

# CHAPTER I

## INTRODUCTION

### 1.1 Background Of Study

The increasing number of environmental issues nowadays, has caused several major problems that should be faced by human which asked both parties of private and government attentions (Wati et al., 2020). In most cases, the climate changes, global warming, increasingly unstable climate, ozone layer depletion, air and water pollution phenomenon were the environmental threats and phenomenon caused by various human activities (Puspita et al., cited in Wati et al., 2020).

Additionally, the industrial activities could be the possible reason of this issues including the beauty and cosmetic industries. This statement is supported by BPS data of the chemical, pharmaceutical and traditional medicine industries growth by 5.59% in the first quarter of 2020. Also, the Indonesian cosmetic market growth by 7% during 2021.

In paying attention to climate change issues, The waste problem which is considered the biggest enemy of the environment produces an even higher percentage from each period. Based on Environment and Forestry Ministry data during 2023, the amount of waste reached up to 17.441 million tons and 18.8% of them are plastic waste which also on the second rank after food waste.

According to Zhang et al (2018), by facing this situation many companies are begin to did the research of the latest innovation, ideas and strategy of becoming green or sustainable and to transfer it to their consumer's mind about their company image and social responsibility. As the new focus in business, the environmental marketing or green marketing become a strategic management approach that become the main character which stole everybody's attention since the end of 20<sup>th</sup> century. (Byrne 2003 cited from Mursandi et, al. 2020).

Sustainable business model can create the competitive advantage to the organization by empower the conventional business models to meet the sustainable development goals (Schaltegger et al., 2016 cited in Nosratabadi et al., 2019). Sustainable business model main goal is to create value for the triple bottom line; economic, society, and the environment (Dyllick, et al., 2002 2016 cited in Nosratabadi et al., 2019). Accordingly, the implementantion of sustainable business must be prioritize economic development, society well-being aspect, and the healthy and safe environment. This aspects could bring more value to consumer and neighborhood.

**Table 1. 1**

**The Importance of Choosing The Eco-Friendly Product According to Each Generation**

	Gen Z (15-24 years old)	Gen Y (25-40 years old)	Gen X (41-56 years old)
Very not important (1)	2,5%	5,2%	2,3%
Not important (2)	0,7%	0,5%	0,0%
Neutral (3)	18,0%	12,6%	8,4%
Important (4)	36,7%	33,3%	36,6%
Very important (5)	42,1%	48,4%	52,7%
Average	4,15%	4,19%	4,37%

*Sources: ZAP Beauty index (2021)*

According to the survey above, which conducted by ZAP Clinic and MARKPLUS inc during 2021 through 6.000 Indonesian woman, it state that most of Indonesian woman from different generations are chosing the eco-concious product from eco friendly brands as their beauty products. Specifically, 52.7% of Gen X, 48.4% Gen Y, and 42.1% Gen Z are stated choosing the envionmentally concious products are highly important.

The chosen object for this study is The body shop, which is one of the well-established beauty brand in Indonesia. The statement was reinforced by the Top Brand Award in 2023, The Body Shop Indonesia achieved first place for body mist and body butter products, with the 44.30% for body mist while 39.50% for body cream. Indeed, this award

has beaten the number of brands such as: Oriflame, Victoria's Secret, Wardah, Dove, and so on (Top Brand Awards 2023). Dame Anita Roddick as the founder of The Body Shop has begun its journey since 1976 with the main principle; beauty was about person's comfort and what you liked about yourself. So, the body shop creates the products to help their customer to represent the best versions of themselves. During its production process, The Body shop has massive concern toward environmental and social aspect. This statement was strengthened by their commitment and three pillars, which are; **“Enrich Not Exploit”** with its 3 main components; **Enrich Our People, Enrich Our Products,** and **Enrich Our Planet.**

In implementing the “Enrich Our People” commitment, The Body Shop utilize the **Community Fair Trade Programme** which established in 1987 and growing even stronger year by year, intend to helps the suppliers to gain the market access and running the social and environmental investment that will be benefited their communities as well. Additional purpose of this program is to reduce the poverty percentage and improve the farmer's welfare in various regions of the world, considered each product's ingredients was obtained from various countries. Being the biggest fair-trade programme in cosmetics industry, it creates an authentic connection between the brand and their producers and suppliers.

The chosen product ingredients are from natural origins, sustainable sourced and renewable resources. Such as; tea tree oil from Kenya, and shea butter from Ghana. Each product was never been tested on animals and no one is exploited during the production process or well known as cruelty free products. The commitment of “Enrich Our Product” was applied by reducing the side impact of production. Moreover, they protect 10,000 hectares of forest and other natural, also committed to create the products that has a real benefit and maintain the company’s integrity to public.

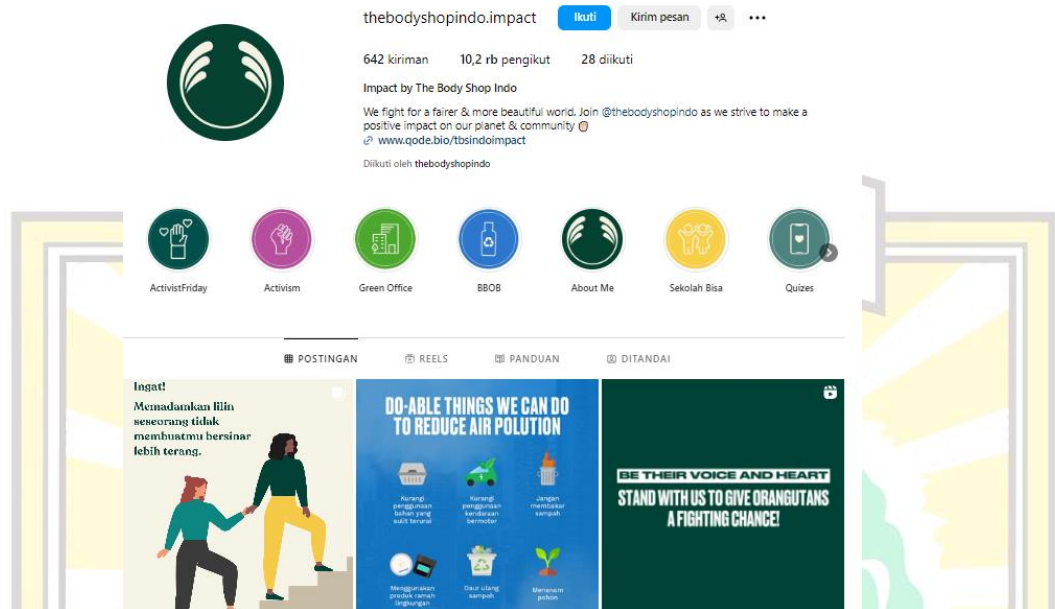
In practicing the “Enrich Our Planet” commitment, The Body Shop has certain actions such as; developing sustainable product packaging. Transforming the packaging of the product to sustainable packaging will reduce the environmental impact. Furthermore, reducing the energy usage in all of the stores. This action will build the employee’s engagement towards the environmental initiative. In addition, The Body Shop also actively participating in the natural preserve campaign.

The corporate social responsibility (CSR) is familiar in the management lexicon, which is an important business tool to engage in social, environmental projects and also the powerful marketing tools that has high popularity (Fernando and Jason, 2021). According to Faeq et al., (2021) the adoption of CSR as companies strategic management approach, is concern to non-profit activities for the communities welfare beyond their economic. Moreover, it’s also the company’s commitment

which encourage them to apply the sustainable business ethics and practice in socially, economically, and environmentally. In Indonesia, Corporate Social responsibility implication has been arranged in Undang-Undang No.40 tahun 2007 regarding the Limited Liability Company in pasal 74 ayat (1) *“Perseroan yang menjalankan kegiatan usahanya di bidang dan/atau berkaitan dengan sumber daya alam wajib melaksanakan Tanggung Jawab Sosial dan Lingkungan”* (Margaretha et al., 2020).

The Body Shop Indonesia has been used to the corporate social responsibility from several years back. The implementation of CSR in The Body Shop Indonesia has successfully attracted public attention. Even more, they created special Instagram account named *@thebodyshopindo.impact* as the medium to introduce and publish each social or environmental activity of their brand. They regularly discuss about climate change and an aspect that possibly affected by climate change. Thus, The Body Shop Indonesia shows its contribution by educate their fallowers about the effect and joining the conservation or social communities.

**Figure 1. 1 The Body Shop Impact Content**

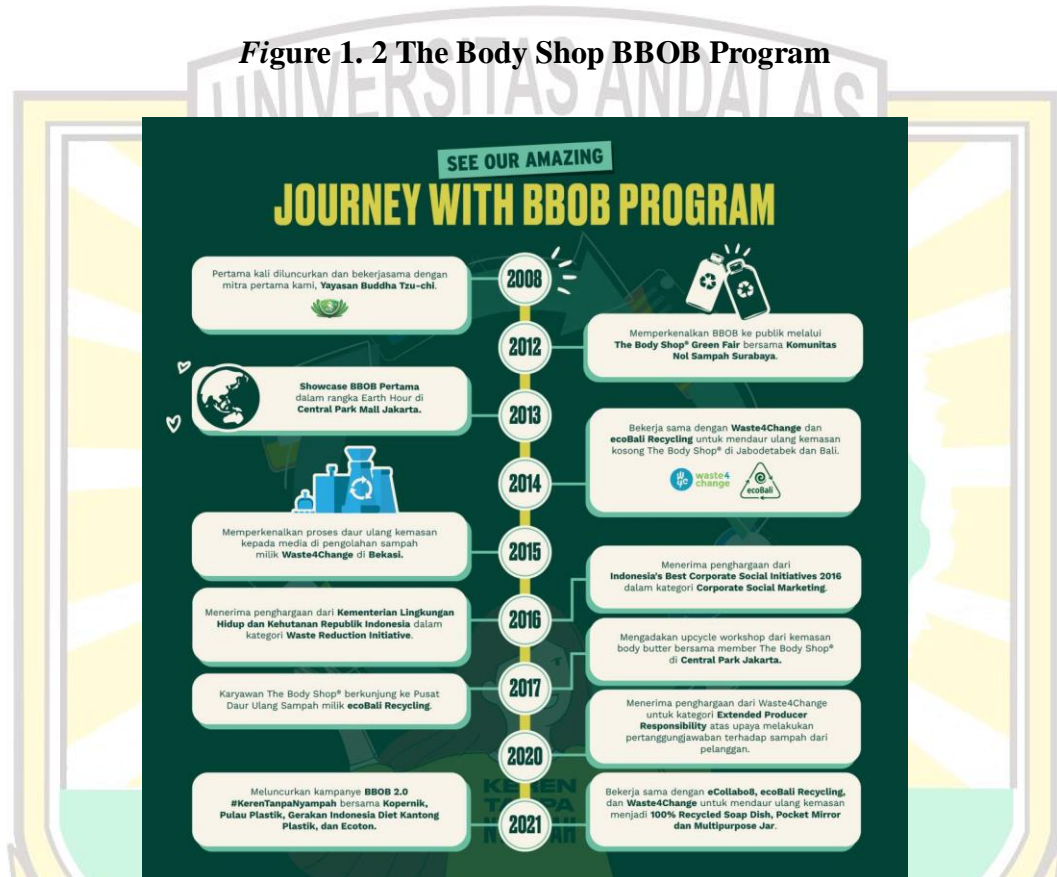


*Source: The Body Shop Instagram*

Furthermore, The Body Shop Indonesia has been collaborated with Waste4Change since 2015 for the bottle recycle from “bring back our bottle” program, *Bring Back Our Bottle* campaign which is the prudent way to decrease the waste effect. Through this program, the consumer will be directed to return the empty packaging which will be recycled or reused then. Furthermore, the proceeds will be used for community empowerment. Dita Agustia, as the brand values manager of The Body Shop reveals the major reason of recycling activity in The Body Shop Indonesia is to avoid ocean damage caused by garbage of their brand. According to The Body Shop website, BBOB program is considered successful as proven by the 2 awards received in 2016, which from Kementerian Lingkungan Hidup as Waste Reduction Initiative and Indonesia’s Best Corporate Social Initiative in Corporate Social

Marketing category. In addition, The Body Shop's BBOB program has been through various stages and developments. In the next image, there is an important moment of BBOB program for the past 10 years;

**Figure 1. 2 The Body Shop BBOB Program**



Source: (The Body Shop.co.id, 2021)

Moreover, The Body shop has 5 core values that can also indicated in the form of Corporate Social responsibilities actions. Which are;

1) Women Empowerment

Suzy Hutomo as the founder of The Body Shop Indonesia explained that, joining the gender equality movement and promoting the action to stop the sexual violence against women is one of The Body Shop duties as a feminist brand. Through



2022, The Body Shop Indonesia has launched the “Stop Sexual Violence” campaign as their feminist movement, which collaborated with several partners; *Magdalene* or known as the feminist media platform, Yayasan Pulih, also Makassar International Writers Festival (WEP 2022). In addition, in 2021 The Body shop also persuade their consumer to force the government to validate the RUU PKS as soon as possible, by attaching their online petition in [www.tbsfightforsisterhood.co.id](http://www.tbsfightforsisterhood.co.id). Main purpose for this campaign is to fight for victim’s protection and to let the perpetrator had an appropriate punishment. According to *Tbsfightforsisterhood* (2021) website, this value has a progressive improvement, as The Body Shop Indonesia received 2 categories in Women’s Empowerment Principles (WEPs).

## 2) Natural ingredients

As has been mentioned before, The Body Shop considered the origins of their ingredients from the best sources. Based on their website, each product contains natural origin ingredients and comes from renewable sources. Again, as an effort to generate minimum harm to the environment.

## 3) Supporting the community& Growing Partnership

The Body Shop create the community fair trade programs which also in line with their **Enrich Our People** commitment. The implementation of this value is aim to liberating all workers in their supply chain from discriminations, exploitations, and obtain the freedom and security.

#### 4) Championing Sustainability

Sustainability is the main value of this brand. Several efforts have been conducted such as; creating the recyclable packaging gradually, facilitating the product refill stations as the circular economy promotions, and etc. In conclusion, The Body Shop has 2 clear goals in packaging which are;

- a) The product packaging will be compostable, refillable or in other word able to return the packaging for other purposes.
- b) The source of refillable packaging is from renewable or recycled materials.

#### 5) Vegan Friendly Brand

As The Body Shop is certified as vegan friendly and cruelty free brand, thus make The Body Shop need to ensure each product are not contain any animal ingredients or never been tasted on animal before. According to this issue, The Body shop have received the certification from the British Union for

the Abolition of Vivisection (BUAV) for all of their products (The body shop, 2021).

The environmental concern practice in The Body Shop Indonesia also carried out by ask the customer to practice 3R's or reduce, reuse, and recycle. In several store, The Body Shop provide refill station which can be utilized by the costumer to get the product in affordable price and contribute in reducing the amount of plastic waste. Listed as the first company who use 100% biodegradable plastic, made The Body Shop become the pioneer in beauty industry that use natural raw materials (Moningka and Samantha, 2022). The Body Shop makes every plan and strategy well-structured and visionary, which won't harm any aspect, especially the environment.

In terms of purchasing some product or willing to purchase some product or services, the customer used to believe that brand image and the trust of the brand are the main factor of customer purchase intention (Zamrudi, Suyadi, & Abdillah, 2016). In accordance with the sustainable brand as The Body Shop, each positive attitude of green product will influence consumer's intention to purchase them (Vazifehdoust et al. 2013 cited in Nam et al. 2017).

As reported by Nelsen Hengestu & Donant Alananto Iskandar (2017) from their study to AQUA, excellent brand image was the main factor of the high amount of purchase which led consumers become loyal to AQUA products. In line with The Body Shop tagline, "Enrich not

exploit”, and the image of goods is pure from nature that strengthens the brand image of The Body shop and represent the excellent ideas of products to consumers (Kewakusuma et al. 2021).

Purchasing habits or consuming beauty items will fulfill the desire for beauty and appearance maintenance (Todd 2004). Thus, the higher the appearance consciousness of consumers the higher the percentage of consumers' purchasing intention for beauty products will be. The cosmetics or beauty products are directly related to consumer appearance consciousness, according to Haro (2015), an individual who concern about their appearance is also has a strong interest to a beauty product. Additionally, for the consumers who concern about their appearance are inclined to believe that using chemical-free items will increase their chances of reaching their image objectives (Kim & Chung, 2011).

In Kota Padang, The Body Shop has running two outlets which located in Basko Grand Mall and Transmart Padang. Regarding the survey in 2021 conducted by Rasputi & Yuliviona (2023), it shows that despite the expensiveness of The Body Shop Products, 70% of the respondents are willing to repurchase The Body Shop product. Moreover, 86.67% of them are committed to use The Body Shop product continuously. Besides, around 56.67% respondents are not interested in recommending The Body Shop products to others. So, in conclusion the percentage of people loyalty to The Body Shop product is relatively high.

Realizing how the beauty and cosmetics industries grew rapidly during the recent decade, it forces each of them to strive to find a smart strategy that contains the futuristic view that could drive its brand to survive in the global market. Moreover, the built-up strategy must also be able to guide customers to make regular or sustainable purchases.

Based on that research background, the researchers are interested in conducting more in-depth research under the title: **“The Influence of Corporate Social Responsibility, Environmental Concern, Appearance Consciousness, and Brand Image on Consumer Repurchase Intention of The Body Shop Product (Study Case on The Body Shop Consumer in Kota Padang).”**

## **1.2 Problem Statement**

The problem that can be formulated according to the background explanation are as follow:

1. How does Corporate Social Responsibility influence Consumer Repurchase Intention on The Body Shop products?
2. How does Environmental Concern influence influence Consumer Repurchase Intention on The Body Shop products?
3. How does Appearance Consciousness influence Consumer Repurchase Intention on The Body Shop products?
4. How does Brand Image influence Consumer Repurchase Intention on The Body Shop products?

### **1.3 Research Purposes**

1. To analyze how Corporate Social Responsibility affect Consumer Repurchase Intention on The Body Shop products.
- 2 To Examine how Environmental Concern affect Consumer Repurchase Intention on The Body Shop products.
- 3 To analyze how appearance consciousness affect Consumer Repurchase Intention on The Body Shop products.
- 4 To analyze how Brand Image affects Consumer Repurchase Intention on The Body Shop products.

### **1.4 Contributions of The Research**

#### **1. For Academic**

This research is expected to add the newest insight and knowledge to the issues of studied, especially in Consumer Social Responsibility (CSR), Environmental Concern, Appearance Consiousness, and Brand Image of the consumer repurchase intention on The Body Shop Products.

#### **2. For Practical**

This study can be use as the reference and source of information for the business to make an evaluation and improvement according the research topics.

### **1.5 Scope of Research**

In conducting the research, the researcher must carry out research restrictions to establish that the research subject under study is narrow

enough from what has been determined, considering the limitations of the researcher's ability. The researcher limits this study only to The Body Shop consumers in Kota Padang. The problem studied is consumer repurchase intention after assessing the corporate social responsibility, environmental concern, appearance consciousness, and brand images.

## **1.6 The Organization of Research**

To help analyze the problem stated above, it is essential to organize and divide this research study into the chapter as follow:

### **CHAPTER I: INTRODUCTION**

This part will clarify the background of the study, the problem statement, the research objectives, the research contribution, the research's scope, and the study's organizational structure.

### **CHAPTER II: LITERATURE REVIEW**

In this chapter, it provides the correlated and appropriate theory from earlier studies. This will be used as the fundamental knowledge.

### **CHAPTER III: RESEARCH METHOD**

In this chapter, the researcher explains the researcher's design, population and sample, the operational definition and measurement of the research variable, sources and data collection techniques, and techniques for analyzing data.

### **CHAPTER IV: RESULTS AND DISCUSSION**

This chapter demonstrate the result of analysis, the characteristics of respondents, descriptive analysis, and structural measurement of the

influence of corporate social responsibility, environmental concern, appearance conscious, and brand image on consumer repurchase intention.

## **CHAPTER V: CONCLUSION**

This chapter is the conclusion of the analysis and research conducted previously, the limitation and benefits in the application of the study, and generating a conclusion based on the the influence of corporate social responsibility, environmental concern, appearance conscious, and brand image on consumer repurchase intention. In this chapter, it will also provide the future research advice and suggestion.

