

TITLE: THE DETERMINANTS OF GREEN PURCHASE INTENTION OF  
GREEN VEHICLE

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## SUPERVISOR CONFIRMATION

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## DECLARATION

“I hereby declare that the report has been prepared by my own self except the summaries and citations that I have been clarify the resource. “

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## **DEDICATION**

I would like to dedicate the appreciation to my family members especially my parents Mr. Tan Kin Chye and Mrs. Phoy Kim Chia who supported me from spiritually and financially, beloved supervisor and panel who guided me throughout the research, housemates and course mates that assisted during the research.

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## ABSTRACT

Nowadays green technology is very common in many firms. Green vehicle is one of the green technologies that use to reduce air pollution and greenhouse gas emissions. In the research discuss about the determinants of green purchase intention of green vehicle in Malacca, Malaysia. The aim of the research is to increase the understanding of green purchase intention of green vehicle. Green purchase intention which means the consumers is more concerning to the product that impact to the environmental, if pollution is happen the consumer may not buy the product. Further, 200 respondents was selected to answer the questionnaire. Pilot test, descriptive analysis and inferential analysis that including Reliability Analysis, Multiple Regression Analysis, Correlate Analysis, Independent Sample T-Test, and One-Way ANOVA had been discussed in chapter 4 in order to analysis the data collection. The result of the analysis show that among all the factors subjective norm, environmental awareness, collectivism and social influence have significant affect on green purchase intention of green vehicle. However, only perceived behavioral control is no significant relationship with green purchase intention of green vehicle. Furthermore, the result also shows that social influence was the most influential factor that affect on green purchase intention of green vehicle.

**Keywords :** Green Purchase Intention, Green Vehicle, Malaysia

## **ABSTRAK**

*Pada masa kini teknologi hijau adalah sangat biasa di banyak firma. Kenderaan hijau adalah salah satu teknologi hijau yang digunakan untuk mengurangkan pencemaran udara dan gas rumah hijau. Dalam kajian yang membincangkan tentang penentu niat pembelian hijau kenderaan hijau di Melaka, Malaysia. Tujuan kajian ini adalah untuk meningkatkan kefahaman tentang hasrat pembelian hijau kenderaan hijau. Green pembelian niat yang bermaksud pengguna adalah lebih berkaitan dengan produk yang memberi kesan kepada alam sekitar, jika pencemaran berlaku pengguna boleh tidak membeli produk. Di samping itu, 200 responden telah dipilih untuk menjawab soal selidik. Kajian rintis, analisis deskriptif dan analisis inferensi yang termasuk Analisis Kebolehpercayaan, Pelbagai Analisis Regresi, Analisis Correlate, Independent Sample T-Test, dan One-Way ANOVA telah dibincangkan dalam bab 4 untuk analisis pengumpulan data. Hasil analisis menunjukkan bahawa di kalangan semua norma subjektif, kesedaran alam sekitar, kolektivisme dan pengaruh sosial faktor mempunyai signifikan menjejaskan hasrat pembelian hijau kenderaan hijau. Walau bagaimanapun, hanya dilihat kawalan tingkah laku hubungan yang signifikan dengan niat pembelian hijau kenderaan hijau. Tambahan pula, keputusan itu juga menunjukkan bahawa pengaruh sosial adalah faktor yang paling berpengaruh yang memberi kesan kepada niat pembelian hijau kenderaan hijau.*

**Kata kunci:** *Pembelian Green Niat, Kenderaan Hijau, Malaysia*

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## CHAPTER 1

### INTRODUCTION

#### 1.0 Introduction

In this chapter, the researcher briefly introduces the research background. Next, the vital elements in this chapter are the research objective and research questions. This illustrates the aim of the whole research report, and the reason researcher needs to carry on in this study. Furthermore, the researcher explains about the limitation, scope and key assumption that have to determine in the initial study. Lastly, the importance of study about this report and the contribution of this research report towards publics are also discussed in this chapter.



## 1.1 Background of Study

In the recent years are witness the economic growth rapidly through increasing consumers' consumption in Malaysia. However, over-consumption and exploit of natural resources are the reasons to deteriorate the eco system in our country. Moreover, environment deterioration also depends on the type of materials and products used and it is influenced by specific condition of processing and use (Moncmanová, 2007). Meanwhile, the environment issues have become a persistent public concern in developed countries. Therefore, nowadays many companies they conduct corporate social responsibility to reduce the carbon footprint in their business operation, replace the non-renewable natural resources to renewable natural resources, and use the recycles material to produce the products.

According to Albino, Balice and Dangelico (2009), a green product is designed to minimize its environmental impacts during entire product life cycle. Meanwhile, the researcher has chosen green vehicle industry to conduct in this research paper. Green vehicle are designed to burn less fuel than conventional gasoline or diesel-powered vehicles. There are a number of green vehicles available today in Malaysia such as hybrid car and electric car.

Based on (Tyler cicerello, 2012) adds since late 2011, the Malaysian government has been promoting the establishment of a local electric vehicle manufacturing capacity. Moreover, Mustapa Mohamad, the minister of international trade and industry, he advocates that the government would offer incentives to Malaysians to purchase green vehicles (Tyler cicerello, 2012). In additional, green vehicles can minimize the harmful emissions of burning that fuel, and reduce air pollution (Automobile club of southern california's, 2015). Based on Automobile Club of Southern California's (2014) articulates there are two reasons to purchase a green vehicle. The two reason consumer purchase green vehicles are to save money and concern about the planet like environment, health, and energy security benefits.

Also, consumer who are purchase green vehicle can spend less money on fuel, it is because green vehicle burn lesser fuel than the conventional gasoline-vehicle. Therefore, consumers who are purchase green vehicle can save money in the long-run on petrol refill. Since all products processing will have some impact on the surrounding environment. Besides, the conventional gasoline-vehicles produce carbon dioxide, methane, and nitrous oxide to the environment. These types of gases produce will increase the greenhouse gases that cause climate change (Automobile club of southern california's, 2014).Therefore, this happen will increase consumer concern about the environment and make them willing to purchase green vehicle instead of conventional-gases vehicles. Meanwhile, the final purchase decision is depend on the consumer purchase intention. The degree of importance and interest in a product will influence the consumer purchase intention.

Therefore, the purpose of this research is to investigate the factors that affect green purchase intention of green vehicle and identify the most influential factor that affects the green purchase intention for green vehicle. Last but not least, this research needs to determine the relationship between demographic and the consumer purchase intention.

## **1.2 Problem Statement**

Nowadays, environmental issues becoming more popular it comes to unusual climate change, global warming, natural resources and other ecological challenges that caused by human consumption. Human consumption have greatly associate to the environmental issues, thus it make the company has concern about the environment aspect in their business. Meanwhile, the current environmental issues in Malaysia are air pollution problems. The environmental issue like air pollution has

emerged in Malaysia due to rapid economic development, higher mobility and urbanization.

Based on Market Watch (2010), it stated the major sources of pollution are from traffic which contributes 49% to the overall pollution while power plants, industrial branches using fossil burning and the uncontrolled burning of communal and industrial waste contributes are responsible for the remainder of the pollution. The exhaust gas from mobile emission sources like motor vehicles also is the reason to cause the air pollution in urban areas. Therefore, automobile industries are being studied and regulated with plans of minimizing pollution levels. In the Ninth Malaysia Plan (2006-2010), the government aimed to improve the air quality by promoting the use of cleaner technologies and by limiting the emissions of hazardous gases.

Nevertheless, eco-friendly as a component of their product value proposition makes the consumer think about conservation to the environment. Moreover, the potential alternative is generating which are standard combustion engine vehicles in hybrid cars that can reduce the carbon dioxide which it will cause the air pollution. According to data by the Malaysian Automotive Association (MAA), hybrid vehicle sales fell 11.7% in the first six months of 2014 to 6,007 units from 6,803 units in the previous corresponding period. The drop in sales can be attributed to the excise duty exemption removal on completely-built-up (CBU) hybrid cars – a policy that was announced under the National Automotive Policy 2014 in January (Eugene Mahalingam, 2014). This shows that Malaysian government also can influence the green purchase intention of green vehicles.

Besides that, Lim Chia Ying (2015) illustrates an electric bus was used as a sightseeing bus in Malacca. This can be explains the Malaysian government is supporting the green vehicles launch in Malacca. Furthermore, these environmental issues are the factors which have led the consumer focus to behave „green“ in their purchasing decisions. (Do Paco and Raposo, 2009; Barber, 2010; Okada and Mais, 2010). Subsequently, the demand for green products has increased significantly

(Dangelico and Pontrandolfo, 2010). Nevertheless, consumer buying decision is playing an important role to the environment. Hence, consumers feel have the responsibility to reduce environmental damage through consumption of eco-friendly products.

### **1.3 Research Question**

According to the statement, the researcher has a notion about the research question. The question is directly related to the topic. The researcher has come up with 3 questions based on the title as show below:

1. What are the factors that affect on green purchase intention of green vehicle?
2. What is the most influential factor that affect on green purchase intention of green vehicle?
3. What are the differences between demographic variables and green purchase intention of green vehicle?

## **1.4 Research Objectives**

Based on this research, there are three objectives that need to achieve to solve the questions. These objectives have had significant relationship to the research questions. Those objectives are:

1. To investigate the factors that affect on green purchase intention of green vehicle.
2. To identify the most influential factor that affect on green purchase intention of green vehicle.
3. To test the difference between the demographic variables and green purchase intention of green vehicle.

## **1.5 Scope, Limitation and Key Assumptions of the Study**

In this section, the researcher will briefly about scope, limitation while doing the research and key assumptions in the whole research.

### **1.5.1 Scope**

This research is concentrate on vehicles industry. Vehicles industry nowadays also concern about environment issues. Therefore, the researcher chose green vehicles like hybrid car as the studies sample. The reason researcher chose green vehicles it is because it can solve the environment issues. The location is conduct in Malacca state it is because government Malaysian encourages the establishment of a local electric vehicle manufacturing capacity (Tyler cicerello, 2012). The data collection will get from 200 samples of vehicle user. They will be send an online survey and questionnaire to collecting data.

### **1.5.2 Limitation**

This research can be longitudinal studies that have to carry out in the future. Besides that, there are too narrow market firm can access in this research. The obstacle to obtain the correct data is depending on respondents. The honesty of respondents is under suspicion during questionnaires answering. Moreover, the knowledge of the respondent toward green vehicles is limit. Therefore, the research data collection will occur inadequate and incorrect. Moreover, the researcher faces on time constraint and lack of financial support during conducting this research. In summary, the researcher had to be emphasized only at Malacca vehicle user.

### **1.5.3 Key Assumption**

The key assumption of the research is green vehicles. A green vehicle is a road motor vehicle that produces less harmful impacts to the environment than comparable conventional internal combustion engine vehicles running on gasoline or diesel, or one that uses certain alternative fuels(R.I.C. Publications ,2005).

### **1.6 Importance of the study**

This research is aim to let us know more detail about the factors that affect green purchase intention of green vehicle. In addition, it also illustrates which factor is the most influential that affect green purchase intention of green vehicle. Besides that, this research also has state out the relationship between demographic variables and green purchase intention of green vehicle. Lastly, this research paper may become a reference paper for the vehicle company to determine the most influential factor that affect on green purchase intention of green vehicle and thus they can do some marketing strategy adjustment to approach the customer to buy green vehicle.

## CHAPTER 2

### LITERATURE REVIEW

#### 2.0 Introduction

Literature review is an essential component of dissertations. The term “literature review” are include literature search, analysis of papers, referencing, formulation of research proposals and writing thematic reviews by critical constructive synthesis (Fink, 2013). In this part of the research, previous research in green product and consumer is briefly presented and discussed. Next, the researcher is focusing on the factors that can affect the green purchase intention of green vehicle. The factors are included subjective norms, perceived behavioural control (control on availability and perceived consumer effectiveness), environmental awareness (consumer’s environmental concerns, environmental knowledge), social influence and collectivism. The literature is aim to advance understand the term, definition, and the attribute of the research topic. Lastly, hypotheses development will be the last section.