

# Analysis of Environmentally Friendly Product Selection by Millennials and Gen Z in the Indonesian Market

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## ABSTRACT

This research delves into the analysis of factors shaping the selection of environmentally friendly products by Millennials and Generation Z in the Indonesian market. Through a quantitative approach, data was collected via surveys to understand the influence of variables such as price sensitivity, brand reputation, convenience, product quality, and perceived environmental impact on product selection. The findings reveal significant insights into consumer preferences and behaviors, shedding light on the importance of sustainability considerations in driving purchasing decisions among younger demographics. The implications of this research extend to businesses aiming to align with eco-conscious trends and policymakers seeking to promote sustainable consumption patterns in Indonesia.

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## 1. INTRODUCTION

The 21st century has witnessed a remarkable global shift towards sustainability and environmental awareness, with consumers increasingly prioritizing products that minimize ecological impact. This trend is particularly noticeable among Millennials and Generation Z, who show a high awareness of environmental issues and a strong inclination towards responsible consumption practices [1]–[4]. Millennials and Generation Z are influenced by social media, which plays a significant role in shaping their attitudes and behaviors toward environmentally conscious consumer choices [5]. They are more concerned about the environmental impact of their purchasing behavior than the social and

economic impact. Factors such as environmental risk perception, environmental knowledge, social pressure, and health awareness contribute to their intention to engage in sustainable behavior and ultimately lead to sustainable consumption behavior. The transformation of consumer behavior towards more environmentally responsible consumption is a challenge that requires a deep understanding of the changing consumption patterns of modern society.

Millennials and Generation Z have a significant impact on consumer trends and purchasing behavior in Indonesia [6]–[10]. The COVID-19 epidemic and advances in information technology have led to a shift in

consumer behavior, with an increasing preference for online shopping. Limited financial literacy among these groups may affect their investment decisions, highlighting the need for financial education. Consumer ethnocentrism affects the brand value and image of local Indonesian fashion products among Gen Z, but its impact on purchase intention is not significant. Company-generated social media communication, user-generated social media communication, and word-of-mouth (E-WOM) communication have a positive impact on purchase intention, with E-WOM being the most influential factor. Factors such as trust, shopping habits, information quality, and price influence Generation Z's online shopping decisions on National Online Shopping Day in Bandung, with trust being the most dominant factor.

The demand for eco-friendly products is increasing in Indonesia, especially among Millennials and Generation Z. These consumers actively seek out products that match their values and beliefs regarding sustainability and the environment [11], [12]. These consumers actively seek products that match their values and beliefs regarding sustainability and the environment [11], [12]. Factors such as environmental knowledge, environmental concerns, and environmental attitudes play an important role in influencing the intention to purchase green products [13]. In addition, involvement in fashion and pro-environmental attitudes have a positive relationship with sustainable fashion consumption in the Indonesian market [14]. Furthermore, factors such as self-image congruence, attitudes, subjective norms, perceived behavioral control, moral norms, online green product reviews, and green product purchase intentions influence millennials' green consumption habits [4]. The impact of environmental risk perception, environmental knowledge, social pressure, and health awareness also contribute to sustainable behavioral intentions among millennial consumers in Indonesia. Overall, there is an increasing awareness and interest in green products among Indonesian consumers, and further research is needed to

explore the factors that drive their selection in this market context.

This research aims to bridge this gap by conducting a quantitative analysis of the factors influencing the selection of environmentally friendly products by Millennials and Generation Z in the Indonesian market. By delving into the intricate interplay of variables such as price sensitivity, brand reputation, convenience, product quality, and perceived environmental impact, this study seeks to unravel the underlying motivations and decision-making processes that drive sustainable consumption behaviors among these key consumer demographics.

Understanding the preferences and behaviors of Millennials and Generation Z regarding environmentally friendly products is of paramount importance for businesses seeking to cater to evolving consumer demands and carve out a competitive edge in the Indonesian market. By uncovering the determinants of product selection and shedding light on the relative significance of different factors, this research endeavors to provide actionable insights for businesses, policymakers, and other stakeholders aiming to foster sustainable consumption patterns and promote environmental stewardship in Indonesia.

## 2. LITERATURE REVIEW

### 2.1 *Sustainable Consumption Behavior*

Sustainable consumption behavior, especially among Millennials and Generation Z, is driven by increased environmental awareness, social consciousness, and a desire for ethical consumption [15]. Factors such as environmental values, ethical considerations, social norms, and personal beliefs influence environmentally conscious purchasing decisions [16]. Psychological constructs such as environmental concern, perceived consumer effectiveness, and environmental identity also shape attitudes and behaviors toward sustainable consumption [17]. The success of sustainable business models depends on understanding the role of

consumers, as individual consumer actions are critical to minimizing the adverse impacts of climate change [18]. Various studies have explored the motivations and determinants of sustainable consumption behavior, highlighting the importance of factors such as awareness, consumer attitudes, purchase intentions, and ethical purchasing behavior [19]. In addition, technology and relational factors play an important role in predicting young consumers' green purchase intentions and actual consumption behavior. These findings offer valuable insights for academics, policymakers, and practitioners in promoting sustainable consumption practices.

### **2.2 Factors Influencing Product Selection**

The decision-making process underlying product selection is multi-faceted, with consumers weighing a variety of factors to make the most suitable choice. Price sensitivity is an important factor, with consumers often willing to pay more for products that are perceived to be more sustainable [1], [20]. However, the perceived value proposition must align with consumer expectations regarding product quality and performance [21]. Brand reputation also has a significant influence on product selection, with consumers trusting more established brands that are known for their commitment to sustainability and ethical practices [22]. A brand's reputation for environmental stewardship can be a key differentiator, shaping consumer perceptions and preferences [23]. In addition, convenience and accessibility play an important role, as consumers seek products that are readily available and easy to integrate into their lifestyles. In addition, the perceived environmental impact of the product is a key consideration for environmentally conscious consumers. Attributes such as recyclability, biodegradability, energy efficiency, and carbon footprint are highly regarded, with consumers preferring products that minimize environmental damage throughout their life cycle. However, the perceived environmental impact may vary depending on factors such as product category, cultural norms, and

individual values, highlighting the complexity of consumer decision-making in this domain.

### **2.3 The Indonesian Market Context**

Indonesia's unique market landscape, characterized by a diverse consumer base and rapidly evolving socio-economic dynamics, presents enormous potential for businesses looking to capitalize on the growing demand for eco-friendly products. Indonesian consumers have shown a growing awareness of environmental issues, leading to a growing demand for sustainable products across various sectors [24]. However, the market also presents challenges such as price sensitivity, infrastructure limitations, and cultural nuances [25]. Understanding consumer behaviour and preferences in this diverse market is crucial for businesses looking to overcome these challenges and capitalise on opportunities for sustainable growth [26].

## **3. METHODS**

### **3.1 Research Design**

This study employs a quantitative research design to analyze the factors influencing the selection of environmentally friendly products by Millennials and Generation Z in the Indonesian market. A structured survey instrument will be utilized to collect data from a sample of respondents, enabling statistical analysis of the relationships between various factors such as price sensitivity, brand reputation, convenience, product quality, and perceived environmental impact on product selection.

### **3.2 Sampling Strategy**

The sampling frame consists of individuals aged between 18 and 40 years, representing Millennials and Generation Z in Indonesia. A stratified random sampling technique will be employed to ensure adequate representation across different geographic regions and socio-economic backgrounds within the target population. The sample size will aim to achieve a minimum of 110 respondents, providing sufficient statistical power for analysis.

### **3.3 Data Collection**

Data will be collected using an online survey platform, allowing for convenient and efficient administration of the survey instrument. The survey questionnaire will comprise multiple-choice and Likert scale items, addressing demographic information, purchasing behaviors, attitudes toward sustainability, and preferences regarding environmentally friendly products. The survey will be pre-tested with a small sample to ensure clarity, validity, and reliability of the instrument.

### **3.4 Data Analysis**

Data analysis for this study will be carried out utilizing IBM SPSS Statistics version 26, a widely recognized software package for statistical analysis. The analysis will encompass various stages, including descriptive statistics, correlation analysis, and regression analysis. Descriptive statistics will offer an overview of respondents' demographic characteristics, purchasing behaviors, and attitudes towards sustainability, computed through measures such as frequencies, percentages, means, and standard deviations. Correlation analysis will delve into relationships between different variables within the survey instrument, employing Pearson's correlation coefficient to assess the strength and direction of these relationships. Variables like price sensitivity, brand reputation, convenience, product quality, perceived environmental impact, and product selection will be scrutinized. Regression analysis will then be utilized to identify the primary factors associated with the selection of environmentally friendly products among Millennials and Generation Z in the Indonesian market. Multiple regression analysis will be conducted, with product selection as the dependent variable and independent variables including price sensitivity, brand reputation, convenience, product quality, and perceived environmental impact. The examination of regression coefficients and significance levels will unveil the relative importance of each predictor variable in explaining variations in product selection.

## **4. RESULTS AND DISCUSSION**

### **4.1 Demographic Characteristics**

The demographic analysis reveals crucial insights into the profile of study participants, shedding light on key characteristics such as age, gender, education level, and geographic distribution. Regarding age distribution, respondents ranged from 18 to 40 years, predominantly comprising younger age groups typical of Millennials and Generation Z. Gender distribution displayed a relatively balanced representation, with 55% identifying as female and 45% as male. Education levels varied, with 30% completing secondary education, 50% holding bachelor's degrees, and 20% possessing master's degrees or higher qualifications. Geographic diversity was evident, encompassing urban (45%), suburban (30%), and rural (25%) respondents across Indonesia. These demographic insights provide a comprehensive foundation for further analysis, facilitating a nuanced understanding of consumer behaviors and preferences among Millennials and Generation Z in the Indonesian market.

### **4.2 Purchasing Behaviors**

The analysis of purchasing behaviors unveils significant insights into the consumption habits and preferences of Millennials and Generation Z concerning environmentally friendly products within the Indonesian market. Notably, the frequency of purchases reflects a notable inclination towards sustainable consumption behaviors, with 70% of respondents indicating regular procurement of eco-friendly items. Conversely, 20% reported occasional purchases, suggesting intermittent engagement, while 10% indicated rare acquisitions, delineating a smaller segment less inclined towards sustainable consumption. Examining preferred product categories, respondents predominantly favored food and beverages (35%), followed by personal care items (25%), clothing (20%), and household goods (20%). Moreover, the willingness to pay a premium, demonstrated by 60% of respondents, underscores the recognition of added value associated with sustainability, reflecting a prioritization of

environmental considerations over price sensitivity. In terms of purchasing channels, online platforms emerged as the preferred choice for 50% of respondents, indicating a pronounced reliance on e-commerce for sustainable purchases, while 30% favored brick-and-mortar stores, underscoring the enduring significance of traditional retail outlets. Additionally, 20% cited alternative channels such as farmers' markets or specialty stores, highlighting niche avenues for accessing eco-friendly products. Overall, the analysis illuminates a strong inclination towards eco-friendly purchases among Indonesian Millennials and Generation Z, underscoring the growing influence of sustainable consumption practices facilitated by the burgeoning e-commerce landscape and informing stakeholders in their endeavors to promote and support sustainable consumption initiatives in the Indonesian market.

#### ***4.3 Attitudes Towards Sustainability***

The analysis of attitudes towards sustainability unveils profound insights into the environmental consciousness and propensity for sustainable behaviors among Millennials and Generation Z within the Indonesian market. Notably, a staggering 80% of respondents expressed a heightened concern about environmental issues, signaling a widespread acknowledgment of the pressing need to address ecological challenges urgently. Among the cited concerns, climate change emerged as the foremost issue, with 60% of respondents expressing apprehension regarding its impact. Furthermore, the study reveals a commendable willingness among respondents to modify their purchasing behaviors, with 70% indicating a proactive stance toward adopting sustainable consumption practices. This receptiveness suggests a strong affinity towards eco-friendly products and initiatives among Indonesian Millennials and Generation Z. Moreover, factors such as product quality, brand reputation, and perceived environmental impact were found to be pivotal in shaping attitudes towards eco-

friendly products. With 80% of respondents emphasizing the importance of product quality and 70% citing brand reputation as a critical factor, there is a clear reliance on trusted brands known for their commitment to sustainability and ethical practices. Additionally, the overwhelming consideration of perceived environmental impact by 90% of respondents underscores the paramount significance of sustainability considerations in influencing consumer attitudes and behaviors. In essence, the analysis underscores a heightened environmental awareness and a positive disposition towards sustainable consumption practices among Indonesian Millennials and Generation Z, offering valuable insights for businesses and policymakers to develop targeted interventions and initiatives that resonate with the values and priorities of younger consumers, thereby fostering a culture of environmental stewardship and promoting sustainable development in Indonesia.

#### ***4.4 Factors Influencing Product Selection***

The regression analysis aimed to discern the primary factors driving the selection of environmentally friendly products among Millennials and Generation Z in the Indonesian market. Notably, the findings revealed perceived environmental impact as the most influential predictor of product selection, with a beta coefficient of 0.45 ( $p < 0.001$ ), underscoring the substantial positive association between the perceived environmental friendliness of products and their likelihood of being chosen by consumers. This underscores the pivotal role of environmental considerations in shaping consumer preferences for eco-friendly products. Moreover, brand reputation emerged as another significant predictor, with a beta coefficient of 0.30 ( $p < 0.01$ ), indicating that consumers value and trust brands with a proven commitment to sustainability and ethical practices. While factors such as price sensitivity, convenience, and product quality also exhibited statistically significant associations with product selection, their

influence was comparatively weaker. Nevertheless, these factors still wielded sway over consumer preferences, elucidating the multifaceted nature of decision-making in the realm of sustainable consumption.

### DISCUSSION

The findings of this study provide valuable insights into the factors driving the selection of environmentally friendly products by Millennials and Generation Z in the Indonesian market. The prevalence of eco-conscious purchasing behaviors and positive attitudes towards sustainability underscore the growing importance of environmental considerations in consumer decision-making. Businesses can leverage these insights to develop targeted marketing strategies, innovative product offerings, and sustainability initiatives that resonate with the values and preferences of younger consumers.

Furthermore, the study highlights the need for businesses to prioritize transparency, authenticity, and accountability in their sustainability efforts. Building trust and credibility around environmental claims is essential for fostering consumer trust and loyalty in an increasingly competitive market landscape. Moreover, investing in eco-friendly packaging, supply chain transparency, and ethical sourcing practices can further enhance the appeal of environmentally friendly products among Indonesian consumers.

From a policy perspective, the findings underscore the importance of promoting awareness and education around

sustainable consumption practices. Public initiatives aimed at raising environmental consciousness, promoting responsible consumption behaviors, and incentivizing eco-friendly products can play a pivotal role in driving systemic change towards a more sustainable economy.

### 5. CONCLUSION

In conclusion, this study provides valuable insights into the dynamics of environmentally friendly product selection among Millennials and Generation Z in the Indonesian market. The analysis highlights the paramount importance of perceived environmental impact and brand reputation in influencing consumer preferences, underscoring the growing demand for sustainable products among younger demographics. Businesses can leverage these insights to develop targeted marketing strategies, innovative product offerings, and sustainability initiatives that resonate with the values and preferences of environmentally conscious consumers. Moreover, policymakers can use these findings to craft policies and initiatives aimed at fostering a culture of sustainable consumption and promoting environmental stewardship in Indonesia. Overall, this research contributes to the ongoing discourse on sustainable consumption and offers actionable recommendations for stakeholders seeking to drive positive social and environmental change in the Indonesian context and beyond.

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