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DECLERATION

"This report is a product of my own work except the citation for each of which I have mentioned the sources"

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THE YOUTHS PURCHASE PERCEPTION AND BEHAVIOR TOWARD GREEN PRODUCT.

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This report submitted in partial fulfillment for Bachelor of Technology Management (High Technology Marketing)

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DEDICATION

To my wonderful family,

Abah, Muhamat Zan Huzi Che Man,

Ma, Hasnah Hj Mahmood,

Abg Long, Mohd Jailani Muhamat Zan Huzi,

Kak Long, Roshayati Roslee,

Abg Ngah, Mohd Faizal Muhamat Zan Huzi,

Kak Ngah, Nor Azmani Aida,

Abg Chik, Mohd Azahar Muhamat Zan Huzi,

Kak Chik, Nur Aishah,

Pullah, Mohammad Saifullah Muhamat Zan Huzi and

Nisa, Khairunnisa Muhamat Zan Huzi,

Nor Irdina Hani MohdJailani,

Nor Insyirah Hani Mohd Jailani,

my beloved lecturers

all my beloved friends,

and

to my SPECIAL ONE, my fiancé, Nor Azmi Bin Abu Bakar

for their loving support and understanding.

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ABSTRACT

As customers, ecological concern is steadily growing, demand for products and services designed to be less harmful to the environment has increased. By executing green practices, managers and marketers throughout all industries believe that the image of the companies can be improved. The purpose of this research is to examine the youth's perception and behavior towards a green product. Nowadays, in the society whereby technology is rapidly growing faster a day by day, it is one of the main causes towards the changes in the environment. In addition, these changes in the environment may be cause the positively and negatively affected. It is the role of the people to have the right mindset in order to keep the environment healthy. Thus, this research is conducted to find out the factors which affect the consumer's perception and behavior in green products. To zoom in the further, this research will be targeted on youth, with the age ranking from 17 until 25. Therefore, there are two independent variable that had been identified in this research project to understand the factors which that could affect the youth consumer perception and behavior in green product. The dependent variable consist only one variable which is purchasing the green product, while the three dependent variables consist of the product knowledge, environmental awareness and also the purchase intention and behavior. The primary data is collected for this research proposes. The primary data collected through the questionnaire in order to investigate the research objective. About 150 sets of questionnaire will be distributed to the respondents which focus on the youth consumers only. Consequently, this study carries out to determine the significant of contributing the youth perception in green product in Malacca to the business and also to the marketer

ABSTRAK

Sebagai pengguna,kebimbangan terhadap pertumbuhan ekologi secara berterusan terhadap permintaan produk dan perkhidmatan akan memudaratkan kepada persekitaran. Dengan pelaksanaan amalan hijau, pengurus dan pemasar di seluruh industry percaya bahawa imej syarikat boleh dibaiki. Tujuan penyelidikan ini ialah untuk menilai tanggapan dan tingkah laku seseorang belia terhapat sesatu produk hijau. Pada masa kini, masyarakat didedahkan dengan pertumbuhan teknologi yang pesat hari demi hari, yang merupakan salah satu punca utama kearah perubahan dalam persekitaran.Oleh itu, peranan orang ramai adalah dengan penerapan minda terhadap alam sekitar supaya persekitaran sihat dapa dilindungi seabaiknya. Maka, penyelidikan ini dikendalikan untuk mengetahui apakah faktor yang menjejaskan tanggapan dan tingkahlaku pengguna terhadap produk hijau.Untuk zum kedalam selanjutnya, penyelidikan ini akan disasarkan dalam kalangan belia, dengan meletakkan umur dari 17 sehingga 25 tahun. Lantaran itu , terdapat lima pembolehubah bebas yang telah dikenal pasti dalam projek penyelidikan ini faham faktor yang mana yang boleh mempengaruhi tanggapan pengguna belia dan tingkahlaku di produk hijau . Pembolehubah tidak bersandar hanya mengandungi satu pembolehubah iaitu membeli produk hijau, manakala pembolehubah bersandar terdiri daripada tiga, iaitu pengetahuan produk, kesedaran persekitaran dan juga tujuan pembelian dan tingkahlaku. Data asas dikumpulkan untuk penyelidikan ini. Data asas dikutip melalui soal selidik untuk penyiasatan objektif penyelidikan. Lebih kurang 150 set soal selidik diagihkan kepada responden-responden yang lebih focus kepada pengguna-pengguna belia sahaja.Hasilnya, kajian ini dijalankan untuk menentukan kepenting penyumbangan tanggapan belia terhadap produk hijau di Melaka serta kepentingan kepada perniagaan dan juga kepada pemasar produk.

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CHAPTER 1

INTRODUCTION

1.1 Introduction

In this chapter, it is proposes to identify the youths" purchase perception and behavior toward the green products in Malacca, Malaysia. The explicit details of green product, green consumer and youth definition will be discussed on the research background. Besides, in this chapter also explain about the main areas are focuses on research background, problem statement research questions, research objective, scope, limitation and key assumption of the study, significance of the study, and will be ended with summarize for this chapter.

1.2.1 Background of the Study

During the past decade, a business phenomenon is adaptation of environmental concerns into corporate practice has been gaining popularity. It is predictable that the pressure of this evolution on corporate sector will not decrease in force till the new millennium dawns (Sarkis, 2001). This concept that focused on environmental stewardship had emerged during the past decade, challenged our capacity to be self-aware, and established a mutual global imperative in order to respond to this critical issue that started from natural resource conservation and world-wide climate change (Olson, 2008).

In the recent time also, consumers concern toward environmental issues has becoming prominent where they realize that their purchase intention will be able to influence the environment. As we know environmental threats are disturbing local governments and citizens, Asian region also taken the responsibility to sustain the environment through embracing the power of "going-green" (Lee, 2008).

For instance, Malaysia government has involved in promoting the going green conception through establish The Malaysian Green Technology Policy which is the nation"s commitment to the vision of a "Green Malaysia" a reality. This policy serves to promote sustainable development and speed up the national economy by seeking to promote the right way for energy use. The quality life of Malaysian will be increased due to the increase of national economic development and maintain the integrity of environment. (Mohd Rafi et al., 2001)

Other than that, the property sector also has seen the concern in environmental development which involved in the development of green buildings such as the Gtower and 1First Avenue. Not only that, the Hypermarket chains like Jusco and Carrefour have adopted the No Plastic Bag Day policy on Saturdays and Sunday in order to reduce the reliance on plastic. The corporate sector such as Sime Darby and Digi has joined in with campaigns such as Plant a Tree Program and Mangrove-Saving Project respectively. Besides that, the state sector such as the Malacca, BandarayaBersejarah state also has seen the concern in environmental development which involved in the development of green state.

1.2.2 Green Consumers and Green Products

The research study of (Nimse et al., 2007) defined green products as those that userecyclable materials, least wastage, and reduce the use of water and energy, andgenerate less toxic substances. In other words, green products which known asenvironmentally friendly or ecological products are bringing less harmful effect tohuman and environment with offer more long-term practical developmentopportunities from a social and economic perspective. Example of

green products isalternative fuel vehicles and hybrids, Solar Photovoltaic, organic agricultures, greenor organic personal care items and beauty products. According to (Takafumi, 2002), green products can offer direct and indirect value to consumers. Direct value means if the use of a green product leads to a reduction in capital or increase in safety forconsumers. On the other hand, indirect value means although consumers cannotidentify an immediate or direct benefit of using a green product, but they believeusing such a product that protects the environment.

(Soonthonsmai, 2007) shows Green consumers can be defined as people who are caringand paying attention in environmental issues. In green consumers" mind is full ofenvironmental concern and issues, and think that they owned responsibility towardthe environmental care. Further explain by (Euromonitor, 2008), defined that greenconsumers are those who are always purchase the product which bringing the lessimpact to environment consistently. These consumers may focus on brand productwhich is eco-friendly packaging, corporate who practicing the fair trade orenvironmental practices such as The Body Shop and Starbucks, or buying organic products. (Makower, 2007) found that green consumers are sometimes thought to beyounger, better educated and more upscale than their non green counterparts. The study also shows that the greenest consumers are represent by the youth group which aged 17-25 year olds.

1.2.3 Youth

Youth is defined in the Longman Dictionary of Contemporary English as someone is young under a period of time and who are is under teenager stage. In addition, youth stage is the moment in time when a people are no longer a child but still are young adolescence. In the general terms, youth can be defined as the stage in the life cycle before adult life begins, it is classify by factors such as the average age at which young people complete education and expected to start playing adult roles in the community.Base on The Star Online News, 2011 also mentioned that, those which only aged 18 to 25 will be defined as youth under the National Youth Policy. According to Youth and Sports Minister Datuk Seri Ahmad Shabery Cheek in 2012,

the changing of youth proposal from current definition of "youth" was same with international standards which from those aged 18 to 40 years old to 18 to 25 years old.

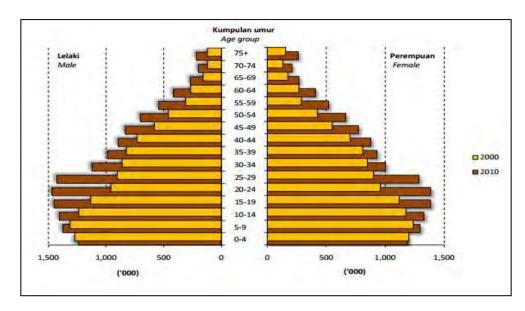


Figure 1.1 Sources: Population Distribution and Basic Demographic Characteristics 2010.

Based on the Figure 1.1 shows the statistics youth population in Malaysia. Figure 1.1 statistics reflect the increased on youth population approximately 1,400,000 persons from year 2001 to 2011. These statistics reflect the important to raise the awareness of youth toward the environmental concern by encourage them to purchase green products.

1.3 Problem Statement

The intention of this research is to establish the purposes for identify the purchase perception and behavior of youth consumer towards green products and also analyze whether and how the factors affect youth"s perception and behavior. From the survey manage by The National Environment Agency found that there are about 90 percent of youth are aware on the environmental problems, however the study of (Hoe, 2007) mentioned that youth are seemly like not falling

Government are not fully successful as the planned because of the Government are unable to transmit the environment message to the citizen and community which are mainly to the youths. Therefore, it is important to further study in the youth perception and behavior in green products as the country unable to promote the green activities successfully. Mohd Rafi et al. (2001) research study found out the educated consumers in the East Coast of Peninsular Malaysia, possesses not or slightly awareness of green products. Moreover, the research study by Alwitt& Berge"s also found that 70 percent of consumers did not purchase for the green products or services although they has show their concern for the environment.

Although there are many research studies on green purchasing behavior are done by (Chan & Lau, 2000; Soonthonsmai, 2001; Tanner &Kast, 2003; Kamal & Vinnie, 2007; Lee, 2008). However, most of the researches are less likely focusing on youth"s groups. The research is focuses on youth because they possessed important environmental concerns and responsibilities. Youths become the main focuses target audience in the research because recently young people constitute a large part of the world"s population, due to their longer life expectancy.

1.3.1 Research Questions

- i. What are the perceptions among youth toward the green product?
- ii. What is the level of understanding amongst youth toward the green product?
- iii. What are the factors influencing youth to purchase the green product?

1.4 Research Objectives

The main three main objective of this research is to identify which the factors influencing youths" intention and perception towards purchasing green products.

- i. To study the purchase perception and behavior among youth toward the green product.
- ii. To estimate the level of understanding amongst youth toward the green product.
- iii. To identify factors that might influence youths to purchase the green product.

1.5 Scope of the Study

In this research has focused on the perception and behavior of the youth towards the green product in order to identify the relationship base on the perception and behavior of the attitudes, health consciousness and also the environment concerns. In addition, this research intends to explore the youth consumer's perception and behavior of purchase the green product in general. This research also is not based on the youth consumer's perception and behavior of purchase a particular green product. The scope of this research is cover on respondent which is the youths and sample is taken from the particular location around the Malacca area, Malaysia. The characteristics of the sample may show the different outcomes by other locations because young peoples' behavior is also influenced by other background factors (e.g. culture, personality, emotion, values, general attitudes, experience, income etc.). In addition, the sample included the all races of the youth, so the behavior of the respondents may be influenced by cultural effects.

1.6 Importance of the Study

This research will be significance and beneficial to business in terms of knowing the green market capabilities, especially the market targeted to green consumers which focuses on the youth generation. Beside that, the contribution also is concerned on the environmental. Precisely, research contributes to the following parts:

- i. To support the business to better understanding the potential of the green market.
- ii. To assist business to better understanding the buying behavior of green consumer.
- iii. To help the marketers to promote and increase awareness for youth consumers toward green products.
- iv. To assist business to well understanding the tendency of green purchasing.

1.7 Summary

This research study tested the effects with several determinants on consumer purchase intention. The research overview provides the information about the staring of the research. In the next chapter, the variables will be discussed and the proposed conceptual framework will be illustrated followed by the relationships between variables and consumer purchase intention toward green products. The result or statement that done by the past researcher will also be provide and explain in the next chapter.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

The literature is conducted is for the further understanding about the definition, terms of the research topics. Besides, the literature reviews help in construct the better ideas as the input in the theoretical framework for the research. The theoretical framework of the research also had been drafted and also being shared with Figure 1 was attached with it.

2.2 Environmental Quality in Malaysia

Malaysia experienced a short period of slight to moderate haze from July until October 2006 due to the trans-boundary pollution from neighboring countries (Department of Environment Malaysia, 2006). Theair quality status in different states differed according to the geographical locations, the industrial and commercial activities, populated areas and the traffic conditions. During that period, Klang Valley areain Malaysia was more prone to air pollution than any other areas and the air quality was only good 23% of the time, moderate 70% of the time and the remaining 7% at an unhealthy level. (Department of Environment Malaysia, 2006).

Developing country like Malaysia faced great challenges in ensuring a balance between developmentand environmental sustainability. Urban air and river quality, deforestation, household waste andhazardous waste are some of the serious and worrying environmental problems faced by the country. Toensure environmental sustainability and resource management, Malaysian government RM510million for cleaning, preserving and beautifying rivers; RM530 million for coastal management; RM200million for reforestation; and another RM70 million for the management of wildfire and protected areasas reported in The Ninth Malaysia Plan (2006-2010). Solid waste management encountered by the government is on an upward trend with a total of 1,103,457.06 metric tones of waste generated in 2006 as compared to 548,916.11 metric tones in 2005(Department of Environment Malaysia, 2006). Gypsum, oil and hydrocarbon, dross, heavy metal sludge, mineral sludge and e-waste are the main categories of waste produced in Malaysia.

Quantity of scheduled wastes generated by industry ranked from chemicals (42.7%), electronic (21.6%), automotive/workshop (17.2%), metal (7.1%), pharmaceutical (2.9%) and other industries (Department of Environment Malaysia, 2006). It is anticipated that if the current trend of economic growth andirresponsible consumption pattern continues, the environment degradation would worsen. Therefore, ashift towards more sustainable consumption patterns is required.

2.3 Green Consumers and Green Product

With the expansion of the green product markets on both sides of the Atlantic(DiamantoPoulos et al., 2003), companies pursue market opportunities in the production and promotion of environmentally sensitive goods and services (Menon and Menon, 1997;Polonsky and Ottman, 1998). Various empirical analyses demonstrate that environmentalconcern is a major factor in consumer decision making (Hackett, 1993; Zimmer et al., 1994;Kilbourne and Beckmann, 1998). Many studies have been

conducted about corporationsturning towards sustainability and becoming environmentally friendly (D"Souza, Taghian and Khosla, 2007).

Segmentation analysisenables companies to effectively target environmentally conscious consumers(Diamantopoulos et al., 2003). The literature on green marketing has attempted to profilegreen consumer segments using a variety of variables (Kilbourne and Beckmann, 1998). However, the studiesthat focus on socio-demographic characteristics are ambiguous and indicate limited value forsegmenting and targeting environmentally conscious consumers (Diamantopoulos et al.,2003). (Wind , 1978) suggested instead of turning the green market into a set of identifiedgeneralizations, the development of business strategies to investigate consumer modifications in purchase behavior, in terms of product attributes such as price and quality would bepractical. There is evidence to suggest that consumers are price and quality sensitive when itcomes to "buying green" (McKenzie, 1991).

A study by Gilg, Barr and Ford (2005) showsthat committed environmentalists are more likely to purchase products based on theirenvironmental credentials, with price being less of a factor in the purchase decision. In orderto explain the impact of price and quality on consumers" green demand, D'souza et al. (2007)combined these factors with the demographic profiles of consumers forming distinct clustersor market segments, along with their environmental beliefs. The results showed strongpreference for companies to place higher priority on reducing pollution than on increasing profitability.

2.4 Consumer's perception

Perception, broadly speaking, is a biological and cognitive function (Esperanza, 2001). However, this definition is vague. A clearer definition could be that perception is concerned with the process by which our five senses are organized and interpreted (Solomon &Rabolt, 2004). This definition is supported by other authors. Perception can

be defined as the process by which an individual selects, organizes and interprets stimuli into a meaningful and coherent picture of the world (Schiffman and Kanuk, 2000) People can form different perceptions of the same stimulus because of 3 perceptual processes: selective attention, selective distortion, and selective retention (Kotler, 2004). Perception is concerned with how individual see and make sense of their environment (Fill, pp123).Perception also leads to decision making and the decisions to act or not to act depends on how you develop motivation (Kotler, 2003).

Some of our non-cognitive mechanisms such as conditioning and imitation are predominant in the early formation of food habits (Troy and Kerry, 2010). Various models and theories have been developed and are discussed by (Koster and Mojet, 2007). They concluded that consumer perceptions are not fixed and may change. Therefore, consumers" perceptions are very dynamic, and there are often differences between what consumers perceive and their behavior. The viability of the food industry depends onconsumers demanding and paying for products.

Inorder for consumers to willingly purchase and consume particular food type, their perceptions have tobe positive towards it. In context of consumer perceptions, food quality is difficult to measure (Šarčević et al., 2011). In the recent past, food quality was more related tosafety, sensory and shelf-life aspects of food products. Nowadays, it is associated with nutrition, wellbeing and health. The basic definition of quality, as associated with food, relates to food as fit for human consumption or in its ability to satisfy stated or limitedneeds. It must be constantly measured and evaluated in terms of consumer expectations and needs (Grunert et al., 1996; Peri, 2006).

2.4.1 Individual factors

Perception if affected by individual factors namely taste, odor, information, health belief, nutritional product, familiarity and brand loyalty (Krondl et al,

1995). Personality characteristics are often revealed in a person concept, which is the way people see themselves and the way they believe others see them (Kerin et al, 2003). People express their personalities not so much in world as inn symbols. Most people are increasingly concerned about their social status. Different products vary in their status symbol values (Kumar, Sharma ,1998) Moreover, all people are individual; hence have a unique personality of different characteristics, which is often portrayed with traits, such as self-confidence, dominance, sociability, autonomy, defensiveness, adaptability, and aggressiveness (Blackwell et al. 2001). Several studies have revealed that an individual's environment related perception; cognition and emotion are positively associated with environmental behavior (Kollmuss&Agyeman, 2002; Barr, 2003; Schultz et al., 2004).

2.5 Green Purchase Behavior

According to (Mostafa, 2007), green purchase behavior or environmental friendly buying behavior is the consumption of products that are beneficial to the environment, recyclable or conservable. Sensitive/responsive to ecological concerns. The study of green purchase behavior and factors influence on that is commonly investigated in prior researches. (Lee, 2008), (Chan and Lau, 2000) and (D'Souza et al., 2006) had conducted studies on factors influencing green purchase behavior. For example, (Lee, 2008) in her study on young Hong Kong consumers" green purchase behavior had used seven variables: environmental attitude, environmental concern, perceived seriousness of environmental problems, perceived environmental responsibility, perceived effectiveness of environmental behavior, concern for selfimage in environmental protection and social influence.

On the other hand, Laroche et al. (2001) in their study to identify target consumers who were willing to pay more for environmentally friendly products were looking at a different perspective from Lee (2008). Basically, Laroche et al. (2001) were examining on the variables of demographic, values, knowledge (eco-literacy), attitude