

# How Green Perceived Value and Green Perceived Risk Influence Customer Loyalty Through Customer Satisfaction

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## ABSTRACT

The study aims to determine the effect of Green Perceived Value and perception of green risk towards customer loyalty through customer satisfaction. This research is quantitative research using descriptive research and design explanations. The population in this study was at The Body Shop customers in Malang. The samples taken in this study were 104 respondents. Calculated using Daniel & Terrel. Then the instrument feasibility test uses validity and reliability tests. The analytical techniques use descriptive statistical analysis and partial analytical least squares (PLS). The results showed that Green Perceived Value has positive and significant effect on customer satisfaction, then customer satisfaction has positive and significant effect on customer loyalty, then Green Perceived Value has positive and significant effect on customer loyalty, and Green Perceived Value has positive and significant effect on customer loyalty through customer satisfaction, as well as Green Perceived Risk has positive and significant effect on customer satisfaction, therefore, the green risk has negative effect and a significant to customer loyalty, then Green Perceived Risk has positive and significant effect on customer loyalty through customer satisfaction

**Keywords:** *Green Perceived Value, Green Perceived Risk, Customer Loyalty, Customer Satisfaction*

## 1. INTRODUCTION

Nowadays, the number of people seeking information about the products to be used are increasing. Especially on products that are high involvement people buy not only in terms of price and packaging but more than on the background of such products. Consumer behaviour is increasingly critical to make the company think to create strong branding that should attract consumers. As at this time, some companies promote green marketing for communities who are concerned about the environment.

People are beginning realize the environmental damage caused by the behaviour of purchasing goods and services made by human beings themselves. Finally, the society that feels the environment has been damaged and also polluted causing global warming. According to [1] has been raised awareness of the environment evidenced by successful marketing activities signifying green issues through symbols, green design, advertising campaigns on a regular basis, clean life.

Green Marketing approach on the product area is believed to increase the integration of environmental issues on all aspects of the company's activities. As expressed by [2], says that green marketing is described as a business organization or company designing, promotion, price and distribution of products that do not harm the environment.

Customer loyalty is a deeply held commitment to buying or supporting products or services that are liked in the future despite the influence of the situation and the potential marketing efforts cause customers to switch. The company strives to foster customer loyalty by delivering the best products and services so that customers feel satisfied and slowly grow loyalty to continue using the company's products or services.

Customer satisfaction can be felt after comparing performance or perceived results compared to its expectation. It can be said satisfaction or dissatisfaction is the conclusion of the interaction between hope and experience after using the service or service provided. By providing the best product and

service number one consumer satisfaction will increase and will raise loyalty.

In this case researchers will conduct research on customers of The Body Shop in Malang. The Body Shop known as the green product which present in Indonesia since 1996 using a franchise system to expand its market share, the first outlet in Indonesia is in Pondok Indah Mall, choose (PIM) as the first outlet because (PIM) has a landmark of branding in Indonesia where most of its consumers are expatriates. Here is an overview of inter-variable relationships.

**3. RESEARCH METHOD**

The research design is descriptive and explanatory research that explains causal relationship between variables through hypotheses test so that it is possible to get conclusions.

The population are the customers of The Body Shop in Malang. The sampling technique used is purposive sampling, that are The Body Shop’s customers who have bought the product 3 times or more. Using its calculation, the sample number is 104. The instrument used in this study is by spreading a poll or questionnaire. The instruments include a closed questionnaire consisting of several questions, and each question has five alternative answers available based on Likert Scale.

**4. RESULT**

Based on the results of the research on 104 respondents can be found the following overview:

The description of the respondent by gender shows that the respondents in this study were mostly female (81%), 20–24 years old (85%), as a student (84%), and with an expenditure of 1.1 million – 2 million (40%).

**5. DISCUSSION**

The Green Perceived Value variable has a grand mean 3.68 that has the meaning that The price and quality of The Body Shop products are well suited.

The Green Perceived Risk variable has a grand mean of 2.95 that has the meaning that customers still do not understand the description of the given product, resulting in an oddity that does not conform to environmentally friendly design.

Customer loyalty variables have a grand mean 3.44 that has the meaning that the customer will buy back The product The Body Shop if it has expired.

Customer satisfaction variables have a grand mean of 4.18 customers are very satisfied after using The Body Shop products due to change.

A. Evaluation of measurement Models (*Outer Model*)

1. Indicator Reliability, used by looking at the magnitude of the variance of indicators/items to explain the latent construct.

Table 1. Indicator Reliability

Variabel	Item	Loading Factor	SE	P Value	Keterangan
Green Perceived Value	PNH 1	0.699	0.075	<0.001	Reliabel
	PNH 2	0.774	0.075	<0.001	Reliabel
	PNH 3	0.686	0.075	<0.001	Reliabel
	PNH 4	0.787	0.075	<0.001	Reliabel
Green Perceived Risk	PRH 1	0.818	0.075	<0.001	Reliabel
	PRH 2	0.738	0.075	<0.001	Reliabel
	PRH 3	0.667	0.075	<0.001	Reliabel
	PRH 4	0.801	0.075	<0.001	Reliabel
	PRH 5	0.821	0.075	<0.001	Reliabel
Customer Satisfaction	KP 1	0.852	0.075	<0.001	Reliabel
	KP 2	0.852	0.075	<0.001	Reliabel
Customer Loyalty	LP 1	0.650	0.075	<0.001	Reliabel
	LP 2	0.645	0.075	<0.001	Reliabel
	LP 3	0.912	0.075	<0.001	Reliabel
	LP 4	0.864	0.075	<0.001	Reliabel
	LP 5	0.776	0.075	<0.001	Reliabel

Indicators PNH1-PNH 4, PRH1 – PRH5, KP1 – KP 2, and LP1 – LP 2 results in a loading factor greater than 0.60. Thus the indicators of PNH1-PNH 4, PRH1

– PRH5, KP1 – KP 2, and LP1 – LP 2 are considered reliable in measuring every existing indicator.

2. Internal Consistency Reliability, is intended to test whether an item/indicator of the instrument can be used to perform more than twice the measurement with accurate results. Perceived Value variable, green risk perception, customer loyalty and customer satisfaction is greater than 0.7 then all indicators that measure the variables are reliable.

Table 1 *Reliability Test*

Variable	Composite Reliability
Green Perceived Value	0.826
Green Perceived Risk	0.880
Customer Satisfaction	0.842
Customer Loyalty	0.882

3. *Convergent validity*, is intended to test correlation between items/indicators in measuring the construction by using the *Average Variance Extracted (AVE)*. According to the table above, it is known that the whole results in a value greater than 0.5 then all indicators that measure the variable are valid.

Table 2 *Convergent Validity*

Variable	Ave	Keterangan
Green Perceived Value	0.545	Valid
Green Perceived Risk	0.595	Valid
Customer Satisfaction	0.726	Valid
Customer Loyalty	0.604	Valid

4. *Discriminant Validity*, Aims to test the items/indicators of two construct there is no correlation between the construction indicators. AVE quadratic roots green value perception. Green risk perception, customer loyalty and customer satisfaction yield greater value compared to other AVE squared roots. Thus the respondent had no difficulties in answering the questionnaire statement.

**B. Evaluation of structural models (Inner Model)**

*Adjusted R-Square* Can be used to describe the influence of a specific exogenous latent variable against the endogenous latent variable The Adjusted value of the R-Squares variable customer satisfaction

is 0087 or 8.7%, it can demonstrate that the diversity of customer satisfaction variables is explained by green value perception, Green Perceived Risk and customer loyalty of 8.7%, but has weak prediction power towards customer loyalty.

Then a Adjusted R-Squared customer loyalty variable worth 0481% or 48.1% it is interpreted that the diversity of customer loyalty variables is described by the Green Perceived Value variable, the Green Perceived Risk which has strong predictive power2.

Table 3 *Adjusted R-Square*

Variable Endogen	Adjusted R-Squares
Customer Satisfaction	0.087
Customer Loyalty	0.481

The effect size value resulting in variable Green Perceived Value to customer satisfaction of 0059 less than 0.2 belongs to small category. The effect size value resulting in the Green Perceived Value variable towards customer loyalty of 0450 more than 0.35 including large categories. The effect size value of the resulting Green Perceived Risk variable to customer satisfaction is 0051 less than 0.2 including small category. The effect size value generated by the Green Perceived Risk variable against customer loyalty is 0.006 less than 0.2, including small categories. The effect size value generated by the customer satisfaction variable on customer loyalty of 0052 is less than 0.2, including small categories.

Table 4 *Effect Size*

Variable	Effect Size
Green Perceived Value – Customer Satisfaction	0.054
Green Perceived Value – Customer Loyalty	0.450
Green Perceived Risk – Customer Satisfaction	0.051
Green Perceived Risk – Customer Loyalty	0.006
Customer Satisfaction - Customer Loyalty	0.052

The value of Q2 predictive relevance customer satisfaction variables has a value of 0.112 and 0489 which means it has a relevance predictive due to the Q-squared value generated by endogenous variables

(customer satisfaction) > 0 and (customer loyalty) > 0

5. *Goodness of fit (GoF)*, Used to measure the evaluation fit overall model

Table 5 *Goodness of Fit Model*

<b>Model Fit and Quality Indices</b>	<b>Hasil</b>	<b>Kriteria</b>
<i>Average path coefficient (APC)</i>	0.284, P<0.001	$P\ value \leq 0.05$ (significance level = 5%)
<i>Average R-squared (ARS)</i>	0.301, P<0.001	$P\ value \leq 0.05$ (significance level = 5%)
<i>Average adjusted R-squared (AARS)</i>	0.284, P<0.001	$P\ value \leq 0.05$ (significance level = 5%)
<i>Average block VIF (AVIF)</i>	1.047	acceptable if $\leq 5$ , ideally $\leq 3.3$
<i>Average full collinearity VIF (AFVIF)</i>	1.473	acceptable if $\leq 5$ , ideally $\leq 3.3$
<i>Tenenhaus GoF (GoF)</i>	0.431	small $\geq 0.1$ , medium $\geq 0.25$ , large $\geq 0.36$
<i>Sympson's paradox ratio (SPR)</i>	0.800	acceptable if $\geq 0.7$ , ideally = 1
<i>R-squared contribution ratio (RSCR)</i>	0,990	acceptable if $\geq 0.9$ , ideally = 1
<i>Statistical suppression ratio (SSR)</i>	0.800	acceptable if $\geq 0.7$
<i>Nonlinear bivariate causality direction ratio (NLBCDR)</i>	0.600	acceptable if $\geq 0.7$

The analysis of PLS is a tool to measure variables directly and indirectly so that it can conclude the relationship between Green Perceived Value(X1), Green Perceived Risk(X2), customer loyalty (Y) and customer satisfaction (Z). Here is a explanation of the analysis PLS:

According to result can be interpreted line coefficient 0245 with P Value of < 0.001. Thus the H1 is

accepted; coefficient 0171 with P Value of < 0.001. Thus H2 is accepted; coefficient 0662 with P Value of 0.013. Thus H3 is rejected; coefficient 0042 with P Value of 0216. Thus H4 is rejected' coefficient 0238 with P Value of 0.001. Thus H5 is accepted; coefficient-0104 with P Value of 0085. Thus the H6 is accepted; and coefficient 0041 with P Value of 0223. Thus H7 was rejected

**5.1. Discussion**

Customer's overall assessment of the benefits of products or services between those received and provided by customers of The Body Shop, as well as long-term expectations and the need for environmentally friendly products, overall indicators include Emotional Response, Behavioral Price, social value and monetary value. Based on a descriptive analysis, it is known that the Green Perceived Value variable has a grand mean value of 3.68 that has the meaning that The price and quality of The Body Shop products are well suited.

Customer wishes for negative environmental consequences regarding customer behaviour on the purchase of a product The Body Shop, some indicators are, (1) There is a possibility that something wrong with the environmental performance of the product. (2) It is possible that this product does not work well for its eco-friendly design. (3) It is possible that you will get losses if you use this product. (4) It is possible to use this product to negatively affect the environment. (5) Using this product will damage the reputation of green or imagery. Based on a descriptual analysis it is known that the Green Perceived Risk variable has a grand mean of 2.95 that has the meaning that customers still do not understand the product description provided resulting in an oddity that does not conform to environmentally friendly design

Customer loyalty is The customer's commitment to buy back The Body Shop products consistently, as the indicators of this variable are makes regular repeat purchase, purchase across product and service lines and refers others. Based on the descriptive analysis, it is known that the customer loyalty variable has a grand mean of 3.44 which has the meaning that the customer will buy back The Body Shop product if it has expired.

Response from customer's experience after consuming The Body Shop products is to fulfil the needs of the expectations or exceed the expectation. Customer satisfaction is measured by the satisfaction of cognitive models and the satisfaction of the affective Model namely Cognitive Model Satisfaction and Affective Model Satisfaction.

Cognitive Model Satisfaction is the response or reviewer over the experience of customers consume The Body Shop products at The Mall Olympic Garden on the basis of rational thinking (functional benefits of THE product).

Affective Model Satisfaction is the response or assessment of the customer experience of consuming The Body Shop products on the subjective basis, aspirations and experiences (emotional benefits of the product). Based on The descriptive analysis that The customer satisfaction variables have a grand mean of 4.18 customers are very satisfied after using The Body Shop products due to change.

Based on the results of this study was obtained the test results of green Nlai perception positive and significant to customer satisfaction in The product The Body Shop, said the higher the value of a product then the customer will be more likely to settle for The product The Body Shop. Customers of The Body Shop feel the price and quality provided very in accordance with the expectation of the customer so that customers feel the satisfaction functionally.

Based on the results of this study obtained the test results of customer satisfaction positive and significant towards customer loyalty in The product of The Body Shop, can be said the higher the sense of satisfaction of a product, the customer will tend to be loyal to The product The Body Shop. Customers of The Body Shop feel The benefits after using The product because of The change so that customers feel the loyalty and will buy back the product if it has expired.

Based on the results of this study was obtained the test results that The Green Perceived Value is positive and significant towards customer loyalty The Body Shop products, this shows the higher Green Perceived Value customers will likely be able to increase customer loyalty because each customer who has purchased The Body Shop Product 3 times feel the price and quality is appropriate and show the level of loyalty when the product purchased has expired customers will buy back the product.

The results of this study can be noted that there is a positive and significant influence between the Green Perceived Value of customer loyalty through customer satisfaction. This means that Green Perceived Value is positive and significant towards customer loyalty through customer satisfaction of The Body Shop customers. Green Perceived Value felt by customers with the equaled price and quality of the product resulted in customers feel the benefits given after use and will buy back if the goods have expired.

Based on the results of this study can be noted that there is a positive and significant influence between the Green Perceived Risk to customer satisfaction in the customer Body Shop. Proven with the risk that there is by paying parking, sacrificing time to buy does not change customers to dissatisfied with The product The Body Shop.

Based on the results of this study can be noted that there are negative and significant influences between Green Perceived Risk towards customer loyalty in The customer Body Shop at Mall Olympic Garden. This is comparable to that of the value of the line coefficient below-0104 showing the higher Green Perceived Risk will increase customer loyalty, because customers have not thought of risk that there is a costly price and have to pay for parking.

Based on the results of this research can be found that there is a positive and significant influence between the perception of green risk to customer loyalty through customer satisfaction of The customer's Body Shop, but in this discussion the variable customer satisfaction can not be used as a mediator between The perception of green risk to customer loyalty seen from the line coefficient result of 0041.

## 6. CONCLUSIONS AND SUGGESTIONS

The description of the Green Perceived Value variable has the meaning that the price offered and the quality given to the customer is already in accordance with customers' expectations

The description of Green Perceived Risk variable has the meaning that the customer is not thinking about the risks faced such as parking, distance traveled far enough and sacrificed the time to buy products The Body Shop.

The description of customer satisfaction variables has the meaning that the majority of women have benefited after using The Body Shop products both functionally and emotionally which can help to preserve The environment.

Customer loyalty Variable description has The meaning that The customer will buy back The product The Body Shop if The product has expired.

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