

SUPERVISOR AND PANEL CONFIRMATION

‘I / We* hereby declare that have read this thesis and in my / our* opinion this thesis is sufficient in terms of scope and quality for the award of the Bachelor of Technopreneurship with Honours’

Signature :

Supervisor’s Name : MR. ALBERT FEISAL @ MUHD FEISAL
BIN ISMAIL

Date :

Signature :

Panel’s Name : DR. ENG. MOHD FAZLI BIN MOHD SAM

Date :

ASSESSING CONSUMER PREFERENCES TOWARDS HEALTH AND
BEAUTY PRODUCTS BY LOCAL MALAY MANUFACTURERS

YUSSAFENDI BIN YUSOFF

This report submitted in partial fulfillment of the requirements for the award of the
Bachelor of Technopreneurship with Honours

Faculty of Technology Management and Technopreneurship
Universiti Teknikal Malaysia Melaka

JUNE 2017

DECLARATION

“I hereby declare that this report is the result of my own work except for the quotations and summary that have been duly acknowledged”

Signature :

Name : YUSSAFENDI BIN YUSOFF

Date :

DEDICATION

This research paper is dedicated
To my beloved family who has been my constant source of inspiration.
They have given me the guide and discipline to tackle any task with enthusiasm and
determination.
Without their love and support, this project would not have been made possible.

ACKNOWLEDGMENT

First of all, I would like to thank Allah for the gift of providence and chance to best prepare for this research paper titled “Assessing Consumer Preferences towards Health and Beauty Products by Local Malay Manufacturers”.

Besides, I would like to say big thanks to my supervisor, Mr. Albert Feisal @ Muhd Feisal Bin Ismail on tutoring and guidance for completing the research for these two semesters. The encouragement and guidance from him, eventually I can successfully complete this final year project. Next, special thanks to Dr. Eng. Mohd Fazli Bin Mohd Sam, my assigned panel for his contributes and inspired me a lot to work on this project.

Furthermore, I want to thank my family who has always supported and helped me in completing this task for the mentality or physically. Next, special thanks to my colleagues who helped to complete this paper.

Last but not least, I would like to thank the authority of Universiti Teknikal Malaysia Melaka (UTeM) for providing us, the students with a good environment and facilities to complete this project. I would also like to take this opportunity to thank the centre of Faculty of Technology Management and Technopreneurship (FPTT) for offering this subject. It gave me an opportunity to participate and learn about the research project which is valuable for an academic purpose. Hopefully, this report will help those people and researchers in the future.

Thank you.

ABSTRACT

This study made aims to assess consumer preferences towards health and beauty products by local Malay manufacturers. This research also looks into the role of these four elements and its impact to health and beauty industries that are emerging nowadays. It is obviously seen after food and drink sector, health and beauty products would be one of the sectors that thrive in this era. This assessment has been conducted in Malaysia in which the manufacturing firm of health and beauty products are located and respondents of quantitative research are selected randomly in certain areas around the state of Malacca and Kelantan. This study uses a survey method which involved 203 public respondents in answering the questionnaires. The data are collected and then analyzed using the IBM SPSS Statistics Version 22.0. This research also found four elements that are confidence, acceptance, response and willingness to try (IVs) towards consumer preferences (DV). The results showed that most respondents difficult to convert to the newly introduced health and beauty products because of they are more inclined to remain with existing products. It is proved that the researcher has achieved all the research objectives in which there is a significant relationship between all the independent variables with the dependent variable in choosing existing health and beauty products locally produced.

Keywords: Confidence, Acceptance, Response, Willingness to Try, Consumer Preferences, Health and Beauty Product

ABSTRAK

Kajian ini dibuat bertujuan untuk menilai keutamaan pengguna terhadap produk kesihatan dan kecantikan oleh pengeluar Melayu tempatan. Penyelidikan ini juga melihat ke dalam peranan empat elemen ini dan kesannya kepada industri kesihatan dan kecantikan yang baru muncul pada masa kini. Ia jelas dilihat bahawa selepas sektor makanan dan minuman, produk kesihatan dan kecantikan akan menjadi salah satu sektor yang berkembang maju dalam era ini. Penilaian ini telah dijalankan di Malaysia di mana firma pembuatan produk kesihatan dan kecantikan terletak dan responden bagi kajian kuantitatif dipilih secara rawak di kawasan-kawasan tertentu di sekitar negeri Melaka dan Kelantan. Kajian ini menggunakan satu kaedah tinjauan yang melibatkan 203 responden awam dalam menjawab soal selidik. Data tersebut dikumpul dan kemudian dianalisis menggunakan IBM SPSS Statistik Versi 22.0. Penyelidikan ini juga menemui empat elemen iaitu keyakinan, penerimaan, sambutan dan kemahuan ingin mencuba (IVs) terhadap keutamaan pengguna (DV). Hasil kajian menunjukkan bahawa kebanyakan responden sukar untuk menukar kepada produk kesihatan dan kecantikan yang baru diperkenalkan kerana mereka lebih cenderung untuk kekal dengan produk yang sedia ada. Ia membuktikan bahawa penyelidik telah mencapai semua objektif kajian di mana terdapat hubungan yang signifikan di antara semua pembolehubah bebas dengan pembolehubah bersandar dalam memilih produk kesihatan dan kecantikan yang sedia ada keluaran tempatan.

Kata kunci: Keyakinan, Penerimaan, Sambutan, Kemahuan ingin Mencuba, Keutamaan Pengguna, Produk Kesihatan dan Kecantikan

TABLE OF CONTENTS

CHAPTER	TITLE	PAGE
	SUPERVISOR AND PANEL CONFIRMATION	i
	DECLARATION	iii
	DEDICATION	iv
	ACKNOWLEDGMENT	v
	ABSTRACT	vi
	<i>ABSTRAK</i>	vii
	TABLE OF CONTENTS	viii
	LIST OF TABLES	xiii
	LIST OF FIGURES	xiv
	LIST OF ABBREVIATIONS	xv
	LIST OF APPENDIXES	xvi
CHAPTER 1	INTRODUCTION	
	1.1 Background of Study	1
	1.2 Problem Statement	3
	1.3 Research Objectives	4
	1.4 Research Questions	5
	1.5 Scope of Study	6
	1.6 Limitation of Study	6
	1.7 Significance of Study	6
	1.8 Flow of Research	8
	1.9 Summary	9

CHAPTER 2	LITERATURE REVIEW	
2.1	Introduction	10
2.2	Consumer Preferences	10
2.2.1	Consumer Theory	10
2.2.2	Preferences Theory	11
2.2.3	Consumer Preferences Theory	12
2.2.4	Fundamental Behaviour Theories	13
	2.2.4.1 Theory of Planned Behaviour	13
	2.2.4.2 Theory of Planned Behaviour and Health & Beauty Products	15
2.3	Concept of Confidence, Acceptance, Response and Willingness to Try	16
2.3.1	Confidence	16
2.3.2	Acceptance	18
2.3.3	Response	19
2.3.4	Willingness to Try	19
2.4	Health and Beauty Product	20
2.4.1	Definition of Health	20
2.4.2	Definition of Beauty	21
2.5	Understanding Ecological Shoppers for Health and Beauty Products	21
2.6	Factors Influencing Consumer Preferences in Choosing Existing Health and Beauty Products	22
2.7	Perception of Consumers on Health and Beauty Products	24
2.8	Summary	26

CHAPTER 3	RESEARCH METHODOLOGY	
3.1	Introduction	27
3.2	Theoretical Framework	27
	3.2.1 Research Model	29
3.3	Hypothesis Development	30
3.4	Research Design	31
3.5	Quantitative Research	32
3.6	Research Approach	32
3.7	Target Population	33
3.8	Sampling Technique	33
3.9	Data Collection	33
	3.9.1 Primary Data	33
	3.9.1.1 Questionnaires and Observations	33
	3.9.2 Secondary Data	34
3.10	Analysis of Pilot and Real Test	34
	3.10.1 Test Validity	35
	3.10.2 Test Reliability	36
3.11	Analysis Techniques	38
	3.11.1 Simple Linear Regression Analysis	38
	3.11.2 Pearson Correlation Coefficient	39
	3.11.3 Multiple Linear Regression Analysis	39
3.12	Summary	40
CHAPTER 4	ANALYSIS AND RESULTS	
4.1	Introduction	41
4.2	Analysis of Pilot Test	42
	4.2.1 Test Validity	42
	4.2.2 Test Reliability	44
4.3	Response Rate	46

4.4	Descriptive Statistics of Demographic Variables	46
4.4.1	Gender	48
4.4.2	Age Group	49
4.4.3	Academic Qualification	50
4.4.4	Employment Sector	51
4.4.5	The Total Allocation of Monthly Expenses	52
4.4.6	Knowledge of Health and Beauty Products	53
4.5	Descriptive Statistics of Descriptive Variables	54
4.5.1	Confidence	54
4.5.2	Acceptance	55
4.5.3	Response	57
4.5.4	Willingness to Try	58
4.5.5	Consumer Preferences	60
4.5.6	Each Variable	62
4.6	Analysis of Real Test	63
4.6.1	Test Validity	63
4.6.2	Test Reliability	65
4.7	Simple Linear Regression Analysis	67
4.7.1	Objective 1	67
4.7.1.1	Hypothesis Testing 1	67
4.7.1.2	Hypothesis Testing 2	69
4.7.1.3	Hypothesis Testing 3	70
4.7.1.4	Hypothesis Testing 4	72
4.8	Pearson Correlation Coefficient	73
4.8.1	Objective 2	73
4.9	Multiple Linear Regression Analysis	75

4.9.1	Objective 3	75
4.9.2	Objective 4	77
4.10	Summary	79
CHAPTER 5	CONCLUSION AND RECOMMENDATIONS	
5.1	Introduction	81
5.2	Conclusion	81
5.2.1	Summary of Descriptive	83
5.2.2	Summary of Research Objectives	84
5.2.2.1	Objective 1	84
5.2.2.2	Objective 2	85
5.2.2.3	Objective 3	85
5.2.2.4	Objective 4	86
5.3	Recommendations	87
5.3.1	For Future Researchers	87
5.3.2	For Consumers	88
5.3.3	For Government Agencies	88
5.3.4	For Local Malay Manufacturers	89
	REFERENCES	91
	APPENDIXES	96

LIST OF TABLES

TABLE	TITLE	PAGE
4.1	Result of Test Validity for the Pilot Test	42
4.2	Result of Test Reliability for the Pilot Test (Each Variable)	44
4.3	Case Processing Summary	45
4.4	Reliability Statistics	45
4.5	Data of Response Rate	46
4.6	Data Analysis of Demographic Variables	47
4.7	Gender of Respondents	48
4.8	Age Group of Respondents	49
4.9	Academic Qualification of Respondents	50
4.10	Employment Sector of Respondents	51
4.11	The Total Allocation of Monthly Expenses of Respondents	52
4.12	Respondent's Knowledge of Health and Beauty Products	53
4.13	Confidence on the Effectiveness of Existing H & B Products	54
4.14	Level of Acceptance on Newly Introduced H & B Products	55
4.15	Level of Response on Newest H & B Products	57
4.16	Willingness to Try on Newly Issued H & B Products	58
4.17	Consumer Preferences on Existing H & B Products	60
4.18	Descriptive Statistics	62
4.19	Result of Test Validity for the Real Test	63
4.20	Result of Test Reliability for the Real Test (Each Variable)	65
4.23	Model Summary	67
4.24	Coefficients ^a	68
4.31	Correlations	74
4.33	ANOVA ^a	76

LIST OF FIGURES

FIGURE	TITLE	PAGE
1.1	Flow of Research	8
3.1	Theoretical Framework	28
3.2	Research Model	29
4.1	Gender of Respondents	48
4.2	Age Group of Respondents	49
4.3	Academic Qualification of Respondents	50
4.4	Employment Sector of Respondents	51
4.5	The Total Allocation of Monthly Expenses of Respondents	52
4.6	Respondent's Knowledge of Health and Beauty Products	53

LIST OF ABBREVIATIONS

SPSS	Statistical Package for Social Science
IVs	Independent Variables
DV	Dependent Variable
UNEP	United Nations Environment Program
OEM	Original Equipment Manufacturers
GMP	Good Manufacturing Practices
TRA	Theory of Reasoned Action
TPB	Theory of Planned Behaviour
B2B	Business-to-Business
B2C	Business-to-Consumer
NPM	New Public Management
JAKIM	Jabatan Kemajuan Islam Malaysia
SIRIM	Scientific and Industrial Research Institute of Malaysia
WHO	World Health Organization
ANOVA	Analysis of Variance
STAM	Sijil Tinggi Agama Malaysia
Ph.D.	Doctor of Philosophy
NPCB	National Pharmaceutical Control Bureau
HDC	Halal Industry Development Corporation

LIST OF APPENDIXES

APPENDIX	TITLE	PAGE
A	Questionnaire	96
B	Gantt Chart	104

CHAPTER 1

INTRODUCTION

1.1 Background of Study

This research focus on the factors influencing preferences in choosing existing health and beauty products by local Malay manufacturers that conducted within consumers in Malaysia. It is focused on the elements which divided into four sub independent variables that are confidence, acceptance, response and willingness to try on health and beauty products. This chapter covers the background, problem statement, research objectives, research questions, scope, limitation and significance of the study.

In the twenty-first century, the world can no longer ignore people's escalating economic force. It has also been found that the influence of consumers has been dominant in the health and beauty industry over the past years (Pudaruth, S. et al., 2015, pp. 179-180). However, female consumers have considerable purchasing power than male consumers in which they are more concerned about safety- and health-related issues and they have positive preferences of attitudes towards ecological consumption for health and beauty products (Cervellon, as quoted in Pudaruth, S. et al., 2015, pp. 180).

Generally, health and beauty products are the combination of three main categories, namely personal care, cosmetics and health supplements. It is a substance or mixture of substances to be rubbed, glued, poured, sprinkled or rubbed on, inserted in, used on the human body in order to clean, preserve, add charm and transfigures (Kabau, S., 2012, pp. 31). Lately, health and beauty products increasingly issued by manufacturing companies that innumerable his total (Abdul Halim, S. M. et al., 2016, pp. 2). This case is unlimited to local products, but also involved international products. Among health and beauty products that are famous enough in the Malaysia market, including Qu Puteh Vida Beauty, Dnars Skin Care, Aura White Beauty and D'Herbs.

However, despite the dumping of health and beauty products, there are also parties which were not responsible falsify these famous health and beauty products for the sake of easy profits since these products have been sold in the local market as well as the popularity of these products are already well-known among their fans. There is no doubt that the dumping of this artificial health and beauty product day by day increasing chronic until the consumers no longer know how the way to distinguish the genuine and synthetic product. More worrying yet there are also some products which contain mercury that can affect health (Abdul Halim, S. M. et al., 2016, pp. 3).

According to the United Nations Environment Program (UNEP), as cited in Abdul Halim, S. M. et al. (2016, pp. 3), explained that mercury usage in the health and beauty products, especially cosmetic can give adverse effects, including rash, discoloration, give scar due to skin inflammation and get a skin infection caused by bacterial and mycotic skin disorders. Besides, the direct usage that is prolonged and repeated can cause damage to the brain, nervous system and kidney. Therefore, these issues sometimes become the cause to consumer preferences towards new health and beauty products faded as a result of concerns about the authenticity, effectiveness and benefits of the products. However, the dumping of these health and beauty products are not only limited to the negative effects but also have some positive effects.

Hence, in the selection of a health and beauty product, consumers need to be savvier in giving preference either to the new or existing product so as not to regret in the future as a result of illnesses caused by the product usage. Recognizing that problem, new entrepreneurs need to be exposed to the use of prohibited substances in the product so that they do not get caught up in the production of health and beauty products that are not safe for used by manufacturer conceptualized Original Equipment Manufacturers (OEM) who do not have status under Good Manufacturing Practices (GMP), as espoused by Mat Isa, S. Z. (2016) in Sinar Harian's newspaper cuttings. Thus, of course, the entrepreneurs will be successful in fulfilling consumer preferences and at the same time build their confidence in the consumer decision making too. A comprehensive and in-depth study will be described in the literature review.

1.2 Problem Statement

This study, carried out is closely related to the consumer preferences towards health and beauty products by local Malay manufacturers. Recently, an increase of awareness has made consumers choose to give preference towards a secure and beneficial brand of health and beauty products. The consumer preferences for this newly introduced product is absolutely closely related to the loyalty question towards existing product and how consumer perception on the new output of health and beauty products. Even though health and beauty product is one of the top markets in the industry and is growing, the consumer preferences in the product and what consumers use in their daily lives are important too. Hence, this research aims to develop a better understanding of consumer preferences in health and beauty product's manufacturing and how confidence, acceptance, response and willingness to try influence the consumer preferences. This is because fans of health and beauty product now are said very difficult to convert to new products on the confidence and acceptance factor as many which choose to be loyal to existing products because have known his result. Apart from that, the response and willingness to try to the newest health and beauty products are also said to be lacking, despite the ongoing large-scale promotion. The researcher found that this study was important to assess consumer preferences and level of awareness of the local Malay manufacturing firm itself in health and beauty

products. Through study carried out, so society's perceptions consisting of Malaysian citizen can be unraveled whether true or not the claim that newly introduced health and beauty products difficult to get a place in the hearts of consumers on the factor of confidence, acceptance, response and willingness to try towards existing health and beauty products.

1.3 Research Objectives

This study aims to assess the consumer preferences involving confidence, acceptance, response and willingness to try towards health and beauty products by local Malay manufacturers. In detail, there are four specific research objectives have been revealed as stated below:

- i. To know the influence of each independent variables on the dependent variable in choosing existing health and beauty products in their daily lives.
- ii. To examine the level of the relationship between the independent variables and dependent variable in choosing existing health and beauty products for their daily use.
- iii. To find out the influence of the whole independent variables on the dependent variable in choosing existing health and beauty products locally produced.
- iv. To identify the most significant factor that influences consumer preferences in choosing to use existing health and beauty products by local Malay manufacturers.

1.4 Research Questions

The phenomenon of the production of newly introduced health and beauty products by local Malay manufacturers certainly will be heard every year. Entrepreneurs of health and beauty product are racing to produce newest products for the sake of consumer preferences and satisfaction. However, does the production of this newly introduced products are able to gain acceptance by the consumers or they remain confident and loyal to existing products?

It was found that there are a lot of questions and problems related to the research title that needs to be answered based on the independent variables and dependent variable. Therefore, many research questions were stated to achieve objectives that coincide with the title of this study. However, only a few of research questions have been identified to solve these issues, namely:

- i. How far is the influence of each independent variables on the dependent variable in choosing existing health and beauty products in their daily lives?
- ii. To the extent that the level of the relationship between the independent variables and dependent variable in choosing existing health and beauty products for their daily use?
- iii. How far are the influence of the whole independent variables on the dependent variable in choosing existing health and beauty products locally produced?
- iv. What is the most significant factor that influences consumer preferences in choosing to use existing health and beauty products by local Malay manufacturers?

1.5 Scope of Study

The main scope of this research focused on consumer preferences in choosing existing health and beauty products to be used, which are divided into four factors, namely confidence, acceptance, response and willingness to try. Thus, this study is limited and only conducted on consumers in certain areas around the state of Malacca and Kelantan who use health and beauty products by local Malay manufacturers.

In accordance with the research objectives, this study was focused on both gender of various age levels, race or religion, and samples of respondent were taken also from those mentioned above.

1.6 Limitation of Study

One of the limitations of this study is the time and costs faced by the researcher. In the meantime, the researcher is unable to examine something big more specifically, so the researcher limits this study so that the findings are satisfactory. Furthermore, the researcher put a relatively narrow scope and space within the research limitation, yet so the whole aspect of this project text is a comprehensive essence. In this study, the researcher also limits the research target in which the researcher only distributes questionnaires to respondents in certain areas around the state of Malacca and Kelantan who use health and beauty products locally produced in their daily lives.

1.7 Significance of Study

First of all, this study is done to assess the importance of confidence, acceptance, response and willingness to try on consumer preferences in choosing existing health and beauty products locally produced. At the same time, this research will help local Malay manufacturers to identify the importance of these four elements on consumer preferences in choosing existing health and beauty products for their

daily use. In fact, this study will enlighten the manufacturers of health and beauty products that these factors are vital to the consumers in choosing a product to be used in their daily lives.

This research will also prove whether consumers will give preference to new or existing health and beauty products for their daily use based on the results of the research objectives. The success in this study will surely assist the future manufacturers of health and beauty products in understanding the significance of these four elements.

1.8 Flow of Research

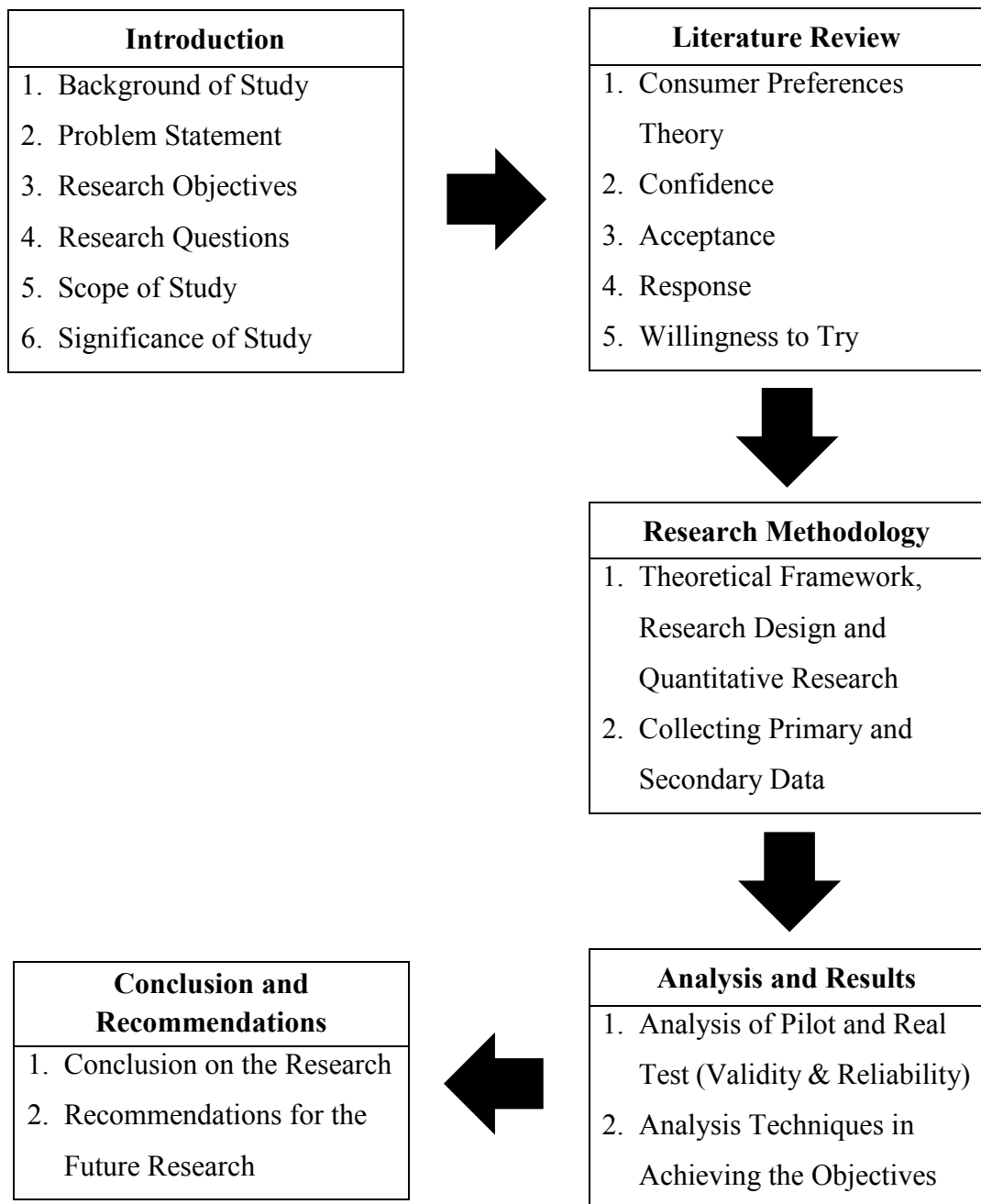


Figure 1.1: Flow of Research