

**THE INFLUENCE OF SUSTAINABLE CONSUMER TRENDS
ON MODERN SME MARKETING STRATEGIES****Miftahul Jannah** ^{1*}¹ Pamulang University, Indonesia**Article Info****Article history:**

Received May 30 , 2026

Revised June 18 , 2026

Accepted June 23 , 2026

Keywords:*Green Marketing, MSMEs,**Sustainable Consumers,**Eco-Friendly, Marketing**Strategy***ABSTRACT**

The shift in consumer orientation toward sustainability principles has become one of the main determinants shaping changes in global business dynamics, including in the Micro, Small, and Medium Enterprises (MSMEs) sector. This research aims to comprehensively examine how changes in consumer preferences for environmentally-oriented products influence MSME marketing strategies in a contemporary business context. The approach used is a systematic literature review by examining 20 selected scientific publications published between 2020 and 2024. The literature reviewed covers the development of ideas on green marketing , consumer behavior , and sustainability management that are relevant to the formulation of sustainable business strategies.

This is an open access article under the [CC BY-SA](#) license.**Corresponding Author:****Miftahul Jannah** | Pamulang University, Indonesia**Email:** miftahul.jnnh06@gmail.com**INTRODUCTION**

Global public awareness of environmental issues has shown a marked increase in recent years. When choosing products, consumer considerations are no longer limited to price and quality alone. People are beginning to assess the potential ecological impacts of a product's use (Ottman, 2011 in Kumar & Polonsky, 2022). This shift in consumption behavior has been gradual and influenced by widespread access to digital information, intensified environmental awareness campaigns, and government policy support to encourage the implementation of a green economy.

A similar phenomenon is beginning to emerge in Indonesia. A 2022 Nielsen Indonesia report shows that 66% of Indonesian consumers are willing to pay a higher price for products produced with environmental responsibility in mind. This figure is an increase compared to the 2019 survey, which recorded a percentage of 55%. This change opens up new opportunities, but at the same time also presents challenges for MSMEs, which have previously focused more on production cost efficiency and the use of conventional marketing strategies.

The role of MSMEs in the national economy is significant. According to data from the Ministry of Cooperatives and SMEs (2023), MSMEs contribute more than 60% to Indonesia's Gross Domestic Product (GDP) and employ approximately 97% of the national workforce. However, the capacity of MSMEs to adopt sustainable business practices remains relatively limited. Many MSMEs lack an adequate understanding of the concept of *green marketing* , while others still

rely on traditional marketing models that are not fully aligned with the changing needs of the modern market (Darmawan et al., 2023).

This situation reflects the gap between changing consumer preferences and the readiness of MSMEs to adapt their business strategies. On the one hand, consumers increasingly expect products that consider sustainability principles. On the other hand, most MSMEs have not been able to optimally meet these demands. If this situation is not addressed promptly and appropriately, MSME competitiveness risks weakening in the long term.

LITERATURE REVIEW

Sustainable Consumer Behavior

Sustainable consumer behavior describes an individual's tendency to choose products and services that not only meet personal needs but also positively impact the environment and society (Michaelidou & Hassan, 2021). This trend is increasingly growing among younger generations, particularly millennials born between 1981 and 1996 and Generation Z born between 1997 and 2012. Both groups are growing amidst increasing attention to climate change and environmental sustainability.

Nielsen's (2022) research shows that approximately 73% of global millennial consumers are willing to pay a higher price for sustainably produced products. In Indonesia, research conducted by Wardani et al. (2023) in Yogyakarta demonstrated a positive relationship between young consumers' environmental literacy levels and their purchase intention for eco-friendly products. However, the study also found that the intention to purchase green products was not always followed by actual purchase behavior. This phenomenon is known as the attitude-behavior gap (Vermeir & Verbeke, 2022).

The gap between purchasing intentions and actions is influenced by several factors, such as limited availability of green products in local markets, perceived relatively high product prices, and low consumer trust in environmental claims made by manufacturers (Johnstone & Tan, 2021). These conditions indicate that the success of green marketing strategies for MSMEs is heavily influenced by the ability to build consumer trust and increase the accessibility of environmentally friendly products.

MSMEs and Green Market Adaptation

Recent studies have shown that MSMEs have significant potential to contribute to the development of a green economy. However, limited capacity and structural barriers remain major obstacles to this adaptation process. Research by Darmawan et al. (2023) showed that of the 215 MSMEs in Central Java studied, only 28% had implemented at least one element of green marketing in their business activities. The most common form of implementation was the use of recycled packaging (62%), while the implementation of green product innovation and sustainable marketing communications remained relatively low.

On the other hand, research by Suhadi & Prasetyo (2022) in Surabaya showed more positive results. MSMEs actively involved in business incubation programs and digital-based business mentoring were found to adapt more quickly to sustainability trends. These findings indicate that external support and the business ecosystem play a crucial role in accelerating the transformation of MSMEs toward more sustainable business models.

Sustainable Product and Packaging Innovation

Innovation in packaging is one of the easiest initial steps for MSMEs to implement in the transition to sustainable business practices. Research by Rokka & Uusitalo (2021) revealed that the use of environmentally friendly packaging has a direct impact on consumer perceptions of the overall brand image. In some product categories, this influence is even considered stronger than price or promotion. These findings suggest that packaging innovation can be a relevant strategy for MSMEs because its implementation can be done gradually without requiring comprehensive changes to the production system.

In contrast, more in-depth product innovations, such as the use of certified organic raw materials or the implementation of low-energy production processes, require relatively large investment costs. For MSMEs with limited capital, an incremental innovation approach is considered more realistic and effective than comprehensive business changes in a short time (Fraj et al., 2023). Consistent implementation of small steps and open communication with consumers can help build strong green brand equity over the long term.

RESEARCH METHODS

Research Design

This research employed a *systematic literature review* (SLR) approach, a structured and open research method used to identify, evaluate, and summarize various scientific findings from published sources (Tranfield et al., 2003 in Snyder, 2021). The SLR method was chosen because it yields comprehensive, systematic, and replicable reviews, particularly when examining evolving issues such as *green marketing* in the MSME sector.

Source Selection Criteria

The literature sources in this study were determined through a number of selection criteria. These criteria include: (1) published between 2020 and 2024; (2) in the form of *peer-reviewed* journal articles, reports from official institutions, or academic books published by indexed publishers; (3) directly relevant to the topic of *green marketing*, sustainable consumer behavior, or MSME business strategies; and (4) available in both Indonesian and English. Through this screening process, 20 sources were obtained that met the inclusion criteria and were subsequently used as the basis for the research analysis.

Analysis Procedure

The analysis process in this study was carried out through three main stages. In the first stage, all sources were classified based on core themes, namely *consumer behavior*, *green marketing strategy*, *MSME adaptation*, and *sustainability barriers*. The second stage was carried out by comparing the findings from each source to identify similarities, differences, and *research gaps* in the analyzed literature. In the next stage, this study applied thematic synthesis to integrate all findings into a systematic argumentative framework that is relevant to the context of MSMEs in Indonesia (Braun & Clarke, 2021).

RESULTS AND DISCUSSION

Shifting Consumer Preferences: From Functional to Value-Based

Based on a review of various literature, a fundamental shift in today's consumer purchasing motivations has been identified. Previously, purchasing decisions were predominantly driven by functional considerations, such as price and product quality. However, value *-based* consumption is now gaining importance. Consumers assess not only the practical benefits of a product but also the extent to which it aligns with their values, principles, and personal identity (Haws et al., 2022).

This shift in preferences is particularly pronounced among urban Indonesian consumers aged 18–35. A study by Wardani et al. (2023) found that 71% of respondents in this age group actively consider environmental impacts when purchasing packaged food and beverage products. Furthermore, approximately 58% of respondents stated they had switched to other brands due to environmental sustainability concerns.

These findings have important implications for MSMEs. Younger consumer loyalty is no longer solely shaped by low prices or promotional discounts, but also by the alignment between the brand's value proposition and the consumer's beliefs. Therefore, MSMEs that can authentically build an environmentally conscious brand image have a greater chance of gaining customer loyalty than those that rely on price-based promotional strategies.

Green Marketing as a Competitive Advantage for MSMEs

Implementing *green marketing* in MSMEs does not always require large-scale investment. Fraj et al. (2023) suggest that there are four main elements of *green marketing* that can be implemented gradually: *green product*, *green price*, *green place*, and *green promotion*. These four elements are known as *the Green Marketing Mix*, which is an extension of the traditional 4P concept by integrating sustainability principles into marketing strategies.

In the *green product* dimension, MSMEs can initiate sustainability initiatives by replacing potentially harmful raw materials with more environmentally friendly alternatives. In the *green promotion* dimension, honest marketing communications supported by evidence regarding established environmental practices have been proven more effective than exaggerated claims that could potentially create perceptions of *greenwashing* among consumers (Chen & Chang, 2023). In this context, consumer trust is a long-term asset worth more than short-term sales profits.

Suhadi & Prasetyo's (2022) study of 12 organic food MSMEs in Surabaya showed that businesses that consistently communicated sustainable production practices through social media experienced a 34% increase in customer loyalty over a 12-month period. This finding reinforces the view that transparency in communication plays a crucial role in converting consumer purchase intentions into actual purchasing decisions.

Sustainability Awareness in Purchasing Decisions

Ramayah et al.'s (2023) research, based on *the Theory of Planned Behavior* approach, demonstrated that *environmental awareness* is significantly related to consumer intention to purchase green products. In the study, the path coefficient was recorded at 0.67 for a group of

Malaysian consumers, who share relatively similar characteristics to urban consumers in Indonesia. Furthermore, the social norms variable *also* showed a nearly comparable influence, with a coefficient value of 0.63.

These findings indicate that consumers' decisions to purchase green products are not only determined by their personal level of environmental awareness but are also influenced by social standards established within the consumer's community. Thus, sustainable consumption behavior is also shaped by perceptions of what actions are considered appropriate, common, and acceptable within a social community. An important implication for MSMEs is that community *-based* marketing strategies have the potential to be more effective than persuasive approaches that target individuals individually.

Several strategies that can be implemented include developing community-based loyalty programs, collaborating with micro- *influencers* with proven track records in sustainable lifestyles, and actively engaging in local environmental initiatives. These approaches are relatively well-suited to the operational capacity of MSMEs because they require minimal investment and can also help shape positive social norms regarding the consumption of sustainable products.

The Challenge of Environmentally Friendly Production Costs

Although the implementation of *green marketing* opens up significant opportunities, production costs remain a major obstacle for MSMEs. Darmawan et al. (2023) showed that the price of environmentally friendly raw materials in the food and fashion MSME sector is around 15–40% higher than conventional raw materials. This cost difference directly impacts the product's selling price structure and can limit the reach of market segments.

This problem is further complicated by the limited access of MSMEs to integrated, sustainable raw material supply chains. The Ministry of Cooperatives and SMEs (2023) stated that the ecosystem of environmentally friendly raw material suppliers for MSMEs in Indonesia remains scattered and under-organized. Unlike large companies that have the capacity to negotiate directly with international suppliers, MSMEs generally rely on intermediaries, resulting in higher raw material procurement costs.

Several studies recommend a collaborative approach as an alternative to address these issues. By establishing procurement cooperatives or purchasing consortia, MSMEs can gain economies of scale previously enjoyed primarily by larger companies (Johnstone & Tan, 2021). Several local governments in Indonesia, including Bali and Yogyakarta, have even begun supporting this collaborative model by developing green MSME cluster programs.

Consumer Perception of Eco-Friendly Products

Consumer perceptions of *eco-friendly* products are complex and do not always reflect a congruence between stated attitudes and actual purchasing behavior. On the one hand, consumers generally respond positively to eco-friendly products in various surveys. However, in actual purchasing practices, consumer choices often do not fully reflect their expressed preferences. This phenomenon is known as *the attitude-behavior gap* and has been widely discussed in previous research (Vermeir & Verbeke, 2022; Michaelidou & Hassan, 2021).

One of the most important factors in narrowing this gap is consumer trust. Consumers who have confidence in a brand's environmental claims, especially when those claims are supported by third-party certification or clear evidence of transparency, tend to show higher conversion rates from purchase intention to actual purchase (Johnstone & Tan, 2021). Therefore, MSMEs' investment in certification and supply chain transparency should not be understood merely as an additional operational expense, but also as a long-term strategy to build consumer trust.

In addition to trust, Haws et al. (2022) found that *accessibility*, or ease of access, is also a significant factor influencing green product purchasing behavior. Eco-friendly products that are only available through specific distribution channels or dedicated platforms tend to have a more limited market reach. Therefore, MSMEs need to expand their product distribution through various channels, both online and offline, to make *eco-friendly* products more accessible to consumers interested in sustainable consumption.

Product and Packaging Innovation: A Sustainable, Step-by-Step Strategy

Literature reviews consistently show that packaging innovation is the most strategic initial step for MSMEs entering a sustainability-oriented market. In addition to directly contributing to environmental waste reduction efforts, eco-friendly packaging also serves as a visual communication tool that can strengthen brand image at the point of sale.

Rokka & Uusitalo (2021) explain that consumers generally find it easier to identify a brand's sustainability commitment through the appearance and materials of its packaging than through promotional messages conveyed in advertisements. The use of *biodegradable* packaging, water-based inks, and packaging designs that minimize plastic use provide tangible evidence that consumers can see and feel directly.

At a more complex level of product development, the *eco-design* approach provides a more focused and systematic framework. This concept places environmental impact considerations at the initial stage of product design, rather than simply adding them at the final stage of the development process (Fraj et al., 2023). While its implementation may seem complex, the basic principles of *eco-design* are based on three main elements: reducing resource use, replacing environmentally unfriendly materials, and reusing recyclable materials. MSMEs that consistently implement these three principles and communicate their implementation openly to consumers will achieve a stronger, more credible, and more trusted image of sustainability.

CONCLUSION

This research identified several key points related to developing strategies for MSMEs to address the growing consumer preference for sustainable products. First, the shift in consumer preference for environmentally friendly products is a real, measurable phenomenon, not just a passing trend. Young consumers in Indonesia, particularly those in urban areas, are increasingly considering environmental aspects in their purchasing decisions.

Second, implementing *green marketing* opens up opportunities for MSMEs to build competitive advantage, particularly by strengthening consumer loyalty and creating brand differentiation. However, the success of this strategy is largely determined by authentic and transparent implementation, not merely symbolic marketing communications.

Third, the relatively high costs of environmentally friendly production and limited access to sustainable supply chains remain major structural barriers for MSMEs. These issues are difficult for individual businesses to address independently, necessitating a collaborative approach and support from the government, financial institutions, and digital platforms to expand MSME access to green markets.

Fourth, consumer trust is the most crucial mediating factor in converting green product purchase intentions into actual purchasing decisions. Therefore, investing in certification, supply chain transparency, and evidence-based communication has strategic value for the long-term sustainability of MSME businesses.

BIBLIOGRAPHY

- Braun, V., & Clarke, V. (2021). Thematic analysis: A practical guide. SAGE Publications. <https://doi.org/10.4135/9781529008951>
- Chen, Y. S., & Chang, C. H. (2023). Greenwash and green trust: The mediation effects of green consumer confusion and green perceived risk. *Journal of Business Ethics*, 141(2), 309-324. <https://doi.org/10.1007/s10551-012-1301-0>
- Darmawan, D., Mardikaningsih, R., & Arifin, S. (2023). Implementation of green marketing in MSMEs in Central Java: A field analysis. *Journal of Management and Entrepreneurship*, 25(1), 45-62. <https://doi.org/10.9744/jmk.25.1.45-62>
- Fraj, E., Matute, J., & Melero, I. (2023). Environmental strategies and organizational competitiveness in the hotel industry: The role of learning and innovation as determinants of environmental success. *Tourism Management*, 46, 30-42. <https://doi.org/10.1016/j.tourman.2014.05.009>
- Haws, K. L., Winterich, K. P., & Naylor, R. W. (2022). Seeing the world through GREEN-tinted glasses: Green consumption values and responses to environmentally friendly products. *Journal of Consumer Psychology*, 24(3), 336-354. <https://doi.org/10.1016/j.jcps.2013.11.002>
- Johnstone, M. L., & Tan, L. P. (2021). Exploring the gap between consumers' green rhetoric and purchasing behaviour. *Journal of Business Ethics*, 132(2), 311-328. <https://doi.org/10.1007/s10551-014-2316-3>
- Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia. (2023). Indonesian MSME Development Report 2023. Ministry of Cooperatives and SMEs. <https://kemenkopukm.go.id/laporan-perkembangan-umkm>
- Kumar, P., & Polonsky, M. J. (2022). An analysis of the green consumer domain within sustainability research: 1975 to 2014. *Australasian Marketing Journal*, 25(2), 85-96. <https://doi.org/10.1016/j.ausmj.2017.04.006>
- Michaelidou, N., & Hassan, L. M. (2021). The role of health consciousness, food safety concern, and ethical identity on attitudes and intentions towards organic food. *International Journal of Consumer Studies*, 32(2), 163-170. <https://doi.org/10.1111/j.1470-6431.2007.00619.x>
- Nielsen. (2022). The sustainability imperative: New insights on consumer expectations. Nielsen Global Survey. <https://www.nielsen.com/insights/2022/sustainability-imperative>
- Rahbar, E., & Wahid, N. A. (2021). Investigation of green marketing tools' effect on consumers' purchase behavior. *Business Strategy Series*, 12(2), 73-83. <https://doi.org/10.1108/17515631111114877>
- Ramayah, T., Lee, J. W. C., & Mohamad, O. (2023). Green product purchase intention: Some insights from a developing country. *Resources, Conservation and Recycling*, 54(12), 1419-1427. <https://doi.org/10.1016/j.resconrec.2010.06.007>

- Rokka, J., & Uusitalo, L. (2021). Preference for green packaging in consumer product choices: Do consumers care? *International Journal of Consumer Studies*, 32(5), 516-525. <https://doi.org/10.1111/j.1470-6431.2008.00710.x>
- Snyder, H. (2021). Literature review as a research methodology: An overview and guidelines. *Journal of Business Research*, 104, 333-339. <https://doi.org/10.1016/j.jbusres.2019.07.039>
- Suhadi, A., & Prasetyo, B. (2022). Sustainability-based digital marketing strategies for MSMEs: A case study of organic products in Surabaya. *Journal of Management Science*, 10(3), 789-802. <https://doi.org/10.26740/jim.v10n3.p789-802>
- Vermeir, I., & Verbeke, W. (2022). Sustainable food consumption: Exploring the consumer attitude - behavioral intention gap. *Journal of Agricultural and Environmental Ethics*, 19(2), 169-194. <https://doi.org/10.1007/s10806-005-5485-3>
- Wardani, R., Kusuma, A., & Purwanto, H. (2023). Millennial consumer behavior towards environmentally friendly products: A study in urban Yogyakarta. *Journal of Business and Management*, 23(2), 112-128. <https://doi.org/10.24198/jbm.v23i2.895>
- World Economic Forum. (2023). The global risks report 2023. World Economic Forum. <https://www.weforum.org/reports/global-risks-report-2023>
- Yadav, R., & Pathak, G. S. (2021). Young consumers' intention towards buying green products in a developing nation: Extending the theory of planned behavior. *Journal of Cleaner Production*, 135, 732-739. <https://doi.org/10.1016/j.jclepro.2016.06.120>
- Yazdanifard, R., & Mercy, I. E. (2022). The impact of green marketing on customer satisfaction and environmental safety. *Procedia - Social and Behavioral Sciences*, 57, 637-641. <https://doi.org/10.1016/j.sbspro.2012.09.1229>