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FACTORS THAT INFLUENCING CONSUMERS' PURCHASE INTENTION  
TOWARDS ECO-FRIENDLY CONSUMER PRODUCTS

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Report submitted in fulfilment of the requirement for the degree of Bachelor of  
Technology Management (High Technology Marketing)

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## DECLARATION

“I declare that this project entitled “Factors That Influencing Consumers” Purchase Intention Towards Eco-Friendly Consumer Products”

is the result of my own research except as cited in the references.

The research project has not been for any degree and is not concurrently submitted in candidature of any other degree.”

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## **DEDICATION**

This research was dedicated to my father Ting Kim Hock and my mother See Choon Ling who have always support and encourage me during the process to accomplish my Final Year Project and believed that I able to complete my research. Their endless love and encourage had motivated me to work hard for achieve my target and complete my final year project.

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## ABSTRAK

*Kebelakangan ini, peningkatan jumlah pengguna yang prihatin tentang masalah isu-isu alam sekitar dan perubahan cuaca telah mengakibatkan pengguna mengubah tabiat pembelian ke produk mesra alam. Semakin banyak pengguna mendapati bahawa tabiat pembelian mereka boleh memberi kesan kepada persekitaran. Oleh itu, konsep hijau telah wujud di pasaran. Terdapat banyak kajian lepas mengkaji tentang kepentingan pemasaran tetapi kekurangan maklumat tentang perhubungan antara faktor-faktor yang mempengaruhi tabiat pembelian pengguna terhadap produk mesra alam. Tujuan kajian ini adalah untuk mengkaji faktor-faktor yang mempengaruhi pembelian product mesra alam di kalangan pengguna. Kajian ini menggunakan kajian deskriptif sebagai reka bentuk kajian untuk mencapai objektif kajian. Dalam kajian ini, kaedah persampelan yang digunakan adalah persampelan mudah di mana soal selidik akan diedarkan di Melaka. Multiple regression analysis akan digunakan sebagai alat statistic untuk menguji hubungan antara pembolehubah bebas and pembolehubah bersandar. Data primer telah dikumpulkan di kompleks membeli belah utama di Melaka dengan mengedarkan 200 soal selidik kepada responden tetapi hanya 150 soal selidik yang lengkap telah diperolehi daripada responden. Software Package for Social Sciences (SPSS) 20.0 telah digunakan untuk menganalisis data yang diterima untuk membuat menjalankan pelbagai kajian. Hasil kajian menunjukkan bahawa sikap alam sekitar, eco-label, kesedaran kesihatan dan pengaruh sosial adalah faktor-faktor yang penting tetapi kesedaran kesihatan merupakan faktor yang terpenting dalam mempengaruhi pengguna pembelian niat terhadap produk pengguna mesra alam.*

*Kata kunci : sikap alam sekitar, eco label, kesedaran kesihatan, pengaruh sosial, niat pembelian hijau*

## **ABSTRACT**

Recently, increasing consumers concern on the environmental issues and climate change had led the changing of purchasing behavior towards eco-friendly products. Most of consumers were aware that their purchasing behavior can directly impact on the environment. Thus, the green concept is emerge into the marketplace by promoting eco-friendly products. Many past researchers have been studied on the importance of green marketing and purchasing behavior of consumers however there were less information on the relationship between influencing factors on consumer purchase intention towards eco-friendly products. The aim of this research is to identify factors that influencing consumers purchase intentions towards eco-friendly consumer products. This research used descriptive research as research design to meet the research objectives. The sampling method is convenient sampling where the questionnaire distributed among consumers in Malacca. Multiple regression analysis is being used as tool to test the relationship between independent variables and dependent variable. Primary data was collected in major shopping complex in Malacca by distributing 200 questionnaires to target respondents but only 150 completed questionnaires were completed. The Software Package for Social Sciences (SPSS) 20.0 was used to analyze the data collected for carry out various test. The results revealed that environmental attitude, eco-label, health consciousness and social influence were the significant influencing factors but health consciousness was the most significant influencing factor on consumer purchase intention towards eco-friendly consumer products.

Keywords : Environmental attitude, eco-label, health consciousness, social influence, green purchase intention

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## **CHAPTER 1**

### **INTRODUCTION**

This chapter introduced about the background of the research, followed by the problem statement, research questions, research objectives, scope of the research, significance and the limitation in this research. Green marketing becomes the latest trend in the global market while the marketing activities were moving into green concept where the process of making product until it reaches the end users with the purpose of preserving the environment.

#### **1.1 Background of the Research**

In the era of globalization, the environmental issues were concerned by all over the world. The rapid economic growth in the past years have witnessed increasing consumer consumption worldwide causing environmental deterioration through over-consumption and utilization of natural resources (Chen & Chai, 2010). In the convention of global Biodiversity Outlook 3, it has discuss about the climate change is giving

impact on biodiversity and is predicted to become more significant threat in the coming decades (Convention on Biological Diversity, 2010). The climate changes give negative impact on ecosystems. The environmental protection becomes one of the crucial parts that need to be considered by developing countries. Today, people are more concerned about environmental issues and negative impacts on daily consumptions towards the environment. A study about consumer in India on pro environmental concern that made in February 2011, based on 200 respondents it showed that 98 percent respondents were aware the impact of purchasing eco-friendly products will contribute toward a sustainable future (Ishaswini, 2011).

In recent years, the market trend is moving to green concept in Asian region including Malaysia (Wilson, Amran, Rini and Jaratin, 2014). Many of the companies were applying Marketing 3.0 which is value driven marketing with the purpose of making the world a better place to live. According to the American Marketing Association, green marketing is the marketing of products that are presumed to be environmentally safe (<http://www.ama.org>). Green marketing also known as environmental marketing which the activities that involve in marketing is move toward on green concept and protecting the environment. Green marketing related to the sustainable development. Sustainable development was focusing on social, economic and environmental issues to preserve the natural resources and meet the consumer demands.

More and more companies have using the green marketing to produce and promote the products and services. The awareness and growing interest of consumers on environmental issues encourage the company to produce green product for fulfilling the market demands. In a research about consumer believe in the concept of green marketing, out of 60 respondents where half of them were more concerned about the environment and willing to shift from normal products to eco-friendly products (Abhinar,

2014). From the past few years, the manufacturers were started to concern on the environmental issues with the concept to produce the product that will not harmful to environment, called as eco-friendly products. The process or material of making eco-friendly products will not affect the ecological and minimize the negative impact to the environment. The marketers try to promote the eco-friendly products in retail industry to target a new market segment known as green consumer who concern about the environment and willing to use green products instead of normal products.

Eco-friendly products are consists of consumer goods, electronic goods and services. The criteria of eco-friendly products are recyclable, renewable, energy efficient, safe and biodegradable. Eco-friendly product is the product that will not harmful to the environment. Some of the eco-friendly products can be recycled where it could help to reduce the need of using the new raw materials. The use of eco-friendly product will be the initial step to protect the environment and reduce waste. Eco-label is the marketing tool for marketers to deliver the information on eco-friendly products to prevent misunderstanding of consumer. Eco-labels are potentially attractive tool to create consumer awareness about the environmental impact by their purchasing decision (Nik, 2009). According to the research conducted by Nik, he found that respondents having positive attitude toward the protection of the environment and have high awareness of the eco-label in their purchasing decision of green products.

In Malaysia, the Standards and Industrial Research Institute of Malaysia (SIRIM) is the institute that responsible for seal-of-approval product certification based on environmental criteria such as Environmentally Degradable, Non-toxic Plastic Packaging Material, Hazardous Metal-Free Electrical and Electronic Equipment, Biodegradable Cleaning Agents and Recycled Paper. They have created some labels to distinct the eco-friendly products and normal products such as Energy Star and Green Seal.

## 1.2 Problem Statement

The problem of preservation on environment and natural resources was related to consumer consumption behavior. Therefore, consumers need to change the consumption behavior from normal products to eco-friendly products to reduce environmental damage (Sabita, 2013). However, it becomes a challenge for marketers to achieve the purpose of the environmental protection. Hence, the company used green marketing to persuade consumers to change their behavior from normal products towards eco-friendly products. But marketers were not clear about consumers' consideration during purchase eco-friendly products. Thøgersen (2006) believe that different factors can affect consumers during the evaluation process of eco-labelled products therefore it is significant to identify factors influence consumer purchase intention. In a follow-up study, Kumar (2014) found that most of consumers purchasing eco-friendly products is the second most important and expensive compare to normal products.

Based on The Nielsen Global Online Environmental and Sustainability Survey in 2011, it founds that nine out of ten Malaysian were aware of the impact of the environmental problem (The Edge, 2011). Although Malaysian have great concern on environmental issues but only 20 percent of consumers were willing to purchase eco-friendly products with premium price. This shows that Malaysian consumers have not changed their buying behavior towards eco-friendly products (Wilson, Amran, Rini and Jaratin, 2014). Green marketing is a new phenomenon in global market especially in Malaysia where eco-friendly products are still new among Malaysian. It can be proved that the previous research by Nor Azila Mohd *et. al.*, (2012), studies about the green consumer profiles and their buying behavior in Malaysia, where the level of green purchase behavior among Malaysian consumers is not encouraging. Based on 616 respondents, it showed that only 30 percent of the total respondents have experience in buying green products.

There were many studies about consumer attitude and behavior toward green product but few studies on the factor that can influence consumer purchase intention toward eco-friendly products. In previous research, it was concerned about the willingness of consumer to pay more for eco-friendly products. It found that most consumers willing to purchase eco-friendly products with higher price (Leila and Jonathan, 2014). Therefore, this research will focus on the factors that could influencing consumers' purchase intentions towards eco-friendly products especially in consumer goods. Consumer goods were the products that mainly sold in retail industry where the consumer will frequently purchase for daily use like foods, cleaning detergents and health care products.

### **1.3 Research Questions**

1.3.1 What are the factors that influence consumers' purchase intentions towards eco-friendly consumer products?

1.3.2 How is the relationship between these influencing factors and consumers' purchase intentions towards eco-friendly consumer products?

1.3.3 Which is the most significant factor(s) that influences consumers' purchase intentions towards eco-friendly consumer products?

## **1.4 Research Objectives**

1.4.1 To identify factors that influence consumers' purchase intentions towards eco-friendly consumer products.

1.4.2 To investigate the relationship between these influencing factors and consumers' purchase intentions towards eco-friendly consumer products.

1.4.3 To justify the most significant factor(s) that influence the consumers' purchase intentions towards eco-friendly consumer products.

## **1.5 Scope of the Research**

In this research, the scope of research was focus on the perspective of consumers towards eco-friendly products. It was concentrated on the consumer purchase intention towards eco-friendly products especially in consumer goods. The research was identifying the factors that can influence Malacca consumer purchase intention towards eco-friendly products. Moreover, this research was studies the relationship of factors with the consumer purchase intention towards eco-friendly products especially consumer goods like green foods, shirts and green cleaning products. In this research, it does not focus on durable goods like electronic products, cars, housing and others.