

# CHAPTER I

## INTRODUCTION

### 1.1 Background

Recent studies have indicated an uptick in consumer spending in Indonesia. According to the consumer survey carried out by Bank Indonesia in March 2025, consumer confidence in the current economic conditions was steady. This can be illustrated by the Consumer Confidence Index (CCI) that stood at a good level of 121.1 in March 2025 (Bank Indonesia, 2025). This condition has the potential to increase the amount of waste produced and pollute the environment. Indonesia is the fourth most populous country and the second-largest plastic polluter in the world after India (World Population Review, 2025). However, the amount of waste generated is not proportional to the waste management facilities, resulting in a significant portion of it polluting the environment. The rate of waste handling merely attained 45.97% of the total waste generated in 320 districts across Indonesia (Ministry of Environment and Forestry et al., 2025). This gap creates a significant difference between the waste produced and the waste that is adequately handled. This situation requires behavior change and the creation of new solutions by different stakeholders, especially the business sectors, including the FMCG industry, which has a significant impact on the degradation of the environment through the waste generated by their products.

Following the growing environmental issues, there has been a sense of awakening particularly among the Generation Z and this has given a sense of hope that there can be environmental sustainability (The World Economic Forum, 2022). Over 50 percent of Millennials have said that they are willing to spend more money on environmental sustainability products or services (Segal, 2025). With the growing need in the environmentally friendly products, the spread of sustainable business enterprises in Indonesia has come up. One of the enterprises is Gerai Prabumi.

Gerai Prabumi is a Padang based MSME that is an innovative business in

sustainable business in West Sumatra. Initially set up as a green retail store, the company has had some initial problems because of the small local market of environmentally friendly living. The founder, Kak Afifah explain that she and her team carried out a strategic move of incorporating educational workshops to their business model. This transition aimed at the closing of the divide between environmental cognizance and real modifications in lifestyle. With Gerai Prabumi educating customers on the practical side of sustainability, the how-to aspect, but in an engaging manner, it has grown and increased its market base as well as the number of more committed consumers. As a result, this educational model showed a great growth in revenue that proves the business profitability of a business driven by a purpose.

Today, Gerai Prabumi has a wide range of sustainable products, including natural skincare and environmentally-friendly accessories, as well as a series of community-based events. An important one is the Buku Lama Bersemi Kembali (BLBK) program, a circular economy project in which customers are able to buy and sell second-hand books. This unusual blend of business and experiential learning is what distinguishes Gerai Prabumi among other stores or design studios in the area that are sustainable. The focus on Millennials and Generation Z in building the establishment has helped the company develop a community based on sustainable values. This qualifies Gerai Prabumi as a perfect case study on how MSMEs can exploit the educational approach in addressing the market impediments and advancing green causes in a local setting.

Considering the prevailing imperative for environmentally sustainable products and the numerous competitors offering analogous business models, Gerai Prabumi must endeavor to maintain its existing customer base. Gerai Prabumi has to build customer trust, which is the key determinant of the repeat purchases and customer loyalty. The ability of a brand to create loyalty in customers depends on the ability to develop the strong base of trust. The cultivation of brand trust can be achieved through the leveraging of several factors, particularly by maximizing the unique value of the business. Gerai Prabumi uses experiential marketing to realize that customers can feel green values of its product using direct experience.

Conventional flashy advertising has become a source of fatigue for Generation Z members and the millennial generation. Therefore, these populations have more trust in genuine interactions. A study on 2680 Generation Z members living in Australia suggest that most people place their experiences over material goods as 90 percent of respondents invest the money received in experiential consumption (Mumbrella, 2024). Gerai Prabumi has been able to build personal relationships and long-term trust with its consumers by creating interactive and memorable experiences, like workshops. The capability to sense, feel, think, and relate has been demonstrated to have a significant impact on brand trust (W. Xu et al., 2022c).

Furthermore, due to the growing popularity of greenwashing, which is the act of making misleading claims about the environmental friendliness of their products, consumers have grown distrustful of brand claims about sustainable practices. The greenwashing phenomenon, as demonstrated in specific cases in the Indonesian pulp and fashion industry, has caused significant harm to the customers trust, and the effect may begin to have a cascading impact to mistrust. As a result, the notion of genuine environmental value into repurchase intention and long-term loyalty. It is therefore necessary to have an in-depth insight into these factors to support the development and contribution of sustainable businesses like Gerai Prabumi, and hence increase their environmental contribution in one of the urban centres of Indonesia that is, Padang. green perceived value that gives views the chance to identify and confirm the green attributes of a product becomes a critical remedy of doubt, thus creating a strong platform of building brand confidence.

In consideration of these conditions, the objective of this study is to analyze and optimize the factors that most influence the repurchase intention of Gen Z toward Gerai Prabumi's products in Padang City. The factors under consideration include green perceived value and experiential marketing, which is mediated by brand trust. This research was conducted with the purpose of explaining the causal sequencing of the sophisticated purchasing trends exhibited by Generation Z and Millennials. The evidence that these variables have a strong causal relationship is found in a significant amount of extant literature that supports this suggestion. The present study finds that Green Perceived Value exerts a positive and significant

effect on Green Repurchase Intention (Lisnaningrum et al., 2020). Experiential marketing has a positive and significant effect on repurchase intentions (Nurrizky et al., 2023). Experiential marketing, in which trust in a brand is a mediating factor, has been demonstrated to exert a considerable positive influence on the intention to make a repurchase (Wijaya et al., 2023).

It is hypothesized that the development of brand trust occurs directly as a result of the implementation of interactive do-it-yourself (DIY) workshops as a marketing strategy. The experience that such workshops offer to consumers that can be remembered and felt as authentic experiences is unlikely to be replicated by other traditional advertising modalities. Moreover, brand trust development is related to the higher intention to repurchase. Similarly, the perceived value of a consumer on environmental sustainability has been empirically correlated with an increased repurchase intention based on the assumption that the brand appears to be committed to the environmental problem and not a victim of greenwashing. The basic principles of this relationship lie in the sense of transparency that Gerai Prabumi has, which allows consumers to check the claims of being environmentally friendly on their own.

## **1.2 Research Questions**

- Does experiential marketing influence brand trust among Gerai Prabumi consumers?
- Does experiential marketing influence repurchase intention among Gerai Prabumi consumers?
- Does green perceived value influence repurchase intention among Gerai Prabumi consumers?
- Does brand trust influence repurchase intention among Gerai Prabumi consumers?
- Does brand trust mediate the relationship between experiential marketing and repurchase intention among Gerai Prabumi consumers?

## **1.3 Objectives of the Research**

- To analyze the influence of experiential marketing on brand trust among Gerai Prabumi consumers.

- To analyze the influence of experiential marketing on repurchase intention among Gerai Prabumi consumers.
- To analyze the influence of green perceived value on repurchase intention among Gerai Prabumi consumers.
- To analyze the influence of brand trust on repurchase intention among Gerai Prabumi consumers.
- To analyze the mediating role of brand trust in the relationship between experiential marketing and repurchase intention among Gerai Prabumi consumers.

#### **1.4 Expected Contribution**

The aim of the research is to study how experiential marketing and the perceived value of green affect the repurchase intention of the Generation Z consumers, mediated by brand trust. The result of the current research will set a background of future research into sustainable consumer behavior, especially in the setting where the role of environmental awareness is an unavoidable market force.

The findings of this research will produce useful information and ideas on how to plan Gerai Prabumi and other sustainable firms strategically aiming at streamlining their marketing policies. Specifically, the paper provides the significance of utilizing experience marketing activities and enhancing the reality of perceived value of green to develop a greater brand trust. Besides, the results provide a solid reference point to other sustainable businesses in Padang City, as they offer better insight into the underlying psychological and behavioral processes that influence the development of environmental consumerism. Also, the study can help policy-makers develop more effective programs that will encourage sustainable living and help build more environmentally friendly companies.

#### **1.5 Scope of The Research**

The research paper will investigate how experiential marketing and green perceived value influence repurchase intention while having brand trust as the mediator. Repurchase intention is the dependent variable in this study. The present study is constrained to Generation Z and Millennial consumers residing in Padang City. Consequently, the data collection and analysis will be conducted within this

geographical and demographic scope to ensure that the findings are pertinent to the local context and to Gerai Prabumi's target market. This particular focus allows focusing on a detailed and specific study of consumer behavior in a clear and narrowly limited population, which in turn contributes to the increased validity and applicability of the research results to the case study of Gerai Prabumi.

