

Sustainable Marketing Strategy Based on Green Economy and Environmentally Friendly Products Its Impact on Business Sustainability in Fast-Moving Muslim Consumer Goods (FMMCG) Sector

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ABSTRACT

Objective: This study aims to analyze the impact of sustainable marketing strategy on business sustainability in the Fast-Moving Muslim Consumer Goods (FMCG) sector.

Method: Using the resource-based view (RBV) and triple bottom line (TBL) approaches, this study explores how companies can leverage internal resources and integrate sustainability principles to create sustainable competitive advantage. Path analysis is used to test the influence of Environmental Green Product, Green Economy, and Sustainability Marketing Strategy variables on Business Sustainability. **Result:** The results show that Environmental Green Product and Green Economy have a positive and significant influence on business sustainability, with Green Economy having a stronger influence. In contrast, Sustainability Marketing Strategy does not have a significant direct influence on business sustainability, but plays an important role in supporting the development of environmentally friendly products and the green economy. **Novelty:** These findings emphasize the importance of efficient and innovative resource management in supporting environmental sustainability, as well as the need for effective marketing strategies to increase consumer awareness of the importance of environmentally friendly products. This study provides insights for FMMCG companies in implementing sustainable practices to improve long-term competitiveness and sustainability.

INTRODUCTION

In recent decades, attention to environmental issues has increased significantly, both among the general public and business stakeholders. Pressure from various sources, including consumers, governments, and non-governmental organizations, has encouraged companies to consider the environmental impact of their operations. This is in line with the growing awareness of the need for a green economy, which supports sustainable economic growth by reducing negative impacts on the environment [1]. The green economy focuses on creating long-term value through innovation and resource efficiency, while taking into account social and ecological well-being. One of the sectors most affected by this pressure is the Fast-Moving Muslim Consumer Goods (FMMCG) industry, which includes high-consumption products such as food, beverages, household products, and hygiene products. FMCGs have extensive supply chains and often rely on high-volume production processes, which directly impact the environment. As such, companies in this sector face significant challenges in maintaining a balance between profitability and environmental sustainability [2]. Modern consumers, especially those who are more aware of environmental impacts, demand more environmentally friendly

and sustainable products, which forces companies to innovate in their business practices [3].

In this context, sustainable marketing has emerged as a strategic tool that can help companies address these challenges and remain competitive in the global marketplace. Sustainable marketing refers to the application of sustainability principles in all aspects of the marketing mix, including product, price, distribution, and promotion [4]. In addition to focusing on creating value for consumers, sustainable marketing also aims to reduce the environmental impact of a company's business activities. For example, FMMCG companies can implement eco-labeling to provide consumers with clear information about the environmentally friendly characteristics of their products, or reduce the use of plastic in packaging to minimize waste [5].

As the demand for adoption of sustainable practices grows, innovative and sustainable marketing strategies have proven to be a source of competitive advantage for companies [2]. Companies that are able to utilize sustainable marketing effectively will not only increase consumer loyalty, but will also experience improved long-term financial performance through reduced operational costs and increased efficiency [6]. Sustainable marketing strategies in reality have not played a key role in helping FMMCG companies to shift to green economy practices so that the FMMCG sector which includes products with high consumption cycles such as food, beverages, cleaning products, and household products, faces major challenges in reducing environmental impacts. Long supply chains, use of non-environmentally friendly raw materials, and large-scale production make this industry one of the main contributors to environmental damage [2]. This should be a consideration for companies that care about environmental sustainability while maintaining consumer trust, including Muslim consumers who certainly have expectations that the products they consume are environmentally friendly products.

In Islam, the global environmental damage that is currently occurring has actually been predicted to occur and is written in the Lauh Mahfuz because Allah is the One Who knows all events, both past and future (Qidam), as Allah says in QS Ar Ruum: 41.

ظَهَرَ الْفَسَادُ فِي الْبَرِّ وَالْبَحْرِ بِمَا كَسَبَتْ أَيْدِي النَّاسِ لِيُذِيقَهُمْ بَعْضَ الَّذِي عَمِلُوا لَعَلَّهُمْ يَرْجِعُونَ

Meaning: There has been visible damage on land and at sea caused by the actions of human hands, so that Allah will make them feel part of (the consequences of) their actions, so that they will return (to the right path).

Considering the word of Allah above, companies that are able to utilize sustainable marketing effectively by paying attention to environmental sustainability, in addition to being able to increase consumer loyalty, will also improve long-term financial performance by reducing operational costs and increasing efficiency so that it can increase profits for the company. Therefore, consumer loyalty is an important point that needs to be considered, especially considering that currently the number of Muslims is increasing in various parts of the world, of course their existence is a marketing object

whose needs must be considered and their principles must be respected in relation to their beliefs that preserving the environment is a form of worship as a servant of Allah who is entrusted to be the caliph on earth. That the earth and its contents are Allah's creations which are intended to be utilized by humans and other living things, so preserving it is a must that must be done in order to ensure the continuity of human life and civilization itself.

Therefore, humans have a mandate to maintain environmental sustainability and use natural resources wisely. As stated in QS Al-A'raf: 31, humans are ordered not to cause damage to the earth after the repair.

Meaning: And do not cause corruption on the earth after (Allah) has set it in order.

This verse indicates that environmental damage is not only an ecological problem, but also a spiritual and moral problem. Human greed and irresponsible actions towards nature have caused widespread damage, both on land and at sea. This damage can be in the form of climate change, pollution, land degradation, loss of biodiversity, and destruction of marine ecosystems. All of these are the impacts of human behavior that deviates from the principle of balance taught in Islam.

The verse above explicitly states that Allah does not like damage caused by human hands. When humans damage nature, they actually violate the mandate given by Allah to maintain the balance of the ecosystem and the sustainability of the earth. Such actions are contrary to Islamic teachings which emphasize the concept of harmony and harmony in the relationship between humans and the environment.

The relevance of Muslim consumer loyalty to sustainability marketing in the modern context is that companies that implement sustainability marketing by prioritizing environmental sustainability will get support from consumers, especially Muslim consumers. Given the increasing number of Muslims in various parts of the world, their needs and principles of belief are very important for companies to pay attention to. Green Marketing that prioritizes sustainability can provide added value for Muslim consumers because preserving the environment is part of worship in Islam.

Muslims believe that protecting and preserving the earth is part of carrying out Allah's mandate. Islam emphasizes the importance of the principles of mizan (balance) and ihsan (good deeds), including in terms of treating the environment. Muslim consumers who understand their religious values will tend to be more loyal to companies that respect and practice these values in their business activities, including preserving the environment. The company's long-term financial performance will also increase because of consumer loyalty based on their spiritual principles, including environmental awareness.

Sustainability marketing can also strengthen brand loyalty among Muslim consumers because environmental sustainability in Islam is not only a modern issue, but also part of the fundamental beliefs of faith. Allah created the universe as a means to fulfill the needs of human life, and preserving it is the moral responsibility of every Muslim. When companies align their marketing strategies with these Islamic teachings, they not only meet market demands but also strengthen deeper relationships with

Muslim consumers, based on religious values. For example, Muslim consumers may be more likely to purchase products from companies that reduce plastic use, promote environmentally friendly products, and demonstrate transparency in their business practices that support the principles of sustainability. This shows that religious awareness plays an important role in Muslim consumers' decisions, especially in choosing products or brands that are in accordance with their beliefs.

Sustainability marketing and long-term financial success In addition to increasing Muslim consumer loyalty, implementing sustainable marketing strategies also has the potential to improve the company's long-term financial performance. Sustainability marketing involves more efficient use of resources, waste reduction, and increased operational efficiency, all of which contribute to lower operating costs. At the same time, companies that focus on environmental sustainability can capitalize on opportunities from consumers who are increasingly aware of environmental issues, including Muslim consumers who understand that protecting the environment is part of their religious responsibility.

When companies implement green innovations such as the use of renewable energy, recyclable packaging, or environmentally friendly products, they can reduce the carbon footprint and environmental costs associated with the production and distribution of products. Ultimately, this increases the company's long-term profitability, because in addition to reducing costs, they also gain consumer trust and loyalty which will lead to increased sales and market growth. Overall, the relationship between consumer loyalty, sustainability principles, and business success is very relevant, especially for companies that want to reach Muslim consumers around the world. QS Al-Baqarah: 205 also reminds us of the dangers of damage caused by humans to the environment.

وَإِذَا تَوَلَّى سَعَىٰ فِي الْأَرْضِ لِيُفْسِدَ فِيهَا وَيُهْلِكَ الْحَرْثَ وَالنَّسْلَ ۗ وَاللَّهُ لَا يُجِبُ الْفَسَادَ ﴿٢٠٥﴾

Meaning: And when it is said to them: 'Do not cause corruption on earth,' they say: 'Indeed, we are reformers.' Behold, it is they who cause corruption, but they perceive it not.

The above verse warns that often humans are unaware of the impact of their actions on the earth, but the consequences are enormous. Companies that act responsibly towards the environment will be preferred by Muslim consumers, because they are aware of their religious responsibility to maintain Allah's mandate in caring for the earth.

By paying attention to the principles of sustainability marketing and involving Islamic values in preserving the environment, companies can increase the loyalty of Muslim consumers while optimizing their financial performance. This loyalty is important in the context of a global market that is increasingly concerned with issues of sustainability and social responsibility. Preserving the environment is not only a strategic business step, but also a form of worship ordered by Allah as part of the mandate as a caliph on earth. If companies can combine these principles, they will benefit not only from a business perspective but also from a spiritual perspective, because they have carried out their religious responsibility in maintaining the balance of nature that Allah created.

Based on the above explanation, this study aims to analyze the impact of sustainable marketing strategy on business sustainability in the transition of the FMCG industry towards a green economy, including its impact on business performance and the environment [7]. In addition, it analyzes various green marketing strategies that have been implemented by FMMCG companies and evaluates their effectiveness in improving the sustainability and profitability of the Company [4].

Literature Review

Resources Based Theory

The Resource-Based View (RBV) is an approach developed by Jay Barney in the early 1990s, which states that a firm's competitive advantage depends not only on external factors such as the market or industry, but also on the firm's unique and difficult-to-imitate internal resources [8]. According to the RBV, firm resources that meet the VRIN criteria – valuable, rare, inimitable, and non-substitutable – can provide a sustainable competitive advantage. The RBV differs from traditional approaches such as Porter's Five Forces, which focus more on external factors that influence a firm's competitiveness. The RBV focuses on internal factors and sees that a firm's resources, if managed well, can become resources that are difficult for competitors to imitate, thus providing a sustainable competitive advantage. In the context of sustainable marketing, RBV theory explains how companies can leverage their internal resources, such as green product innovation capabilities, sustainable supply chains, and brand reputations that support sustainability, to create competitive advantages. Previous research shows that companies that are able to effectively leverage sustainability resources can not only meet the demands of environmentally conscious consumers, but also improve operational efficiency and create differentiation in the market [9].

According to Hart et al in his famous article "A Natural-Resource-Based View of the Firm" extends the RBV theory by including environmental aspects [9]. Hart argues that a company's ability to manage the environment effectively, for example by reducing emissions or using renewable raw materials, can be a valuable and difficult-to-imitate resource. This is in line with sustainable marketing research, where companies that utilize internal sustainability resources such as green innovation and an environmentally friendly brand reputation can create advantages that are difficult for competitors to match. Several previous studies have shown that the application of RBV in sustainable marketing can lead companies to sustainable competitive advantages.

According to Kumar et al showed that companies that integrate sustainability capabilities into their marketing strategies can increase brand value and consumer loyalty [3]. Sustainable marketing, in this case, not only attracts environmentally conscious consumers but also builds strong and difficult-to-imitate brand resources. According to López-Gamero et al found that companies that implement sustainability practices in their production and marketing processes, such as waste reduction and green product innovation, have an advantage in terms of competitiveness because it is difficult for competitors to imitate these capabilities [10].

Triple Bottom Line (TBL)

The Triple Bottom Line (TBL) theory was first introduced by Elkington in his book "Cannibals with Forks: The Triple Bottom Line of 21st Century Business." This theory changes the traditional view of corporate success by suggesting that corporate performance should be measured not only in terms of financial profit (Profit) but also in terms of its impact on society (People) and the environment (Planet) [11]. This theory creates a more holistic model of sustainability and expands corporate responsibility from just creating value for shareholders to creating broader value for stakeholders. In the context of sustainable marketing, TBL theory provides a framework for evaluating how companies can create a balance between financial profit and social and environmental responsibility. Green marketing, which is one of the main elements of sustainable marketing strategy, supports the implementation of TBL principles by ensuring that companies promote environmentally friendly and socially responsible products and services.

According to TBL, companies that want to remain competitive in the modern era must pay attention to three dimensions of performance, namely, first, the profit dimension where the company must remain profitable, but must achieve profits in a socially and environmentally responsible manner. The second dimension, people (social) where the company must pay attention to the social impact of its operations, including employee welfare, fair working conditions, and contributions to the wider community. The third dimension, planet (environment) where the company must minimize negative impacts on the environment, such as reducing emissions, managing resources efficiently, and using environmentally friendly raw materials. The application of TBL in sustainable marketing helps companies not only to meet the demands of consumers who are increasingly concerned about social and environmental issues, but also to improve the company's image, increase consumer loyalty, and ultimately support better financial performance in the long term.

Previous research applying TBL theory in the context of sustainable marketing has shown a positive impact on all three dimensions of TBL. According to Slaper shows that companies that apply TBL principles consistently experience an increase in consumer loyalty and brand reputation, which ultimately has a positive impact on financial performance [12]. They found that consumers tend to support companies that have a clear commitment to sustainability. According to Dyllick & Hockerts proposes that companies that successfully integrate all three dimensions of TBL into their strategies can create a more resilient and durable competitive advantage, because they are better able to meet the demands of diverse stakeholders [13].

Sustainable Marketing Concept

Sustainable marketing is an approach that emphasizes the balance between the creation of economic, social, and environmental value. In this concept, companies do not only focus on short-term financial interests, but also consider the long-term impact on society and the environment. Sustainable marketing arises from the need for companies to respond to increasing consumer awareness of environmental issues and social

sustainability, as well as the urge to comply with increasingly stringent environmental regulations [4]. Sustainable marketing is based on the principles of the Triple Bottom Line (TBL) introduced by Elkington, where a company's success is not only measured in terms of profitability (profit), but also from its contribution to social welfare (people) and environmental preservation (planet) [11]. According to Elkington, this concept allows companies to create sustainable competitive advantages by placing sustainability at the center of their business strategy [11]. The concept of sustainable marketing also includes an ethical dimension, where companies are expected to be responsible not only to their shareholders but also to the communities and ecosystems in which they operate. Peattie, emphasizes that sustainable marketing is the integration of long-term strategies designed to meet the needs of current consumers without compromising the ability of future generations to meet their own needs [4].

There are several components of sustainable marketing, namely: first, environmentally friendly products where products produced through sustainable marketing must be designed with the product life cycle in mind. This includes the use of recyclable materials, efficient production, and efforts to minimize the environmental impact of the product. Hart et al in the Natural-Resource-Based View (NRBV) framework states that companies that are able to utilize natural resources in a more efficient manner will be better able to compete in a global market that is increasingly influenced by environmental regulations and awareness [9]. Second, fair and sustainable prices, in sustainable marketing, pricing not only takes into account production costs and profit margins, but also takes into account the environmental costs and social costs of the product. According to Ottman, many consumers are willing to pay a premium for products that have a lower environmental impact, especially among more environmentally conscious consumers [14]. Third, green distribution which involves efficient supply chain management in terms of energy, resources, and emission reduction. Porter & Linde shows that companies that adopt green distribution through the use of low-emission transportation technologies or utilizing renewable energy in distribution can reduce long-term operating costs and improve their environmental reputation [2].

In this study, RBV Theory and TBL Theory complement each other to build a strong framework in understanding sustainable marketing in the FMCG industry. RBV explains how companies can use internal resources such as green innovation capabilities and brand reputation to create sustainable competitive advantages [15]. While TBL emphasizes the importance of creating value for profit, people, and the planet simultaneously [16]. RBV emphasizes that competitive advantage can be obtained through managing valuable, rare, difficult to imitate, and non-substitutable internal resources [17]. In the context of sustainable marketing, companies that are able to develop innovative green products and leverage green reputation will gain a strong competitive position [18].

TBL Provides a framework for assessing the impact of sustainable marketing strategies, not only in terms of financial performance, but also in terms of social and

environmental. It helps companies achieve sustainability in the long term by creating greater value for society and the environment. This study will use these two theories to analyze how FMMCG companies can integrate sustainable marketing into their strategies and how this contributes to the transition to a green economy and creating sustainable competitive advantage.

Green Economy

Green economy is an economic framework that seeks to achieve a balance between economic growth and environmental sustainability, where economic activity is directed towards reducing negative impacts on the environment and improving social welfare. According to [19], green economy aims to encourage innovation in renewable energy, resource efficiency, and green technology that can improve the quality of human life without damaging the natural ecosystem. In the context of marketing, green economy requires companies to innovate in the development of environmentally friendly products and cleaner production processes. Ottman, states that green economy provides great opportunities for companies to create products and services that meet the needs of modern consumers who are increasingly environmentally conscious [14]. For example, the development of green-labeled products that include the use of organic or renewable raw materials and environmentally friendly packaging is a major focus in sustainable marketing. Porter & Linde argue that companies that are able to utilize environmental innovation can not only reduce negative impacts on the environment, but also increase operational efficiency and competitive advantage in the global market [2]. According to them, innovation in resource efficiency often leads to reduced production costs and increased long-term profit margins.

Sustainable Marketing and Green Economy

Green economy is a new paradigm that emphasizes the importance of integrating economic, social, and environmental sustainability in business models. Its main goal is to create a more inclusive, environmentally friendly, and sustainable economy. Sustainable marketing is one of the key elements in achieving this goal because it allows companies to introduce products and services that are in line with green economy principles, such as more efficient use of resources, waste reduction, and promotion of renewable energy [19]. In line with the Triple Bottom Line (TBL) concept introduced by Bozat, sustainable marketing allows companies to pursue profitability while maintaining social welfare and ecological balance [20]. Sustainable marketing not only provides financial benefits but also helps companies meet regulatory demands and consumer expectations that are increasingly concerned about sustainability [14].

FMCG companies have a strategic role because their products are consumed in mass, so the environmental impact of these products is very significant. The FMCG industry faces various challenges in its efforts towards sustainability. Some of the main challenges include dependence on raw materials that are not environmentally friendly, many FMMCG products use raw materials that contribute to environmental degradation, such as plastics and hazardous chemicals [6]. Then the cost pressures that integrate

sustainability often require significant initial investment, both in terms of research and development (R&D) and the development of a greener supply chain [2].

Diverse consumer demands, despite increasing consumer awareness of environmentally friendly products, most consumers are still price sensitive, which makes it difficult for companies to apply premium prices for sustainable products [3]. Nevertheless, various green marketing strategies, such as eco-labeling and plastic packaging reduction, have proven effective in improving company competitiveness. By implementing these strategies, companies can reduce their carbon footprint and meet consumer expectations, which ultimately strengthen consumer loyalty and enhance the company's reputation [4]. Findings from Niketh, show that green marketing in the long run gives rise to sustainability marketing and both together contribute to the green economy with the support of policies, rules, and regulations of any country [21]. The findings of Zhang & Berhe, from show that green marketing and green investment positively and substantially affect the business performance of companies [22]. Thus, we have formulated the following hypotheses:

H1: Sustainable marketing strategies have an impact on green economy

H2: Sustainable marketing strategies have an impact on sustainable business

Sustainable Marketing Strategy and Eco-friendly Products

Sustainable marketing has a dual role in creating value for consumers and the environment. Value for consumers is generated through the provision of products and services that are not only high quality, but also environmentally friendly and ethical. increasingly interested in products that provide added value in terms of positive impacts on the environment and society. On the other hand, value for the environment is created through companies' efforts to minimize their ecological footprint. Companies that implement sustainable marketing strategies are able to reduce waste, energy use, and carbon emissions in the production and distribution process. According to Hart et al, this strategy not only benefits the environment, but also provides a competitive advantage for companies by reducing costs and risks associated with increasingly stringent environmental regulations [9]. Research by Leonidou et al found that consumers prefer products from companies that implement sustainable marketing practices [6].

Environmentally conscious consumers tend to have higher levels of loyalty to brands that are transparent about their sustainability strategies. In addition, consumers are also willing to pay a premium price for products that clearly support environmental sustainability, as found in a study by [3]. The Fast-Moving Muslim Consumer Goods (FMMCG) industry includes products with short life cycles and high consumption rates, such as food, beverages, hygiene products, and household products. This industry is one of the sectors that has a significant environmental impact, mainly due to the high use of plastic packaging, production waste, and carbon footprint generated in the supply chain [6]. However, FMMCG companies are starting to realize the importance of adopting sustainable practices in their operations. Several large companies such as Unilever and Nestlé have led the effort in implementing sustainable marketing strategies, including

reducing plastic use, using renewable raw materials, and increasing energy efficiency in their production facilities [7].

However, the FMMCG industry still faces major challenges in maintaining a balance between profitability and environmental sustainability. Kumar et al found that although many consumers care about sustainability, they are often reluctant to pay more for environmentally friendly products [3]. This forces companies to find innovative ways to lower production costs without sacrificing product quality or positive environmental impact.

The findings of Abbas found that socioeconomic status affects access to sustainable products [23]. High-income groups often have more resources to purchase environmentally friendly products, which tend to be priced higher than non-sustainable products. The findings of Mudrika et al today's consumers no longer base their purchases solely on personal needs but consider broader environmental and social impacts, urging marketers to embrace sustainability and responsible practices in their strategies [24]. Thus, we have formulated the following hypotheses:

H3: Sustainable Marketing Strategy has a positive effect on environmentally friendly products

H4: Environmentally friendly products have an effect on Sustainable Business

Green Economy and Sustainable Business

Green economy has a significant impact on business sustainability by increasing the efficiency of resource use, reducing carbon emissions, and driving sustainable economic growth. Companies that adopt green practices not only help the environment, but are also able to create innovation, create jobs, and ensure long-term sustainability. The relationship between green economy and business sustainability is very close, because both aim to create economic value without damaging the environment or harming society. Porter & Linde emphasize that companies that adopt green economy principles will find it easier to integrate sustainability into their business models, thereby creating a sustainable competitive advantage [2]. According to Hart et al, business sustainability strategies that are in line with green economy principles include efficient use of natural resources, development of green technologies, and reduction of carbon footprint [9]. This is important because companies that are able to reduce their environmental impact can avoid the risk of increasingly stringent regulations, increase operational efficiency, and strengthen their reputation among consumers who are increasingly concerned about sustainability.

Research by Kumar et al, found that sustainable businesses that integrate green economy also have a positive impact on consumer loyalty and company profitability [3]. Sustainable marketing plays an important role in conveying a company's commitment to sustainability, which can increase consumer satisfaction and strengthen long-term relationships with customers. The findings of Rabbani & Maheran Zakaria's research, consistently underline the importance of green economy and innovation in green

technology in efforts to achieve sustainable business [25]. Thus, we have formulated the following hypothesis:

H5: Green economy has a positive effect on sustainable business.

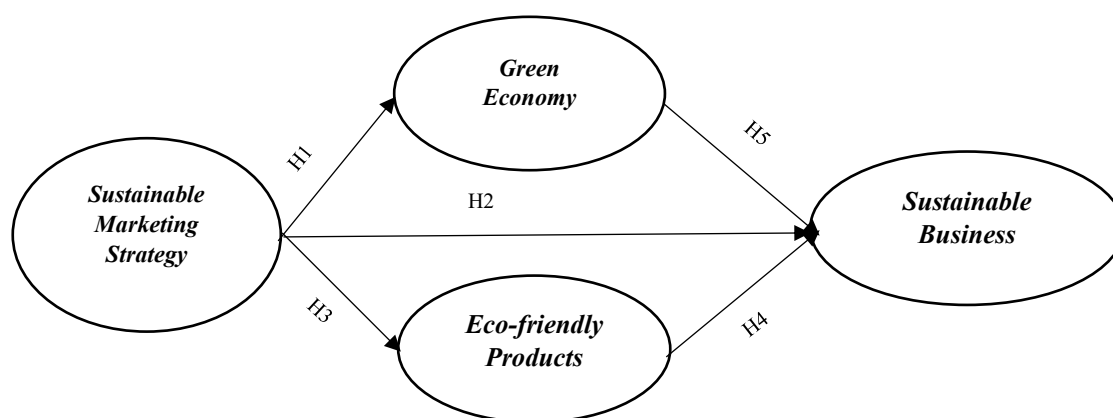


Figure 1. Theoretical framework.

RESEARCH METHOD

This study uses a quantitative method of regression to analyze the effect of Green Marketing on Environmental Concern and its Role in Customer Satisfaction and Loyalty. This study was conducted on the population of Muslim consumers of Unilever FMMCG brands in Indonesia, especially in the Jakarta area and its surroundings. This study uses non-probability sampling, which is sampling where elements in the population do not have the same opportunity for each element or member of the population to be selected as a sample. Meanwhile, this study also uses a non-probability sampling method called "purposive sampling", which is sample selection based on predetermined criteria. This study uses respondent criteria, namely Muslim consumers who are at least 17 years old and are customers or consumers who have made at least one purchase. According to Schindler, the sample size used ranges from 30 to 500 samples. According to Hair et al, the ideal sample size is 5 to 10 times the indicators contained in the questionnaire [26]. Therefore, in this study the questionnaire was distributed to 206 respondents. The questionnaire link via Google Forms was distributed to obtain the collected data.

For quantitative research, this study uses a replication method with measurements from previous journals (Zulfiqar & Shafaat). The questionnaire in this study uses a closed question form in all sections. In this study, the author used a 5-point Likert scale. The advantage of a questionnaire instrument that uses a Likert scale with five scales is that the questionnaire is able to accommodate respondents' answers that are neutral or unsure. This is found in the Likert scale with four scales where neutral or unsure answers are removed from the questionnaire. In addition, according to Hair, the reason for using a 5-point Likert scale is because a 7-point or 13-point Likert scale will make it difficult for respondents to distinguish each point on the scale and make it difficult for respondents to process information [27]. Data analysis in this study used the Partial Least Square (PLS)

method. Indicators are used to describe the extract of variables in the research model. This study uses a formative regression model.

The variables to be measured include independent variables (sustainable marketing strategies), dependent variables (consumer perceptions, consumer loyalty, and company performance), and mediating variables (green economy and environmentally friendly products). Each variable is measured using a 5-point Likert scale, with a scale of 1 indicating "strongly disagree" and a scale of 5 indicating "strongly agree" [28]. Sustainable Marketing Strategy is measured based on three main dimensions, namely eco-labeling, plastic packaging reduction, and use of environmentally friendly materials. Measurement of green marketing strategies is based on indicators such as consumer trust in environmentally friendly labels and ease of recognizing green-labeled products [6]. Consumer perceptions of environmentally friendly products are measured by measuring consumer trust in product sustainability claims, product value in the context of sustainability, and product suitability with personal preferences [14]. Green economy is measured by adapting indicators such as repurchase intentions, product recommendations to others, and overall satisfaction with the product [3]. Sustainable business is measured through the variables of Business sustainability measurement adopted from Chow & Chen, Respondents were asked to assess the performance of the organization related to three main aspects, namely economic, social and environmental [29]. This indicator is based on previous research which emphasizes that companies that adopt sustainability strategies tend to experience increased business performance [9].

All responses collected from the respondents were analyzed through the use of SmartPLS version 3.0. Therefore, partial least squares (PLS), as an analytical tool, was used in conducting a two-stage analysis as recommended by Chin, where the measurement model is analyzed first before proceeding further for direct hypothesis testing. The same approach has also been prepared by Henseler et al due to its rapidly increasing popularity among global researchers [30].

Cronbach's α , composite reliability (CR), convergent validity, and discriminant validity (DV) were used to evaluate the validity and reliability of the measurement instruments using SmartPLS 3. Cronbach's α and CR values for all variables were above the recommended value of 0.70 [26], indicating high internal consistency among the items measuring the variables. In addition, the average variance extracted (AVE) was used to assess the convergent validity of the items measuring the variables. Next, DV measures the extent to which a variable is significantly different from other variables [26]). DV is achieved when the square root of the variable's AVE is greater than the highest correlation of the variable with other variables, Fornell and Larcker in 1981.

RESULTS AND DISCUSSION

Results

Cronbach's α , composite reliability (CR), convergent validity, and discriminant validity (DV) were used to evaluate the validity and reliability of the measurement instrument using SmartPLS 3. The results (Table 1) showed that the Cronbach's α and CR

values for all variables were above the recommended value of 0.70 [26], indicating high internal consistency among the items measuring the variables. In addition, the average variance extracted (AVE) was used to assess the convergent validity of the items measuring the variables. The results (Table 1) showed that all AVE values of the variables exceeded the recommended value of 0.50 [26], implying that the variables passed the convergence test criteria. Furthermore, DV measures the extent to which a variable is significantly different from other variables [26]. DV is achieved when the square root of the AVE of a variable is greater than the highest correlation of the variable with another variable, Fornell and Larcker in 1981. From the results (Table 1), the square root of the AVE of each variable is greater than the correlation of the variable with another variable, indicating that all variables pass the DV test (see Table 2 for correlations between variables).

Table 1. Construct Reliability, Validity, and Discriminant Validity.

	Cronbach's Alpha	Cronbach's Alpha A	Composite Reliability	Average Variance Extracted (AVE)	DV
<i>Business Sustainability</i>	0,932	0,935	0,944	0,680	0,824
<i>Environmental Green Product</i>	0,927	0,929	0,940	0,662	0,814
<i>Green Economy</i>	0,910	0,911	0,937	0,788	0,888
<i>Sustainability Marketing Strategy</i>	0,897	0,898	0,928	0,764	0,874
Note(s): Business 5, 5 Environmental Green Product, 5 Green Economy, 5 Sustainability Marketing Strategy CR- compoite reliability, and DV -discriminant validity					

Source(s): Created by author (2025)

Table 2. Endoogenous R Square Value.

	R Square	R Square Adjusted
<i>Business Sustainability</i>	0,739	0,736
<i>Environmental Green Product</i>	0,231	0,228
<i>Green Economy</i>	0,195	0,193

Source(s): Created by author (2025)

The results (Table 2) show that the R-square value of the Business Sustainability (BS) variable is 73.9% influenced by the Environmentally Friendly Product (EGP) and Green Economy variables, while other variables are outside the remaining 21.8%. Meanwhile, the EGP value, R-square is 23.1%, which means that the EGP variable is influenced by the Sustainable Marketing Strategy while the rest, other variables are outside 76.9%.

Structural model testing (Inner Model) aims to measure the relationship between variables. Several measurements can be used in SmartPLS 3.0 to test the structural model. This test is carried out to determine the predictive power of the structural model and can be seen in the following figure:

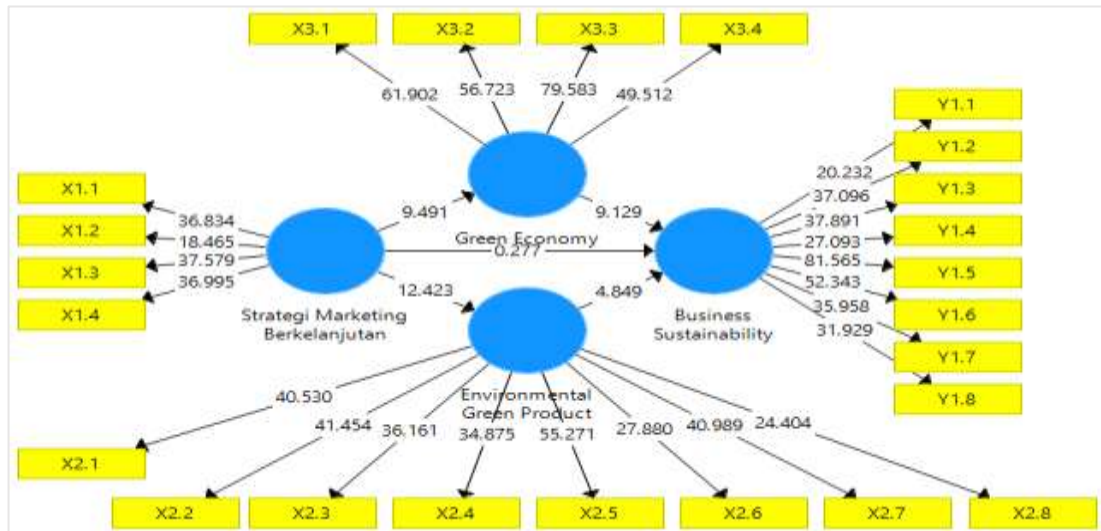


Figure 2. Inner Model.

Table 3. Path Coefficient.

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Environmental Green Product -> Business Sustainability	0,321	0,324	0,064	5,019	0,000
Green Economy -> Business Sustainability	0,573	0,570	0,060	9,626	0,000
Business Sustainability -> Marketing Strategy -> Business Sustainability	0,012	0,014	0,043	0,285	0,775
Business Sustainability -> Marketing Strategy -> Environmental Green Product	0,480	0,480	0,038	12,508	0,000
Environmental Green Product -> Marketing Strategy -> Green Economy	0,442	0,439	0,046	9,706	0,000

Source(s): Created by author (2025)

Hypothesis Testing

Based on the results in Table 3 Path Analysis, the following is the analysis of the results: The results of the path analysis test show that the influence of Environmental Green Product on Business Sustainability shows a path coefficient value of 0.321 with a t-statistics value of 5.019 and a p-value of 0.000, these results indicate that Environmental Green Product has a positive and significant influence on Business Sustainability. A very low p-value (less than 0.05) indicates that this relationship is statistically significant. The results of the path analysis test of the influence of Green Economy on Business Sustainability show that the path coefficient is 0.573 with a t-statistics value of 9.626 and a p-value of 0.000 indicating that Green Economy also has a positive and significant influence on Business Sustainability. This influence is stronger than Environmental Green Product, and is also statistically significant.

The results of the path analysis test of the influence of Sustainability Marketing Strategy on Business Sustainability show that the path coefficient value of 0.012 with a t-statistics value of 0.285 and a p-value of 0.775 indicates that Sustainability Marketing Strategy does not have a significant influence on Business Sustainability. A p-value greater than 0.05 indicates that this relationship is not statistically significant. The results of the path analysis test show that the influence of Sustainability Marketing Strategy on Environmental Green Products shows a path coefficient value of 0.480 with a t-statistics value of 12.508 and a p-value of 0.000 indicating that Sustainability Marketing Strategy has a positive and very significant influence on Environmental Green Products. This relationship is very strong and statistically significant.

The results of the path analysis test show that the influence of Sustainability Marketing Strategy on Green Economy shows a path coefficient value of 0.442 with a t-statistics value of 9.706 and a p-value of 0.000 indicating that Sustainability Marketing Strategy has a positive and significant influence on Green Economy. The influence is also quite strong and significant.

From the results of the analysis, it can be seen that Green Economy has the strongest influence on Business Sustainability compared to other variables. Environmental Green Product also has a significant influence on Business Sustainability, although its influence is weaker than Green Economy Sustainability. Marketing Strategy does not have a significant direct influence on Business Sustainability, but plays an important role in influencing Environmental Green Product and Green Economy, which in turn affects Business Sustainability (Table 3 Path Analysis).

Discussion

The results of the path analysis show the relationship between several variables, including Environmental Green Product, Green Economy, and Sustainability Marketing Strategy towards Business Sustainability. Based on the results of this analysis, several important findings can be described as follows:

The Influence of Environmental Green Products on Business Sustainability

The results show that Environmental Green Product has a positive and significant influence on Business Sustainability with a coefficient of 0.321 and a p-value of 0.000. This finding supports the literature stating that environmentally friendly products are one of the key factors in achieving business sustainability. Green or environmentally friendly products not only have a positive impact on the environment but also improve the company's image in the eyes of consumers, which leads to increased customer loyalty and long-term profits [6]. Companies that produce environmentally friendly products often have a greater competitive advantage than companies that do not pay attention to environmental aspects, Huang & Yang in 2014.

The Influence of Green Economy on Business Sustainability

Green Economy is proven to have a stronger and more significant influence on Business Sustainability with a coefficient of 0.573 and a p-value of 0.000. This is in accordance with studies showing that the green economy, which focuses on sustainable development through efficient and environmentally friendly management of natural resources, plays an important role in business sustainability. According to Pearce et al, the concept of a green economy focuses not only on economic growth, but also on social and environmental welfare, thus supporting long-term sustainability. Companies that adopt green economy practices are usually more adaptive to changes in environmental regulations and are able to manage risks related to climate change, which leads to increased business sustainability.

The Influence of Sustainability Marketing Strategy on Business Sustainability

Interestingly, Sustainability Marketing Strategy does not have a significant effect on Business Sustainability with a coefficient of 0.012 and a p-value of 0.775. This shows that sustainable marketing strategy does not directly affect business sustainability. However, much literature states that sustainable marketing can play an important role in the long term through consumer education and building brand loyalty to environmentally friendly products, Belz & Peattie in 2012. This insignificance may be due to other factors such as the lack of optimal implementation of the strategy or the gap between consumer awareness and behavior in supporting sustainable products, Lynes & Dredge in 2006.

The Influence of Sustainability Marketing Strategy on Green Products and Green Economy

Although Sustainability Marketing Strategy has no direct influence on Business Sustainability, the results show that sustainable marketing strategy has a significant influence on Environmental Green Product (coefficient 0.480, p-value 0.000) and Green Economy (coefficient 0.442, p-value 0.000). This is in line with the literature stating that sustainable marketing plays an important role in communicating the value of green products and green economy principles to consumers [31]. Through proper marketing, companies can increase consumer awareness of the importance of environmentally friendly products and contribute to the green economy, which ultimately contributes indirectly to business sustainability.

CONCLUSION

Fundamental Finding : This study proves that sustainable marketing strategy has an impact on business sustainability. The important point of sustainable marketing strategy is its ability to support business sustainability, especially in the FMMCG (Fast-Moving Consumer Goods) sector, namely that Environmental Green Product and Green Economy have a positive and significant influence on business sustainability. Green Economy shows a stronger influence, confirming that the adoption of green economy practices, which focus on efficient and sustainable resource management, is essential for companies to remain competitive and sustainable in the long term. Although Sustainability Marketing Strategy does not have a significant direct influence on business sustainability, this strategy plays an important role in influencing Environmental Green Product and Green Economy. This shows that sustainable marketing is more effective in supporting environmental and economic sustainability than directly improving business sustainability. Environmentally friendly products are proven to contribute to business sustainability by providing added value through reducing environmental impacts and improving the company's image in the eyes of consumers. **Implication :** The findings of this study also have significant implications for investors and regulators. FMMCG companies should focus more on implementing a green economy through more efficient and environmentally friendly resource management to improve sustainability and competitiveness in the global market. Practices such as reducing carbon emissions and using renewable energy should be prioritized. Although sustainable marketing does not have a direct impact on business sustainability, marketing managers should still develop strategies that emphasize green values, as increasing consumer awareness of environmentally friendly products can drive demand for green products and strengthen the green economy. Companies must continue to innovate in creating environmentally friendly products and ensure sustainability is integrated into every aspect of operations, from production to distribution, not only to meet regulatory demands but also to build a long-term market reputation. With these implications, companies can adopt a more holistic sustainability strategy encompassing economic, social, and environmental aspects simultaneously. **Limitation :** Although the study provides meaningful insights, it does not deeply explore the underlying factors that cause the Sustainability Marketing Strategy to have an insignificant direct influence on business sustainability, which limits the depth of understanding regarding the mediating mechanisms involved. **Future Research :** Future research can be considered to explore the factors that may influence this insignificance, such as understanding the gap between consumer awareness of sustainable marketing and purchasing behavior in favor of green products. Further studies can also focus on implementation aspects of sustainable marketing strategies across industries and how these strategies are received by consumers, while longitudinal studies could measure the long-term impact of green product adoption on business sustainability to identify changes, trends, and effects on consumer trust and corporate profitability over time.

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