

What Influence Indonesian Millennial to Have Environmentally Conscious Consumer Behavior?

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ABSTRACT

Environmental issues have attracted academics to enhance understanding about the driving factors of consumers to support it. This study aims to investigate which factors of environmental knowledge (EK), environmental concern (EC), perceived consumer effectiveness (PCE), and religiosity (RG) influence the environmentally conscious consumer behavior (ECCB) of Indonesian Millennial as the largest consumer cohorts in Indonesia. Using 261 samples of millennials that were collected by survey and structural equation modeling, 7 hypotheses were tested. The result showed that ECCB were not directly influenced by EK, but more influenced by EC and PCE. Furthermore, religiosity, which was claimed to be an important aspect for most Indonesian, did not influence ECCB. This study enriches the existing literature of environmentally conscious consumer behavior in Indonesia and is expected to contribute to Indonesian companies in designing their green marketing plan to be more effective in targeting Indonesian millennials.

Keywords: *Customer Loyalty, Innovative technology, Customer Relationship.*

1. INTRODUCTION

A recent publication shows that consumers are getting aware and concerned about environment suitability. In a report on Asia Consumer Trend published by Kantar [1], consumers want the brand to participate in overcoming the environmental problem. Past studies indicated that environmental awareness and concern had a significant impact on consumption behavior [2-4]. Green products are getting more popular, and the companies are competing in producing goods and services that can address consumers' needs to take part in environmental sustainability [5]. Providing a green product becomes a competitive advantage for companies [6]. Past study found that cause-related marketing had an impact on purchase intention among millennials [7]. However, there was an indication that even though millennials had more awareness of the environment, but it was hard for them to apply environmentally conscious consumption behavior [8].

There are many studies done in Indonesia to investigate environmentally friendly buying behavior in Indonesia [9-11]. However, studies that investigated the link between religiosity and environmentally friendly buying behavior in Indonesia are few, especially on millennials who will dominate the productive population in Indonesia [12]. This study is based on research done by [2] and is developed by introducing a new variable called religiosity. Indonesia is a religious country; the number of citizens who believe in God is high [13]. A study conducted by Gallup [14] showed that religion is playing an essential role in daily life by 99% Indonesian. Past studies concluded that religiosity had an influence on pro-environmental consumer behavior [15-17]. This study helps companies to understand what factors influence eco-friendly buying behavior among millennials in religious country like Indonesia, so companies can build their green marketing strategy to be more effective at targeting Indonesian millennials.

1.1. Environmentally Conscious Consumer Behavior

Reference [2] defined environmentally conscious consumers' behavior as the behavior of consumer in buying products, which they believe is not harming the environment. It also means the purchase of an environmentally friendly product which can be recycled and is also benefits the environment, and the act of avoiding products that damage the environment and society [4]. The environmentally-conscious consumers are the people who only want to consume products that have less or no impact on the environment at all [18]. Reference [19] defined green buying behavior as the consumption of a product that has a benefit for the environment, can be recycled, persevered, or responsive towards ecological issues. Previous research found that there was a gap between the desire to buy green products and actual buying behavior, especially among millennials who had environmental concerns but did not apply it to their consumption behavior [2]. Environmentally conscious consumer behavior represents the purchasing behavior of environmentally friendly products and not just focus on the desire of purchasing environmentally friendly products.

1.2. Environmental Knowledge

Environmental knowledge (EK) is defined as general knowledge about facts and concepts about environmental sustainability. This knowledge is related to the understanding of the ecological process, environmental issues, and its cause [18]. Environmental knowledge is also defined as the knowledge about the environment and its sustainability, such as air, water, soil pollution, energy usage, energy efficiency, waste management, and how these elements impact the environment and society [4]. Environmental knowledge is general knowledge about facts, concepts, and the relationship between environment and ecosystem [20] that influences people's behavior [21]. Past studies found that environmental knowledge influences people to have environmentally friendly behavior [22, 23]. Reference [2] found a positive relationship between environmental knowledge and environmentally friendly buying behavior. However, some past studies also indicated that only environmental knowledge did not influence environmentally conscious behavior [24, 25]. Reference [2] also found that environmental knowledge can also affect environmentally conscious consumer behavior through environmental concern.

1.3. Perceived Consumer Effectiveness

Perceived consumer effectiveness (PCE) is the consumers who represent consumer confidence that they, as individuals, can contribute to environmental preservation through their behavior [2]. Perceived

consumer effectiveness, which represents environmental belief, is a consumer belief that their actions can bring environmental preservation [26]. It is a subjective judgment that, as individuals, people can solve environmental issues faced by society [4]. That subjective judgment is that as an individual people can influence environmental sustainability [27]. High perceived consumer effectiveness could improve the intention to purchase green products [28]. Perceived consumer effectiveness found to influence the actual purchase behavior [29]. However, some past studies also found that perceived consumer effectiveness could not predict environmentally friendly buying behavior, like the study done by [30] as well as by [2]. Millennials' belief that they could contribute to environmental preservation is not necessarily lead to environmentally friendly behavior [8].

1.4. Environmental Concerns

Environmental concern (EC) is an evaluation of one's behavior or other people's behavior that has an impact on the environment [2]. It is the level of one's concern towards environmental issues [4]. Environmental concern is an attitude towards the environment influenced by personal experience, other people's experience, or media [18]. People who have a great concern for the environment have a high purchase intention for the green product [2] if other factors such as price and availability are supporting the intention [31]. Reference [2] found that environmental concerns influenced purchase behavior stronger than environmental knowledge. However, a study done by [29] found that environmental concern was not significant in influencing environmentally friendly buying behavior.

1.5. Religiosity

Religiosity (RG) is defined as the level of belief towards religion with the commitment to obey the rules and principles created by God [15]. It is a belief that God exists, and God created the guidance of life that can guide human behavior in this life [4]. Reference [16] defined religiosity as the context that individuals committed to religion in terms of motivation, values, and faith. Reference [15] investigated two sides of religiosity (1) intrinsic religiosity, which is how people live their life according to their religion's guidance with no expectation from others, (2) and extrinsic religiosity, which is motivated by the people in their religious community. This study includes both intrinsic and extrinsic religiosity to ensure that the holistic aspect of religiosity is covered. High religiosity was found to have an impact on the development of one's moral identity, which in turn will raise the possibility of having an ethical intention [32] that might lead to ethical decision making [33]. A study conducted on

Muslims in Malaysia showed that religiosity influenced decision-making in various aspects of life [34]. A study done by [35] found that religiosity improved the positive behavior of a person towards an environmentally responsible product. A study conducted in Oman with Muslim majority [17], Mexico with Catholics majority [16], and in Indonesia [15] showed the positive influence of religious attitudes towards environmental preservation.

1.6. Hypothesis

As proven by many studies, knowledge influences behavior. Good knowledge about the environment will be reflected in people's behavior that is more environmentally conscious. Hence this hypothesis is proposed, H1: Environmental knowledge has a positive effect on Environmental Conscious Consumer Behavior. If a person believes that they, as an individual, can contribute to environmental sustainability, it will likely be reflected in their purchase behavior. Hence, this hypothesis is proposed, H2: Perceived Consumer Effectiveness has a positive effect on Environmental Conscious Consumer Behavior. People who have high concern for the environment also have high purchase intention for green products. Hence, this hypothesis is proposed, H3: Environmental Concern has a positive effect on Environmentally Conscious Consumer Behavior. Higher religiosity will lead to more responsible behavior. Hence, this hypothesis is proposed, H4: Religiosity has a positive effect on Environmental Conscious Consumer Behavior. Past study also showed that knowledge influence consideration. People with more knowledge about the environment will have more concern about the environment. Hence, this hypothesis is proposed, H5: Environmental knowledge has a positive effect on Environmental Concern. Environmental knowledge is also expected to foster the belief that consumers can play a role in environmental preservation. Hence, this hypothesis is proposed, H6: Environmental knowledge has a positive effect on Perceived Consumer Effectiveness. Religiosity influences people's compassion towards everything that surrounds them, including the environment. Hence, this hypothesis is proposed, H7: Religiosity has a positive effect on Environmental Concern. Figure 1 shows the proposed model of this research.

Figure 1. The proposed Research Model

2. METHODS

2.1. Data Collection and Sample

The data was collected from millennials (age 20 to 39 years old) through self-administered questionnaires using purposive convenience sampling method, utilizing an online social media platform, and chatting application.

There was a total of 261 eligible respondents based on age. The profile of respondents of this study were 52% age 20-29 years old, 61% Female, 78% Muslim, 84% bachelor and higher. The usage of convenience sampling methods caused less representative demography of the millennial population, especially on education and gender. Indonesian millennials population is supposed to be dominated by high school and lower (87%), with an equal proportion of gender [12].

2.2. Measurement

Ecologically conscious buying behavior (ECCB) was measured through eight questions, Environmental knowledge (EK) was measured through six questions, and Environmental concern (EC) was measured through four questions [2, 4, 18]. Perceived consumer effectiveness (PCE) was measured through four questions adapted from [2, 4, 27]. Religiosity was measured through ten questions covering both intrinsic religiosity and extrinsic religiosity, adapted from [15]. All measurement used 5-point Likert scale (1 = 'Strongly disagree' and 5 = 'Strongly Agree').

3. RESULT AND DISCUSSION

3.1. Validity and Reliability Test

Exploratory Factor Analysis result suggested that EK and RG should be converted to the second-order variable. EK was then being split to EK related to the source of carbon in the environment (EKC) and EK general statement (EKG). RG was then being split into intrinsic religiosity (IRG) and extrinsic religiosity (ERG). One item from EC was then deleted for having low loading factor. Validity was measured by the standard loading factor; all variables were above 0.5 and considered valid [36]. Reliability was measured by Construct Reliability (CR); all variables had $CR \geq 0.70$, which proves good reliability. Average Variance Extracted (AVE) was also used to measure reliability. AVE scores for two out of five variable were below 0.5, but since its CR was above 0.7, all variables can be considered as reliable [37]. The model was analyzed using LISREL 8.8. Overall, the structural model has shown a good level of the fit index in which Goodness of Fit Index (GFI)=0.85; Root Mean Square Residual (RMR)=0.09; Root Mean Square Error of Approximation (RMSEA)=0.06; Normed Fit Index (NFI) =0.90; Non-Normed Fit Index (NNFI)=0.95; Relative Fit Index (RFI)=0.88; Incremental Fit Index (IFI)=0.96.

3.2. Hypothesis Testing

T-value was used to analyze whether the hypothesis of positive influence was supported or not supported. The calculated t-values and structural coefficients for H1 to H7 are summarized in Table 1.

Table 1. Structural Equation Modelling Result

| Path | Estimate Value | T- Value | Conclusion |
|-------------|----------------|----------|------------|
| EK to ECCB | -0.17 | -2.48 | Rejected |
| PCE to ECCB | 1.07 | 6.94 | Accepted |
| EC to ECCB | 0.20 | 2.97 | Accepted |
| RG to ECCB | -0.03 | -0.57 | Rejected |
| EK to EC | 0.50 | 4.69 | Accepted |
| EK to PCE | 0.06 | 1.74 | Accepted |
| RG to EC | 0.07 | 0.90 | Rejected |

Source: Authors' calculation

This result indicates that having more knowledge about the environment makes Indonesian millennials understand that they, as individuals, can contribute to environmental preservation. Knowledge makes Indonesian millennials more concerned about the environment. However, knowledge alone, without being paired with PCE or EC, does not necessarily make Indonesian millennials buy environmentally friendly products. This result contradicts most of the previous studies. However, according to research conducted by [25] in Korea, a high EK did not guarantee positive, environmentally friendly behavior. There was a consensus which indicated that although millennial had good awareness about environmental issues, it was hard for them to apply it to environmentally friendly behavior [8]. PCE has a positive influence on ECCB. Once PCE has been formed, a consumer already believes that his or her actions as an individual can impact the environment, which will also be seen in their buying behavior. EC positively influences ECCB, which shows that when the concern for the environment has been formed, it will be reflected in buying behavior. Religiosity does not influence ECCB, which is in line with research conducted by [38] in Malaysia. Religiosity also does not influence EC, which is in line with research conducted by [39] on Indonesian. Research conducted by [40] showed a negative relationship between religiosity and ethics among Indonesian Muslims and young people (18-24 years). Despite being a religious country [13, 14], Indonesia is also the second-largest country in the world after China, which contributes to environmental pollution through plastic [41].

4. CONCLUSION

4.1. Implication

Several managerial implications can be taken into consideration by companies in marketing communication strategies related to their green marketing. First, companies must ensure that environmental knowledge is built intact and reaches to all millennials because environmental knowledge is the foundation of changing their buying behavior. Companies can communicate matters related to how our ecosystem and environment work. Second, the next step for companies is to develop environmental awareness by

educating Indonesian millennials, that irresponsible behavior can cause environmental damage. Companies can include information that can help millennials know more about current environmental issues. Third, companies must also build a belief that everyone has a role to contribute to environmental preservation and starts with oneself. Millennials will change their consumption behavior when they believe that their participation is meaningful to environmental preservation. Companies do not need to associate their communication strategies with religion because Indonesian millennials do not associate religion with their buying behavior. Overall, companies must ensure that millennial consumers should not only have environmental knowledge but also make sure they have a concern for the environmental issues and believe that they can contribute to environmental preservation by purchasing environmentally friendly products.

4.2. Limitation and Future Research

This research only focused on analyzing the role of the four variables, where there might be many more factors affecting ECCB. There are other factors, which can be more tangible and relate to the product such as eco-label [42], advertising [43], and price [44]. Samples collected by the convenience sampling method did not correctly represent the Indonesian millennial population in terms of gender and education level. As it has been proven that gender had an impact on green purchase intention [45]. Moreover, bachelor and post-graduates dominated the proportion of the level of education in this study, in which higher education tends to lead to more environmentally friendly behavior [46].

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