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The Role of Green Packaging in Increasing Brand Equity and Purchase Intention: A Study on Closeup Toothpaste

Henny Yonalia, Ronny Samsul Bahri

Sekolah Tinggi Ilmu Ekonomi Harapan Bangsa, Indonesia Email: mm-24075@students.ithb.ac.id, ronny dlb@ithb.ac.id

Abstract

This study examines the impact of green packaging on brand equity and purchase intention in personal care products, specifically Closeup toothpaste. It explores the increasing consumer awareness, particularly among millennials and Gen Z in Jakarta and Bandung, regarding sustainability and the role of green packaging in shaping brand perceptions. Using a quantitative approach with Partial Least Squares Structural Equation Modeling (PLS-SEM), the study investigates the mediating role of brand equity in the relationship between green packaging and purchase intention, based on the Stimulus-Organism-Response (SOR) theory. Data was gathered from 166 consumers in Jakarta and Bandung through online and offline surveys. Results show that green packaging positively impacts brand equity (β =0.521, p<0.001) and purchase intention (β =0.295, p=0.002). Additionally, brand equity significantly mediates the relationship between green packaging and purchase intention (β =0.397, p<0.001), suggesting partial mediation. These findings highlight that investments in green packaging are most effective when supported by strong brand equity efforts, considering factors like environmental concern, altruism, and social norms. The research advocates for integrating green packaging strategies into marketing plans to enhance brand equity and purchase intention among environmentally conscious young consumers in Indonesia.

Keywords: green packaging, brand equity, purchase intention, sustainability, environmentally friendly packaging, sustainability, millennials and Gen Z.

INTRODUCTION

It is undeniable that public awareness of environmental issues has increased significantly every day. These developments not only affect consumption patterns, but also encourage the industry to adapt to more sustainable innovations. Consumers are no longer just looking for quality products, but also considering sustainability aspects in every purchase decision. This trend is increasingly pressuring various industries, especially those in the *Fast-Moving Consumer Goods* (*FMCG*) sector, to be more responsible in managing waste and implementing more environmentally friendly innovations.

Sustainability has become a widespread global challenge and has become stronger in recent decades. The United Nations Environment Programme (UNEP, 2022) report emphasizes that plastic waste is one of the biggest environmental challenges, with more than 400 million tons of plastic material produced every year, and less than 10% of which can be managed for recycling. The *Fast-Moving Consumer Goods (FMCG)* sector is one of the largest contributors to global plastic waste, especially from single-use product packaging.

In Indonesia, the problem of plastic waste is also a serious concern. According to the Ministry of Environment and Forestry (*MoEF*, 2023), Indonesia is estimated to produce around 7.8 million tons of plastic waste per year, and only about 48 percent can be handled adequately so that it has the potential to pollute the environment. The government has taken steps by

implementing a policy to reduce single-use plastics and encourage manufacturers to switch to green packaging.

Meanwhile, young Millennials and Gen Z to this global issue are quite positive in response. Even the *Millennial* and *Gen Z* generations are the most vocal groups in voicing concern for the environment. The First Insight study (2022) found that 73% of *Millennial* consumers are willing to spend more money on environmentally friendly products, higher than the previous generation. A survey conducted by Nielsen (2019) also showed that 81% of global consumers expect companies to have social and environmental responsibility.

The 2024 national survey from the Center for the Study of Islam and Society (*PPIM* UIN Jakarta) shows that the younger generation has a significant contribution to awareness and concern for environmental issues. The survey shows that 78.5 percent of Generation Z has a better understanding of environmental issues than other generations (Nurjannah, 2024). Ease of access to information through technology is one of the driving factors for high environmental literacy among Generation Z. With a superior level of awareness of environmental issues, the younger generation, especially Generation Z, plays an important role in shaping sustainable consumption trends and becoming a target consumer who is responsive to green packaging initiatives.

Meanwhile, the results of a Kantar survey in 2020 stated that the number of Indonesian consumers who showed concern for sustainable products increased by 112% compared to the previous year. In addition, more than half of consumers in Indonesia are starting to be encouraged to take concrete steps related to environmental issues, and about 20% of them are actively trying to reduce waste generation. This fact reflects that sustainability principles are now an important element in the purchasing decision-making process by consumers in the country.

Furthermore, a survey conducted at the Playfest 2022 event by Danone-AQUA with Max Mandias and Vania Herlambang revealed that as many as 96.7% of consumers from Millennials and Gen Z in Indonesia consider environmentally friendly aspects in choosing products. These findings confirm that sustainability issues are an increasingly influential factor in the preferences of young consumers.

Overall, these data reinforce the fact that Indonesian consumers, especially the younger generation, are increasingly paying attention to the sustainability dimension in their consumption decisions. This encourages industry players to be more responsible in carrying out their operations and business strategies.

Although the direction of this change is positive, new challenges have also arisen, one of which is the practice of *greenwashing*, which is a marketing strategy that gives the false impression that a product or company looks more environmentally friendly than it actually is. This kind of practice has the potential to lower the level of consumer trust in the sustainability claims made by brands. A global survey by The Harris Poll and Google Cloud (2022) revealed that 72% of consumers are skeptical of companies' eco-friendly claims, and 58% suspect that the majority of companies are *greenwashing*. This condition is a challenge for companies that are truly committed to sustainability principles to be able to differentiate themselves from *greenwashing* actors, especially in the eyes of the younger generation who are increasingly critical of environmental sustainability issues.

These data are increasingly interesting as a paving the way to deepen studies related to environmental concerns, especially those related to products used in daily life. *Green Packaging*, *Brand Equity*, and *Purchase Intention* are interrelated and interesting parts to be the focus of further research.

The use of eco-friendly packaging has become a key strategy adopted by various brands to increase consumer trust, strengthen loyalty, and add value to products (Chen et al., 2021; McKinsey, 2023). *Green packaging* has been shown to have a significant relationship with brand equity and purchase intent, with research by Deng and Yang (2024) and Hapsari and Sari (2022) showing the positive influence of eco-friendly packaging on consumer purchase decisions. In particular, in the personal care products industry such as toothpaste, *green packaging* not only improves the perception of quality but also strengthens the brand's relationship with consumers who are increasingly concerned about the environment (Euromonitor, 2023; Mintel, 2022).

Brand equity, which includes brand awareness, brand association, perceived quality, and loyalty, plays an important role in shaping consumer purchase intent (Aaker, 1991). Research by Chen (2010) and Nguyen et al. (2019) shows that green packaging can increase green brand equity, which leads to strengthening brand competitiveness. In the context of Closeup, which targets young consumers who care about the environment, green packaging can be a strong differentiation strategy in strengthening brand equity and attracting buying interest from the Millennial and Gen Z segments (Nielsen, 2021). In addition, research by Magnier & Schoormans (2015) shows that green packaging can create positive emotions that drive purchasing decisions, which is reflected in a Nielsen report (2019) that more than 70% of consumers choose products with eco-friendly claims on their packaging.

Closeup, as an oral care brand that already uses eco-friendly packaging, including recycled materials, has also obtained certification from the Forest Stewardship Council (FSC), which shows its commitment to sustainability (Home page Closeup). In a business landscape that is increasingly concerned with environmental responsibility, FMCG companies like Closeup need to integrate green packaging as part of a larger marketing strategy, in line with government regulations and global initiatives to reduce plastic waste (UNEP, 2020). Brands like Closeup that implement green packaging provide a real example of how sustainability efforts can influence brand equity and increase purchase intent in the environmentally conscious consumer segment, especially in Indonesia among the younger generation.

In this case, *Signaling Theory* becomes a relevant theoretical approach to explain how consumers interpret and respond to the sustainability claims of a brand. This theory departs from the assumption that there is an asymmetry of information between companies and consumers, so companies need to send "signals" to reduce uncertainty and form positive perceptions (Spence, 1973). Product attributes such as eco-friendly packaging and eco-labels can serve as sustainability signals. However, the effectiveness of these signals relies heavily on credibility and consistency between the company's claims and actual actions. Otherwise, the signal risks being considered *greenwashing*, which can actually undermine consumer confidence (Connelly et al., 2011).

This study aims to analyze how sustainability messages conveyed through *green* packaging affect positive consumer perceptions. Furthermore, this study will investigate the

impact of such acceptance on *brand equity* and consumer purchase intent. We hope that this research can enrich the scientific treasures in the field of marketing and sustainability. In addition, the findings of this study are expected to provide practical guidance for industry players in designing marketing strategies that not only focus on image alone, but also on delivering authentic and impactful sustainability values.

This study aims to identify and evaluate the contribution of eco-friendly packaging to *brand equity*, particularly in the aspect of quality perception and brand association of *Closeup* personal care products among the *Millennial* and *Gen Z* generations in Jakarta and Bandung. In addition, this study also aims to evaluate the influence of eco-friendly packaging on consumer purchase intention and to verify the role of *brand equity* as a mediating variable that affects the relationship between sustainable packaging and purchase intent. Theoretically, this research is expected to enrich the marketing literature, especially regarding the interaction between eco-friendly packaging, *brand equity*, and consumer purchase intent. Practically, the results of this research are expected to be a reference for industry players in formulating more efficient and sustainable marketing strategies.

METHOD

This study examines subjects consisting of Millennial and Gen Z consumers domiciled in Jakarta and Bandung, with a focus on Closeup toothpaste products that adopt green packaging as the research object. The purpose of this study is to analyze the influence of green packaging on brand equity and purchase intention, with brand equity as a mediating variable. The research method uses a quantitative approach with Partial Least Squares Structural Modeling (PLS-SEM) analysis to test the relationship Equation between green packaging, brand equity, and purchase intention. The data were collected through a survey involving consumers who had used *Closeup* toothpaste products with eco-friendly packaging. This study identifies the factors that affect the perception of eco-friendly packaging and its impact on brand equity and purchase intention. Data analysis techniques involve testing validity and reliability, as well as path analysis to test for direct influence and mediation. The results of the study show that green packaging has a positive influence on brand equity and purchase intention, and brand equity mediates these influences. This study also used the determination coefficient (R^2) test and the model significance test (Q^2) to measure the predictive relevance of the model used.

RESULTS AND DISCUSSION

Test Instruments

Before testing the hypothesis and analyzing the relationship between latent variables in the structural model, this study first evaluated the measurement model. This step aims to ensure that the latent construct used has been measured validly and reliably. The evaluation of the instrument was focused on testing convergent validity and construct reliability, in accordance with the standard procedure in *the analysis of Partial Least Squares Structural Equation Modeling* (PLS-SEM) as recommended by Hair et al. (2021) and Ghozali (2015).

Validities Convergence

Convergent validity measures the extent to which the indicators that make up a construct actually reflect the concept in question. According to Hair et al. (2021), convergent validity testing is carried out using three main criteria, namely:

- 1) Outer loading: ideal value ≥ 0.7 . However, a value between 0.5–0.7 is still acceptable if the AVE value is ≥ 0.5 and the CR ≥ 0.7 .
- 2) Average Variance Extracted (AVE): a minimum ≥ 0.5 to indicate that most of the variance of the indicator can be explained by constructs.
- 3) Composite Reliability (CR): a minimum ≥ 0.7 to ensure internal consistency between indicators in a single construct.

The initial step in the convergent validity test was carried out by observing the *outer* loading values of all indicators in the initial model. Figure 1 shows the results of the visualization of the initial model path chart, which shows that there are several indicators with an outer loading value below 0.5. This low value indicates that these indicators do not adequately represent the construct.

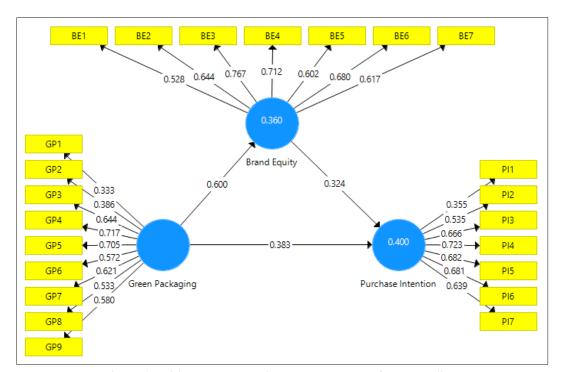


Figure 1. Initial Data Path Diagram and Values Outer Loadings

Source: Data Processing Results (2025)

Furthermore, to see the reliability and validity of the construct more comprehensively, an analysis of the AVE and CR values was carried out as shown in Table 1. Although all constructs have a CR value above 0.7, the AVE value of each construct is still below 0.5. This shows that the constructs in the model do not fully meet the criteria for convergent validity. Therefore, an elimination process is carried out for the indicators with the lowest *outer loading values*, the indicators that are eliminated at this initial stage are indicators GP1, GP2, and PI1.

Table 1. Construct Reliability and Validity of Initial Data

	Cronbach's Alpha	Rho A	Composite Reliability	Average Variance
Brand Equity	0.774	0.783	0.838	0.428
Green Packaging	0.743	0.771	0.813	0.336
Purchase Intention	0.728	0.750	0.811	0.388

Source: Data Processing Results (2025)

The data processing process continued with the elimination process of the GP1, GP2 and PI1 indicators, the model was re-evaluated and the results are shown in Figure 2. *Green Packaging* now has 7 indicators (reduced by 2: GP1 and GP2) while *Purchase Intention* has 6 indicators (reduced PI1).

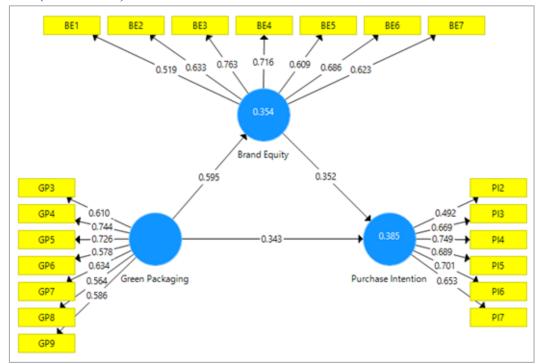


Figure 2. Path and Value Diagram *Loading Factor* After the elimination of the first indicator

Source: Data Processing Results (2025)

The next process is to determine the AVE and CR the results of which can be seen in table 2. This visualization shows an increase in the *outer loading* value of the remaining indicators, it is known that the AVE value still does not meet the minimum threshold. *Brand Equity* has an AVE value of 0.428, *Green Packaging* 0.407 and *Purchase Intention* 0.440. For this reason, the elimination process is continued to the next stage by removing the PI2 indicator which has *an outer loading* value of < 0.5.

Table 2. Construct Reliability and Validity After the Elimination of the First Indicator

	Cronbach's Alpha	Rho A	Composite Reliability	Average Variance
Brand Equity	0.774	0.783	0.838	0.428
Green Packaging	0.755	0.767	0.826	0.407

	Cronbach's Alpha	Rho A	Composite Reliability	Average Variance
Purchase Intention	0.741	0.752	0.823	0.440

Source: Data Processing Results (2025)

The elimination process is continued to obtain a model according to the criteria. Figure 3 shows the visualization after the second stage of elimination processes. This diagram shows that the *outer loading values* are increasing, and at this stage the PI2 indicator is eliminated.

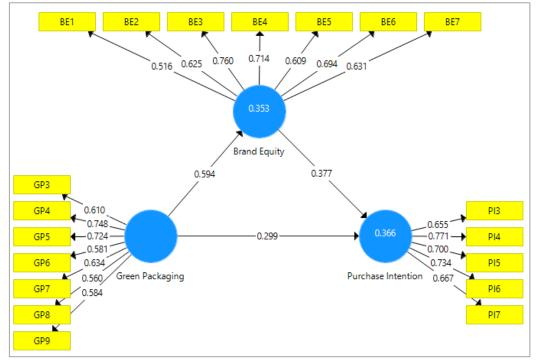


Figure 3. Path and Value Diagram *Loading Factor* After the Elimination of the Second Indicator

Source: Data Processing Results (2025)

Although the AVE value is getting closer to 0.5, it still needs to be refined to achieve the set criteria. At this stage, the Ave *Brand Equity* value of 0.428, *Green Packaging* 0.407 and *Purchase Intention* 0.499 were obtained, which shows that it still does not meet the criteria or is still smaller than 0.5. The results of the reliability and validity evaluation after the elimination of the second indicator can be seen in table 3.

Table 3. Construct Reliability and Validity After Elimination of the Second Indicator

	Cronbach's Alpha	Rho A	Composite Reliability	Average Variance
Brand Equity	0.774	0.784	0.838	0.428
Green Packaging	0.755	0.768	0.826	0.407
Purchase Intention	0.748	0.751	0.832	0.499

Source: Data Processing Results (2025)

The refinement process continued to the third stage while still using a gradual indicator elimination approach. The purpose of this stage is to maintain the integrity of the construct and increase the value of AVE and *outer loading* to be within the required range. The final results

of the model after the elimination of the third stage are shown in Figure 4, which shows a more stable model structure and a more representative indicator.

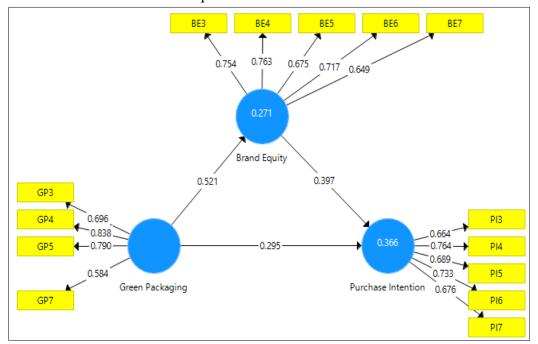


Figure 4. Path and Value Diagram *Loading Factor* After the Elimination of the Third Indicator

Source: Data Processing Results (2025)

This model now shows that the *Green Packaging* variable has 5 indicators that have been eliminated, namely GP1, GP2, GP6, GP8, and GP9. Elimination is also found in the *Brand Equity variable*, where there are 2 indicators that have been eliminated, namely BE1, BE2. As for the *variable Purchase Intention*, the indicator that was eliminated was PI2.

Table 4 presents the final values of reliability and validity of the construct. The entire construct shows a CR value ≥ 0.7 , and the AVE value is close to or has met the minimum limit of 0.5. For *the Purchase Intention* construct, the AVE value is at 0.499, which is rounded practically to 0.5 so that it is considered to meet the convergent validity criteria.

Table 4. Construct Reliability and Validity After Elimination of the Third Indicator

	Cronbach's Alpha	Rho A	Composite	Average Variance
			Reliability	
Brand Equity	0.758	0.765	0.837	0.508
Green Packaging	0.705	0.727	0.821	0.538
Purchase Intention	0.748	0.749	0.832	0.499

Source: Data Processing Results (2025)

Overall, out of a total of 23 initial indicators, 9 indicators were eliminated because they had *an outer loading* value below 0.5 and did not contribute optimally to the increase in the value of the construct AVE. The indicators maintained consist of 14 indicators, which include four indicators for *Green Packaging* (GP3, GP4, GP5, GP7), five indicators for *Brand Equity* (BE3, BE4, BE5, BE6, BE7), and five indicators for *Purchase Intention* (PI3, PI4, PI5, PI6,

PI7). Thus, the final model can be said to be convergently valid and feasible for structural model testing at a later stage.

After being declared valid in a convergent manner, the next step is to look at reliability. Reliability is used to measure the extent to which measurement instruments (indicators) can provide consistent results. One of the commonly used reliability tests is *Composite reliability* (CR), which should have a value greater than 0.7 to indicate that the construct is reliable. Moreover *Cronbach's Alpha* It can also be used to evaluate the internal consistency of indicators, with values greater than 0.7 indicating good reliability. Table 4.4 already shows the CR and (Hair, Hult, Ringle, & Sarstedt, 2021) *Cronbach's Alpha* that has a value of more than 0.7, then the instrument is declared reliable.

Construct Reliability

Construct reliability indicates the extent to which a set of indicators in a construct can provide consistent results. In this study, reliability was tested using two main measures:

- 1) Composite Reliability (CR), with an ideal value of > 0.7
- 2) Cronbach's Alpha, with a minimum value of > 0.6 (ideal > 0.7)

The test results showed that the entire construct had a CR and Cronbach's Alpha value above the minimum threshold of 0.7. Specifically, the CR value for *Brand Equity* is 0.837, *Green Packaging* is 0.821, and *Purchase Intention* is 0.832, which indicates that the indicators in each construct have good internal consistency. Meanwhile, Cronbach's Alpha value is *Brand Equity* 0.758, *Green Packaging* 0.705 and *Purchase Intention* 0.748.

These results indicate that the indicators in each construct have good internal consistency, so they are reliable to measure latent constructs and are suitable for use in the structural analysis stage. In addition, at the last stage of the elimination of the indicator, the entire *value of outer loadings* has reached ≥ 0.5 , with CR remaining above 0.7 and AVE ≥ 0.5 . Especially for the Purchase Intention variable, the AVE value of 0.499 can still be rounded to 0.5, so that it still meets academic requirements.

With the fulfillment of all criteria of convergent validity and construct reliability, the measurement instruments in this study can be declared valid and reliable, and feasible to be used in structural model testing and hypothesis testing at the next stage. Thus, the evolution of measurement models to achieve convergent validity and adequate reliability is carried out through a series of four stages. These stages include initial data analysis, elimination of the first stage of indicators, elimination of the second stage of indicators, and elimination of the third stage of indicators, which results in a final model that meets the set criteria. This final model consists of: four indicators for the *Green Packaging* variable, five indicators for the *Brand Equity* variable, and five indicators for the *Purchase Intention variable*.

Discriminant Validity Test

Discriminant validity is used to ensure that each construct in the model is completely different from each other. In this study, the validity of the discriminant was tested using the *Heterotrait-Monotrait Ratio (HTMT) method*, which is considered more sensitive and accurate than previous methods such as the Fornell-Larcker Criterion (Henseler, Ringle, & Sarstedt, 2015). HTMT measures correlations between supposedly different constructs, and high values indicate a discriminating problem.

In general, HTMT values lower than 0.90 indicate adequate discriminant validity. Some researchers even recommend stricter thresholds, such as 0.85, especially in models with closely related constructs (Kline, 2016). However, in the context of exploratory research like this, the threshold of 0.90 is still considered acceptable (Henseler et al., 2015).

Based on the results of data processing using SmartPLS, all HTMT values between constructs are below the threshold limit of 0.90. This shows that each construct in the model – i.e. Green *Packaging, Brand Equity,* and *Purchase Intention* – has good discriminative validity and can be empirically distinguished.

Table 5 shows that the entire HTMT value between constructs, namely between *Green Packaging, Brand Equity*, and *Purchase Intention*, is already below the threshold of 0.90. This indicates that each construct has adequate discrimination and that the indicators do not overlap in measuring different constructs.

Table 5. HTMT Scores on Discriminant Validity Testing

	Brand Equity	Green Packaging	Purchase Intention
Brand Equity			
Green Packaging	0.699		
Purchase	0.729	0.679	

Source: Data Processing Results (2025)

Thus, the results of this test provide statistical evidence that the three constructs in the model – *Green Packaging, Brand Equity,* and *Purchase Intention* – have clear conceptual boundaries to each other. Therefore, the structural model is feasible to proceed to the next stage, namely testing the relationship between constructs in order to test the research hypothesis.

Hypothesis test

After the evaluation stage of the measurement model (outer model) ensures that the indicators used in the study validly and reliably reflect the latent constructs or variables they represent, the next crucial step before testing the hypothesis is to conduct a multicollinearity test in the structural model (inner model). This multicollinearity test aims to detect a high correlation between predictor constructs (independent variables) in structural models.

The existence of multicollinearity can cause problems in the interpretation of hypothesis test results, as it can confuse the estimation of path coefficients and the statistical significance of the relationships between variables. Therefore, it is important to ensure that the structural model is free from multicollinearity issues before drawing conclusions regarding the influence between constructs. Multicollinearity testing in this study was carried out by looking at the value of Variance Inflation Factor (VIF) between predictor constructs.

Multicollinearity testing in structural models using the Variance Inflation Factor (VIF) shows that there is no problem of collinearity between constructs in this model, as the VIF value is well below the critical limit. The results of hypothesis testing using PLS-SEM showed that Green Packaging had a significant effect on Brand Equity (β = 0.521), Purchase Intention (β = 0.295), and Brand Equity mediated the influence of Green Packaging on Purchase Intention (β = 0.397). Evaluation of the structural model with a determination coefficient (R²) shows that Green Packaging and Brand Equity are able to explain 27.1% of changes in Brand

Equity and 36.6% in Purchase Intention. A Q^2 value of 0.538 indicates that this model has good predictors. The effect size test (f^2) showed that Green Packaging had a large effect on Brand Equity ($f^2 = 0.373$), a moderate effect on Purchase Intention ($f^2 = 0.100$), and Brand Equity also had a moderate effect on Purchase Intention ($f^2 = 0.181$), confirming the significant contribution of each variable in this model.

Mediation Analysis

In addition to analyzing the direct influence between constructs, this study also examines the role of *Brand Equity mediation* in bridging the influence of *Green Packaging* on *Purchase Intention*. This mediation test was conducted using *the bootstrapping technique*, which is a statistical method based on re-sampling and is highly recommended in the *Partial Least Squares Structural Equation Modeling* (PLS-SEM) approach because it does not assume a normal distribution of data.

The following are the results of the mediation pathway testing.

Table 6. Mediation Pathway Test Results Green Packaging against Purchase Intention Through Brand

Equity

Equity					
Mediation Pathway	Line Coefficient	Standard Devise	T- Statistics	p- value	Information
	(β)				
Green Packaging → Brand Equity →	0,207	0,048	4,264	0,000	Significant
Purchase Intention					Mediation

Source: Data Processing Results (2025)

The results of the mediation test showed that the indirect influence of Green Packaging on Purchase Intention through Brand Equity was significant, with a path coefficient of β = 0.207 and a T-statistic of 4.264, as well as a p-value of 0.000, indicating partial mediation. Green Packaging has a positive influence on Brand Equity and Purchase Intention, and Brand Equity acts as a mediator in this relationship. Green Packaging also shows a direct influence on Purchase Intention. This finding is reinforced by an R² value of 0.271 for Brand Equity and 0.366 for Purchase Intention, as well as a Q² value of 0.538 which indicates good predictive power of the model. The effect size value (f²) shows the large influence of Green Packaging on Brand Equity and a moderate influence on Purchase Intention. Practically, green packaging strategies must be integrated in marketing to increase brand equity and purchase intention, focusing on young consumers who care about the environment. This research also shows that green packaging plays a strategic role in building long-term competitive advantage, supporting the development of green branding literature and consumer behavior in the era of sustainability.

CONCLUSION

This study analyzes the influence of green packaging on brand equity and purchase intention in Closeup toothpaste products, with case studies on Millennial and Gen Z consumers in Jakarta and Bandung. Using the Partial Least Squares Structural Equation Modeling (PLS-SEM) method, the results showed that green packaging had a significant positive effect on brand equity ($\beta = 0.521$, p < 0.001), which then affected purchase

intention (β = 0.397, p < 0.001). In addition, brand equity acts as a mediator between green packaging and purchase intention (β = 0.397, p < 0.001). The managerial implications include the importance for FMCG companies, such as Closeup, to integrate green packaging in their branding strategies, maintain consistency between sustainability claims and practices, and strengthen communication regarding positive sustainability impacts. The government is also advised to encourage the adoption of green packaging through incentives and supportive regulations, while consumers need to be encouraged to choose environmentally friendly products and participate in a culture of green consumption.

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