

Millennials' Purchase Intention and Its Effect On Purchase Decision of Eco-Friendly Cosmetic Products in Pekanbaru

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Abstract

Human awareness in protecting the environment has increased along with global environmental issues. This prompts companies to compete to make and sell green products to customers. This study aims to analyse determinants of consumer purchase intention and its effect on consumer purchase decision. Questionnaire from two hundred (200) respondents consisting of millennials in Pekanbaru have been gathered and analysed. Regression analysis method is used in this study by using validity, reliability and multicollinearity test. The result shows that green knowledge and green attitude do not influence consumer purchase intention significantly. However, environmental concern influences consumer purchase intention while consumer purchase intention influences consumer purchase decision significantly. From the result of this study, it is clear that The Body Shop needs to emphasize to customers on the importance of using eco-friendly products both for the environment and themselves.

Keywords: Consumer Purchase Intention, Consumer Purchase, Environmental Concern, Decision, Green Knowledge, Green Attitude.

1.0 Introduction

Environmental awareness has been growing in response to increasingly prevalent global environmental issues. This spurt in awareness is warmly welcomed by many industries who compete to come up with eco-friendly products for their consumers. This statement is supported by a survey conducted by WWF-Indonesia and Nielsen in 2017, claiming that 63% of Indonesian consumers are willing to use eco-friendly products despite their usually higher price. This indicates that consumers are more and more mindful of eco-friendly products and that domestic market is ready to produce eco-friendly products in sustainable manner. This consumer perception survey was conducted on 916 upper middle-class respondents (aged 15-45) scattered across Jakarta, Medan, Surabaya, Denpasar and Makassar. Some of the reasons behind the increased use of eco-friendly products are the threat of global warming, sense of responsibility toward environmental impacts arising from daily activities and sense of satisfaction when contributing to environmental preservation efforts.

Increased Indonesian consumer awareness and producers' initiative to create ecolabels mark the readiness of industries and markets to implement production and consumption practice that put emphasize in economic, social and environmental aspects. Why do companies embark on implementing eco-friendly marketing? It may well be because this strategy is able to improve competitive advantage, corporate image, product value, and a representation of up-to-date.

Eco-friendly strategy can be applied to the packaging and the product itself. The object in this study is marketed specifically for eco-friendly cosmetic market sold by The Body Shop outlet in Pekanbaru region. In Indonesia, the presence of eco-friendly cosmetic products is still patchy due to low awareness of this product variety. One of eco-friendly cosmetic

brands that is well-received in Indonesian market is The Body Shop. The Body Shop's foray into Indonesian market is expected to encourage consumers to raise awareness of environmental conditions, generate consumer interest to use The Body Shop's products and constantly put their affection for the earth and others into practice.

The environmental knowledge represents the general knowledge of facts, concepts and relationships between environment and surrounding ecosystem (Mostafa, 2007). The study by Aman et al., (2012) found a positive significant relationship between consumer knowledge and purchase interest and organic products in Malaysia. This is in line with the study by Shidiq (2018) found environmental knowledge positive significant influence green purchase intention plastic ware. The results of this study contradict the results of Utami (2014) found environmental knowledge does not significant influence green purchasing intention when moderated by gender.

Attitudes toward the environment reflect a person's overall evaluation of an object seen and, subsequently, the conclusion about that object (Vermeir & Verbeke, 2006). The study by Yadav et al. (2016) argued that attitudes toward the environment significantly influences consumer purchase interest. This is in line with the study by Prakash et al. (2016) found purchase intention towards eco-friendly packaging is significant influenced by attitude. The other study by Shidiq (2018) found attitudes significant influence green purchase intention plastic ware. Consumers with positive attitudes toward the environment are more likely to buy and use eco-friendly products. However, the results of this study contradict the results of Utami (2014) found green purchase attitude does not significantly influence green purchase intention when moderated by gender.

Environmental awareness describes a particular measurement from the lowest level of awareness to the highest (Milfont & Duckitt, 2004). In other words, environmental awareness reflects a degree of measurement where consumers are able to express their concerns for current environmental issues. The study by (Yadav, 2016) argued that environmental awareness does not significantly influence consumer purchase interest. The study is in line with the study by (Utami, 2014) and (Chaudhary, 2018). However, it contradicts the results of (Prakash, 2016) and (Ali & Israr, 2012) studies.

2.0 Literature Review

Considering the phenomenon and research gap of existing studies, this study aims to analyse the effect of environmental knowledge, attitudes toward environment and environmental awareness on consumer purchase interest and purchase decision.

Green business represents a form of awareness of every industry or market player in preserving the environment. Environmental issues have been a rapidly-growing global concern due to volatile environmental change and industrial advancement. One anticipative strategy that may be implemented by corporations is green business management. This strategy attempts to harmonize the relationship between business and environment in an integrated manner, encompassing environmentally friendly work culture, waste management, effective and efficient use of natural resources, use of environmentally friendly technology and commitment from employees regarding environmental awareness.

The core of green business management strategy implementation is the campaign to invite and encourage people to participate in environmental protection effort. This strategy is not limited to the manufacture of eco-friendly products, but also include other processes related to the chain of production process. Green business activities mainly start with green mind-set such as paper saving, separating recyclables and non-recyclables, planting of trees, and deployment of attributes that show the importance of environmental protection. The

implementation of green business management is believed to bring benefits to the company adopting it and the individual within it.

Environmental knowledge encompasses knowledge about the environment possessed by consumers (Chen & Chang, 2012). The more knowledge consumers possess, the more consumers will understand the quality of eco-friendly products, which in turn, will strengthen their motivation to use eco-friendly products (Banyte et al., 2010). In addition, appropriate environmental knowledge will facilitate consumer commitment to purchase eco-friendly products. The study by Aman et al., (2012) found a positive significant effect of consumer knowledge and interest on organic products in Malaysia. This is in line with the studies conducted by (Utami, 2014) and (Shidiq, 2016).

H1: Environmental knowledge positively and significantly influences consumer purchase intention of eco-friendly products

Attitudes toward the environment reflect consumers' cognitive assessment on the value of environmental preservation (Mostafa, 2007). Consumers respond to environmental conditions by expressing likes and dislikes and applying them into daily activities through preservation, rejuvenation and prevention of environmental damage and pollution. This consumer attitude can ultimately be used to predict consumer energy and awareness level toward the purchase and use of eco-friendly products in their everyday lives. The study by Yadav (2016) stated that attitudes toward the environment positively and significantly influences consumer purchase intention. This is in line with studies by (Prakash, 2016) and (Shidiq, 2018). However, this result contradicts the study by Utami (2014).

H2: Attitudes toward the environment positively and significantly influences consumer purchase intention of eco-friendly products

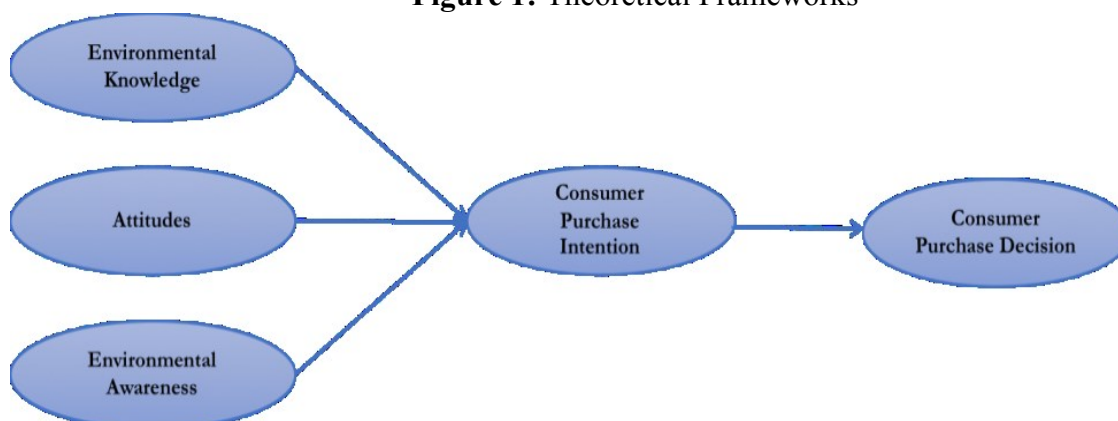
Environmental awareness is defined as the growth and development of awareness, understanding and consciousness toward the biophysical environment and its problem, including human interactions and effects. This indicates to what extent consumers are aware of environmental issues and make efforts to personally contribute to environmental preservation. Environmental awareness may directly influence consumer purchase intention of eco-friendly products. The study by (Yadav, 2016) stated that environmental awareness does not significantly influence consumer purchase intention. This is in line with studies by (Utami, 2014) and (Chaudhary, 2018). However, this result contradicts the studies conducted by (Prakash, 2016) and (Ali & Israr, 2012).

H3: Environmental awareness positively and significantly influences consumer purchase awareness of eco-friendly products

Purchase intention represents the level of probability whether consumers will purchase a product or not. To elaborate, the higher the consumer purchase intention, the higher the probability consumers will buy a product, and vice versa (Schiffman & Leslie, 2013). Purchase intention is a process where consumers decide whether to buy a product that is deemed beneficial to them. Purchase intention arises from consumer attitudes toward a product which derives from their conviction about the quality of the product. The study by Seftiani et al., (2014) found that consumer purchase intention of eco-friendly products positively and significantly influences consumer purchase decision.

H4: Consumer purchase intention positively and significantly influences consumer purchase decision of eco-friendly products

Figure 1: Theoretical Frameworks



Source: Utami (2014), Shidiq (2018), Seftiani et al. (2014)

3.0 Research Methods

3.1 Population and Samples

Millennials who have purchased The Body Shop's products are considered as the population in this study. Convenience sampling method has been adopted with the aim to obtain representative samples according to set criteria. The sample size in this study is determined using Roscoe, yielding 200 respondents.

3.2 Data Collection Techniques

This study uses primary consisting of questionnaire survey attended by respondents who are the millennials. Data collection was conducted for 6 (six) months in June 2018 until November 2018.

3.3 Research Variables

The research variables include the independent variables (X) and dependent variables (Y). The measurement of each variable is as follows:

3.3.1 Independent Variables (X)

Independent variables (X) in this study include environmental knowledge, attitudes toward the environment and environmental awareness toward eco-friendly products.

3.3.2 Dependent Variables (Y)

Dependent variables (Y) in this study include consumer purchase intention and purchase decision of eco-friendly products.

3.4 Data Analysis Techniques

The data analysis technique used in this study is regression analysis using statistical program SmartPLS 3.0. Prior to designing the regression equation, preliminary tests including validity, reliability and classical assumption tests (multicollinearity) were

conducted to test the feasibility of the model. The resulting regression model in this study is as follows:

$$Y = \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Where:

Y_1 = Consumer purchase intention & Consumer purchase decision

β_1 - β_3 = Regression coefficient

X_1 = Environmental knowledge

X_2 = Attitudes toward the environment

X_3 = Environmental awareness

e = Term of error

4.0 Results

4.1 Profile of Respondents

Consumers of The Body Shop who have made the purchases are considered as the sample of the study. A survey questionnaire has been administered to 200 respondents who have made the purchases from The Body Shop. The characteristics of the respondents include age, purchase intensity, income and the most purchased products. Age is often the determinant of an action, decision or behaviour related to a product or service in which in this case it is known that the age of the majority of consumers who purchase products from The Body Shop are 20-24 years, which is 51% of the respondents. Purchase intensity represents how many times consumers make purchase from The Body Shop in a year, which in this case 71% of consumers make 1 to 4 purchases in a year.

In addition, the characteristics of the respondents also include consumers' monthly income. The reason is because The Body Shop prices their products slightly higher than other conventional products. The results show that 49% of The Body Shop consumers make between Rp1,500,000 to Rp3,000,000 from their monthly income. While the most purchased products variable show that makeup products are the most purchased from The Body Shop.

Based on these characteristics, it is known that 50% of millennial consumers are aware toward the environment and start using eco-friendly products.

4.2 Preliminary Tests

Preliminary tests begin with validity and reliability tests. If validity test for each indicator > 0.30 then the indicators is declared valid. Therefore, if reliability test > 0.60 then the indicators is declared reliable. Based on this study, it can be concluded that all variables are valid and reliable. The results of this test are shown in Table 1.

Table 1: Validity and Reliability

Variables	Indicator	Validity	Reliability
Environmental Knowledge	X1.1	0.420	0.685
	X1.2	0.780	
	X1.3	0.647	
	X1.4	0.690	
Variables	Indicator	Validity	Reliability
Attitudes	X2.1	0.810	0.682

	X2.2	0.767	
	X2.3	0.540	
	X2.4	0.486	
Environmental Awareness	X3.1	0.785	0.762
	X3.2	0.730	
	X3.3	0.712	
	X3.4	0.767	
Purchase Intention	Y1.1	0.750	0.770
	Y1.2	0.737	
	Y1.3	0.737	
	Y1.4	0.710	
Purchase Decision	Y2.1	0.752	0.708
	Y2.2	0.730	
	Y2.3	0.658	
	Y2.4	0.715	

Multicollinearity test is intended to test if any correlation between independent variables is found within the regression model. This multicollinearity test is done using Variance Inflation Factor (VIF). The results of this test are shown Table 2.

Table 2: Data Multicollinearity Results

Variables	VIF	Value
Environmental Knowledge	1.029	
Awareness toward the Environment	1.022	<10
Environmental Awareness	1.008	
Consumer Purchase Intention	1.034	

The results in the table show that environmental knowledge, awareness toward the environment, environmental awareness, and consumer purchase intention have VIF value of <10, thus, it can be concluded that the research data is free from multicollinearity symptoms.

4.3 Coefficient of Determination Test

R^2 value indicates how strong the relationship between independent and dependent variables. Coefficient of determination value ranges from 0 to 1. The closer it is to 1 means that the model used is reliable since uncontrollable errors are minor.

Adjusted R-Square has a value of 0.447 or 44.7%. This means that 44% of consumer purchase intention is influenced by environmental knowledge, attitudes toward the environment, and environmental awareness, while the other 55.3% is influenced by other variables outside the study.

Adjusted R-Square has a value of 0.089 or 8.9%. This means that 8.9% of consumer purchase decision is influenced by consumer purchase intention, while the other 91.1% is influenced by other variables outside the study.

4.4 Regression Analysis

Regression analysis is conducted to test the hypotheses of influence of independent variables (Environmental Knowledge, Attitudes Toward the Environment and Environmental Awareness) on dependent variables (Consumer Purchase Intention and Purchase Decision). Regression analysis is used because there more than one independent variable studied. Data regression model equation formulated in this study is:

$$Y = -0.060 X1 + 0.003 X2 + 0.667 X3$$

4.5 Hypothesis Testing (t test)

This testing is done to identify the relationship between independent and dependent variables partially. The testing is done by comparing t count and t table value or by looking at each p value to determine if the hypotheses is accepted.

Table 3: Hypothesis Testing Results

	T Statistics	P Values
Environmental Knowledge->Consumer Purchase Intention	1.092	0.275***
Attitudes Toward Environment->Consumer Purchase Intention	0.067	0.947***
Environmental Awareness ->Consumer Purchase Intention	14.751	0.000*
Consumer Purchase Intention->Consumer Purchase Decision	4.953	0.000*

Note: (***) sig 10% and * sig 1%)

Table 2 presents the results of hypothesis testing to identify the relationship between independent and dependent variables partially:

1. Environmental knowledge variable does not significantly influence consumer purchase intention with the level of significance of 10% and t-table value of 1.2860.
2. Attitude toward environment variable does not significantly influence consumer purchase intention with the level of significance of 10% and t-table value of 1.2860.
3. Environmental awareness variable positively and significantly influences consumer purchase intention with the level of significance of 1% and t-table value of 2.345.
4. Consumer purchase intention variable positively and significantly influence consumer purchase decision with the level of significance of 1% and t-table value of 2.345.

5.0 Discussion

5.1 The Effect of Environmental Knowledge on Consumer Purchase Intention

The survey indicates that environmental knowledge variable is considered important by the respondents where this is supported by positive testing results. It means that if environmental knowledge variable increases, then consumer purchase intention will also increase. However, the result of the hypothesis testing show that environmental knowledge has no significant impact on consumer purchase intention of eco-friendly cosmetic products. This result is in contrast with the study by (Aman et al., 2012), (Utami, 2014) and (Shidiq, 2016) which found a positive significant relationship between knowledge and consumer purchase intention. Environmental knowledge possessed by consumers is not the main reason driving consumer intention to buy and consume eco-friendly products. Consumers believe

that the intention to purchase eco-friendly products would arise when they actually need the product.

5.2 The Effect of Attitudes Toward the Environment on Consumer Purchase Intention

In this case the survey indicates that attitudes of the respondents towards the environment variable is considered important by the respondents where this is supported by positive testing results. It means that if attitudes toward the environment variable increases, then consumer purchase intention will also increase. However, the result of the hypothesis testing show that environmental knowledge has no significant impact on consumer purchase intention of eco-friendly cosmetic products. This result is in line with the study by (Utami, 2014) which found that attitudes toward the environment do not significantly influence consumer purchase intention. However, this is in contrast with the results from the studies by (Yadav, 2016), (Prakash, 2016) and (Shidiq, 2018). Despite the fact that consumers have positive attitudes toward environmental conditions, their awareness to use eco-friendly products is not directly affected by it. Consumers still think that eco-friendly products are not the best option since they are typically priced higher than their conventional non-eco-friendly counterparts.

5.3 The Effect of Environmental Awareness on Consumer Purchase Intention

The survey indicates that environmental awareness variable is considered important by the respondents where this is supported by positive testing results. It means that if environmental awareness variable increases, then consumer purchase intention will also increase. The hypothesis testing results show that environmental awareness variable positively and significantly influences consumer purchase intention of eco-friendly cosmetic products. This result is in line with the study by (Prakash, 2016) and (Ali & Israr, 2012) which found that environmental awareness positively and significantly influences consumer purchase intention. Higher awareness toward environmental conditions will encourage consumers to buy and consume eco-friendly cosmetic products. Consumers concerned with environmental conditions will attempt to preserve their surrounding environment by limiting the use of non-eco-friendly products and shifting to the eco-friendly ones. This result is in contrast with the study by (Yadav, 2016), (Utami, 2014) and (Chaudhary, 2018).

5.4 The Effect of Consumer Purchase Intention on Consumer Purchase Decision

Respondents' response indicates that consumer purchase intention variable is considered important by the respondents where this is supported by positive testing results. It means that if consumer purchase intention increases, then purchase decision will also increase. This result is in line with the hypothesis testing which found that consumer purchase intention positively and significantly influences consumer purchase decision of eco-friendly cosmetic products. This result is in line with Seftiany et al. (2014) stating that consumer purchase intention significantly and positively influences consumer purchase decision. Consumers are aware of current environmental conditions and attempt to make efforts to mitigate environmental damage by consuming eco-friendly products. This condition may result in increased purchase of eco-friendly products.

6.0 Managerial Implications

The results indicate that environmental knowledge and attitudes toward the environment does not significantly influence consumer purchase intention. However, environmental awareness significantly influences consumer purchase intention. The implication is that when good knowledge and positive attitudes toward environmental conditions are not complemented with high awareness to use eco-friendly products, they will not influence consumer purchase intention. Companies should organize positive environment-oriented activities to evoke consumer awareness to use eco-friendly products. This kind of activity fits environment protection agenda perfectly since consumers are already affected by the effects of global warming yet they have not started to make efforts to mitigate the effects of it. This can be understood as an opportunity to boost company's sales and earnings.

The current study is limited to variables related to consumer behaviors, hence, for future studies, it is expected to involve marketing variables to detect the effect of green business on purchase intention and decision of eco-friendly products.

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