

CHAPTER I

INTRODUCTION

A. BACKGROUND

The public has increasingly noticed environmental issues by reason of the disastrous environmental pollution arisen from industrial manufacturing activities in the world (Chen, 2011). Consequently, more firms are prone to accept environment protection as their social responsibility (Peattie, 1995; Dwyer, 2009; Lee, 2009). Because environmental concern has quickly become a mainstream issue as a result of global warming nowadays, more forethoughtful companies would like to utilize green opportunities (Molina-Azorín et al., 2009; Haden et al., 2009). In the environmental era, firms pay more attention to green marketing in some industries, such as the information and electronics industry (Chen, 2010). However, not all firms have enough capabilities to undertake green marketing strategies. If firms would like to adopt green marketing successfully, they should integrate the concept of green marketing into all aspects of routine marketing activities (Ottman, 1992).

Firms should apply green marketing strategies to enhance perceived value of their products and reduce perceived risk of their products with respect to environmental consideration to raise their competitive advantage. As green products are more popular in the market, green marketing has become more prevalent nowadays. Green marketing activities involve developing, differentiating, pricing, and promoting products and services that satisfy customers' environmental needs without a hurtful influence on the environment. If companies would like to launch their green products, green marketing plays an important role in determining the number of sales made.

Green marketing can not only provide a differentiation strategy by creating environmental needs, but also reshape marketing rules in the market. Since the public is more willing to purchase green products with sufficient trustworthy information, companies should provide reliable information for their consumers in order to reduce their customers' perceived risk (Peattie, 1992). It is hard for marketers to convince their customers to purchase their products without providing enough information to their customers. Companies need to reveal more information about the environmental performance of their products to obtain the trust of their consumers.

There are five reasons for companies to adopt green marketing:

1. Utilizing green opportunities.
2. Increasing corporate images.
3. Raising product value.
4. Enhancing competitive advantages.
5. Complying with environmental trends.

Why the body shop

Founded in 1976 by the late British environmental and human rights campaigner Dame Anita Roddick, The Body Shop started life as a small outfit in Brighton selling just 25 products. Customers were encouraged to recycle packaging (partly because Roddick didn't have enough bottles at first) and there was a real emphasis on natural ingredients that were ethically sourced and cruelty-free. Now the range consists of over 300 products and there are more than 2500 stores worldwide.

B. RESEARCH PROBLEM

This research aims to analyze and test empirically, does product quality, and brand. These problems can be derived into specific problem, that:

1. How the effect of green perceived value toward customer green trust?
2. How to the effect of green perceived risk toward customer green trust?
3. How the effect of green perceived value toward consumer green purchase intention?
4. How the effect of green perceived risk toward consumer green purchase intention?
5. How the effect of green trust toward consumer green purchase intention?

C. THE PURPOSE STUDY

Based on the research problem above the purpose of this study is to analyze. The aim of this study is to know the determinan issues. The main purpose studys of this research are as follows:

1. To analyze the effect of green perceived value toward customer green trust.
2. To analyze the effect of green perceived risk toward customer green trust.
3. To analyze the effect of green perceived value toward consumer purchase intention.
4. To analyze the effect of green perceived risk toward consumer purchase intention.
5. To analyze the effect of green trust toward on consumer purchase intention.

D. BENEFIT OF RESEARCH

1. Benefits that can be taken by The Body Shop is a material consideration in implementing sustainable corporate strategy for a product in order to create a positive perception of the customer in order to create competitive advantage to the company.
2. Results of this study are expected to provide information and contribute to the development of science, especially with regard to green perceived value, green perceived risk, green trust and green perceived intention.
3. The results of this study are also expected to be used as reference material for future research