

## Faculty of Technology Management and Technopreneurship

# THE ROLE OF GREEN MARKETING INITIATIVES IN FOSTERING BRAND TRUST IN INDONESIAN INDUSTRIAL PROPERTY



**Doctor of Philosophy** 

## THE ROLE OF GREEN MARKETING INITIATIVES IN FOSTERING BRAND TRUST IN INDONESIAN INDUSTRIAL PROPERTY

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## A thesis submitted in fulfillment of the requirements for the degree of Doctor of Philosophy



UNIVERSITI TEKNIKAL MALAYSIA MELAKA

## **DEDICATION**

Alhamdulillah, this thesis is specially dedicated to my husband, Cholif Suhendra for prayer and great love. And also, the most beloved parents Djamaludin, Wafrotur Rohmah and Paimin, Suratini for their prayers and support. Lovely my son Camila Queen Faiza Suhendra and Uwais Alqorny Suhendra, who always support me with prayer and hugs.



#### **ABSTRACT**

At the moment, green marketing is a hot topic, especially in the commercial industrial property sector. For Indonesian industrial property to maintain brand trust, green marketing must be implemented. Businesses must treat customers well by building brand trust. A brand trust model is required because companies need to have a strong and consistent brand trust value. Nonetheless, there aren't many research studies in Indonesia that have tried to offer a green marketing strategy that will support the development of Indonesia Industrial Property. The current investigation aims at addressing this gap by offering marketing professionals with useful green marketing strategy along with factors that enhance brand trust. The purpose of this study is to identify the factors influencing consumer green marketing in the Indonesian industrial property industry and to develop an integrated model of brand trust that is specifically suited for green marketing in the context of Indonesian property. It provided conceptual model with significant factors as eco-labeling, communication tools, customer engagement, information credibility, and green purchase intention. Involves three expert judgements and 400 questionnaires distributed to Indonesian customers of industrial property served as the testing data. This approach makes use of SEM-AMOS and simulation. The result demonstrates that, in the context of Indonesian industrial property, the conceptual model of green marketing on brand trust was successful. There is significant effect on brand trust, namely customer engagement and green purchase intention. These two findings, if performed effectively will have a promotional effect on Industrial Property Indonesia environmental comfort. Customers will accept green marketing more easily, in particular, if it has strong and consistent brand trust. The company gave scientists knowledge they can generate and use to deliver information about the benefits green properties will receive from customers and compare it with their ability to spend and scientific repertory.

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## PERANAN INISIATIF PEMASARAN HIJAU DALAM MEMUPUK KEPERCAYAAN JENAMA DALAM HARTANAH PERINDUSTRIAN INDONESIA

### **ABSTRAK**

Pada masa ini, pemasaran hijau menjadi topik hangat, terutamanya dalam sektor hartanah industri komersial. Untuk hartanah industri Indonesia mengekalkan kepercayaan jenama, pemasaran hijau mesti dilaksanakan. Perniagaan mesti melayan pelanggan dengan baik dengan membina kepercayaan jenama. Model kepercayaan jenama diperlukan kerana syarikat perlu mempunyai nilai kepercayaan jenama yang kukuh dan konsisten. Namun begitu, tidak banyak kajian penyelidikan di Indonesia yang cuba menawarkan strategi pemasaran hijau yang akan menyokong pembangunan Harta Perindustrian Indonesia. Siasatan semasa bertujuan untuk menangani jurang ini dengan menawarkan profesional pemasaran dengan strategi pemasaran hijau yang berguna bersama-sama dengan faktor yang meningkatkan kepercayaan jenama. Tujuan kajian ini adalah untuk mengenal pasti faktor-faktor yang mempengaruhi pemasaran hijau pengguna dalam industri hartanah industri Indonesia dan untuk membangunkan model bersepadu kepercayaan jenama yang khusus sesuai untuk pemasaran hijau dalam konteks hartanah Indonesia. Ia menyediakan model konseptual dengan faktor penting seperti pelabelan eko, alat komunikasi, penglibatan pelanggan, kredibiliti maklumat dan niat membeli hijau. Melibatkan tiga pertimbangan pakar dan 400 soal selidik yang diedarkan kepada pelanggan Indonesia bagi harta industri yang dijadikan sebagai data ujian. Pendekatan ini menggunakan SEM-AMOS dan simulasi. Hasilnya menunjukkan bahawa, dalam konteks harta perindustrian Indonesia, model konsep pemasaran hijau mengenai kepercayaan jenama berjaya. Terdapat kesan ketara terhadap kepercayaan jenama, iaitu penglibatan pelanggan dan niat membeli hijau. Kedua-dua penemuan ini, jika dilaksanakan dengan berkesan akan memberi kesan promosi kepada keselesaan persekitaran Hartanah Perindustrian di Indonesia. Pelanggan akan menerima pemasaran hijau dengan lebih mudah, khususnya, jika ia mempunyai kepercayaan jenama yang kukuh dan konsisten. Syarikat itu memberi saintis pengetahuan yang mereka boleh jana dan gunakan untuk menyampaikan maklumat tentang faedah hartanah hijau yang akan diterima daripada pelanggan dan membandingkannya dengan keupayaan mereka untuk berbelanja dan repertori saintifik.

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### **CHAPTER 1**

### INTRODUCTION

## 1.1 Background

Marketing plays a pivotal role in business and industries as it can have different levels of impact on how consumers perceive and value particular products. A properly-designed marketing strategy often helps a company leverage its competitive edge and in turn build consumers' trust. By definition, marketing is an organizational function and a set of processes for creating, communicating, and delivering value to consumers managing consumer relationships while allowing the company to improve and develop its business process in order to be competitive (Solimun and Fernandes, 2018)

In recent years, green marketing is becoming increasingly popular due to a growing concern in environmental issues. Green marketing is defined as a holistic management process which involves identifying, anticipating, and satisfying the needs of consumers and society in a beneficial and sustainable way (Papadas et al., 2019). Green marketing, in other words, is a practical way for a company to gain customer trust (Polonsky, 2011).

These days, an increasing number of companies have attempted to use green marketing (Polonsky, 2011) in response to the global need to preserve green environment. For that reason, Dangelico and Vocalelli (2017) suggest addressing green marketing mix and strategy to optimize product development. Green marketing comprises a range of activities such as product modification, change in the production process, and modification in advertising and packaging. Whereas green marketing mix elements includes product,

pricing, promotion, and distribution. The interplay among those elements is required if marketing is to yield a rewarding result (Kotler and Armstrong, 2017). Green market sensing and implementation include marketing mix and cross-functional perspective for every organization while promotion is equally essential in order to attract buyers. In addition, a successful green plan requires strong communication (Dangelico and Vocalelli, 2017).

In response to a growing environmental concern, advertising has now shifted its focus toward promoting environmentally friendly products as a marketing strategy to build consumers' trust. The need for environmental sustainability has pushed companies to make innovation in the form of developing green products that are not harmful to environment. Green advertising has also been used as promotional messages to entice customers who are concerned with environmental issues. Consequently, the market for green products and services has grown very quickly in the past decade. However, to understand the basic characteristics of green products, it is important to identify variables impacting pricing and consumer readiness to pay more, as well as sales and promotion tools in the four Ps of green marketing (Kumar and Ghodeswar, 2015).

As environmentally - conscious companies seeking to earn consumer trust, they may benefit from lower operational costs, increased profitability due to recycling and residual reuse, improved production processes due to cleaner and more efficient technologies, and improved corporate image, brand value, and brand awareness (Wymer and Polonsky, 2015; Simão and Lisboa, 2017). Therefore, trust is the main factor that influences long term relationship with consumers (Garbarino and Johnson, 1999). According to Chaudhuri and Holbrook (2006), brand trust stability depends on the brand's ability to fulfil its functions and deliver what it promises. For example, consumers who are concerned with environmental issues are likely to put trust in products which are proven to be

environmentally friendly. As consumers feel connected to the product, they may decide to purchase it. Hence, it is important for a company to have its product specifications clearly described so that customers can understand the company's commitment and values. Brand trust plays a role in purchasing decisions to the extent that consumers may be willing to pay more for the product. In short, the company's ability to communicate with the general public is extremely crucial for building a "green" reputation (Biloslavo and Trnavhevih, 2009).

Brand trust is frequently described as a key element in influencing customers' choice, particularly when it comes to brand and relationship decisions (Srivastava et al., 2016). Customers will place trust in a brand based on their experience with the product as well as assessment of how the brand delivers on its promises (Alan and Kabadayi, 2012). Similarly, consumers will have a long-term relationship with a company that they can trust for brand reliability, safety, and honesty. Xingyuan et al. (2010) stated that user's experience has been shown to influence brand trust both directly and indirectly, demonstrating that different factors contribute to building consumer trust. This demonstrates what happens when a consumer trusts a brand; they will make repeated purchases and recommend the brand to others.

The focus of this research is on consumer brand trust in green products. In response to growing environmental concerns, advertising has now shifted its focus to promoting environmentally friendly products as a marketing strategy to build consumer trust. Consumers who care about environmental issues tend to place their trust in products that are proven to be environmentally friendly. If a business wants to earn the trust of its consumers, it must deliver on the promises it makes to them. Integrity in action means what is said matches what is done. Therefore, it is very important for companies to treat their customers well to build trust between customers and the brand.

Purchase intention is a widely discussed issue in customer behavior and a driving component of purchasing decision. People all across the world are testing a variety of factors that are thought to increase one's propensity to buy, and the findings are proving to be very interesting (Chekima et al., 2015). Customer engagement refers to a process that involves cognitive and emotional attachment that develops through frequent interaction with a brand. Consumer engagement in business refers to the long relationship with a consumer based on utilitarian considerations (Thakur, 2018). Given the vast diversity of information available online, including unverified and even malicious information, assessment of source credibility is particularly crucial (Amit Aharon et al., 2021). For example, a study by Esteves et al. (2017) revealed that products with an eco-labeled perform better than their non ecolabeled counterparts, with various value propositions across product categories (Esteves et al., 2017). Another study also found that service quality was the strongest predictor of brand trust, followed by product quality (Alan and Kabadayı, 2014). If a business wishes to earn its consumers' confidence, it must deliver on the promises it makes to them. Integrity in action means what it is said is congruent with what is done. Hence, it is essential for a company to treat its customers well in order to build trust between the customer and the brand.

The property sector and environmental issues have become increasingly connected in recent years (Borregaard and Dufey, 2002). The general public increasingly view environmental issues as a problem. Green marketing calls for a change in perspective and an emphasis on environmental responsibility across all organizational divisions, activities, and areas. Cheng (2008) noted that property designers must pay attention to trends in property development. Property marketing must be professional and developers must ensure a good location for property investment. According to Hudalah and Firman (2012), property

business requires the use of unique marketing techniques. Chairman of the DPP Real Estate Indonesia (REI), Soelaiman Soemawinata, suggested that the property industry in Indonesia is currently starting to improve. However, to stimulate the industry and propel the country's economy, building and strengthening branding is very much required (Bona Ventura, 2017).

In light of the aforementioned background this research aims to investigate the impact of exogenous variables such as customer engagement, green purchase intention, ecolabeling, communication tools, and information credibility on brand trust. (Kumar and Ghodeswar, 2015). In conclusion to build brand trust between consumers and companies, companies can treat consumers well. Currently, the brand trust model is needed for companies as a guide in carrying out marketing strategies.

Indonesian Industrial Property must be able to pay attention to factors such as information credibility, communication tools, green purchase intentions, consumer involvement, and eco-labels to maintain brand trust that can be accessed by customers or conveyed by many stakeholders. The novelty of this research is the construction of the IMBT model which is complemented by the development of the five supporting models described previously. It is hoped that this research can provide information for Indonesian property companies, consumers and other stakeholders for future development. Consumers who are satisfied with a property brand will promote it to someone who asks for advice, encourages friends, and expresses their satisfaction to other consumers. This is quite profitable in terms of helping green promotion activities carried out by Industrial Property Yogyakarta. Buy in green Long-term orientation and poor reviews are two areas that may leave room for improvement. Consumers who have a long-term perspective are willing to spend extra money to buy environmentally friendly products to ensure a better quality of life in the future.

### 1.2 Problem statement

Green marketing consists of some elements such as eco-orientation, green marketing strategy, green marketing consequences, and green marketing function. The green marketing function includes products, promotion, retailing and distribution, and other issues like branding, positioning, and international marketing (Kumar, 2016). Green marketing is being used by many businesses, but it is not always simple to implement because there are various challenges and issues that must be resolved (Sharma and Singh, 2015). Joshi et al. (2014) has identified a number of major challenges in green marketing as can be seen in Figure 1.1

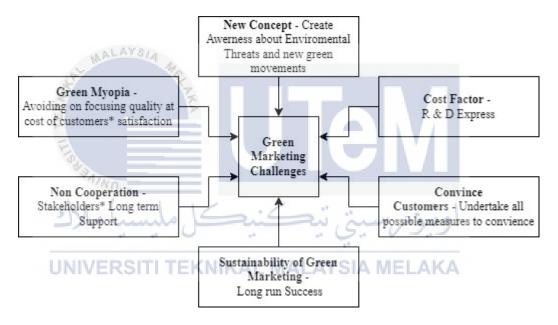


Figure 1.1: Green marketing: challenges and problems

Figure 1.1 illustrates several challenges experienced by marketers. It demonstrates the needs to create awareness on environmental issues and the importance of environmental sustainability. Companies using green marketing must ensure that their activities are not misleading to consumers or industry, and do not breach any of the regulations or laws dealing with environmental. This is because there have been cases where some of the marketing