

## CHAPTER I

### INTRODUCTION

#### 1.1. Background

Every company has a goal to market its products. Marketing strategies will be needed in order to realize these goals. Therefore, a continuous marketing innovation is needed to improve the performance of the marketing. Marketing strategies can also change significantly to get the attention of consumers as customers. In briefly, marketing also has definition the activity about identifying and meeting human and social needs (Kotler & Keller, 2012).

Green marketing is one of the marketing approaches that is implemented by companies. This is because the awareness of the world community on the importance of environmental conservation is increasing. The community is increasingly aware to reduce the source of environmental disasters both in terms of health, to the aspect of human survival and descent. There are several threats that can occur if people do not pay attention to environmental problems such as the greenhouse effect, air and water pollution, and fires and deforestation. These things certainly can also trigger various diseases such as the greenhouse effect which causes the depletion of the ozone layer so that it can cause skin cancer and potentially disrupt the world climate and global warming. The term green marketing appears on the surface as a reaction from the people marketers to care for the environment. Green marketing then becomes

alternative strategies that not only help the company image, but also value the company's business.

Green marketing consists in the activities conceived to produce and facilitate the commercialization of products or services to satisfy human desires and needs, yet causing a minimum impact in the environment (Polonsky, *An introduction to green marketing*, 1994). Green marketing is a marketing concept that emphasizes the factors and impacts that will be given to the environment. Marketing has a major role in influencing human involvement with concern for environmental impacts (Groening, Sarkis, & Zhu, 2018). Simão & Lisboa (2017) also concluded that through green marketing firms can benefit from operational cost reduction, increased profits inherent to recycling and residual reuse, manufacturing process improvement due to cleaner and more efficient technologies, and enhance corporate image, brand value and brand awareness.

Green marketing can be divided into green marketing strategies and green marketing mixes (Dangelico & Vocalelli, 2017). This research focuses on 4-Ps on green marketing mix. As Kumar & Ghodeswar (2015) stated that the concept of 4-Ps and the green marketing practice could be as business response in order to increase environmental consciousness of consumers in the market. This research also focusses on the consumer engagement as the sub issue from green promotion. In recent years, many manufacturers have come to the conclusion that informing consumers about the effect of their products and production process on nature and environment is necessary to retain customers who are strongly concerned about the surrounding natural environment (Shabani, Ashoori, Taghinejad, Beyrami, & Fekri, 2013). Consumer's

environmental concern and purchase of green products is greatly influenced by social value, marketers need to emphasise the central role of peer opinion and expert opinion in spreading positive word-of-mouth and encouraging their circle of friends and family members to change their choice when purchasing products such that they demonstrate more green consumption behaviour, and greater environmental concern (Suki, 2015). Therefore, consumer engagement are needed in order to inform the consumer about the environmental concern.

Customer engagement was divided into “Community Engagement Behaviors” (CEB) and “Transactional Engagement Behaviors” (TEB) (Gummerus et al, 2012). In addition, three relationship benefits were identified, namely social benefits, entertainment benefits and economic benefits (Gummerus et al, 2012). The consumer engagement process comprises a range of sub-processes reflecting consumer’s interactive experience within online brand communities, and value co-creation among community participants (Brodie et al, 2013). Engaged consumers exhibit enhanced consumer loyalty, satisfaction, empowerment, connection, emotional bonding, trust and commitment (Brodie et al, 2013). Furthermore, there is a strong relationship between intentions to engage and the likelihood of purchasing through a retail brand. As Laroche et al (2012) shows that consumer engagement has a positive influences to brand trust.

Brand trust is the perception of reliability from a consumer's point of view based on experience, or more on the order of transactions or interactions characterized by fulfilling expectations of product performance and satisfaction (Ferrinadewi, 2008). Trust is built because of the hope that other parties will act in accordance with

the needs and desires of consumers. In fact, in Starbucks, the customer's trust in their green marketing concept is still weak. It is because the activities that are related to their green marketing concept only carried out by the company or employees who work in Starbucks. The activities that involve the customer directly are still rare in Starbucks.

Therefore, the purpose of this research is to analyse the green marketing promotion of the company. In this research the researcher would like to analyse the relationship between the variables of consumer engagement toward brand trust. Those variables include attention, interaction and customer satisfaction. The three variables are included in exogenous variables and brand trust as endogenous variables. That situation gives a problem, how to design a conceptual model in this study. A more complex problem is the extent to which the relationship between these five variables to the brand trust is followed by the indicators. In addition, based on this study the three variables can be endogenous because these variables have exogenous variables and indicators. Thus, the problem arises how the relationship between variables with brand trust. Those research questions are the state of art / novelty of this research.

## **1.2. Research Question**

The formulation of the problem that can be taken in this study is:

- a. What is the conceptual design of consumer engagement models for brand trust?
- b. What is the relationship between variables in the customer engagement conceptual model of brand trust?

### **1.3. Research Objective**

Based on the background that has been made, the research objectives will be prepared as follows:

- a. Designing a conceptual consumer engagement model for brand trust.
- b. Determining the relationship among variables in the customer engagement conceptual model of brand trust.

### **1.4. Research Limitation**

As a condition of focused study the problems are limited to:

- a. The study focused on green marketing by discussing green promotion.
- b. The research was carried out based on the conceptual model that had been built.
- c. The object of the research was conducted on users of Starbucks Yogyakarta products.
- d. Analysis tools used by SPSS and AMOS.

### **1.5. Research Advantage**

Research should have good benefits. The research conducted can provide the development of scientific knowledge, especially in the field of green marketing technology.