

## **Green Marketing Analysis and Corporate Image Factors**

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**ABSTRACT:** *Every company wants to have a good corporate image for its customers. Therefore, many companies are implementing green concepts in producing and marketing products. For this reason, a study is needed with the theme of green marketing analysis and corporate image factors. The results of the study found that there was a partial influence of green marketing on perceived quality, and corporate image. But there is a negative influence of green marketing on perceived risk. In addition, there is an influence of perceived quality on corporate image. However, there is no influence of perceived risk on corporate image. Also, the dominant path is found i.e. the path of green marketing - perceived quality - corporate image. This means that improved corporate image can be achieved through further prioritizing the green-based perceived quality.*

**KEYWORDS:** *green marketing, perceived quality, perceived risk, and corporate image*

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### **I. RESEARCH BACKGROUND**

At present, the green industry is becoming popular due to the increasing public awareness of the environment, the increasing tendency of people to consume green products so that it influences the existing market condition (Wu & Chen, 2014). Meanwhile, people in developed countries care more about environmental preservation. Because of this, many companies change their operating systems by running green operating system in all fields. Then those companies run green marketing by offering green products in order to encourage people's buying interest in these products (Wu & Chen, 2014). Meanwhile, at this time the community in developing countries is beginning to raise awareness of the environmental damage issues, namely economic activities that are not responsible for keeping and maintaining environmental quality (Christantyawati, 2007).

The implementation of green marketing in all production activities starting from the use of raw materials, product design, production, sales and service processes, consumption, and waste disposal will have a minimal impact on the environment (Tu, 2002). Therefore, green marketing is used as a strategy for companies to excel in market competition. In addition, consumers are increasing their awareness in the use of products to minimize their impact on the environment. But not many people have done so (Cherian & Jacob, 2012).

According to Saxena & Khandelwal (2010), Singh, Kamal, & Pandey (2012), research on green marketing, green consumers, green brands, etc. is mostly conducted in developed countries. But in developing countries there are only a few studies like that, and these studies are still in the stage of wanting to know & still as a green corporate image project rather than finding its benefits to the environment.

But some of the results of previous studies stated that there is an inconsistent relationship between the variables of green marketing, perceived quality, perceived risk, and corporate image, among others, the results of studies by Lumban (2013), Primatondano (2015), Ko Hwan & Kim (2013), which state that there is an influence between green marketing and corporate image. The results of studies by Hendershot (2009), Shelvy (2014), and Shwu & Yen (2014) explain that there is an influence of green marketing on perceived quality. The study results of Suk Chong Tong (2018) explain that perceived risk has an influence on corporate image. But the results of different studies including the results of studies by Shwu & Yen (2014), Wu & Chen (2014) explain that there is no influence of green marketing on perceived risk.

Based on the discussion above, research is needed on green marketing analysis, and corporate image factors. Through this research, it is known that consumer awareness of green marketing by cement consumers in Padang City will enhance corporate image both directly and through other factors, namely perceived quality and perceived risk.

### **II. LITERATURE REVIEW**

According to Kotler and Keller (2012), green marketing is a movement of an organization in changing its production activities by involving the responsibility of the organization to its environment. Grant (2007) states that the goal of green marketing is to educate and increase public awareness of the concept of green, so that people are willing to change their lifestyles and behavior based on the concept. Awan (2011) stated that currently the words "green", "pro-environment", "sustainability", "environmentally friendly" are widely used

for new technologies that produce new products that have a sustainable impact on the environment, namely using less energy; can be recycled; can reduce waste and pollution; and preserving natural resources.

Grewal & Levy (2010) stated that green marketing is the right step for companies to offer environmentally friendly or green goods and services to their target consumers. Meanwhile, green marketing awareness means marketing activities of a product that involves environmental or green factors (Rizwan, 2014). Green marketing awareness indicators, among others, are aware of environmental preservation efforts related to a product; the existence of several labels and information on environmental slogans for a product; the desire to choose and buy products that use environmental labels. Thus, consumer's green marketing awareness means consumer awareness of the application of green marketing by the company by conveying the manufacture of a product or service operation that has a positive impact or minimizes the negative impact on the environment (Cherian & Jacob, 2012).

The results of a study by Wu & Chen (2014) explain that the application of green marketing is related to perceived quality. Perceived quality is the overall assessment of consumers about the attributes of a product (Krisno & Samuel, 2013). Indicators of this variable include the expected performance of a product; as a unique product from a competitor's product; no damaged product or product is generally able to work optimally; reliable; not easily damaged or durable; complete service; the quality of a product is high.

Higher consumers' green marketing awareness will reduce the perceived risk faced by consumers. This fact is supported by the view of Bjorner, Hansen, & Russell (2002) that the application of green marketing helps consumers buy environmentally friendly products or green products thus reducing uncertainties faced by consumers. Green products have more value and reduce the risks felt by consumers (N, Leonidou, S, Katsikeas, & Morgan, 2012). Meanwhile, perceived risk is uncertainty faced by consumers as a consequence of consumers making purchasing decisions (Schiffman and Kanuk (2007), Hoyer & Macinnis (2010). According to Kotler & Keller (2012), some uncertainties faced by consumers include the appearance of products that are not in line with expectations, the use of products that result in physical or health problems for consumers or other people, products purchased are not worth the price of products that have been paid, consumers are embarrassed to buy a product if someone else knows, the use of the product can affect the mental health of users; product failure because it requires substantial costs to create products that are expected to satisfy consumers.

According to Primatondano (2015), there is an influence between company image on corporate image. This means that a good company image in the minds of consumers will form a good corporate image in the minds of consumers. This is important for a company, because the benefits of corporate image include: the establishment of good relations with community leaders and the local government; the risks faced are smaller; a sense of pride and mutual understanding between the target audience, both internal and external; increase employee loyalty and attract the attention of corporate investors; the company's progress due to customer satisfaction, customer loyalty, and investor support; find efficient operational costs and run an effective marketing strategy (Anggoro, 2000)

The relationship between the research variables described above is stated in the research model and 5 hypotheses will be tested in this study:

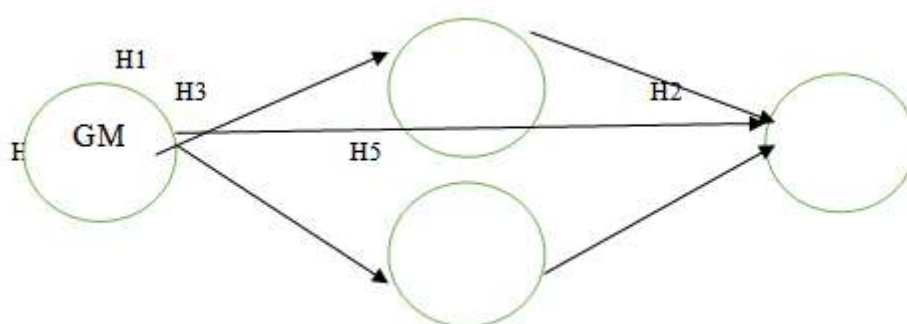


Figure 1 The Research Model and Hypotheses

### III. RESEARCH METHODS

The population of this study is cement distributors and consumers in the city of Padang. The sampling technique conducted was probability sampling by random sampling method. The number of samples can be determined between 100-200 respondents (Hair et al., 2013).

This study uses primary data obtained through questionnaires given to respondents. Secondary data is also used, namely data that is library reference and information from books and the Internet that can be used as a reference for this research.

Data analysis used is SEM, the Lisrel program. Before being analyzed, validity and reliability tests were carried out. According to Ferdinand (2005) that indicators are said to be valid if each indicator has a correlation value > 0.70 or in research, the development stage of each indicator is > 0.50; variable is said to be reliable, if the composite reliability value or Cronbach alpha is above 0.70; the hypothesis will be accepted if the t-statistic value exceeds t table = 1.96.

This study uses a questionnaire as a measuring tool that contains statements with alternative closed-end answers based on a Likert Scale consisting of 1 = strongly disagree, 2 = disagree, 3 = neutral / doubtful, 4 = agree, and 5 = strongly agree. The average assessment of each respondent's answer uses a range of scales (RS) with the following calculations:  $= \frac{m-n}{k}$ . So that it is obtained  $RS = \frac{5-1}{5} = 0.80$ . Description: m= Highest Value, n= Lowest Value, k= Number of Categories. Therefore, there are 5 categories based on the average value of the variables as follows: an average value of 1.00–1.80 = very low; the average value of 1.81–2.60 = low; the average value of 2.61–3.40 = moderate, the average value of 3.41–4.20 = high, and the average value of 4.21–5.00 = very high.

## VI. RESULTS AND DISCUSSION

Research uses 4 variables (20 indicators), consisting of 5 indicators that reflect green marketing variables, 7 indicators that reflect perceived quality variables, 5 indicators that reflect perceived risk variables, and 3 indicators that reflect corporate image variables. All indicators are valid, because these indicators have corrected item total correlation > 0.5. All variables are reliable, because these variables have Cronbach alpha above 0.70.

The level of respondents' understanding of the research variables is high (3.41-4.20), namely for green marketing, perceived quality, and corporate image, except perceived risk, which is moderate (2.61-3.40). Meanwhile, for mean green marketing (3.81), mean perceived quality (3.98), and mean corporate image (3.98), and mean perceived risk (3.15).

**Table 1.**Structural Equations

No.	Equation	Description
1.	PERQUA = 0.47 * GREENMAR	R <sup>2</sup> = 0.22
2.	PERRISK = - 0.26 * GREENMAR	R <sup>2</sup> = 0.065
3.	CORIMAGE = 0.27*PERQUA – 0.061*PERRISK+ .26*GREENMAR	R <sup>2</sup> = 0.22

Source: Data Processing Results

From SEM analysis using the Lisrel Program, it is obtained the research model of 3 structural equations as stated in Table 1. Equation 1 states the relationship between the perceived quality and green marketing variables with R<sup>2</sup> = 0.22, meaning that the green marketing variable is only able to explain the perceived quality variable by 22%. Other variables not explained in this study are able to explain perceived quality by 78%. Equation 2 states the relationship between perceived risk and green marketing variables with R<sup>2</sup> = 0.065, meaning that the green marketing variable is only able to explain the perceived risk variable at 6.5%. Other variables not explained in this study are able to explain perceived risk by 93.5%. Equation 3 states the relationship between the perceived quality, perceived risk, and corporate image variables with R<sup>2</sup> = 0.22. The perceived quality and perceived risk variables are only able to explain corporate image variables by 22%. Other variables not explained in this study are able to support corporate image by 78%.

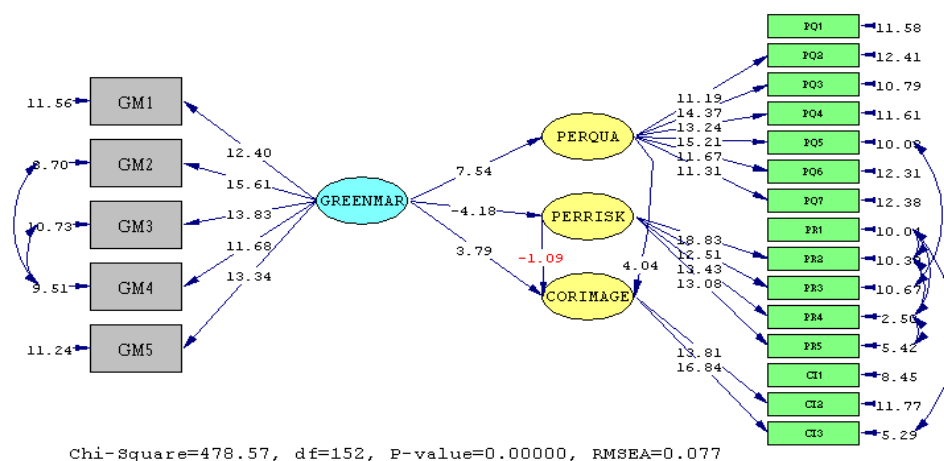
**Table 2.**Good of Fit (GoF) Test

No.	Indicator	Standard	Description
1.	Minimum Fit Function Chi-Square = 532.83 (P = 0.0)	478.57 (P = 0.0)	Not Fit
2.	Estimated Non-centrality Parameter (NCP) = 326.57	(264.33; 396.42)	Marginal
3.	Population Discrepancy Function Value (F0) = 0.91	(0.74; 1.11)	Marginal
4.	Root Mean Square Error of Approximation (RMSEA) = 0.077	(0.070; 0.085)	Marginal
5.	Expected Cross-Validation Index (ECVI) = 1.66	(1.49; 1.86)	Marginal
6.	Model AIC = 594.57	Independence AIC = 6533.22 Saturated AIC = 420.00	Marginal
7.	Model CAIC = 877.80	Independence CAIC = 6630.89 Saturated CAIC = 1445.50	Marginal
8.	Non-Normed Fit Index (NNFI) = 0.92	Normed Fit Index (NFI) = 0.92	Marginal
9.	Parsimony Normed Fit Index (PNFI) = 0.73	Normed Fit Index (NFI) = 0.92	Good
10.	Comparative Fit Index (CFI) = 0.94	Normed Fit Index (NFI) = 0.92	Not Fit

11.	Incremental Fit Index (IFI) = 0.94	Normed Fit Index (NFI) = 0.92	Not Fit
12.	Relative Fit Index (RFI) = 0.90	Normed Fit Index (NFI) = 0.92	Good
13.	Root Mean Square Residual (RMR) = 0.046	0.071	Good
14.	Adjusted Goodness of Fit Index (AGFI) = 0.84	Goodness of Fit Index (GFI) = 0.88	Good
15.	Parsimony Goodness of Fit Index (PGFI) = 0.64	Goodness of Fit Index (GFI) = 0.88	Good

Source: Data Processing Results

The information obtained from the results of the GoF test is that PNFI = 0.73, RFI = 0.90, RMR = 0.046, AGFI = 0.84, and PGFI = 0.64. This fact explains that PNFI, RFI, RMR, AGFI, and PGFI are good, so it can be said that the model produced is in accordance with the data used or in other words there is a model match.



From figure 1, it can be said that H1 is not rejected or accepted, because it has t count = 7.54 or > t table = 1.96. This means that green marketing variables have an influence on perceived quality. Hendershot (2009) proposes that green product will provide quality products. The product will also have many benefits, especially attention to health. The results of research by Shwu & Yen (2014) found that green marketing awareness had an influence on perceived quality.

H2 is not rejected, because t count = |- 4.18| or > t table = 1,96. This means that green marketing has a negative influence on perceived risk. The diversity of the values of these two variables has not been able to show positive support for green marketing variables on perceived risk. The results of research by Wu & Chen (2014) also found that green marketing awareness had a negative influence on perceived risk

H3 is accepted, because t count = 3.79 or > t table = 1.96. This means that green marketing can provide support for corporate image. Lumban (2013) states that male and female consumers in Indonesia provide strong support for the green corporate image concept as an issue that needs to be a symbol for a corporation. Because green corporate image is related to green marketing which will encourage increased purchase intention. The higher green marketing awareness, the better the corporate image in the minds of consumers (Primatondano, 2015). The findings from Ko, Hwan, & Kim (2013) confirm that green marketing has a direct influence on social responsibility and product image.

H4 is accepted, because t count = 4.04 or > t table = 1.96. This means that perceived quality provides support for corporate image. The diversity of these variable values can show the support of perceived quality on corporate image. The results of research by Farzana, et al (2013), prove that an increase in perceived quality will provide a better corporate image.

H5 is rejected, because t count = | - 1.09 | or < t table = 1.96. This means that perceived risk does not have an influence on corporate image. The diversity of indicator values on these two variables has not been able to explain the relationship between perceived risk and corporate image variables.

**Table 3.** Direct Influences, Indirect Influences, Total

No.	Path	Variable Between	Influence		
			Direct	Indirect	Total
1.	GREENMAR - CORIMAGE	PERQUA	0.26	0.13 (0.47* 0.27)	0.39
2.	GREENMAR - CORIMAGE	PERRISK	0.26	-	0.26

Based on Table 3, two paths are formed, namely the greenmar-perqua-corimage path and the greenmar-perrisk-corimage path. The dominant path is the greenmar-perqua-corimage path, because it has the greatest influence value (direct influence + indirect influence) which is 0.39.

## VII. CONCLUSION

There is a partial influence of green marketing on perceived quality and corporate image, but green marketing has a negative influence on perceived risk. Furthermore, the influence of perceived quality on corporate image. But that influence does not exist from perceived risk towards corporate image.

The dominant path is the greenmar-perqua-corimage path. This can be used for companies that the level of consumer understanding of the company's image can still be increased to a very high level, because the current level of understanding is already high. They can do this by prioritizing the increase in perceived quality in the application of green marketing, so that it can improve corporate image.

For further research additional variables are needed to strengthen support for improving corporate image. Other variables are also needed as a result of corporate image.

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