

## SUPERVISOR'S APPROVAL

I hereby declare that have read this works and in my / our opinion this works is sufficient in terms of scope and quality for submission of Bachelor of Technology Management (High- Tech Marketing).

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GREEN AWARENESS:  
FACTORS INFLUENCE GENERATION-Y DECISION PURCHASE BEHAVIOR  
TOWARDS ECO-FRIENDLY PRODUCT AROUND MELAKA TENGAH,  
MELAKA.

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DECLARATION

“I declare that this thesis is my own work except the citation and excerpts of each of which I have mentioned in the references.”

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## DEDICATION

This Final Year Project is dedicated to my parents for their loves, endless support, encouragement and prayers.

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First of all, thanks to Allah SWT, whom with His willing giving me the opportunity to complete this Final Year Project. Besides, I would like to express my deepest appreciation to my supervisor, Dr Mohammed Hariri bin Bakhri and my panel, Mdm Adilah Mohd Din for patience in guiding me throughout this semester (2015/2016) duration of this final year project, for the kind attention and motivation that has helped me in completing this research. I am truly honored to have such a dedicated supervisor.

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## ABSTRACT

Over the past decades, concern about the environment has become not only a significant public issue but also a crucial topic in academic research. Green marketing initiatives to encourage consumer into taking account the environmental aspect in their purchasing behavior. As it is aware, the green awareness was the largest contributor to enhance their concerns through different behaviors. The objective for this study is to identify the factors and relationship that influence green awareness among Gen-Y decision purchase behaviour towards eco-friendly product. Based on the literature review, the influence factor among Gen-Y decision purchase behaviour towards eco-friendly product is based on the environmental awareness, consumer attitudes and price of the product. The quantitative research method is in the form of questionnaires survey conducted to achieve the objective of the research. Questionnaire was distributed to the respondent and the data was analysed using descriptive analysis, inferential analysis and multiple regression to define the result. Result showed that environmental awareness and price of the product have positive significant relationship with the Gen-Y decision purchased behavior towards eco-friendly product. For the consumer attitude contrast shown the negative significant relationship. As a conclusion, the outcome of the study indicates that price of the product is the most important factor that influencing Gen-Y decision purchased behavior towards eco-friendly product and the least important factor is consumer attitude. In addition, this study encouraged to study the others important drivers and distribute to all of young generation to reach greater responses and perspective within Malaysian as the recommendations for future study.

## ABSTRAK

*Sejak beberapa dekad yang lalu, kebimbangan mengenai alam sekitar bukan sahaja telah menjadi isu umum yang penting tetapi juga satu topik penting dalam penyelidikan akademik. inisiatif pemasaran hijau untuk menggalakkan pengguna mengambil kira aspek alam sekitar dalam tingkah laku pembelian mereka. Ini kerana, kesedaran hijau merupakan penyumbang terbesar kepada meningkatkan kebimbangan mereka melalui tingkah laku yang berbeza. Ini bertujuan bagi kajian ini adalah untuk mengenal pasti faktor-faktor yang mempengaruhi kesedaran hijau dalam kalangan Gen-Y tingkah laku pembelian keputusan terhadap produk mesra alam. Berdasarkan kajian literatur, faktor pengaruh di kalangan Gen-Y tingkah laku pembelian keputusan terhadap produk mesra alam adalah berdasarkan kepada kesedaran alam sekitar, sikap pengguna dan harga produk. Kaedah penyelidikan kuantitatif adalah dalam bentuk kajian soal selidik dijalankan untuk mencapai objektif kajian. Soal selidik akan diedarkan kepada responden dan data akan dianalisis menggunakan analisis deskriptif, analisis inferensi dan regresi untuk menentukan hasilnya. Keputusan menunjukkan bahawa kesedaran alam sekitar dan harga produk mempunyai hubungan signifikan yang positif dengan tingkah laku dibeli keputusan Gen-Y terhadap produk mesra alam. Sikap pengguna kontras ditunjukkan hubungan signifikan yang negatif. Kesimpulannya, hasil kajian menunjukkan bahawa harga produk adalah faktor yang paling penting yang mempengaruhi keputusan Gen-Y tingkah laku dibeli ke arah produk mesra alam dan faktor yang kurang mempengaruhi adalah sikap pengguna. Di samping itu, kajian ini digalakkan untuk mengkaji pemandu lain yang penting dan mengedarkan kepada semua generasi muda untuk mencapai balas dan perspektif yang lebih besar dalam Malaysia sebagai cadangan untuk kajian masa depan..*

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## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background of the study

Nowadays, society concern about the environment has become not only a significant public concern but also a critical topic in educational research. A rapid rise in environmentalism has emerged in the US and Western Europe. A positive change within consumers' behavior towards environmental related products can be seen due to the increased level of environmental awareness since the 1970s (Alwitt and Pitts, 1996). Studying the measuring of consumers' green purchase behavior would benefit eco-friendly product for better environment. It has been suggested that increased awareness of environmental impacts could lead to more responsible decision purchased behavior towards eco-friendly product.

According to The Roper Organization, as green products are more popular in the market, green marketing has become more prevalent nowadays. Green marketing has passed different stages during the course of its development. Each stage has specific characteristics and changing situational and environmental needs. Green marketing has passed three eras; the first era was focused towards effective industries on the environment that called as ecological green marketing (1960s-1970s) and seeking on external problems of the environment, such as air pollution. The second era is green environmental marketing (late 80's) which is focused of new concepts, such as sustainability, consumer, clean technology and competitive advantage emerged, but the significant on second era is environmental marketing, included all services and

manufacturing methods, such as tourism. The third era is sustainable green marketing. With increasing demands and expectations of people and strict rules of state the second era was not able to continue.

In the graceful of this era, the current research contributes to the literature by expansion a more in-depth understanding of the factor affect generation's decision of ecological product.

The present research shows that consumers who aware must live in balance with environment choose products that create less pollution, make efforts to recycle, limit their use of products made from scarce resources, and, in general, attempt to make ecologically correct decisions about the products they buy. The behaviors shown do not suggest the consumer is not using a product all together, but instead is selecting products and activities that will have less impact on the environment. This is dependable with the desire to choose green product in fact to save the surrounding and environmental. While researchers have yet to establish specific cutoff dates, there is a general consensus that the Millennial Generation is comprised of individuals born throughout the 1980s and early 2000s.

According to the slogan "*Melaka Maju Negeriku Sayang, Negeri Bandar Teknologi Hijau*" that has been chosen is to reflect the passion and mission on achieving the Melaka country's vision 2020. The goal of the Melaka State Government indicated the concept of "Green Technology City State" should be understood by all people of Malacca, for it implied a very important message to the present generation,

*"We're just borrowing this land from our children and grandchildren." There are no duplicate Earth. Melaka only one. A healthy ecosystem is decisive to the physical well-being of the national economy"*

(Green Technology Corporation Melaka, 2013)

The Green Technology has designed and implemented various programs and activities in 2013 based on Green Technology Strategic Core to achieve policy objectives National Green Technology 4<sup>th</sup> and 5<sup>th</sup>; Ensuring sustainable development and preserving the environment for future generations; and Increase public education and awareness of green technology and promote the widespread use of Green



Technology (Annual Report Ministry of Energy, Green Technology and Water (KeTTHA) , 2013). According to the Green Technology in Melaka City implementation, indirectly will increased the awareness and acceptance of the importance of green practices and lifestyle in supporting “Greenness” industry development initiatives in the country. Furthermore, the changes in people's minds will facilitate the transformation of economic development of environmentally friendly and green. This method will accelerate towards competitiveness of green marketing as well as to preserve the environment for future generations.

Generation Y are those populations born in year of 1980 to 1994 (Archana & Heejin, 2008). Generation Y is an important consumer market segment in future as the statistics in 2009 revealed this group of population will represent approximately 26 to 30 % of total global consumer market, equivalent to trillions of dollar market worldwide (Leong, Lee, & Ang, 2009).

## **1.2 Problem Statement**

Statement of the Problem the green marketing products are slowly getting huge awareness in among the world through environmentalist and other social protection conscious people for avoiding the global warming. The dough task to cover the entire green marketing producers and customers view in all over the world by this studies. As has been made evident in the background to this research, the study conducted due to the rising of “Green Technology Town” that is now popular about environmental issue. Expectancy of generation in Melaka about eco-friendly products is often hurt by the generation consumption toward ecological product that such products given are low value or do not really deliver on their environmental promise which is not contributed well in the market. Unexpectedly, generation beliefs that green products are too expensive is a commonly held belief by several consumers and not expect that green product relative to the price of eco-friendly product and quality. Eco-friendly do not match up on those attributes against non-eco-friendly products to attract generation’s purchasing. Greenness of products cannot guarantee their sales are outstanding even in the green era. So, companies need to develop products which

possess both of greenness and high-value attributes to enhance generation's purchase intentions and generation's perceived risk increased about greenness of products.

Recently, there is a lack of awareness about surrounding of eco-friendly products is likely to stem from the deceiving acts of green washing. In addition, consumer for each generation does not purchase green products because they believe that green products are not significant for their life and green products are considered too expensive. Melaka City now concern to the concept of green technology. But still unable to attract responsiveness of consumers. Particularly the application of the purchase of environmentally friendly products. Lack of awareness should be settle down among Melaka consumers with more focus and analyzing contribution of each consumers. (Green Technology Corporation Melaka, 2013). Eco-friendly product didn't providing clear communication that allows consumers to easily identifying between green and non-green products is likely to yield increased awareness of the difference between these products and consequently, increased consumer demand for green products. That caused consumers are unable to differentiate between green and non-green product without the surrounding awareness. Especially in term of the way of communication or word of mouth. Awareness and education move people along their "green learning curve". Consumers do not always understand the social and environmental benefits of products and are often confused by the messages in the media. Many are unaware of what makes a product sustainable versus merely "good for you." A large number of shoppers remain unsure of what is green, and some are still unsure of the whole green movement

In another research, actual purchased can be compared to a similar result where there existed a values-action gap between how the consumers are concerned about environmental issues but at the same time they were having problem to transform this concern into actual purchases (Young, Hwang, McDonald & Oates, 2010). Environmental concern has augmented in the 1990s. This has resulted in not only consumers going green, but environmental issues are also high on the list of consumer's priorities in Melaka. Green consumer minimizes environmental harm and provides an important to healthy lifestyle. Thus, greening lifestyle has important ramifications for all stage of generation, but it may require that the consumers substantially change its culture to include green issues into all purchase decisions and

activities.

### **1.3 Research Question**

Purpose of this study is to get a deeper understanding of the factors that can influence green purchase behavior in green awareness. It is of importance to know what is having the greatest factor on the consumers in choosing eco-friendly products and to know which factors force consumers to buy or not to buy these eco-friendly products. The main research questions was answered in this study are:

1. What are the significant relationship between the factor and Generation-Y decision purchase behavior towards Eco-Friendly Product?
2. What is the most influence factor of Generation-Y decision purchase behavior towards Eco-Friendly Product?

### **1.4 Research Objective**

The main objective of this study is to identify factors that influencing Gen-Y decision purchased behavior towards eco-friendly products. It seeks to examine and understand whether factors such as environmental awareness and price of the product will influence Gen-Y intention to purchase green products in Melaka. The objective of the study are stated as below

1. To identify the significant relationship between the factors and Generation-Y decision purchase behavior towards Eco-Friendly Product.
2. To determine the most influencing factors of Generation-Y decision purchase behavior towards Eco-Friendly Product.

## **1.5 Scope and Limitation**

### **1.5.1 Scope**

This study is mainly focuses on the factor of current issue that related to the environmental concerning to decision purchase towards of eco-friendly product. Broad interpretation of this studies also include a generation which is generation Y. This research cover urban area as Melaka Tengah section and Urban Transformation Centre (UTC) as a mainly location. Most of the questions during the study are addressed to green awareness, factor that influence Gen-Y decision purchased behavior toward the eco-friendly product.

### **1.5.2 Limitation of the Study**

Although this study was carefully prepared, this study was aware of the consciousness about the eco-friendly product. Firstly is the time limit barrier, the study was carried out within 24 weeks and focused only on the small size of the Melaka Tengah population. Hence, this studies chose the Melaka states to be able to facilitate do the research related to the green technology city. Secondly, the questionnaire was to determine the factors influence generation-y decision purchased behavior towards eco-friendly product, data obtained may only be used for generation-y, not for other generation. Thirdly, this study are facing a problem of cooperation among the respondent to answer honest answer.

## **1.6 Significant of the Study**

In this study, researcher enhances companies that would like to launch their green products and green marketing plays an important function in determining the number of demand by customer. Since the community is more willing to purchase green products with sufficient trustworthy information, companies should provide green product for their consumers in order to reduce their customers' perceived risk, increased the image of green business, utilizing green opportunities, raising product value, and enhancing competitive advantages. This study also indicates that as a result of going green or using green marketing, a company's image may be enhanced, leading to increased profits and customer loyalty (Montague and Mukherjee, 2010). Moreover, by introducing eco-friendly products and into the market, firms can accomplish two goals. First, these products can address the needs of already environmentally conscious consumers; and second, companies can create the opportunity for consumers to become ecologically conscious and more aware of environmental issues.

## **1.7 Summary**

This chapter established the foundation for this research. It introduced the background of the study, problem statement, the research problem and the research objective, the significant of the study, as well as the scope and the limitation of the study. Based on the research foundations, the researcher proceeds to the next chapter n chapter two and discussed the literature review and theoretical framework.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This section was conduct the literature review that published works of previous researchers to obtain all research articles within this studies. The first was study about the green marketing and the factors influence decision purchase behavior. Then, it followed by the theory and model that has been studied also was discussed. Then, it was followed by the relationship between both of variable and summary at the last section.

#### **2.2 Overview**

##### **2.2.1 Why Green Marketing**

"Green Marketing" refers to holistic marketing concept wherein the production, marketing, consumption and disposal of products and services happen in a manner that is less detrimental to the environment with growing awareness about the implications of global warming, non-biodegradable solid waste, harmful impact of pollutants etc. (S. Sarumathi, 2014). This study was concern to the sensitivity and need for switch in

to green products and services in environmental context. “Everything’s gone green” was a subtitle of an article in the Marketing Magazine in 2012 (O’toole, 2012)

Nandini and M. Deshpande (2011) also said the definition that green marketing is all those activity designed to generate and facilitated any exchange intend to satisfy human needs or wants such that satisfying of these need and want occur with minimal detrimental input on the national environment

### **2.2.2 Green Awareness**

In the purchase of green marketing products, consumers should have the awareness of the products marketed in green marketing. Marketers try to influence each of these decisions by providing information that can assist in the product review. It is therefore of great importance for consumers to develop this green awareness. Preceding research studies have been conducted on the consumer's perception or attitude towards green products (D'Souza et al. 2007)

### **2.2.3 Generation**

This green realization is not confined to the younger generations. Over half of Baby Boomers consider themselves socially conscious shoppers. That’s 40 million green boomers who choose to organize, pluck resource-conserving products from the shelves, boycott products of companies that pollute, and “pro-cott” the products of companies that give back to the community.(The Green economic Post,2011).

According to the Jacquelyn A. Ottman (2011), researcher argued that every stage of generation is Green. One’s behavior reflects one’s values, and “sustainability” are caring for nature and the planet and the people who live here now and in the future

is now a core value of every living generation, starting with the Baby Boomers who commanded the green charge back in the middle to late 1960s. As important as Baby Boomers are to environmental involvement as the nation's primary household consumers and social leaders, the potential impact to be made by the Internet-savvy Generations X, Y, and Z may be the most significant.

#### **2.2.4 Generation Y**

According to the Leslie Lu Dora Bock Mathew Joseph (2013), the twenty-first century introduced the Millennial Generation, often termed Generation Y or Echo Boomers; a new demographic segment comprised of individuals between the ages of 18 and 34. Millennials are said to be extremely diverse, educated, and technologically savvy (Hood, 2012). Some studies have found that this group of consumers is the most environmentally conscious (Vermillion and Peart, 2010). Attracting Millennials is important because younger consumers may influence the purchases of their peers and families. Peer relationships create a social environmental pressure to conform to group norms, such as brand preferences, and in Western society, social pressures are found to be a major influence on the green purchase behavior of adults (Lee, 2011). Research investigating millennials (Generation Y and green marketing has utilized college students (Smith and Brower, 2012)

According to California Green Solutions (2007), millennials care about the environment, and as a result, they have positive attitudes toward green products and are willing to pay more for green services, products, or brands.