The Influence of Green Products and Green Prices on Generation Z Purchasing Decisions

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Abstract: - This research was conducted to determine the effect of Green Product and Green Price on the purchasing decisions of Generation Z in The Body Shop Bandung. This research uses descriptive and causal method with a quantitative approach. The sampling technique in this study is purposive sampling with a total of 140 respondents, namely Generation Z consumers of The Body Shop Bandung. The data analysis techniques used are descriptive analysis and multiple linear regression. Data processing using IBM SPSS software application version 27. Based on the results of the study, that green product and green price have a significant influence on purchasing decisions, both partially and simultaneously. This is proven by the F test method by having a calculated f value (155.604) > table f value (3.06) and the significance level of 0.000 < 0.05. The coefficient of determination showed that the green product and green price effect of 69.4%.

Key-Words: - Green Product, Green Price, Purchase Decision

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1 Introduction

The passage of time and the rapid development of technology result in cross-generational differences that continue to evolve over time, [1]. These generations are created based on similar characteristics such as year of birth, age, and life events that occur during that year have an influence in the growth phase. The generation born between 1997 - 2012 is considered part of generation Z. Based on data from the Central Statistics Agency in 2020, the population of generation Z in Indonesia reached 74.93 million people or 27.94% of Indonesia's population of 270.2 million people in 2020,[1]. With its large number, Generation Z is able to influence economic, social and cultural changes in society.

Generation Z, commonly referred to as digital natives, a generation that grew up in the era of digital technology with easy access to information, has a distinctive shopping behavior. In a national survey conducted by the International Council of Shopping Centers (ICSC) regarding the increase in generation Z

consumers, it is known that this generation prefers to buy products from brands that support values that are in line with their life principles, [2]. In the survey, 47% of generation Z wanted a brand to support the environment, climate change and sustainability.

Generation Z's concern for protecting the environment can come from its concern about current environmental damage and its concern about the quality of the environment in the future, [3]. Concerns about environmental sustainability increase consumer awareness, especially generation Z, about the importance of consuming environmentally friendly products (green products). One of the global companies that implement the green product concept is The Body Shop. The company, which specializes in skincare and cosmetics, offers products with natural ingredients, is environmentally friendly and does not test its products on animals. The Body Shop is famous for positioning its products as environmentally friendly products. This strong positioning effect makes The Body Shop ranked as the most popular and most searched vegan beauty brand in Indonesia.

Data from a survey conducted by Snapcart on 2,000 respondents showed that more than 50% of respondents in Bandung stated that they purchased skincare products once a month and more than 30% purchased skincare more than once a month, [4]. This means that Bandung is one of the cities with the highest frequency of skincare purchases in Indonesia.

In marketing green products, consumers will see how the price offered, price is an important element in marketing. Consumer perceptions of product quality can be formed from the price offered. A survey conducted, [5] price is the third consideration when consumers choose a product with a percentage of 61.0% and consumers who pay attention to the content or ingredients contained in the product amount to 68.5%. At the stage of purchasing decisions, consumers will be faced with several alternative choices so that at this stage consumers will decide to buy a product based on the choices determined.

Based on the phenomenon described above, with the changes in generation Z's shopping behavior, whether these changes will affect their decision to buy environmentally friendly products. Therefore, this study will discuss the relationship between green product and green price on purchasing decisions for The Body Shop products.

2. Literature Review

Green Product

Green products are products that are not harmful to humans or the environment, do not waste resources in their production, do not produce excessive waste, and minimize adverse impacts on nature,[6]. These products, known as ecological or environmentally friendly, are recycled to a certain degree, use less hazardous materials when produced or packaged, use less packaging than conventional products so that they are effective in reducing negative impacts on the environment,[7]. Green products consist of three dimensions, namely: 1) Content composition; 2) Packaging; and 3) Product perception, [8].

Green Price

Green price is the price of a product that is determined based on environmental considerations and the application of environmentally friendly aspects and is usually more expensive than conventional products due to increased costs, value, and product functions,[9]. Green price is a pricing strategy that includes environmental costs, waste, and other costs in line with the company's investment in environmentally friendly product development and resilience,[10]. There are four dimensions of price, [11] namely: 1) Price Affordability; 2) Price Conformity to Product Quality; 3) Price Conformity to Benefits; and 4) Price Competitiveness.

Purchase Decision

Purchasing decision is an integration process by combining knowledge of the product to choose one of two options, [12]. Purchasing decisions

as behavior based on desires that are carried out deliberately and consciously in choosing one product among several existing choices,[13]. There are five dimensions to purchasing decisions,[11] namely: 1) Product Choice; 2) Brand Choice; 3) Choice of Distributor; 4) Purchase Time; and 5) Payment Method.

The following are the study's hypotheses:

Hypothesis 1 (H1): Green products have a positive effect on purchasing decisions.

Hypothesis 2 (H2): Green price has a positive effect on purchasing decisions.

Hypothesis 3 (H3): Green product and green price have a positive effect on purchasing decisions.

3. Methodology and Result

This research uses descriptive and causal methods with a quantitative approach. In this study, nonprobability sampling techniques were used and the sampling technique was carried out by purposive sampling by distributing questionnaires to 140 respondents, namely generation Z consumers from The Body Shop Bandung City, [14]. Data analysis was carried out using descriptive analysis techniques, classical assumption tests, multiple linear regression analysis, hypothesis testing, and coefficient of determination tests. Data processing using the IBM SPSS version 27 software application.

The following table provides a summary of the respondents to this study.

Table 1: General Images of Respondents' Demographics

Characteristic	Sum	Percent
Gender		
Male	9	6.4%
Female	131	93.6%
Age		
14-17 years old	15	15%
18-21 years old	69	69%
22-26 years old	1	1%

This study uses primary data to determine the effect of Green Product and Green Price on Generation Z Purchasing Decisions on The Body Shop Products at Bandung by distributing questionnaires. Respondent characteristic data is needed to determine the background of respondents who are used as primary data. Based on research conducted on 140 respondents as a sample with the characteristics of the majority being female, totaling 131 (93.6%), and the majority aged 18-21 (50.7%).

Validity Test

This study uses the Pearson product moment correlation with the r table set at 0.463. The research respondent's question item is declared valid if r value ≥ r table.

Table 2: Validity Test Results

Variable	r value
Green Product (X1)	
X1.1	0.680
X1.2	0.658
X1.3	0.736
X1.4	0.874
X1.5	0.568
X1.6	0.732
Green Price (X2)	
X2.1	0.728
X2.2	0.753
X2.3	0.768
X2.4	0.791
Purchase Decision (Y)	

Y1.1	0.694
Y1.2	0.736
Y1.3	0.749
Y1.4	0.696
Y1.5	0.677
Y1.6	0.647
Y1.7	0.624
Y1.8	0.635
Y1.9	0.680
Y1.10	0.715
Y1.11	0.737
Y1.12	0.657

Based on the validity test results above, all research question items are declared valid because they have a value of r value ≥ 0.463.

Reliability Test

Reliability testing is carried out to ensure that the respondents really match the answers on the questionnaire. A variable is considered reliable if the Cronbach Alpha value is> 0.70.

Table 3: Values of Cronbach's Alpha and Reliability Coefficient

	Cronbach's Alpha	Reliability Coefficient
Green Product (X1)	0.70	0.806
Green Price (X2)	0.70	0.756
Purchase Decision (Y)	0.70	0.899

Based on the results of the reliability test above, it is known that each variable in this study is considered reliable because it has a Cronbach Alpha value> 0.70.

Descriptive Analysis

Descriptive analysis aims to determine the perceptions of 140 generation Z respondents regarding the influence of Green Product and Green Price on Generation Z Purchasing Decisions on The Body Shop Products at Bandung.

Table 4: Descriptive Analysis

	Score	Ideal Score	Average
Green Product (X1)	3640	4200	86.6%
Green Price (X2)	2393	2800	85.4%
Purchase Decision (Y)	7207	8400	85.8%

From the table above, it can be seen that the green product variable (X1) with a percentage value of 86.67% indicates that green products have a very strong tendency to influence respondents in shopping for The Body Shop products. The green price variable (X2) with a percentage value of 85.46% indicates that the green price has a very strong tendency to influence respondents in shopping for The Body Shop products and the purchasing decision variable (Y) with a percentage value of 85.80% indicates that purchasing decisions have a very strong tendency to influence respondents in shopping for The Body Shop products.

Classical Assumption Test

Normality Test

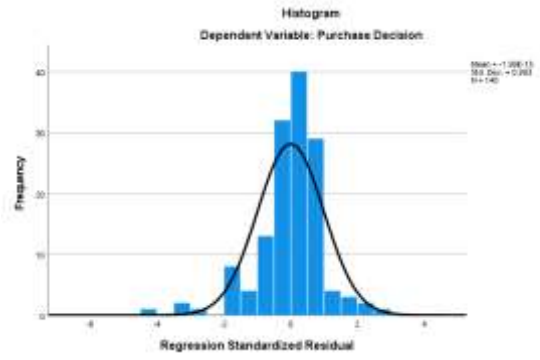

Figure 1: Histogram Graph

The histogram graph shows a bell-like pattern and there is no skewed position to the right or left. So, it can be concluded that the results of the histogram graph are normally distributed. The normal probability plot graph can also be

used to test normality, which is shown in the following figure:

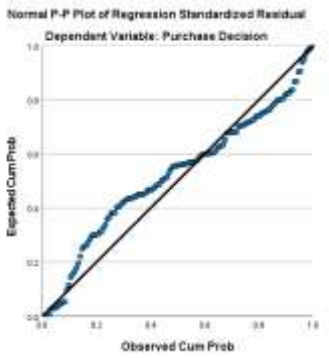

Figure 2: The P-Plot Curve

The normal probability plot graph shows the points around the curve are near the diagonal line and follow the diagonal line, so the normal probability plot test is normally distributed.

Multicollinearity Test

The tolerance value and variance inflation factor (VIF) are considerations that are seen in the multicollinearity test. If the VIF value is <10, then there is no multicollinearity and if the tolerance value is> 0.10, then the variable does not have a multicollinearity problem, [15].

Table 5: Multicollinearity Test Result

Coefficients[a]

Model	Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
(Constant)	7.256	2.047		3.545	.001		
Green Product	.837	.132	.427	6.359	.000	.495	2.019
Green Price	1.281	.181	.474	7.061	.000	.495	2.019

a. Dependent Variable: Purchase Decision

The tolerance value of the green product and green price variables is 0.495 and the VIF value is 2.019. These results indicate that the tolerance value of the X1 and X2 variables is 0.495> 0.10 and the VIF value is 2.019 < 10, so there is no multicollinearity between variables.

Heteroscedasticity Test

The heteroscedasticity test aims to determine whether there is inequality between one variable and another. Heteroscedasticity does not occur if there is no clear pattern and the points spread above and below the number 0 on the Y axis. The results of the heteroscedasticity test in this study are shown in the following figure:

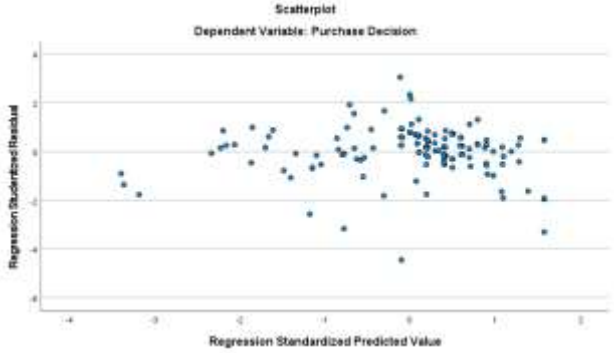

Figure 3: Scatterplot

The results of the heteroscedasticity test show that the points are scattered above and below the number 0 on the Y axis, this indicates that there is no heteroscedasticity, [16].

Autocorrelation Test

Autocorrelation problems do not occur if the Durbin Watson value is between du and (4-du). The results of the autocorrelation test can be seen in the following table:

Table 6: Autocorrelation Test Result

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.833[a]	.694	.690	3.964620	2.138

a. Predictors: (Constant), X2, X1
b. Dependent Variable: Y

The autocorrelation test results are safely distributed or there are no symptoms, because du (1.7529) < durbin watson (2.138) < 4-du (2.2471). The du value in the distribution of durbin Watson table values based on k (2) and n (140) with a significance of 5%.

Multiple Linear Regression Analysis

Table 7: Multiple Linear Regression Analysis Result

Coefficients[a]							
	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
(Constant)	7.256	2.047		3.545	.001		
Green Product	.837	.132	.427	6.359	.000	.495	2.019
Green Price	1.281	.181	.474	7.061	.000	.495	2.019

a. Dependent Variable: Purchase Decision

The results of the multiple linear regression analysis test formulated the multiple linear regression model as follows:

$$Y = 7{,}256 + 0{,}837 + 1{,}281$$

Based on the equation above, it can be described as follows:

a. Constant (a) = 7.256 states that if the green product and green price value is 0, then the decision to purchase The Body Shop products at Bandung is 7.256.
b. The regression coefficient value of the green product variable is positive at 0.837, meaning that every additional one unit of green product, the decision to purchase The Body Shop products at Bandung will increase by 0.837.
c. The regression coefficient value of the green price variable is positive at 1.281, meaning that every addition of one unit of green price, the decision to purchase The Body Shop products at Bandung will increase by 1.281.

Based on the results of the above equation, there is a positive or unidirectional influence between the green product and green price variables with purchasing decisions. If the green product and green price are increased, the purchasing decision will also increase, [17].

Hypothesis Testing

Partial Hypothesis Test (T-test)

The T test was conducted to determine the effect of the independent variable partially (individually) on the dependent variable. To find out the value of t table, it requires the existence of free degrees obtained, namely df = (n-k-1) or df = (140-2-1) = 137 and the error rate (a) = 5% or 0.05. The T test is a two-way test, so the T table used is $T_{0.05} = 1.656$.

Based on table 7 it can be seen that:

1. The green product variable has a t value (6.359) > t table (1.656) and a significance level of 0.000 <0.05. It can be concluded that the green product variable significantly and positively affects purchasing decisions partially.
2. The green price variable has a t value (7.061) > t table (1.656) and a significance level of 0.000 <0.05. It can be concluded that the green price variable significantly and positively influences purchasing decisions partially.

Simultaneous Hypothesis Test (F-test)

This test is carried out by comparing the calculated f value and f table with a significance level of 0.05. Determination of the value of f requires a numerator free degree obtained from df = (k-1) or df = (3-1) = 2 and a denominator free degree obtained from df = (n-k-1) or df = (140-3-1) = 136, then $F_{tabel} = 3.06$.

Table 8: F-test Result

ANOVA[a]					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	4891.627	2	2445.814	155.604	.000[b]
Residual	2153.395	137	15.718		
Total	7045.023	139			

a. Dependent Variable: Purchase Decision

b. Predictors: (Constant), Green Price, Green Product

Based on table above, it shows that green product and green price simultaneously have a significant and positive effect on purchasing decisions with a significance value of 0.000 <0.05. The results of f value (155.604)> f table (3.06) then green product and green price simultaneously influence the purchasing decisions of generation Z on The Body Shop products at Bandung.

Determination Coefficient Test

Table 9: Determination Coefficient Test Result

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.833[a]	.694	.690	3.964620

a. Predictors: (Constant), Green Price, Green Product

b. Dependent Variable: Purchase Decision

The results of the Coefficient of Determination Test show that the R value is 0.833 and the R Square (R2) is 0.694. This shows that there is an influence on the green product and green price variables on generation Z's purchasing decisions on The Body Shop products at Bandung by 69.4%, while the remaining 30.6% is influenced by other factors not examined in this research.

Based on the research that has been conducted on the Effect of Green Product and Green Price on Generation Z Purchasing Decisions on The Body Shop products at Bandung, the following conclusions can be drawn:

a. Research through descriptive analysis methods, obtained the following results:
b. The research results obtained through the t test method get the t value (6.359)> t table (1.656) and a significance of 0.000 <0.05. So, the green product has a partially significant influence on purchasing decisions.
c. The research results obtained through the t test method get the t value (7.061) > t table (1.656) and a significance of 0.000 <0.05. So, the green price has a partially significant effect on purchasing decisions.
d. The research results obtained through the f test method get the value of f value (155.604)> f table (3.06) and a significance of 0.000 <0.05. So green product and green price have a significant influence simultaneously on purchasing decisions.

4. Conclusion

Based on the research conducted, it can be concluded that there is a significant and positive effect on Green Product and Green Price in influencing Generation Z's Purchasing Decisions on The Body Shop products at Bandung. With these results, it can help several parties such as:

a. Academic

This research is expected to add information and knowledge for readers regarding increasing purchasing decisions for environmentally friendly skincare products.

b. Managerial

This research is expected to provide input for companies so that companies can innovate their products and as decision-making material.

Further Research

Further researchers are advised to conduct research on other environmentally friendly skincare and cosmetics brands using the same variables so that the results can be used as comparison material or add other variables, which can have a more accurate influence on purchasing decisions.

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Ghina Alya Audina carried out the field survey, data analysis, and optimization.
Mahir Pradana was responsible for the field survey.

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