

CONSUMER BEHAVIOR AND PURCHASE INTENTION TOWARD ORGANIC
PRODUCT IN MALACCA

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APPROVAL

“We hereby declare that we have read this thesis and in our opinion this thesis is sufficient in terms of scope and quality”

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DECLARATION

I declare that this thesis entitle “ Consumer Behavior And Purchase Intention Toward Organic Product” is my own research except as cited in the difference, the thesis has not been accepted for my degree and is not concurrently submitted in candidature of any other degree.

Signature :

Name :

Date :

DEDICATION

My parents, my adviser and my friends.

AKNOWLEDGEMENT

Assalamualaikum. I am very grateful finally I have complete my proposal making on the research of consumer behavior and purchase intention toward organic product in Malacca. I would like to take this opportunity to state my gratefulness to Universiti Teknikal Malaysia Melaka (UTeM) that had providing chance to students to complete this Final Year Project (FYP). Other than that, I also would like to express my sincere thanks to my supervisor, Dr Norazah Binti Abdul Aziz for helping me and guiding me always and give knowledge in order to complete this study. She has help in guiding me from the beginning until the end of (FYP) process. I am truly thankful as well to my panel, Dr Siti Norbaya Binti Yahaya. Last but not least, I would like to express and conclude my thanks to my parents, family and friends for their supreme support.

ABSTRACT

The aim of this research is to examine the relationship between health benefit, environmental concern, knowledge, and perceived consumer effectiveness towards intention to purchase organic products. Environmental issues and health become a concern to everyone. It is the role of people to have the right mindset in order to keep environment healthy. Thus, this survey is conducted to find out the perception of consumer about the organic products. To zoom in further, this research will be targeted on public people. Therefore, there are four independent variables that had been identified in this research project to understand the factors that could affect consumer attitude toward intention to purchase organic products. This includes health benefit, environmental concern, knowledge, and perceived consumer effectiveness. Primary data were collected through questionnaire survey in order to investigate research objective. 384 sets of questionnaire were distributed to the respondent to complete the research.

ABSTRAK

Tujuan penyelidikan ini adalah untuk mengkaji hubungan antara manfaat kesihatan, keprihatinan alam sekitar, pengetahuan, dan keberkesanan pengguna terhadap keinginan untuk membeli produk organik. Isu dan kesihatan alam sekitar menjadi perhatian semua orang. Ia adalah peranan orang untuk mempunyai minda yang betul untuk menjaga alam sekitar yang sihat. Oleh itu, tinjauan ini dijalankan untuk mengetahui persepsi pengguna mengenai produk organik. Untuk memperbesar, penyelidikan ini akan disasarkan kepada orang awam. Oleh itu, terdapat empat pembolehubah bebas yang telah dikenal pasti dalam projek penyelidikan ini untuk memahami faktor-faktor yang boleh mempengaruhi sikap pengguna terhadap niat untuk membeli produk organik. Ini termasuk faedah kesihatan, kebimbangan alam sekitar, pengetahuan, dan keberkesanan pengguna yang dilihat. Data utama dikumpulkan melalui tinjauan soal selidik untuk menyelidik objektif penyelidikan. 384 set soal selidik diedarkan kepada responden untuk menyelesaikan penyelidikan.

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CHAPTER 1

INTRODUCTION

1.1 Background of study

Organic products are product that grow up below a techniques of agribusiness without the use of substance that has been purified or prepare and pesticides with an environmentally. Organic product can be classified to organic food, organic personal care, and organic coffee and so on. The interest in organic products in consumer mind has been rising continuously over the recent years with new health but the majority of people still look after to choose conventional over organic brand either product or food. Mostly, the organic food we can see in large quantity on food. Because food is a main in human life. The main dissimilarity between organic and non-organic products are definitely the chemicals involved during production and processing.

In order, production training of non-organic product have a destroy effect on the environment which the use of a number of chemicals were involved, while the remaining of these chemicals in food products have uneased effects on human health. By bring up awareness on issues such as environment, nature and the green world (Justin Paul, Jyoti Rana, 2012) sated that marketers are keen to sell organic products. Nowadays, eco-friendly products are increasingly popular among the user because of they already concern better about their health and protection toward environment.

The awareness of source natural resources has generated the environmental protection case, which is turn the result in ecofriendly use that called “ green consumerism” (Yeon Kim & Chung, 2011). It had been raise doubt among the customer and user about the quality, standard and preferences in globalization of food and health care market. On every side the world, the awareness of the consumers are increasingly

toward the quality attributes of different commodities found in the market and are choosing closely products that match and according with their wants and priorities.

Consumers and user often voice their preferences for product quality by paying a standard price for the product that fulfills their desired characteristics. Unfortunately consumer only just look in lower price. But sometimes, the lowest price is does not mean lowest quality.

1.2 Problem Statement

In occurring recently years, a plenty nourishment danger have taken place in consumers concern about food protection and food protection case such as heredity moderation (Lee, Bonn, & Cho, 2015). The acquisition of new, potentially organic consumers has outperformed "diversity users", so far in many research connected to the development of organic product market which to increase the sales volume of organic products.

The main essential reason for them not paying organic product was price. Sometimes, people just only not depends on quality of product but look into low price. As we know, usually the organic product seemly high in price. In addition, environmental also influence to the people to make decision in purchasing product (Yeon Kim & Chung, 2011). The environment effect someone to purchase the product in term of all the community in there dislike the product. So that, it will be effected to customer that did not want purchase.

The cause of availability and lack of knowledge about organic products were also one of the reason why consumer buy conventional product. While also, the list of products purchased most often in conventional quality can be considered as a useful tool for retailers and the manufacturers. As such, organic products require further evolution or enhancement in various assortment of type at supermarkets.

While also, (V.N, Yean, Ru, & Yin, 2012) state that Malaysia is facing the increasing in energy consumption because this county is one in the world that fastest

growing countries in term of carbon emission. So that, the greenhouse gas (GHG) level is also increase extremely rather than the others countries. As a consequence, the government need to take action in creating awareness of environment anxiety to public in case to reduce or decrease of greenhouse gas level. To solve the problem, government need to expose more about the use of organic product such as reduce the consumption of plastic bag and so on among the public.

1.3 Research Question

The following were the research question which is were important in this research study based on the problem statement.

- 1) Is there any relationship between factors (health, environmental, knowledge, perceived consumer effectiveness) and intention to purchase organic product?
- 2) What are the perception of consumer about the organic product?
- 3) What type of customer that using and buying the organic product?

1.4 Research Objective

There are three objective in this research study in order to gain more on understanding based on problem statement, research question which is:

- 1) To determine the relationship between factors (health, environmental, knowledge, perceived consumer effectiveness) and intention to purchase organic product.
- 2) To examine the perception of consumer about the organic product.
- 3) To identify type of customer that using and buying the organic product.

1.5 Scope of the Study

Topic for this study will focus on factors affecting customer to purchase of buying organic product. The reason of researcher for choosing this topic is that researcher want to obtain more deep insight into main important details and cause affecting the purchase of organic products and key determinants. The citizen like household and also the student will be focus as a respondent to complete the study.

1.6 Limitation of the Study

There are several limitation faced by the researcher while conduct the research paper. First of all is time constraint that are the factor face by the researcher. The researcher only given a few month to complete this research paper. As a result, it is insufficient to obtain feedback from a wider range of respondents and lack of response from them. The second limitation face by the researcher is about the location. The research only carry out in Melaka only. So there will be no one from other state. The opinion might be limitation about the determinant and factor on purchase intention toward organic product. Problems also might be occur during data collections are respondents do not give full commitment when answering the questionnaire. So it will affected the results. The researcher assumed that the respondent who have more understanding in handling the research topic when they provide a justifiable answer.

1.7 Key Assumption

The researcher consider that the respondents will provide exactly answer. While also the researcher believes the respondents has sufficient knowledge to be a certain of respondents. Then, researcher consider that respondent have further and addition participation in handling the issue given when the answer was be prepared.

1.8 Significance of Study

This study is given benefit to the consumer on buying product conventional or organic product. So that's consumer can differentiate whether organic product will give quality or conventional product. The information in this studies more on purchase toward organic product. In order to purchase organic, consumer need to know information about the quality, availability on a product.

In addition the research will help little bit to center of the study either in university or other academic research. It is because of from this research, they can refer as their guidelines in develop new research. To the researcher this study will be given beneficial by provide an in-depth of information and details about consumer behavior and target customer. The research is about organic product and purchase intention, so that, it will guide the new researcher to have deeper knowledge about organic product. With this as their reference, so that they can be put together for further study by using result of this research.

1.9 Operational definition

Independent variable

- Health benefit - Nowadays, health awareness guides people to participate in healthy behaviors. The decline of human health nowadays was as a main reason factor to consumer purchase and to think about the organic product.

- Environmental concern - Positive environmental factor have positive influence to purchase of organic product. Environmentally conscious people are appropriate to change their purchasing behaviors to improve the environment
- Knowledge - Knowledge is one of a characteristic that can affect the phases of decision process that can be related to how much of information is being used in making decisions. Lack of new knowledge will result in low trust in the consumers about the information they receive
- Perceive consumer effectiveness - Perceived consumer effectiveness as recognize belief of an individual in perform the environmental problem with their effort. Also can be explain whose individual trust that their activity make a variance in solving the problem

Dependent variable

Purchase intention of organic product means that when people have the stronger intention to take part in behavior, the greater likely should be its achievement.

1.10 Summary

This chapter provide an explanation approximately the introduction of background of the research. While also follow with the problem statement and the rest is research question and research objective. Besides that, this chapter also explain the scope study and limitations faced by the researcher in conducting the research. The following chapter will describe in detail the literature review of consumer behavior toward organic product. Hypothesis and theoretical framework will also be proposed in chapter 2.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter will describe about the previous study related by the consumer behavior and purchase intention of organic product. In this chapter, the independent variables and dependent variable were formed. Besides that, this chapter also comprises the theory relate, the factor of purchase organic product, type of consumer purchase organic product, theoretical framework and hypotheses. All of these will be expose in detail in this chapter.

2.2 Definition of Term

2.2.1 Consumer's behavior

Several studies before that for consumer behavior definition is to study all activity involve picking and apply things, services, experiences and ideas by people, groups and organizations to fulfill needs and studying their effect on user and society (Mombeini, Sha, & Ghorbani, 2015). According to McDaniel, consumer's behavior explains that the way of consumer using to purchased goods or services and consumer make decision to purchase either want to buy or not .While, in the perception on Solomon believes that consumer's behavior is purpose at gathering needs and demands of varying people and class. While, the studies give impact process in the time of selecting, buying and using products, services, ideas and experiences (Solomon, 1999).

2.2.2 Ecological awareness

Before that, ecological awareness has few dimensional appearance and is go through in varying ways in literature before that. The difference sources were establish in a variety of factors to determine the ecological awareness among consumers. (Paul & Rana, 2012) state that knowledge environmental awareness which is environmental knowledge, environmental values, environmental attitudes, willingness to act and actual action were describes as five dimensions. Further through the study of these factors, the clarification of ecological awareness refer the understanding and considerate of environmental related problems. Behavior of human beings give strong effect through this factor. With the understanding of these factors their actions are motivated. Ecological awareness varies among consumers and the degree of ecological awareness in consumers helps in market segmentation. Individuals cannot make a difference in solving environmental problems in the Roper Organization and S.C. Johnson & Sons (1990) were identified and believing. Greenback greens whose commitment towards environment depends on their willingness to purchase and put high degree of attention about environment and low response levels when collector are used to rationalize their pro-natural deficits and their basic creams.. It is include the five categories of consumers on the basis of their attitude toward environmental as True-blue greens having great concern about the interim environment.

2.2.3 Organic food

There are a few of clarity of organic food that were presented by the easy meaning to obtain a more details and considerate about organic food. Normally, products can be evaluate as organic when they are produced in line with standard rights in all the sectors of production and a certificate to be awarded by an industrial body (Tareq, Hossain, & Lim, 2016). Organic foods are mostly the foods that are not processed and not involve by irradiation, industrial solvents or chemical food stabilizers and exclude any additional

ingredients. “In terms of food that comes from living animals such as meat, eggs and dairy products, the animal must not be given antibiotics or hormones growth” (Organic Foods Production Act, 1990). While, food which is released without using conventional pesticides can be labeled as organic food.

Food which is do not consist of genetically modified organisms, and are not involve procedure of using irradiation, industrial solvents, or chemical food additives is classify as organic foods. It means that those that are environmentally safe, produced using environmentally sound methods that do not require or include modern synthetic inputs such as pesticides and chemical fertilizers. The perception about the health effects of organic food are not much lean on organic and inorganic food choice. Household that have higher willingness to purchase rather than other households which is household who perceived organic food as healthier and more definitely to pay organic food (Tareq et al., 2016). Organic food are seen as healthier and safer and more organic practices are consider to be more eco-friendly sound.

2.2.4 Organic product

The organic product is mention by researcher is such as food, laundry detergents, personal care products, and energy saving electronics. More consumers have look into for greener products as organic products have acquire popularity in the market, (Yeon Kim & Chung, 2011). The personal care sector accounted for the second largest section of sales in the US organic industry (Organic Trade Association, 2006) which is following the food sector. D’Souza et al. (2006) claim that consumers’ ecological concerns may be the important and key factors in the marketing of cosmetic products. Even though the organic and natural care products is fast growth in sales that has attract researchers’ interests, most existing research on the organic personal care industry has cope with marketing strategies rather consumer behavior. Without in-depth understanding of consumer behavior for this product category it is difficult to develop effective marketing strategies Furthermore, although there are numerous studies regarding consumers’ attitudes and purchase behaviors of green products (Yeon Kim & Chung, 2011), these studies have focused mainly on organic food and products health care and were conducted at Melaka.