

# The Effect of Green Marketing and Prices on Purchasing Decision through Customer Preference at the Body Shop in Covid 19 Pandemic Era in Jember Regency

Raras Rachmasari<sup>1</sup>, Sudaryanto<sup>2</sup>, Deasy Wulandari<sup>3</sup>

Corresponding autor : [sudaryanto.feb@unej.ac.id](mailto:sudaryanto.feb@unej.ac.id)

Master of Management, Economic and Business Faculty, Universitas Jember Kalimantan 37, Jember 68121

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**Abstract:** The appearance of the Covid 19 virus has had a huge impact on company activities. The decrease in company activity has the most descending impact, namely on the sales side which affects the effectiveness of the company in generating profits. The purchase decision is the most important component for the company's sales, so the sales strategy must be implemented appropriately through the components of green marketing, price, and customer preference on The Body Shop products. However, some things have not shown success and there are research gaps. The results of this study have a major influence on product purchasing decisions. The Body Shop tried to measure the purchasing decisions of green marketing and the price of each consumer through customer preference as an intervention. Making this decision can increase the purchase decision for The Body Shop products to be higher than other products on the market

**Keywords:** Green Marketing, Price, Customer Preference, and Purchasing Decision

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## I. Introduction

The appearance of the Covid-19 virus is a situation where everyone cannot imagine what it will be happen. The virus that emerged from the city of Wuhan in China has caused many effects which were never imagined before, such as the work from home policy implemented by the government almost all over the world, including Indonesia. Lockdown activities are part of the laws and regulations that contained in Law Number 6 of 2018 concerning with Health Quarantine which discusses Health Quarantine at Entrance Gates and in areas carried out through monitoring of diseases and Public Health Risk Factors for transportation means, people, goods, and / or the environment, as well as responses to Public Health Emergencies in the form of Health Quarantine measures.

One of the companies affected by the corona virus in Indonesia is The Body Shop. The Body Shop company is a well-known company in the cosmetics industry and is one of the pioneers of green marketing. According to Ferrinadewi (2005), products from the cosmetic industry are unique products, because besides these products have the ability to fulfill basic needs (especially women) for beauty as well as a means for consumers to clarify their identity in society. Furthermore, this product actually has usage risks that need to be considered that the chemical content does not always have the same effect for every consumer. Bring Back Our Bottles (BBOB) is a program of The Body Shop Indonesia that invites consumers to return the empty packaging of The Body Shop products to the nearest shops for recycling and the processing results are used for community empowerment.

The empirical phenomenon in this study is that sales of The Body Shop in 2020 have fallen sharply. This is due to the Covid 19 Pandemic which caused a decline in sales of The Body Shop during 2020. This is due to the reluctance of the public to move out of the house to avoid Covid-19 which ultimately has an impact on the supply and demand cycle of The Body Shop products. The Body Shop company is one of the business sectors that has been badly affected because it ultimately did not reach its annual sales target due to Covid-19..

## II. Literatur Review

The development of green marketing coincides with the initiation of public awareness of the issue of global warming or other environmental issues and business people or companies are given the challenge of how to overcome these issues while remaining responsible for the impact of their business activities. The goal of green marketing is to develop products that are environmentally friendly and safer, reduce waste of raw materials and energy, reduce liability for environmental problems by meeting environmental regulations to be known as a good company (Riska et al., 2014)

According to Alma (2014: 169), in theoretical economics, understanding, price, value and utility are interrelated concepts. What is meant by utility is an attribute attached to an item, which enables the item to

fulfill (needs), wants (wants) and satisfies consumers (satisfaction). According to Tjiptono (2013: 233), price is a statement of the value of a product (a statement of value). Value is the ratio or comparison between perceived value and the costs incurred to get the product. Based on the opinion of experts, it can be concluded that price is a value created and assigned to a good or service to be exchanged according to consumer wants and needs.

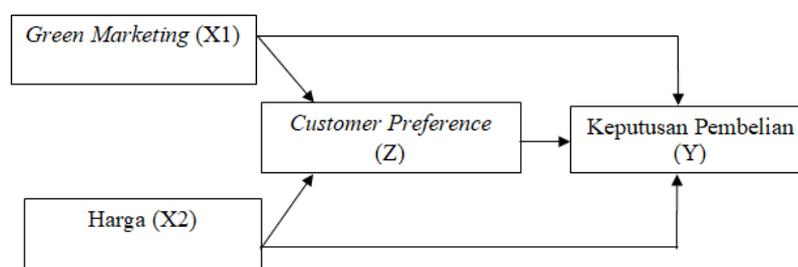
According to Frank (2011: 63) Customer Preference is a process of ranking all things that can be consumed with the aim of obtaining preferences for a product or service. Customer Preference appears in the third stage in the purchasing decision process, namely at the alternative evaluation stage, at which stage consumers are faced with a wide selection of goods and services with a variety of different attributes (Putri and Iskandar, 2014). Therefore, it can be concluded that preference is a choice that is taken and selected by consumers from a wide selection of available goods and services. According to Putri and Iskandar (2014), the preference stage that consumers have for a product is the beginning of the consumer loyalty stage for the product. So that companies as producers of goods and services must understand and learn how to create a sense of preference in consumers.

According to Schiffman and Kanuk (2004: 117) defines a purchasing decision as the selection of an action from two or more of various alternative choices. It can be analyzed that when a consumer wants to make a choice, he must have an alternative choice, so that the purchase decision is made according to the right conscience. In general, purchasing decisions can be said to be the selection of two or more of the various alternative options. The purchase decision is a consumer action with the aim of forming references among brands in the choice group and carrying out the process of buying a product they like the most among others. Companies in making decisions must have several alternative options to suit what they want.

### III. Conceptual Model

Green Marketing which is used in the marketing strategy is expected to have a positive influence on purchase decisions in achieving sales targets. Green Marketing that is applied in a company will greatly support sales and affect the targets that have been set by the company. Price as a driving force to create consumer enthusiasm for a product, so that they are willing to make a purchase decision. The role of customer preference greatly influences the purchase decision of a product. In companies, customer preference, price, and green marketing have an influence on purchasing decisions. With a good customer preference will increase the purchasing decision of a company product.

The conceptual framework is structured to seek scientific answers to research problems that explain theoretically the relationship between the variables studied. The conceptual framework in this study describes the direct and indirect effects between variables. The independent variable is green marketing (X1) and price (X2), Customer Preference becomes the intervening variable (Z) on the dependent variable, namely the purchase decision (Y). The research conceptual framework is shown in Figure 2.1 as follows:



### HYPOTESIS

The effect of Green Marketing on Customer Preference

One product that is environment friendly has become a serious debate between environmentalists, government officials, manufacturing companies and consumers. Consumers interpret environmental friendly product information on packaging labels differently from what marketers mean, for example in a case that consumers interpret the product as being labeled as environmental friendly, other consumers feel doubtful because products that promote environmental friendly products do not specifically inform the criteria for friendly quality environment. (Polonsky, 2002). Govender's research (2016) stated that products have an effect on Customer Preference. Therefore, the hypothesis developed is:

H1: Green marketing has an effect on Customer Preference

The effect of Price on Customer Preference

Price is an important element in any marketing mix. Most customers are willing to pay a premium price if there is an added perception of the value of the product. This increase in value can be caused by performance, function, design, attractive shape or taste. Environmental advantages are only an added bonus, but are often the

determining factor between product value and quality. Eco-friendly products are often cheaper if the cost of the product life cycle is considered. Research by Septifani et al. (2014) stated that price has an effect on Customer Preference. Therefore, the hypothesis developed is:

H2: Price affects Customer Preference.

#### The effect of Green Marketing on Purchasing Decisions

According to The American Marketing Association (AMA) in Siswanto (2010: 64), green marketing is something that refers to environmental safety for the products it markets. This includes modifying product advertisements, the product itself, the production process, and also product packaging (Polonsky, 2002). The purchase decision is a consumer action with the aim of forming references among brands in the choice group and carrying out the process of buying a product they like the most among others. For this reason, making a decision must have several alternative options to suit what you want. Govender's research (2016) states that products have an effect on Purchasing Decisions. Therefore, the hypothesis developed is:

H3: Green marketing affects Purchasing Decisions

#### The effect of Price on Purchasing Decisions

According to Tjiptono (2013: 233), price is a statement of the value of a product (a statement of value). Value is the ratio or comparison between perceived value and the costs incurred to get the product. The existence of this is an act of consumers who have a high level of decision to choose, by considering the decision factors that are used as a reference. Research by Septifani et al. (2014) stated that price has an effect on Purchasing Decisions. Therefore, the hypothesis developed is:

H4: Price affects the Purchase Decision

#### The Influence of Customer Preference on Purchasing Decisions

Kotler (2000) says that consumers process information about products based on brand choices to make final decisions, the emergence of purchasing a product is seen where consumers have a need that wants to be satisfied. Consumers will look for information about the benefits of the product and then evaluate the attributes of the product. Consumers will give different weights to each product attribute according to their importance, from here it will lead to consumer preferences for existing brands. Research by Septifani et al. (2014) stated that price has an effect on Purchasing Decisions. Therefore, the hypothesis developed is:

H5: Customer Preference affects Purchasing Decisions.

The appearance of the Covid 19 Pandemic Virus poses a threat to all sectors of the economy, including the cosmetics company The Body Shop. One of the changes that occurred in the Covid 19 Pandemic Era was the decline in consumer purchasing decisions. Green Marketing has had a huge impact on change. The development of Green Marketing also affects the decision to purchase cosmetic products from The Body Shop, this shows that the concept of Green Marketing has become a necessity to show the work of the company or organization entity. It takes strategic planning and complex utilization within the company as a solution to the uncertain changes occurring in the Covid 19 Pandemic Era.

The Covid 19 Pandemic era was difficult, The Body Shop Company needed an effective and efficient product sales strategy concept. With increasingly fierce competition, the concept of product sales strategy has become the main subject in overcoming threats and opportunities. For this reason, further research is needed to determine the role of green marketing and price in increasing purchasing decisions through customer preferences

### **IV. Conclusion**

The appearance of the Covid 19 Pandemic Virus poses a threat to all sectors of the economy, including the cosmetics company of The Body Shop. One of the changes that occurred in the Covid 19 Pandemic Era was the decline in consumer purchasing decisions. Green Marketing has had a huge impact on change. The development of Green Marketing also affects the decision to purchase cosmetic products from The Body Shop, this shows that the concept of Green Marketing has become a necessity to show the work of the company or organization entity. It takes strategic planning and complex utilization within the company as a solution to the uncertain changes occurring in the Covid 19 Pandemic Era.

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