymaking must gain a deeper comprehension of the elements affecting the behaviour and sensitivity of the younger generation.

1.3 Problem Statements

1.3.1 Insufficient Analysis of Green Consumer Characteristics

The current body of research on sustainable consumption practices in Indonesia does not thoroughly examine aspects of green consumer attributes. Important factors are not fully investigated, such as perceived quality, perceived benefit, pricing awareness, willingness to buy, future estimation, and the final purchasing decision.

1.3.2 Limited Knowledge on Demographic Moderation:

Little is known about how demographic variables like age, gender, income, and peer influence affect the connections between green consumers' characteristics and green purchase decisions. The lack of comprehensive insights into these demographic relationships hampers the creation of focused plans to support sustainable practices.

1.3.3 Gaps in the Dynamics of Peer Influence:

Although the importance of peers in influencing environmentally conscious consumer behavior is recognized, the complex dynamics of peer influence are not sufficiently explored. We don't fully understand the precise methods by which peers influence different aspects of green consumer traits and purchase decisions.

1.3.4 Barriers to Tailored Strategies:

The lack of thorough understanding of the relationships between green consumer characteristics and purchase decisions hampers the creation of focused strategies. Without a comprehensive understanding, businesses, legislators, and other stakeholders was find it difficult to develop successful, culturally appropriate programs to promote sustainable consumption habits in Indonesia.

1.4 Research Questions

- 1) Do environmental concerns positively influence green purchase decisions?
- 2) Does green perceived benefit positively influence green purchases decisions?
- 3) Does green perceived quality positively influence green purchase decisions?
- 4) Does Green Awareness of Price positively influence green purchase decision?
- 5) Does green willingness positively influence green purchase decisions?
- 6) Does green Future Estimation positively influence green purchase decisions?
- 7) Does peer influence affect the relationship between green consumer characteristics (Environmental concerns, green perceived benefit, green perceived quality, green awareness of price, green willingness, green future estimation) and green purchase decisions?

1.5 Research Objectives

- 1) Investigate the positive influence of environmental concerns on green purchase decisions among university students across Java Island.
- 2) Examine and measure how the perceived benefits of green products positively influence the decision-making process for environmentally conscious purchases.
- 3) Explore the relationship between the perceived quality of green products and the propensity of consumers to make environmentally friendly purchase decisions.

- 4) Investigate the positive influence of green awareness of price on the decision-making process for green purchases among university students in Java Island.
- 5) Examine the positive influence of green willingness on the decisions of consumers when it comes to making environmentally friendly purchases.
- 6) Explore the positive influence of green future estimation on consumer decisions and choices related to environmentally friendly purchases.
- 7) Determine how peer influence potentially moderates the connection between green consumer characteristics (Environmental concerns, green perceived benefit, green perceived quality, green awareness of price, green willingness, green future estimation) and the decision-making process for green purchases.

1.6 Scope of the Study

1.6.1 Geographic scope

The research was carried out in Indonesia, with a focus on various regions to capture regional differences in sustainable consumption practices.

1.6.2 Focus on Demographics

Targeting people from a range of demographics including age, gender, education, and income brackets, the study aims to provide a thorough grasp of how peer influence affects green consumer characteristics and green purchase decisions.

1.6.3 Temporary Range

To guarantee that data collection and analysis offer pertinent and up-to-date insights into sustainable consumption behaviors, the research was carried out over a set period.

1.6.4 Method quantitative:

To collect comprehensive data, the study was employ a quantitative approach.

1.6.5 Analysis of Demographic Moderation

The research was investigate the ways in which green consumer characteristics, and green purchase decisions are influenced by demographic variables.

1.6.6 Suggestions and Techniques

The study aims to offer practical suggestions and approaches that businesses, policymakers, and stakeholders can implement to promote sustainable consumption habits in Indonesia.

1.7 Limitations of the study

The study's limitations include its geographic restriction to Indonesia, which affects its generalizability. It could be challenging to obtain an entirely representative demographic sample. The time of the study offers a glimpse of sustainable consumption patterns. Response biases are introduced by self-reported data. Because it is cross-sectional, inferences about causality are limited. Depth specific to an industry might be restricted. Robustness is impacted by sample size limitations and qualitative subjectivity. Challenges come from outside influences and cultural quirks. Understanding these restrictions is essential to placing findings in context.

1.8 Significant of the study

This study is extremely important for expanding our knowledge of Indonesian consumers' sustainable consumption practices. Through exploring how Diverse demographic groups shapes green consumer characteristics and green purchase decisions, the research offers insightful information that can guide focused tactics. These insights are essential for companies trying to market sustainable products, legislators creating sensible laws, and stakeholders trying to promote eco-friendly behavior. A more complex layer is added by the research's examination of moderation, which aids in adapting strategies to a range of Peer Influence. The study's primary objective is to close knowledge gaps by offering a basis for well-informed decision-making to support sustainable practices in Indonesia and possibly even a framework that can be applied to similar situations around the world.

1.9 Research Gap

With an emphasis on environmentally conscious purchasing choices and the moderating effects of peer pressure (Nekmahmud & Fekete-Farkas, 2020), our research attempts to examine sustainable consumption practices among Indonesian university students. The existing body of knowledge regarding the factors influencing environmentally conscious purchasing decisions is lacking, particularly when considering developing countries such as Indonesia's youthful and highly educated populace (Al-Swidi & Saleh, 2021). Although several studies (Business & Research, 2018) have examined sustainable consumption, relatively few have likely examined the dynamics and influences that impact the decisions made by Indonesian university students. These factors include perceptions of quality and

benefits, pricing awareness, willingness to purchase, and future estimation, as well as the critical role that peer influence plays (Nekmahmud & Fekete-Farkas, 2020).

