

**FACTOR THAT INFLUENCE CONSUMER BUYING BEHAVIOUR  
TOWARDS ACCEPTANCE OF COFFEE PRODUCT**

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FACTOR THAT INFLUENCE CONSUMER BUYING BEHAVIOUR TOWARDS  
ACCEPTANCE OF COFFEE PRODUCT

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## DECLARATION

“I hereby declare that the work of this exercise is mine except for the quotations and summarize that have been duly acknowledge”

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## **DEDICATION**

To all coffee enthusiast around the world.

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Firstly, Alhamdulillah and praise upon Allah S.W.T and upon His messenger Muhammad S.A.W. for giving me the ability to successfully complete my studies. I am also thankful and grateful towards both of my parents, my mother Rosidah binti Wahab, my father Zakaria bin Yahya and also to all my family members who had given me support, advices, encouragement and helped me throughout the years. I also would like to thank to important person in my life, Ali, Darwin, Fieya, Amanina, BTEC classmates, FPTT batch 16/17 and others whom directly or indirectly had given me support, encourage me to keep on fighting and never gives up, and also helped me with my studies. Not to forget, a very special thanks to Nur Aina Mardhia binti Mohd Esmadi, for everything. Thank you everyone! Last but not least, to my supervisor Associate Professor Dr Ahmad Rozelan bin Yunus, I am what I am today because of your guidance and support. THANK YOU.

## **ABSTRACT**

The purpose of this study is to study factor that influence consumer buying behaviour towards acceptance of coffee product. Coffee is the second largest commodities being trade in the world worth more than 20billion dollar. Being place behind Thailand, Vietnam and Indonesia coffee consume in Malaysia are still far behind but with the improvement of coffee scene, we can see the pattern start to change and people start to accept coffee product. In this research, it studies about factor that influence consumer buying behaviour towards acceptance of coffee product from three factor: Lifestyle, income and attitude. Throughout this research, we can see how this factor influence consumer buying behaviour towards acceptance of coffee product.

Keyword(s): coffee scene, consumer buying behaviour.

## **ABSTRAK**

*Tujuan kajian ini adalah untuk mengkaji faktor yang mempengaruhi tingkah laku pembelian pengguna ke arah penerimaan produk kopi. Kopi adalah komoditi kedua terbesar ialah perdagangan di dunia bernilai lebih daripada 20 billion dolar. Berada di belakang Thailand, Vietnam dan Indonesia penerimaan kopi di Malaysia masih jauh tetapi dengan peningkatan suasana kopi, kita dapat melihat pola mula berubah dan orang mula menerima produk kopi. Kajian ini, mengkaji tentang faktor yang mempengaruhi gelagat pembelian pengguna ke arah penerimaan produk kopi. Kajian ini merangkumi tiga faktor yang mempengaruhi gelagat pembelian iaitu: Gaya hidup, pendapatan dan tingkah laku. Melalui faktor ini dapat dilihat bagaimana ia mempengaruhi gelagat pembelian oleh pengguna.*



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## **LIST OF ABBREVIATIONS / SYMBOLS**

**Customer Culture Theory (CCT)**

**Theory Reasoned Action (TRA)**

## CHAPTER 1

### INTRODUCTION

#### 1.1 BACKGROUND OF STUDY

Coffee is one of the most traded commodities around the world where it is grown over than 50 countries and for many, their economy depends on it. It is believed that this coffee industry is worth more than \$ 20 billion and put itself ahead of other commodities like natural gas, gold, sugar and corn. According to mythical tale, back in the 9<sup>th</sup> century Kaldi, a humble Ethiopian goat-herd observed how his goat danced and pranced after eating red berry where nowadays we know it as coffee plant. Amazed by the action of his herd this Kaldi took some of the berries and bring it to holy man where then he cast them into a fire. Thrilled by the aroma that they were quickly retrieved, ground up and infuse it into hot water: histories of first cup of coffee.

According to Kotler and Keller (2011) consumer buying behaviour is the study of the ways of buying and disposing of goods, services, ideas or experiences by the individuals, groups and organizations in order to satisfy their needs and wants. As stated before, each action taken in consuming products or services, there will be specific reason that stimulates the sense to buy the product or services. With this coffee industry that are being commoditised for a very long time, it means that coffee have place in society.

The purpose of the study is to give brief background of the research of study, in other words it will give the readers inclusive overview of study. It will also follow with the statement that will be provided for the research problem, research questions, research objectives or goals for this research. Lastly, at the end of this chapter, significance of the study, scope and limitations and also brief key concept will be concluded in this study

## **1.2 PROBLEM STATEMENT**

The problem statement is to find the factor that influence consumer buying behaviour towards coffee product in Malaysia. This is because coffee scenes in Malaysia are getting better by day. However, compare to other country in South East Asia, Malaysia are placed in 4<sup>th</sup> place behind Indonesia, Thailand and Vietnam for total coffee consumption in 2012 (Anon., 2014). With bright future or economics potential of this industry and increase number of coffee consumption by year, the scenes can be improved for better future.

## **1.3 RESEARCH OBJECTIVES**

The objective of this research is to examine the factors that influence consumer buying behaviour and understand it acceptance towards coffee industry in Malaysia. Therefore, the primary purpose is listed as below:

- i. To identify the consumer buying behaviour towards coffee product in Malaysia.
- ii. To analyse the acceptance of consumer towards coffee product in Malaysia.
- iii. To evaluate factor that influence consumer buying behaviour towards acceptance of coffee product in Malaysia.

#### **1.4 RESEARCH QUESTIONS**

To achieve research objectives, the following questions were highlighted as framework in providing guidelines for this study.

- i. What is the consumer buying behaviour towards acceptance of coffee product in Malaysia?
- ii. What are the acceptances of consumer towards coffee product in Malaysia?
- iii. What are the factors that influence consumer buying behaviour towards acceptance of coffee product in Malaysia?



## **1.5 SCOPE AND LIMITATION**

### **1.5.1 Scope**

This study has focused on factors that influence consumer buying behaviour towards acceptance of coffee product. This research will be conducted over eight months period which from September 2016 to June 2017. Besides that, area of research to be covered is in area of Malaysian respondent. The method that has been used in this study is by distributed questionnaires through in depth interview. The interview was based on literature study conducted during first phase of this study. The respondents were the coffeepreneur who own a café and deal with consumer every day. This is because we want to gain information about consumer buying behaviour in their perspective.

### **1.5.2 Limitation**

The limitation of this study is the problems that are being faced throughout this research. In this study, there are four main problems which are knowledge, time, area of studies and cost throughout this research. In term of knowledge, respondent might have limited knowledge about the topics. Moreover, with short period of research time, there might be difficulties to get the best results. Furthermore, areas of research become second limitations as area to be covered is in Kuala Lumpur and Melaka. Last but not least, third limitations would be cost where this whole research depends on personal savings.

## 1.6 SIGNIFICANCE OF THE STUDY

This research will be great for Malaysian to aware about the potential of this coffee industry. This research also helps coffeepreneur to grow well by improving their marketing strategy and goodwill to attract more coffee lovers and at the same time improve coffee scenes in our country. The industry might find it is better to have clear understanding about the consumer where it will help the industry itself. The reason is simple because this consumer plays important role in the industry as they are the one that gives benefit to the industry in terms of profits and improvement. Lastly, these researches will also benefits future researchers, who interested to carry out the same topic on factor that influence consumer buying behaviour towards acceptance of coffee industry.

## CHAPTER 2

### LITERATURE REVIEW

#### 2.1 INTRODUCTION

This chapter discusses the introduction of literature review and identifies the definition of Consumer Buying Behaviour. Other than that, the researcher identifies the potential of coffee industry; benefits and impact of consumer buying behaviour. The researcher is also cover about a theory that related to the researcher such as theory of reasoned action by Icek Ajzen. Furthermore, the researcher is identifying the factors that influence consumer buying behaviour. According to Boote, D.N. & Beile, P. (2005), literature reviews involves a lot of activities such as the study on the current issue, journal analysing or article that related with the project and other. A literature review is an evaluative report of studies found in the literature related to selected area. The review should describe, summarize, evaluate and clarify this literature. It should give a theoretical basis for the research and help to determine the nature of research.

In this chapter it will describe about the previous study related to consumer buying behaviour and the independent variable and dependent variable were formed. After that, this chapter also covers several parts which include the literature review on consumer buying behaviour and customer acceptance towards coffee product.

## **2.2 CONSUMER BUYING BEHAVIOUR**

Consumer buying behaviour is considered to be an in each other's pocket part of marketing and Kotler and Keller (2011) state that consumer buying behaviour is the study of the ways of buying and disposing of goods, services, ideas or experiences by the individuals, groups and organizations in order to satisfy their needs and wants. In this definition, it is clear that consumer buying behaviour is an act done by consumer in order to fulfil their needs and wants where in other words fulfil their satisfaction or what they really wish for.

Moreover, other popular definitions have been proposed for the term of consumer buyer behaviour: According to Blackwell et al (2006) consumer buying behaviour is itself is a complex, dynamic issue which cannot be defined easily and commonly. Therefore, the concept of consumer buying behaviour has been defined in different ways by different researchers. Apart from that, Consumer buying behaviour is defined by Stallworth (2008) as a set of activities which involves the buy and use of goods and services which resulted from the customers' psychographic and behavioural responses. It is further stated by Gabbot and Hogg (1998) that the process may contain numerous activities and stages.

### 2.3 CONCEPT OF CONSUMER BUYING BEHAVIOUR

There are many motivating factors that has been described throughout the years and the concept of a desire for exploration has been a recurring theme (e.g., Hansen, 1972; Howard and Sheth, 1969; Joachimsthaler and Lastovicka, 1984; Raju, 1980; Sheth et al., 1991; Steenkamp and Baumgartner, 1992; Venkatesan, 1973). Strong exploratory mechanisms include risk taking in making product choices has been theorized in term of consumer buying behaviour (Cox, 1967), innovativeness in the acceptance of new products and retail accommodations ( Venkatraman and Price, 1990), diversity seeking in purchase behaviour (McAlister and Pessemier, 1982), browsing, looking at window displays and similar forms of recreational shopping (Westbrook and Black, 1985), and interest motivated information in gaining evidenced by browsing through catalogues or talking to others about purchases (Hirschman, 1980; Price and Ridgway, 1982).

All these behaviours have the ability to lead and build purchase experiences, where it offer a variation of bound and break from boredom, and to please one's need for information, knowledge and the need of curiosity. The joining element in this factor otherwise unrelated list of activities is that they offer consumers with a means of modifiable their exposure to sensual and reasoning stimulation, and the various behaviours are exploratory in the sense that consumers occupy in them primarily for the pleasure essential in changing the stimulus field and not out of any extrinsic reason (Berlyne, 1963). Although the importance of exploratory motives for explaining buyer behavior has been acknowledged (Steenkamp and Baumgartner, 1992), relatively little empirical research has been dedicated to the topic. At least three problems may have hampered progress to date.

First, conceptualizations of the construct of exploratory consumer buying behaviour is limited. There are seven surfaces of exploratory behaviour in the consumer context have been listed, and few attempts have been made to integrate the evidence and to propose a clear conceptual framework. Second, and possibly as a

consequence of the lack of satisfactory conceptualizations, attempts at measuring individual differences in consumers' tendencies to engage in exploratory buying behaviour, despite some early promise (Raju, 1980), have led to disappointing results (Baumgartner and Steenkamp, 1991). Third, apart from its association with optimum stimulation level, relatively little is known about the relationship of exploratory buying tendencies with other constructs and actual exploratory consumer behaviours.

## **2.4 FACTORS INFLUENCE CONSUMER BUYING BEHAVIOUR**

The economic theory is one of the views that may affect the behaviour. In common observation the consumer behaviour is significantly driven by the level of valuable products far beyond their buying capacity. While making a purchase the purchasing power convincingly, the payment policies have made it is taken as a significant element. In disparity to this easy for buyers to hold costly items normally beyond attribution the Marketing philosophy argues that the level their purchasing power by in whole down payment (Abdul Waheed et al , 2014)

Here, in the remaining share will be explaining the consumer buying behaviour. The marketing theory point and marketing view point in terms of consumer proposes that there might be any other potential buying behaviour in purchasing capacity context. According to researcher the price affect over the outlook. According to researcher, consumer behaviour has great impact on age (Panni, 2006) where at certain level of age it will have different type of wish in purchasing behaviour. Consumer buying behavior is a process which in comprises on the process information, gathering information about selecting and purchasing product (Hansen, 2005). Demographic, behavioral and psychographic factors help to understand the consumer need (Kotler and Amstrong, 2007).

## 2.5 COFFEE INDUSTRY

The coffee industry has triggered many environmental and ethical problems and international regulations have been set up to oversee the industry. For history, the industry was disreputable for being responsible for the expansion of slavery. Today, coffee mostly produced in developing countries where working conditions are unfettered, child labour abuses and manipulations of farmers in the process of trading is still very common. Moreover, the mechanism of coffee farming has caused deforestation, soil and water degradation, and habitat destruction. Environmental activists have called for a return to more traditional ways of growing coffee.

World coffee exports amounted to 9.13 million bags in October 2016, a fall of 1.9% compared with 9.31 million bags in October 2015. In the twelve months ending October 2016, exports of Arabica totalled 71.93 million bags compared to 69.21 million bags last year; whereas Robusta exports amounted to 40.46 million bags compared to 43.81 million bags (Coffee trade statistics: October 2016). Coffee exports are estimated around \$20 billion dollar industry and thus making it the second-most-traded commodity, mostly consume by developed country while being produced by less develop country. It has a long supply chain that involves production, exporting, importing, roasting, distribution and retail. After harvest, coffee is either purchased from farmers by middlemen, or directly exported by large coffee plantations. Coffee is then commonly sold to coffee processing and distributing companies at the standard rate set by the international agency, New York Coffee Exchange. The industry is vibrant to the politics, survival and economies for many developing countries. It is an industry controlled by large transnational corporations and chains (All About the Coffee Industry: 2016)

## 2.6 CONSUMER CULTURE THEORY

Consumer Culture Theory (hereafter CCT) takes a different approach to consumer behaviour and is a traditionally adapted to research tradition (Arnould & Thompson, 2005). It is based on the view that culture guides consumer buying behaviour since it determines needs and wants of consumers (Hansen, 2010). Arnould & Thompson (2005) define consumer culture as “a social arrangement in which the relations between lived culture and social resources, and between meaningful ways of life and the symbolic and material resources on which they depend, are mediated through markets”. CCT covers a mass of research disciplines and what bonds these are their common concern in socio-cultural groups and how symbolic meanings are feast through the capital market (Arnould & Thompson, 2005). Also, even though there are exceptions, one unique feature of CCT research is that it is thoughtful with understanding and theory development, as different to Behavioural decision theory research, which is more focused on statistics and theory testing (Ekström, 2010).

## 2.7 THEORY OF REASONED ACTION

The theory of reasoned action states that behaviour intentions, which are the immediate action to behaviour leads to behaviour of specific outcome (Ajzen and Fishen, 1980). This theory defines the links between beliefs, attitudes, norms, intentions, and behaviours of individuals. According to this model, a person's behaviour is determined by its behavioural intention to perform it. This intention is itself definite by the person's attitudes and his subjective norms towards the behaviour. It also states the subjective norms as “the person's perception that most people who are important to him think he should or should not do the behaviour in question”.