CHAPTER 1
INTRODUCTION

1.1 Background of the Study

The global issue of global warming and sustainability environment in this planet can not be ignored. The World Economic Forum (WEF) in 2017 stated the comprehensive study about the biggest global risk in 2017. As reported in Bloomberg (www.bloomberg.com), "a survey of 750 participants at this year's meeting shows that extreme weather is considered the biggest global risk, outstripping migrations, natural catastrophe and terrorism". The most immediate threat that must be tackled seriously is climate change. According to Bremen Overseas Research and Development Association (www.antaranews.com), Indonesians generate more than 22,5 million tons of trash a year, and by 2020 that number is expected to rise to 53,7 million tons. Blog of Wall Street Journal (www.blogs.wsj.com) said that all that burning rubbish in Indonesia may be taking its toll, with nearly a quarter of people surveyed in a recent poll saying waste management was the most prominent environmental issue in the country. Not only in Indonesia, it is also the biggest concern of Thailand, Singapore and Malaysia. Hong Kong, China and Australia, according to the poll on green technology by online polling and survey agency YouGov (Staff, 2015).

The environmental issue makes company have to implement new concept of business that overcome the threat of sustainability of environment and human life itself by concerning on environmental issue, that is called green marketing. Prakash (2002) explained that green marketing as the strategy to promote product by using environmental claim about attribute, system, policies and company's process that producing or selling the product. There are five reasons for company to develop green

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marketing that explained by Chen (2008): (1) pressure from society, (2) have competitive advantage, (3) improve the brand image of company, (4) find new market or other opportunity, and (5) enhance the value of product. Green marketing combines various activities, include modification of product, change to production process, change of packaging, and advertisement modification (Polonsky, 1994). Indonesia Tourism Ministry said that green hotel has already been branding and strategy in winning business competition, so if hotel management do not use eco-friendly surely will be neglected by visitors or tourists (www.tourismvaganza.com).

Green purchase intention is defined as the probability and willingness of an individual to give preference to green product over conventional products in their consideration (Ng & Paladino, 2009). Attitudes are the most consistent explanatory factor in predicting consumers' willingness to pay for green products (Chyong et al., 2006). According to Churchill et al. (2010:179), attitude is one of the more important notions in the marketing literature, since it is generally thought that attitudes are related to behavior. In general, if a person has a positive attitude toward a product or brand, the person is more likely to buy that product or to choose that brand (Churchill et al., 2010:179) . Because attitudes influence behavior in this way, marketers want to shape attitudes or target people with favorable attitudes (Churchill et al., 2010:179). Thus, marketers often want to learn people's attitudes toward product categories, brands, web sites, retailers, and a whole host of other things (Churchill et al., 2010:179). There are many factors influencing attitude. Environmental concern. Environmental knowledge, and the customers green brand knowledge influenced attitude towards green brand (Suki, 2016; Ahmad & Thyagaraj, 2015).

Model of Three Component Attitudes according to Schiffman & Kanuk (2007:225), consumer attitudes toward a product made up of three components: trust (cognitive), emotional (affective), and the desire to behave (conative). Cognitive component is the knowledge and perception obtained by a combination of direct experience with the object of attitude and related information from various sources (Schiffman & Kanuk, 2007:225). Affective component is emotion or consumers feelings about a particular product or brand (Schiffman & Kanuk, 2007:225). Conative component is the individual will perform a special act or behave in a certain manner to the object of a particular attitude (Schiffman & Kanuk, 2007:225).

Green purchase intention is defined as the probability and willingness of an individual to give preference to green product over conventional products in their consideration (Ng & Paladino, 2009). Green purchase intention can be defined as the consumers' comparative strength of purpose to act on certain behavior (Aman et al., 2012). Green purchase intention is also referred to customers prioritize green products to traditional products while having a chance and willingness to purchase (Rashid, 2009).

Attitude can be defined as a person overall evaluation concept (Peter 2005:130). Evaluations are affective responses, usually at relatively low level of intensity and arousal (Peter 2005:130). According to Schiffman and Kanuk (2007:222) attitude is a tendency to learn to behave in a way that is consistent or not, with respect to a particular object. Attitude is studying the tendency to respond to an object, either liked or disliked, consistently (Setiadi, 2008:2014). Attitudes are the most consistent explanatory factor in predicting consumers' willingness to pay for green products (Chyong et al., 2006). Attitude toward green brand is one of the

types of attitude toward various physical and social objects which is in this case is green brand.

According to Keller (1993), green brand knowledge is "a green brand node in the consumers memory with which a variety of association are linked to environmental commitment and environmental concerns." There are two distinct types of brand knowledge: brand awareness and image (Keller, 1993). Brand awareness refers to the strength of the brand node in memory, for example how easy it is for the consumer to recall the brand (Keller, 1993). Brand image refers to strong, favorable, and unique brand associations in memory (Keller, 1993).

Environmental knowledge is defined as the understanding of people about environment, environmental impacts consideration, an appreciation of the ecosystem and other things involved, and sustainable development by collective responsibilities (Mostafa, 2007). Conraud-Koellner & Rivas-Tovar (2009) defines environmental knowledge as individuals' ecological knowledge about environmental topics. According to Arcury (1990), environmental knowledge changes environmental attitude and both environmental knowledge and environmental attitude affect the behavior of consumer. On the other hand, Chan & Lau (2000) define environmental knowledge as the knowledge of a person has regarding environmental issues. According to D'Souza et al., (2006) environmental knowledge evolves in two forms: (1) consumers have to be educated to be understand the impact of a product to environment and (2) consumer knowledge in the product itself being produced in an environmentally friendly way. So, from the three definition of environmental knowledge, the conclusion is a set of ecological knowledge about environmental issue and topics, and also have environment impact consideration.

Environmental concern indicates "the degree to which people are aware of problems regarding the environment and support efforts to solve them or indicate the willingness to contribute personally to their solution" (Dunlap, 2002). Environmental concern has been represented as the evaluation of individual behavior or collective behavior with repercussions for the environment (Weigel, 1983). Environmental concern also indicates a strong attitude towards environmental preservation (Crosby, 1981). So, from the three definition of environmental concern, the conclusion is a strong attitude and awareness for solving environmental issue through contribution personally to have solution in environmental preservation.

There is a lack of empirical studies about influencing of green brand knowledge, environmental knowledge, and environmental concern through the intervening of attitude towards green products purchase intention among Indonesian users although many studies explored the different aspects of green brand and green marketing. The previous studies in 2015 from Ahmad & Thyagaraj in India with title Consumer's Intention to Purchase Green Brands: The Roles of Environmental Concern, Environmental Knowledge and Self Expressive Benefits. The results of this research show that environmental concern, environmental knowledge and self expressive benefits would positively influence attitude which in turn positively influences intention to purchase green brands (Ahmad & Thyagaraj, 2015).

The other research in 2016 from Suki held the research in Federal Territory of Labuan, Malaysia. The result showed that there is significant effect of green brand knowledge to attitude towards green brand (Suki, 2016). The other results are there is significant effect of green brand positioning to green products purchase intention, attitude towards green

brand to green products purchase intention, green brand knowledge to green products purchase intention (Suki, 2016). However, there is no effect of green brand positioning moderated by green brand knowledge on green products purchase intention (Suki, 2016).

For enhancing the understanding and knowledge of green brand knowledge, environmental knowledge, and environmental concern in the case of Indonesia, researcher makes a research plan on it. There are many research conducted about green purchase intention with the object of green product or eco-green label or brand. So, researcher want to conduct in service industry that also concern about green branding and implementing sustainability concern in the service and building itself. The object is Singgasana Hotel Surabaya. Singgasana Hotel Surabaya had awarded as Green Hotel in Green Hotel Award 2015 (www.tourismvaganza.com). The hotel that won this award from the first until tenth winner are Manado Golf and Convention, Novotel Bandung Hotel, Santika Premiere Yogyakarta, Jogjakarta Plaza Hotel, Singgasana Hotel, Ayodya Resort bali, Bali Tropic Resort and Spa, Novotel Manado Golf Resort and Convention Center, The Park Lane Jakarta, and Eastparc Hotel Yogyakarta (travel.kompas.com). Deputy of Destination Development and Tourism Industry by Indonesia Tourism Ministry hold this award every two years. The main criteria of green hotel is building performance. Because of using green hotel as object of research, researcher changed the terminology of green purchase intention to be intention to stay.

1.2 Research Questions

According to the background, the problems can be formulated as follows:

1. Does green brand knowledge affect on attitude toward green brand Singgasana Hotel Surabaya?

2. Does environmental knowledge affect on attitude toward green brand Singgasana Hotel Surabaya?

3. Does environmental concern affect on attitude toward green brand Singgasana Hotel Surabaya?

4. Does attitude toward green brand affect on intention to stay in Singgasana Hotel Surabaya?

5. Does green brand knowledge with mediation of attitude towards green brand have effect on intention to stay Singgasana Hotel Surabaya?

6. Does environmental knowledge with mediation of attitude towards green brand have effect on intention to stay in Singgasana Hotel Surabaya?

7. Does environmental concern with mediation of attitude towards green brand have effect on intention to stay in Singgasana Hotel Surabaya?

1.3 Objective of the Study

The purpose of the study is to examine and analyze the influence of:

1. Green brand knowledge on attitude toward green brand Singgasana Hotel Surabaya.

2. Environmental knowledge on attitude towards green brand Singgasana Hotel Surabaya.

3. Environmental concern on attitude towards green brand Singgasana Hotel Surabaya.

4. Attitude towards green brand on intention to stay in Singgasana Hotel Surabaya.

5. Green brand knowledge with mediation of attitude towards green brand on intention to stay in Singgasana Hotel Surabaya.

6. Environmental knowledge with mediation of attitude towards green brand on intention to stay in Singgasana Hotel Surabaya.

7. Environmental concern with mediation of attitude towards green brand on intention to stay in Singgasana Hotel Surabaya.

1.4 Significance of the Study

The result of this research will be generate some advantage such as :

1. Theoritical Benefit

This study will enrich the knowledge of influence of green brand knowledge, environmental knowledge, environmental concern with the mediating role of attitude towards green brand to intention to stay.

2. Practical Benefit

The result of this study can be used by Singgasana Hotel Surabaya to evaluate potential customers that have environmental knowledge and concern and also have knowledge about Singgasana Hotel Surabaya as one of the green brand hotel which concern about environment sustainability by implementing green concept.

1.5 Systematic of Writing

The systematic of this research are arranged as the following:

Chapter 1. Introduction

> Background, research questions, research objectives, significant of study and systematic of study are discussed in this chapter. The aims of this chapter are to introduce the gap or problem from previous research and issues recently. It also introduces the variables that used for study.

Chapter 2. Theoretical Background

> This chapter presented the previous study, relevant journal, theoretical background and hypothesis. The theoretical background will explain about green products, green purchase intention, attitude towards green brand, green brand knowledge, environmental knowledge, environmental concern, and also relationship between variables.

Chapter 3. Research Methods

> This chapter describing the process of analyzing the data including research design, identification of variable, operational definition, type of source data, variable measurement, data collection method, population, sample and sampling technique, data analysis technique, validity and reliability, fitness model task, and hypothesis testing.

Chapter 4. Data Analysis and Discussion

> This chapter consists of research data description, data analysis, and discussion, also discussing about respondent description, research variable statistic descriptions, hypothesis testing.

Chapter 5. Conclusion

This chapter is the closing of this study that consists of conclusion and suggestion for the research object and for the consumer or researcher to do a further research.