

GREEN BRAND INNOVATIVE ON GREEN BRAND LOYALTY: A Moderating Model Evaluation by Green Perceived Value of Indonesian Consumers for The Body Shop Products

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Abstract

This study aims to analyze and prove green brand innovative impact on brand loyalty of Indonesian consumers for the Body Shop product, it also tested the moderating effect of green perceived value on its relation. In the sampling technique, this study used convenience sampling with online method questionnaire distribution. Recorded as many as 111 users of the Body Shop products across Indonesia (West, Mid, East) have participated. Then, the feedback was analyzed with the technique of SEM with the assistance of the Smart-PLS software's latest version. Results found that green brand innovation has a positive impact on green brand loyalty of Indonesian users for the Body Shop products, and green perceived value also has a positive impact on green brand loyalty. Unfortunately, green perceived value isn't able to moderate the relationship between green brand innovation and green brand loyalty.

Keywords: Green Brand Innovative; Green Brand Loyalty; Green Perceived Value

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INTRODUCTION

Indonesia became the main target market for both foreign and local products (Grace, 2021), no exception for eco-friendly cosmetic products that are in the highest trend. According to Kotler et al (2019), an increasing the climate change issues in recent years has encouraged several manufacturers of cosmetic products with well-known brands to develop eco-friendly products, in which Kim dan Lee (2016) previously stated that the brands which emphasize eco-friendly products had a significant impact on consumer loyalty, it is due to their behavioral tendencies have begun to ignoring chemical-based products. Keller (2016) also argue that consumer loyalty to a brand that uses an eco-friendly concept is often interpreted as green brand loyalty. Basically, green brand loyalty is a representation of consumer loyalty to eco-friendly products (Lu dan Xu, 2015).

Green brand loyalty is created by the fulfillment of consumer expectations consistently, especially for cosmetic products that often chemical-based materials (Lin et al., 2017). A number of studies have found several factors that greatly affect green brand loyalty, including green brand innovativeness and green perceived value (Tulangow, 2020), in which these factors can be stated as evidence of growing consumer expectations for eco-friendly

cosmetic products (Zulfikar dan Mayvita, 2018). At this time, consumers not only want eco-friendly cosmetic products, but most of them also want products that are unique, innovative, and have many benefits, or have values that match their expectations.

The Body Shop is a company that offers natural beauty, facial and body care products, it has been presented to Indonesia since 1992 (Arham dan Dwita, 2021). The Body Shop offers various eco-friendly programs such as Bring Back Out Bottle, launches a change making beauty store and actively campaigns for be seen be heard of eco-friendly products (Grace (2021). Even though The Body shop actively campaigns for eco-friendly products in Indonesia, these products have also been sued by a number of environmental NGOs across Indonesia, it is due to the body shop products considered still using plastic materials, and then for some products chemical ingredients that dangerous for the consumers skin have been detected (Harianto, 2022). This lawsuit absolutely will influence consumers assessment and loyalty to continue using The Body Shop eco-friendly products.

METHODS

An explanatory research design was employed to testing the research questions. To overcome the problem of common method variance as many as possible, the data collection technique was taken by online method (Sekaran & Bougie, 2016), throughout google form questionnaires. All the respondents were asked to respond on a *Likert* scale ranging 1 "strongly disagree" to 5 "strongly agree" (Sekaran & Bougie, 2016). The screening questions also used to avoid un-user participants of The Body Shop Products.

Recorded 111 Indonesian users for The Body Shop Product have participated in this study, in which their responses were analyzes throughout frequency distribution method by IBM SPSS version 26, and Smart-PLS latest version software use to analyze Structural Equation Model (SEM) and path-analysis (Hair et al., 2010; Hult et al., 2015). The cut value point of loading factor is 0,70 in the average variance extracted (AVE) by 0,5 (Hair et al., 2010). Reliability of the constructs up to 0,70 through composite reliability and Cronbach alpha scores, and R^2 should $> 0,33$ to state the model has strong impact value (Hult et al., 2015), then Fornell and Larcker criteria use to discriminant validity (Fornell & Larcker, 1981). In regard to the path-analysis, the cut value point refers to the one-tail criteria of 1,64 an above to be stated supported, vice versa (Hair et al., 2010).

In terms of measurement scale, green brand loyalty of Indonesian users for the Body Shop products was measure with 4-item developed by Lin et al (2017), this is a popular measurement item used in many research, because it represent the customer loyalty in single brand by ignoring another brand. Further, the assessment regarding green brand innovativeness is measured by 3-items (Lin et al., 2017). Indonesian users also requested to represents their assessment of green perceived value of the body shop products through 4-

item (Lin et al., 2017).

RESULTS AND DISCUSSION

In this study, the majority of Indonesian users for the Body Shop Products are woman (85,59%), while other 14,41% are man, with ages ranging 21 to 30 (60,36%) were dominants, then ages ranging 31 to 40 years (25,23%), and ages over than 41years are 12,51%, while only 2,70% ages under 20 years. Most of Indonesian users for the Body Shop Products well-educated at bachelor degree (57,66%), 17,12% are completed at SHS/VHS, and both 12,61% are master degree and diploma III. As many as 34,23% have working at private sector as employees, 20,72% are entrepreneurships, 9,01% are state owned employees, 9,01% are students, 6,31% are civil servants, 8,11% are lecturers, 7,21% are house wife, 1,80% are doctors, and 2,70% are unemployed. Most of them having monthly income less than IDR 5 million (53,15%), then 42,34% having monthly income ranging IDR 5 to 10 million, while only 4,50% earning over than 10 million monthly.

Further, this study also detected several products that most popular and consumed by the Indonesian consumers, table 1 below shown it.

Table 1. The Body Shop Products

Product	Quantity	%	Product	Quantity	%
Body Care	24	21.62	Make-Up; Body Care	4	3.60
Body Care; Fragrance	2	1.80	Make-Up; Body Care; Spa	1	0.90
Body Care; Fragrance; Hair	1	0.90	Make-Up; Fragrance	2	1.80
Body Care; Fragrance; Hair; Spa	1	0.90	Skincare	23	20.72
Body Care; Fragrance; Spa	1	0.90	Skincare; Body Care	4	3.60
Body Care; Hair	2	1.80	Skincare; Body Care; Fragrance; H	1	0.90
Fragrance	11	9.91	Skincare; Fragrance; Hair	1	0.90
Fragrance; Accessories	1	0.90	Skincare; Hair	1	0.90
Fragrance; Hair	4	3.60	Skincare; Make-Up	2	1.80
Fragrance; Hair; Spa	2	1.80	Skincare; Make-Up; Body Care	1	0.90
Hair	5	4.50	Skincare; Make-Up; Hair	1	0.90
Hair; Spa	2	1.80	Skincare; Spa	1	0.90
Make-Up	12	10.81	Spa	1	0.90

Source: Primary Data, 2023

According to the table 1, skin care is the product that is most demanded by Indonesian consumers, it is might due to Indonesian consumer want their skin to look glowing and soft.

In term of measurement scale, it can be seen in the table 2 below, in which the references for convergent validity is outer loading and AVE score (Hair et al., 2010), while

discriminant validity refers to Fornell and Larcker criterion (Fornell & Larcker, 1981). Further, the reliability on each variable refers to Cronbach alpha and composite reliability (Hult et al., 2015).

Table 2. Measurement Model

	Outer Loading Ranges	Cronbach Alpha	Composite Reliability	AVE	R-Square
Green Brand Loyalty	0.770 – 0.815	0.821	0.882	0.661	0,523
Green perceived value	0.770 – 0.852	0.727	0.846	0.648	
Green brand innovative	0.813 – 0.843	0.774	0.869	0.689	

Source: Smart-PLS version 4.0.9

According to the table 2, all the variables in this study can be stated pass the convergent validities and reliabilities testing, in which each variable had scores of outer loadings more than 0,7, AVE scores more than 0,5, Cronbach alpha and composite reliability more than 0,7. Means that the items indicator on each variable has a good internal consistency and high accuracy. Further, to ensure the items indicator haven't double meaning, the discriminant validity by Fornell and Larcker criterion have to be checked. Tabel 3 shown it below:

Table 3. Discriminant Validity

	GBI	GBL	GPV
Green brand innovative	0.882		
Green brand loyalty	0.826	0.877	
Green perceived value	0.734	0.846	0.861

Source: Smart-PLS version 4.0.9

According to the table 3 above, this study can be stated pass the discriminant validity through Fornell and Larcker criterion, it was proven by the goal constructs on each variable over than previous constructs, and it also over than 0,7. The impact value of the model is 0,523 or equalize for 52,3% (Tabel 2), means that the model in this study classified strong impact. Further, path-analysis shown in the table 4, as many as three relationship was measured by one-tail test, viz:

Table 4. Path-Analysis

	Original Sample	T-Statistic	P-Value	Significancy
GBI -> GBL	0.312	3.902	0.000	Yes
GPV-> GBL	0.473	5.812	0.000	Yes
GPV*GBI -> GBL	-0.086	1.338	0.181	No

Note: GBI = Green Brand Innovative, GBL = Green Brand Loyalty, GPV = Green Perceived Value

Source: Smart-PLS version 4.0.9

According to the table 4, there are two relationships met with the research expectation, while the other one is not. Green brand innovative has a significant impact on green brand loyalty of Indonesian consumers for The Body Shop products. The result means that the Indonesian consumers will stay loyal to using The Body Shop products when sustainable eco-friendly innovations are offered, because it can overcome the saturation of products usage, and growth expectations of Indonesian consumers. The innovation can be related with packaging, materials, until product variations. Desara et al (2021) stated that the loyal consumers will share positive information related to the products on at least 10 people around when their expectations are met. As thing stand, it is clearly helpful The Body Shop to promotes their product automatically through word of mouth. This result is in line with the study of Arham and Dwita (2021), then Tulangow (2020), which stated that green brand innovative has a significant impact on green brand loyalty (Arham & Dwita, 2021; Tulangow, 2020).

Green perceived value has a significant impact on green brand loyalty of Indonesian consumer for The Body Shop products. means that the values and benefits which felt by Indonesian consumers from using The Body Shop products has enhance their loyalty and encourage consumers to repurchase. This result was triggered by the fact that the most users ages ranging of 21 to 30 years, in which these ages is the golden phase who makes people willing to look more attractive. Another reason, this finding was also triggered by the most Indonesian consumers well-educated at bachelor. According to Kim et al (2016), most of women who well-educated at bachelor and above will be more understand their cosmetic needs than other, it is due to related with personality and lifestyle. The results of this study are in line with several experts that found the green perceived value from using eco-friendly cosmetic products has a strong impact on their loyalty to the brand (Lin et al., 2017; Zulfikar & Mayvita, 2018).

In the evaluation of moderating effect, green perceived value found not able to moderates the relationship between green brand innovative and green brand loyalty. Means that the values and benefits perceived by Indonesian consumers from The Body Shop products have weaken their loyalty to The Body Shop, it is directly proven by the demands of Indonesian consumers who are focused only for skin care products, while to the other product the demand is very low. As thing stands, the eco-friendly products offered by The Body Shop are unable to follow the expectations growth of Indonesian consumers. This result also represents the innovation delay that was conducted by The Body Shop, thus impact for Indonesian consumers who easily tempted by other brands. The analysis in this study is in line with expert opinion which states that when innovation is not in line with consumer expectations, it will have an impact on reducing consumer loyalty (Kotler et al., 2019). Meanwhile, Games et al

(2022) also stated that the failure of innovation will encourage consumer to look for other products until their expectations are met. Faisal et al (2021) further stated that innovation is the one of several important things to retain loyal consumers. This finding is not in line with previous study (Lin et al., 2017), which stated that green perceived value can strengthen the relationship between green brand innovative and green brand loyalty.

CONCLUSION

Indonesia has become a target market for natural beauty, facial and body care products, it is due to the large population of Indonesia, especially women who are very fond to using natural beauty, facial and body care products. However, consumer behavior in Indonesia presents a challenge for business people to be able to predict and meet their expectations which are increasing day by day. The products offered by The Body Shop have been popular in the last decade due to it emphasize eco-friendly concept. However, today's many competitors have started to compete in this sector due to promising demand, therefore the findings of this study represent the growth expectations and purchasing behavior of Indonesian consumers who are not fully loyal to single brand, because most of them just focus to the value and benefits of the products. Important to The Body Shop to be more careful in predicting the growing expectations of Indonesian consumers.

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