



## THE EFFECTS OF GREEN PERCEIVED VALUE ON GREEN CUSTOMER LOYALTY THROUGH GREEN SATISFACTION AND GREEN TRUST (A STUDY OF THE USERS OF AVOSKIN SKINCARE PRODUCT IN MALANG CITY)

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### Abstract

The purpose of this research is to assess the effects of green perceived value, green satisfaction, and green trust on green loyalty. The population of this quantitative explanatory research is the users of Avoskin, a skincare brand, in Malang City. Using purposive sampling technique, 214 people were selected as the respondents. The research data was harvested via Likert-scaled questionnaires and documentations and was analyzed using Structural Equation Modeling – Partial Least Squares (SEM-PLS). This study finds that green perceived product significantly influences green loyalty, green satisfaction, and green trust. Further, green satisfaction and green trust were found to partially mediate the relationship between green perceived value and green loyalty. Based on these findings, Avoskin is suggested to innovate and increase the benefit values for its consumers as these efforts improve customer satisfaction and trust, which finally lead to higher loyalty to the brand.

Keywords : *green marketing, green perceived value, green satisfaction, green trust, green loyalty*

### 1. INTRODUCTION

In the era of globalization, significant changes are influencing the environment. Indonesia, for instance, is witnessing drastic climate shifts, air and water pollution, raising public awareness about environmental preservation. The trend towards eco-friendly products reflects this heightened consciousness, with consumers increasingly opting for sustainable options that benefit the environment (Azila Jaini, 2020). A surge in environmental awareness and health-conscious behavior has led to the popularity of eco-friendly products. Skincare items formulated from natural ingredients, free from chemical additives, are a prime example of this trend (Jacky Chin, 2018). People are gravitating towards natural and organic alternatives, wary of the potential adverse effects associated with traditional skincare products (Sushant Kumar, 2021). Eco-friendly personal care products not only use natural and organic ingredients but also shun synthetic chemicals. Their packaging, often reusable, is designed with environmental protection in mind (Nora Amberg, 2019). The focus of green products extends beyond their contents to include sustainable packaging practices, as evidenced by eco-friendly labeling on products (Yifeng Lin, 2018). Glass, as opposed to plastic, is increasingly used for product packaging.

The Indonesian market exhibits a high demand for skincare products from both international and local producers. The beauty industry in the country, with revenues of about 74 million dollars (or roughly 107 billion Rupiah), is on an upward trajectory (Statista, 2022). Despite the presence of numerous local skincare brands, only a few utilize natural ingredients. A significant 96 percent of Indonesian consumers show a preference for natural skincare products, despite their slower results compared to chemical-based alternatives (Statista, 2020). Balancing the demand for eco-friendly products and developing strategies that foster customer satisfaction are vital for business success (Suhartanto et al., 2019). The perceived value of these products, in terms of meeting expectations and delivering benefits, is a key factor in building customer loyalty (Zhang et al., 2020). This highlights the importance of exploring the impact of Green Perceived Value on fostering Green

Loyalty. Based on the above discussion, it can be concluded that competition among green products, particularly in the skincare industry, is intensifying, affecting consumer loyalty due to the abundance of alternative products. The limited research on the effects of green perceived value, customer loyalty, satisfaction, and trust in the context of skincare products underlines the necessity of this study, particularly focusing on local skincare brands.

## **2. LITERATURE REVIEW**

### **2.1 Green Marketing**

Green marketing encompasses activities related to enhancing the production process, packaging, and advertising in an environmentally friendly manner (Chahal et al., 2014). As defined by Polonsky (2011), it involves marketing activities designed to meet consumer needs in an eco-friendly way, including product modifications, packaging, and advertising. Companies adopt green marketing strategies to differentiate themselves and cater to the environmental desires of their customers (Y. Chen & Chen, 2008). Previous research emphasizes that green marketing strategies can be used by companies to identify customers' green needs, promote eco-friendly products, and segment the green market into distinct niches, targeting one or several market segments (Jain & Kaur, 2004). As consumers become more environmentally conscious, there is a growing willingness to purchase products that are less harmful to the environment (Peattie, 1995). Hence, companies can leverage green marketing concepts to develop differentiation strategies for competitive advantage (Chen et al., 2006).

### **2.2 Green Skincare Product**

Today's consumers are increasingly aware of the health and hygiene benefits related to the use of cosmetics and personal care products, leading them to adopt green and organic products as safer alternatives due to their lower potential side effects compared to conventional products (Kumar et al., 2021). Tomasin et al. (2013) stated that green products are designed to prevent, limit, reduce, or repair harmful environmental impacts on water, air, and soil. According to Maria & Pontrandolfo (2010), these products produce a lower environmental impact and provide higher environmental benefits compared to conventional products. Green skincare products refer to those that care for the skin using natural ingredients (such as plants, roots, essential oils, and flowers) combined with natural carrier agents, preservatives, surfactants, humectants, and emulsifiers (Wiki, 2014). These products use plant-sourced ingredients and are free from synthetic chemicals; they are produced in a way that maintains the integrity of the ingredients.

### **2.3 Green Perceived Value**

Green perceived value is the customer's evaluation of the benefits received from a product compared to what is sacrificed, based on the customer's environmental needs (Woo & Kim, 2019). What the customer receives includes high-quality product benefits, while what the customer gives, such as money, time, or effort, is sacrificed to obtain a green product. It can be concluded that green perceived value is the overall consumer assessment of a product or service's usefulness, according to the cost-benefit comparison of what is received and given, where benefits and their components include both intrinsic and extrinsic attributes (Lee et al., 2019). This perceived value is an important driver of loyalty.

### **2.4 Green Satisfaction**

Green satisfaction refers to consumer expectations regarding the environmental effectiveness of a product or service because the product or service can be reliable and environmentally friendly. Previous research argues that if green marketing activities demonstrate positive environmental behavior and attitudes because they can meet consumer demands and positively impact green

satisfaction (Y. Chen et al., 2015). Therefore, customer satisfaction is considered a determinant of long-term consumer behavior. In other words, only satisfied customers will repeat their purchasing behavior and bring long-term benefits to the business, making increasing customer satisfaction a primary goal for most companies.

## 2.5 Green Trust

Customer trust can be seen as a fundamental component that can determine long-term customer behavior and purchasing patterns (J. Lee & Park, n.d.). Green trust is defined as the willingness to rely on a product, service, or brand based on trust or expectations generated from a product's credibility and performance regarding its environmental performance. Gupta et al. (2019) found that green trust indicates the level of consumer confidence that a green product can fulfill its promises related to the product and the environment. Martínez (2015) explains that consumers will trust if companies can demonstrate that their green products are safe for customers and the environment. Thus, trust can protect customers from uncertainties in the process of purchasing environmentally friendly products.

## 2.4 Green Loyalty

Customer loyalty is a steadfast commitment to repurchase or subscribe to a preferred product/service consistently in the future, leading to repeated purchases of the same brand or a series of the same brands, even though situational influences and marketing efforts may potentially cause a switch to other products. (Y. Chen, 2010) proposed the concept of green loyalty as the level of repurchase intention driven by convincing attitudes and commitment to sustainable environmental practices towards a product or service and the company. Similarly, a recent study (Dabija et al., 2018) stated that green loyalty is measured by the level of consumer repurchase intention, taking into account the attitudes and commitments of the company towards sustainable environmental practices.

## 3. IMPLEMENTATION METHOD

This research employs a quantitative approach, defined as empirical research where data is in a countable form, emphasizing the collection and analysis of numerical data (Punch, 1988). The design adopted here is explanatory research, which examines the relationships between variables and their effects on one another (Cooper & Schindler, 2014). This design is chosen to understand the causal relationships between dependent and independent variables and the influence of mediating variables. The population for this study comprises individuals who have used Avoskin products. This population is considered unlimited, as its exact size is not quantitatively defined. The study conducted a survey on loyalty towards Avoskin skincare products in Malang City, obtaining 214 respondents. The sampling criteria included individuals aged at least 17 years, who have used Avoskin products in the last three months, made more than one purchase, and reside in Malang City. Data collection techniques used in this study include questionnaires and documentation. This research employs data analysis methodology using Partial Least Square (PLS), which is a variance-based Structural Equation Model (SEM) analysis. The Structural Equation Model (SEM) is utilized for data analysis in this study. SEM is a technique for estimating causal relationships, combining statistical data with hypothesis testing. This research adopts SEM for either confirming existing hypotheses (confirmatory) or exploring data structures (exploratory). SEM is selected due to its robustness in quantitative research, allowing for the examination of complex theories and a deeper understanding of variable relationships (Hair Jr. et al., 2016). This study employs PLS-based SEM, suitable for models with many complex indicators and not requiring normal distribution assumptions for data, enabling the processing of non-normal data (Hair Jr. et al., 2016). The PLS approach involves three stages: outer model, inner model, and hypothesis testing (Hussein, 2015).

4. RESULTS AND DISCUSSION

4.1 Inner Model

The Inner Model indicates the causality relationships among each latent variable, specifically between the exogenous and endogenous variables (Ghozali, 2018). The use of PLS measures the R2 value and path coefficients by comparing the t-statistics with the t-table. The following are the benchmarks for measuring the inner model in PLS used in this study:

4.1.1 R-Square

R-Square is used to determine the magnitude of the influence of the dependent variable on the independent variable. R-Square can also indicate the strength or weakness of a research model. Based on table 1 above, the R-Square value for the green loyalty variable is 0.504, which means that the green loyalty variable can be explained by green perceived value, green satisfaction, and green trust by 50.4%. The R2 value for the green satisfaction variable is 0.561, indicating that the green satisfaction variable can be explained by green perceived value by 56.1%. The R2 value for the green trust variable is 0.472, meaning that the green trust variable can be explained by green perceived value by 47.2%.

Table 1. R-Square Value

Variable	R-Square	R-Square Adjusted
Green Loyalty	0,504	0,497
Green Satisfaction	0,561	0,559
Green Trust	0,472	0,470

Source: Data Processed (2023)

4.1.2 Goodness of Fit (GoF)

Goodness of Fit (GoF) is a measurement intended to determine the overall accuracy of a model, both from the outer model and inner model perspectives. The calculation of Goodness of Fit (GoF) is done by using the R2 value and Average Variance Extracted (AVE). Here is the calculation of the Goodness of Fit (GoF) value in this research:"

Table 2. Goodness of Fit (GoF) Evaluation

Variable	R-Square	AVE
Green Loyalty	0.504	0,678
Green Satisfaction	0,561	0,686
Green Trust	0,472	0,642
Green Perceived Value		0,642

Source: Data Processed (2023)

Based on Table 2, the Goodness of Fit (GoF) calculation is:

$$\text{Rata - rata nilai AVE} = (0,678 + 0,686 + 0,642 + 0,639) / 4 = \mathbf{0,661}$$

$$\text{Rata-rata nilai } R^2 = (0,504 + 0,561 + 0,472) / 3 = \mathbf{0,512}$$

$$GoF = \sqrt{AVE \times R \text{ Square}}$$

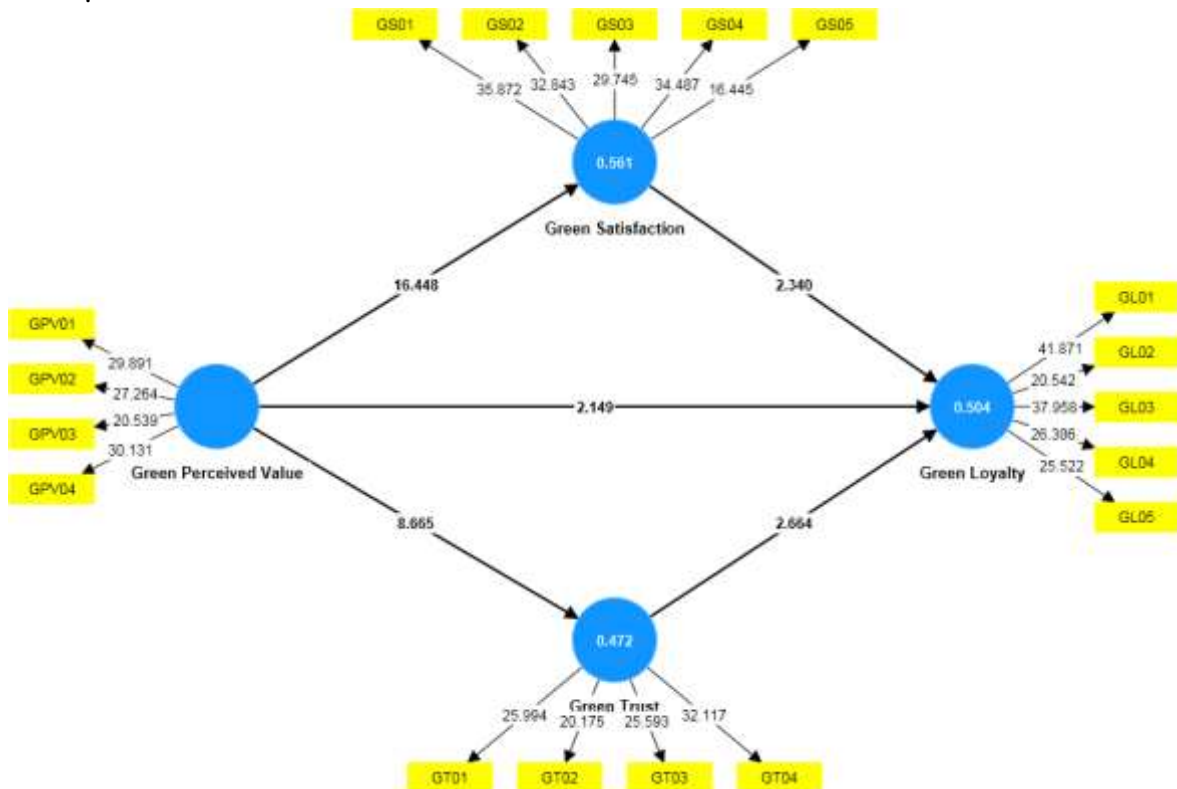
$$GoF = \sqrt{0,661 \times 0,512}$$

$$GoF = \sqrt{0,338}$$

$$GoF = 0,581$$

## 4.2 Direct Effect

The path coefficient test presented in Table 3 reflects the results of a direct effect analysis conducted using the bootstrapping technique in SmartPLS 4 software. This analysis aims to understand the relationships among the variables being studied.



**Figure 1.** Direct Effect Test Results  
Source: Data Processed (2023)

**Table 3.** Direct Effect Test Results

Variable	Path Coefficient	Sample Mean	Standard Deviation	T Statistics	P Values
Green Perceived Value → Green Loyalty	0,209	0.196	0.097	2.149	<b>0.032</b>
Green Perceived Value → Green Satisfaction	0,749	0.748	0.046	16.448	<b>0.000</b>
Green Perceived Value → Green Trust	0,687	0.693	0.079	8.665	<b>0.000</b>
Green Satisfaction → Green Loyalty	0,283	0.267	0.121	2.340	<b>0.019</b>
Green Trust → Green Loyalty	0,297	0.322	0.112	2.664	<b>0.008</b>

Source: Data Processed (2023)

The results of the direct hypothesis testing conducted, it is found that the path coefficient value of the green perceived value (X) on green loyalty (Y) is 0.209, with a t-statistic value of 2.149 and a p-value of 0.032. This indicates that green perceived value (X) has significant positive effect on green loyalty (Y). Furthermore, the test on the variable green perceived value (X) in

relation to green satisfaction (Z1) yielded a value of 0.749, with a statistic value of 16.448 and a p-value of 0.000. Thus, green perceived value (X) has a significant positive effect on green satisfaction (Z1). Thirdly, the path coefficient value for the impact of green perceived value (X) on green trust (Z2) is 0.687, with a t-statistic of 8.665 and a p-value of 0.000. Therefore, green perceived value (X) has an effect on green trust (Z2). Then The path coefficient result showing the influence of green satisfaction (Z1) on green loyalty (Y) is 0.283, with a t-statistic of 2.340 and a p-value of 0.019. This means that green satisfaction (Z1) has a significant effect on green loyalty (Y). Lastly, the path coefficient result for the impact of green trust (Z2) on green loyalty (Y) is 0.297, with a t-statistic of 2.664 and a p-value of 0.008. This indicates that green trust (Z2) has an effect on green loyalty (Y)

### 4.3 Testing the Effect of Mediation

The purpose of conducting an indirect effect hypothesis test is to determine whether a variable can act as a mediator or connector of the influence from an independent variable to a dependent variable. This mediation effect analysis examines whether the variable plays a role in full mediation, partial mediation, or no mediation by considering the values of specific indirect effects in the SmartPLS output using bootstrapping technique. Here are the results of the indirect effect test in this research

Table 4. Mediation Effect Test Results

Variable	Path Coefficient	Sample Mean	Standard Deviation	T Statistics	P Values
Green Perceived Value → Green Satisfaction → Green Loyalty	0,212	0,202	0,096	2,215	<b>0,027</b>
Green Perceived Value → Green Trust → Green Loyalty	0,204	0,227	0,094	2,169	<b>0,030</b>

Source: Data Processed (2023)

Based on Table 4, The analysis results show that the t-statistic value is 2.215, which is greater than 1.96, with a p-value of 0.027, which is less than 0.05, and an indirect effect value of 0.212. This proves that green satisfaction partially mediates the relationship. Furthermore, the t-statistic value is 2.169, greater than 1.96, with a p-value of 0.030, less than 0.05, and an indirect effect value of 0.204. These results indicate that the green trust variable partially mediates the relationship. It can be concluded from indirect effect test results that the variables green satisfaction and green trust can mediate the relationship between green perceived value and green loyalty.

### 5. CONCLUSION

Based on the research findings and hypothesis testing, Avoskin's green perceived value can enhance green loyalty. This value acts as a benchmark for consumers to continue using the product amidst other brand choices. A high green benefit value can influence consumer loyalty towards Avoskin. The green perceived value also increases green satisfaction. This occurs as consumers feel satisfied when the green benefits provided by Avoskin meet their needs for environmentally friendly products. Then, green perceived value enhances green trust. This is due to Avoskin's commitment to the environment and its efforts in developing programs to protect the environment, which builds consumer trust in Avoskin as a green product. Green trust is a key element in building consumer loyalty towards environmentally friendly products or brands. Avoskin's innovation in programs to fulfill its environmental commitments reinforces environmentally friendly practices, which in turn builds trust and increases consumer loyalty. Furthermore, green satisfaction partially

mediates the effect of green perceived value on green loyalty. This indicates that better green perceived value at Avoskin leads to improved green satisfaction, which in turn enhances green loyalty. Similarly, green trust partially mediates the impact of green perceived value on green loyalty, suggesting that improved green perceived value positively affects green trust, thereby increasing green loyalty. This study only represents one skincare product, so its results cannot be generalized to other skincare products. Furthermore, the respondents in this study were limited to Avoskin users in Malang City. Therefore, further research is necessary, either by expanding the sample size or using different methodologies, to validate these findings. Additionally, this research focused only on four variables to measure consumer loyalty levels. However, considering the importance of understanding the factors influencing Green Loyalty, future research could explore how other factors might affect Green Loyalty.

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