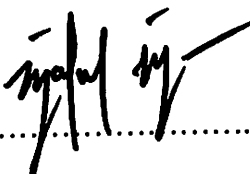I hereby declare that I have read

this thesis and in my opinion this project

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THE ROLES OF GREEN PERCEIVED VALUE, GREEN PERCEIVED RISK AND GREEN TRUST TO ENHANCE GREEN PURCHASE INTENTIONS

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THIS REPORT IS SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE BACHELOR OF TECHNOLOGY MANAGEMENT (HIGH-TECH MARKETING)

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"I admit that this report is the result of my own except the summarizes and quotes that I have explained the sources"

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ABSTRACT

The purpose of this study is to develop a framework to explore the influences of green perceived value and green perceived risk on green purchase intentions and also to discuss the mediation role of green trust. This study applies four concepts that are green perceived value, green perceived risk, green trust and green purchase intentions. In addition, this research employs an empirical study by means of the questionnaire survey method to verify the hypotheses and to investigate its managerial implications. The empirical results show that green perceived value would positively affect green trust and green purchase intentions, while green perceived risk would negatively influence both of them. Besides, this study demonstrates that the relationships between green purchase intentions and their two antecedents which is green perceived value and green perceived risk that partially mediated by green trust. Hence, investing resources to increase green perceived value and to decrease green perceived risk is helpful to enhance green trust and green purchase intentions. This study summarizes the literature on green marketing and relationship marketing into a new managerial framework of green purchase intentions. It utilizes four novel constructs that are green perceived value, green perceived risk, green trust and green purchase intentions in order to develop a research framework to enhance green purchase intentions.

ABSTRAK

Tujuan kajian ini adalah untuk membangunkan satu rangka kerja untuk meneroka pengaruh nilai dilihat hijau dan risiko dilihat hijau pada niat pembelian hijau dan juga untuk membincangkan peranan pengantaraan amanah hijau. Kajian ini mempunyai empat konsep iaitu nilai hijau dilihat, risiko dilihat hijau, amanah hijau dan niat pembelian hijau. Di samping itu, kajian ini menggunakan satu kajian empirikal dengan menggunakan kaedah soal selidik untuk mengesahkan hipotesis dan untuk menyiasat implikasi terhadap pengurusan. Hasil kajian menunjukkan bahawa nilai dilihat hijau memberi kesan positif terhadap kepercayaan hijau dan niat pembelian hijau, manakala risiko dilihat hijau memberi kesan negatif terhadap kedua-duanya. Selain itu, kajian ini menunjukkan bahawa hubungan antara niat pembelian hijau dan dua latar belakang mereka iaitu nilai dilihat hijau dan risiko dilihat hijau yang sebahagiannya diselesaikan oleh amanah hijau. Oleh itu, pelaburan sumber-sumber untuk meningkatkan nilai dilihat hijau dan untuk mengurangkan risiko dilihat hijau adalah membantu untuk meningkatkan amanah hijau dan niat pembelian hijau. Kajian ini meringkaskan kajian literatur tentang pemasaran hijau dan pemasaran perhubungan ke dalam rangka kerja pengurusan baru niat pembelian hijau. Ia menggunakan empat konstruk yang baru iaitu nilai hijau dilihat, risiko dilihat hijau, amanah hijau dan niat pembelian hijau dalam usaha untuk membangunkan satu rangka kerja penyelidikan untuk meningkatkan niat pembelian hijau.

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CHAPTER 1

INTRODUCTION

1.0 Introduction

In this chapter, the researcher covered the background of the research which explain the current and frequent situations in the market as a guideline for the research objectives and problem statements. The research objectives and problem statements are on the issues of environmental aspects in consumers purchase behaviors in the current market for a greener product. The objectives and questions of the research for general overview also explored in this research. All the results and analysis of the data obtained are answered based on the objectives of this research in Chapter 4.

Besides that, it also covered the scope of the research as well as the respondents who involved in this research. The key assumption of the research is our expectation for this research and the significance of the research for the roles of the green perceived value, green perceived risk and green trust to enhance consumers green purchase intentions.

1.1 Background of the Research

In the 21st century era, markets will continue to develop and produce many kinds of products in all kinds of industries. The consequence is there will be more and countless number of competitors in the markets in order to fulfill the demands, needs and wants of the different kind of consumers. Following the current trends of purchasing, people nowadays would prefer to purchase or own products that have the 'greenness' attributes and values. It shows that consumers now are more aware about the benefits of green products than the non-green products. Green marketing and green products have been widely exist in many industries like food industry, ICT industry, telecommunication industry, health and beauty industry, electric and electronic industry and many more. It is vital to consider consumers' perceived value, perceived risk and trust in reaching their purchase intentions.

Throughout the years, Malaysia has demonstrated serious commitment towards environmental management to achieve environmental objectives. The power of "green purchase" force companies to change their marketing strategies. Green marketing has become an effective approach to achieve the product differentiation in this environmental era. According to the researcher, companies can utilize the idea of green marketing to generate and to facilitate any exchanges intended to satisfy customers' environmental needs or wants (Cronin *et al.*, 2011; Pickett-Baker and Ozaki, 2008; Raska and Shaw, 2012). There are many definitions of green marketing available but according to (Jain and Kaur, 2004), green marketing is a process which includes all marketing activities that are developed to trigger and to sustain consumers' environmental attitudes and behaviors. Examples of green marketing activities are differentiation, pricing, promotion and develop products as well as services that fulfill consumers' environmental needs without any hurtful influence on the environment.

Undertaking the green marketing will raise consumer purchase intentions towards green products. Companies need to develop products which posses greenness and high-value attributes to enhance green consumer purchase intentions. "Environmentally friendly", "green", "sustainable", "pro-environmental" and "ecological" are words that usually associated with the companies, products and production processes that utilize less energy, recycle materials, green materials, renewable resources that reduce waste and pollution while preserve the environment. According to (Chen, 2008a), there are five main reasons for companies to adopt green marketing. The reasons are to utilize green opportunities, increase corporate images, raise product value, enhance competitive advantages and comply with environmental trends.

Green marketing has evolved over a period of time. In addition, according to Peattie (2001), the evolution of green marketing has three phases. The first phase is the Ecological Green Marketing, all marketing activities are concerned to help the environment problems and provide remedies for environmental problems. The next phase is the Environmental Green Marketing which focuses on clean technology that involved designing of innovative new products which take care of the pollution and waste issues. The third and last phase is the Sustainable Green Marketing.

Green marketing provides benefits to many parties in the market. Those parties are consumers, the firms, stakeholder, marketers as well as the government. From the perception of consumers, green marketing gives them the green benefits that satisfy their needs to contribute to the welfare of the society. For example, in buying personal care products, consumers nowadays prefer organic personal care because they have the knowledge that organic products provides them with better health effects. Besides that, organic products are made up from organic ingredients that preserve the natural resources and reduce waste.

This research focuses on the roles of the green perceived value, green perceived risk and green trust to enhance green purchase intentions. In order to enhance green purchase intentions among the consumers, firms could apply green marketing strategies to increase the perceived value of their products and meanwhile reduce the perceived risk of their products with respect to environmental consideration.

In a 2010 report on environmental claims made in the North American market, researchers concluded that "green" is "difficult word. It is evocative and powerful. Consumers and companies alike are attracted to it. But it is vague, and can mean something different to everyone that uses or hears it. The researcher means simply products that claim to offer an environmental benefit" (TerraChoice, 2010). Another interpretation of the term comes from the National Institute of Building Sciences Whole Building Design Guide, which states that the majority of green products on the market today must :

1. Promote good Indoor Environmental Quality (IEQ), typically through reduced or eliminated VOC (Volatile Organic Compound) emissions.
2. Not contain highly toxic compounds and not contribute to highly toxic by-products during the manufacturing process.
3. Be durable and have low maintenance requirements.
4. Incorporate recycled content (post-consumer and/or post-industrial).
5. Have been salvaged from existing or demolished buildings for reuse.
6. Be made using natural and/or renewable resources.
7. Have low embodied energy (the total energy required to produce a finished product, including the energy used to grow, extract, manufacture and transport to the point of use).
8. Not contain chlorofluorocarbons (CFCs), halogenated chlorofluorocarbons (HCFCs), or other ozone depleting substances.

9. Be obtained from local resources and manufacturers

10. Employ "sustainable harvesting" practices if wood or bio-based.

11. Be easily reused, either whole or through disassembly.

12. Be able to be readily recycles, preferably in a closed-loop recycling system, which allows a manufactured product to be recycled into the same (or similar) product without significant deterioration of quality.

13. Be biodegradable (Amatruda, 2010).

1.2 Problem Statements

Green marketing has dramatically developed throughout the world. Many firms have practiced green marketing in selling their products and services. They are many ways of doing green marketing based on which industry the firms belong to. Consumers can witness the green marketing done by the firms through their advertisement, labels on the products and others.

Undeniable, some marketers find it hard to convince consumers to purchase their green product without delivering enough information. Hence, companies have to reveal and provide more information about the green attributes and environmental performance of their products to obtain consumers' trust. Through this information, consumers will understand and have the knowledge about the green products that perhaps novel to them.

Besides that, most consumers are skeptical about green products where they often think that green products are lack of credibility and lack of confidence in the companies that market them. Many companies use green marketing to increase the consumer awareness relating to the environment for commercial ends by engaging in green spinning, green selling, green washing and green harvesting.

Furthermore, some consumers are reluctant to buy green products because of the risks they perceive in terms of price, quality, inadequate information and the uncertainty to the place of the green products in society. Like other product innovations, the development of green products and green marketing are characterized by a high level of risk. Sometimes, consumer refuse to change their buying behavior pattern from purchasing non-green products to green products.

Normally, consumers rely on the advertisement and the product label to make decision in purchasing. Many firms take advantage of eco-label when they claim the "greenness" of their products to earn the green perceived value and trust. Besides, firms may not understand what do their customers take as the most important sustainable features and benefits of its products. Thus, the researcher proposes that green purchasing intentions can be enhanced by evaluating consumers' attitude towards greenness.

1.3 Research Questions

1.3.1 What are the relationships of green perceived value, green perceived risk and green trust that can influence the consumers' green purchase intentions?

1.3.2 How to enhance green purchase intentions through a green marketing model which consider product greenness and both of product perceived value and risk under the context of customer skepticism?

1.3.3 Which is the most effective way to enhance green purchase intentions?

1.4 Research Objectives

1.4.1 To identify the relationships of green perceived value, green perceived risk and green trust that can influence the consumers' green purchase intentions.

1.4.2 To investigate the ways to enhance green purchase intentions through a green marketing model which considers product greenness and both of product perceived value and risk under the context of customer skepticism.

1.4.3 To study the most effective way to enhance green purchase intentions.

1.4 Scope, Limitation and Key Assumption of the Research

1.5.1 Scope

The scope of this research is to study the roles of green perceived value, green perceived risk and green trust in enhancing green purchase intentions among the Malacca consumers and also to examine the factors that contribute to the green perceived value, green perceived risk and green trust towards a green product and the relationships between the green perceived value, green perceived risk and green trust in raising consumers' green purchase behaviors.

In addition, this research helps in identifying the effective green perceived value, green perceived risk and green trust in terms of the dimensions

in green perceived quality, eco-label, functional risk, financial risk, eco-certification and greenwash in enhancing the consumers' green purchase intentions as a strategy for growing and success of green products in a sophisticate market.

1.5.2 Limitation

There are two research limitations in this research. First, this research concentrates on Malacca consumers. Future research can focus on other consumers in other states or countries. Second, this research verifies the hypotheses by means of questionnaires survey that only provides cross-sectional data. Thus, this research will not be able to investigate or observe the dynamic change of green perceived value, green perceived risk, green trust and green purchase intentions in the different stages through longitudinal data. Future research can use the longitudinal study to find out the differences of green perceived value, green perceived risk, green trust and green purchase intentions in different stages.

1.5.3 Key Assumptions

A comprehensive analysis of the finding provides the latest roles and relationships of green perceived value, green perceived risk and green trust that concern on the rapid growth of green marketing. The identification of the elements of the green perceived value, green perceived risk and green trust among Malacca consumers which is important to trigger green purchase intentions towards green products. Green values or attributes in products enhance consumers green trust on the products. Whereas, green risks can reduce the consumers green trust to purchase green products.

1.6 Significance of the Research

The research provides a theoretical framework for new marketers or businesses on how to market green products for current and next generation successfully. This study verifies that enhancing green perceived value and reducing green perceived risk not only can increase green trust, but also can raise green purchase intentions. The combination concepts of green perceived value, green perceived risk and green trust could enhance the purchase of green products that have already available in current market or new product development for future market. Besides that, this research can also be useful for marketers to identify some of the risk factors which make consumers do not want to purchase green products. Last but not least, this research help in investigating the behavior of the current consumers towards green products especially on Malacca consumers.

1.7 Summary

In conclusion, this chapter gives an overview about the research background on the trend of the green marketing and highlight the problem statements which lack of strategies to enhance green purchase behavior. This chapter also presents the research questions and objectives as the guideline for the research. The hypotheses help to understand more about the roles of green perceived value, green perceived risk and green trust in enhancing green purchase intentions among Malacca users. For the next chapter, Chapter 2, further discussion will be on both of the dependent and independent variables of the research.