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I hereby declared that I had read through this thesis and in my opinion that this thesis is adequate in terms of scope and quality which fulfil the requirements for the requirements for the award of Bachelor of Technopreneurship with Honours (BTEC)

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FACTORS INFLUENCING PURCHASE INTENTION OF ORGANIC FOOD IN
MELAKA

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DECLARATION

‘I declared that the report is the result of my own research except as cited in the references. The research has been for any degree and is not concurrently submitted in candidature of any other degree.’

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DEDICATION

For my beloved parents that always support me. A special thanks to my supervisor, panel and my friends for helping me in complete this research study.

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ABSTRACT

The demand and consumptions of organic food is increasing significantly around the world including Malaysia due to the health and environmental awareness of the public is kept increasing. The trends had attracted the retailers as well as researchers to develop the industry although it is not as the new issues to publics. However, there are still have high potential to kept develop and investigate. Melaka as the place which promote the green concept and healthy life style, so organic food stores and restaurants is increasing in recent times. However, there are not research to investigate the demand and purchase intention of consumers. Thus, the study is aim to investigate the factors influencing the purchase intention of organic food purchaser. To discover the purchase intention of consumers, the 384 respondents had answered questionnaires. The results have been analysed using Pearson's Correlation to study the relationship between variables and multiple regression to determine the most influence factor that effect purchase intention of organic food purchasers towards organic food. To discover characteristics of demographic profile, frequency table and cross tabulation also used. Through the results generated by SPSS, two out of three factors which are health consciousness and subjective norm have shown significant relationship with the purchase intention, and subjective norm has the most significant relationship with the purchase intention of organic food purchasers in Melaka. In conclusion, subjective norm plays critical roles to effect purchase intention of organic food purchasers to purchase organic food.

ABSTRAK

Permintaan dan penggunaan makanan organik meningkat dengan ketara di seluruh dunia termasuk Malaysia disebabkan oleh kesedaran kesihatan dan alam sekitar orang ramai terus meningkat. Trend ini telah menarik para peruncit serta penyelidik untuk membangunkan industri ini walaupun ia bukanlah isu baru kepada masyarakat. Walau bagaimanapun, masih terdapat potensi yang tinggi untuk terus membangun dan menyiasat. Melaka sebagai tempat yang mempromosikan konsep hijau dan gaya hidup yang sihat, begitu juga kedai makanan dan restoran organik yang semakin meningkat sejak kebelakangan ini. Walau bagaimanapun, tidak ada penyelidikan untuk menyiasat niat permintaan dan pembelian pengguna. Oleh itu, kajian ini bertujuan untuk menyiasat faktor-faktor yang mempengaruhi niat pembelian pembeli makanan organik. Untuk mengetahui niat pembelian pengguna, 384 responden telah menjawab soal selidik. Hasilnya telah dianalisis dengan menggunakan Korelasi Pearson untuk mengkaji hubungan antara pemboleh ubah dan regresi berganda untuk menentukan faktor paling mempengaruhi yang mempengaruhi niat pembelian pembeli makanan organik terhadap makanan organik. Untuk menemui ciri-ciri profil demografi, jadual kekerapan dan tabulasi silang juga digunakan. Melalui keputusan yang dihasilkan oleh SPSS, dua daripada tiga faktor yang kesedaran kesihatan dan norma subjektif menunjukkan hubungan yang signifikan dengan niat pembelian, dan norma subjektif mempunyai hubungan yang paling signifikan dengan niat pembelian pembeli makanan organik di Melaka. Sebagai kesimpulan, norma subjektif memainkan peranan kritikal untuk mempengaruhi niat pembelian pembeli makanan organik untuk membeli makanan organik

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LIST OF ABBREVIATIONS

ANOVA	=	Analysis of Variance
SPSS	=	Statistical Package for the Social Sciences
TPB	=	Theory of Planned Behaviour
TRA	=	Theory of Reasoned Action
HC	=	Health Consciousness
EC	=	Environmental Concern
SN	=	Subjective Norm
PI	=	Purchase Intention

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CHAPTER 1

INTRODUCTION

1.1 Introduction

In this chapter, background of organic food within research is explained at the first part of the research. The research is dedicated problem statement after the background of study to understand problems that had faced within the study. From the problem statement we had come out research questions and objectives to achieve from the research. After that, significance of study is explained to understand the important of the study. Lastly, the scope of the research is fixed within reasonable area.

1.2 Research Background

Organic food industry is undergoes developing state, it considers small industry within food market. (Somasundram, Razali & Santhirasegaram, [2016](#)).

Although organic food industry is small in Malaysia, but the Malaysian who understand concept of organic food is more than 90% and 53.8% of consumers had consume at least once in the past six months which stated in study of MARDI. (Abu, Zainol & Kasim, [2009](#)) This mean that, more than half of Malaysian had purchase organic food experience before. The study had proved that demand of organic food in Malaysia are high. Due to the high demand of organic food in Malaysia, there are more than 60% of organic food Malaysia are imported from foreign country. (Somasundram et al., [2016](#); Wee, Ariff, Zakuan, Tajudin, & Khalid Ismail, [2014](#)) This also make organic food Malaysia become premium product. However, premium price cannot stop the development of organic food Malaysia and intention of consumer to purchase organic food.

There are several researches to study consumer perspective organic food at foreign country such as Taiwan (Chen, [2007](#)), Thailand (Ueasangkomsate & Santiteerakul, [2016](#)) and India. (Paul & Rana, [2012](#)) In Malaysia, there are research to review organic food industry Malaysia for retailer to understand situations of organic food industry. (Somasundram, Razali & Santhirasegaram, [2016](#)) Recent year, there are research of organic food research is focus on purchase intention Generation Y in Malaysia. (Hassan, Yee & Ray, [2015](#); Leong & Paim, [2015](#); Thambiah, Khin, Muthaiyah, & Yuen, [2015](#)) However, there are limited organic food research is focus on public based on different lifestyle, background and age. (Hossain & Lim, [2016](#); Lim, Yong & Suryadi, [2014](#)) For existing research regarding geographic within research organic food in Malaysia include Penang (Hossain & Lim, [2016](#)), Kedah (Shaharudin, Pani, Mansor & Elias, [2010](#)) and Klang Valley (Omar, Nazri, Osman & Ahmad, [2016](#); Ahmad & Juhdi, [2010](#); Lim, Yong & Suryadi, [2014](#)) However, there are no research about factor that will influencing consumer of Melaka to purchase organic food.

1.3 Problem statement

The awareness of food safety issues or health issues in food is rising and paid attention of consumers especially when choosing food choice (Basha, Mason, Shamsudin, Hussain, & Salem, [2015](#)). There are also have research is proved that the awareness and consumption of consumer toward organic food is increasing significantly in Malaysia. (Abu, Zainol & Kasim, [2009](#); Somasundram, Razali & Santhirasegaram, [2016](#)) The new trends' awareness had make the rising organic food store in Malaysia including green city, Melaka and form a high competition in organic food industry in Melaka as shown as the rising large number of organic food stores and restaurants in Melaka recently. However, some of organic food purchasers are purchase organic food in non-basics form and make the organic food as their alternative food choice due to its premium price compared with non-organic food. Thus, what actually of factors that will influencing or motivating consumer to purchaser organic food in basics form? Currently, there are no research to investigate purchase intention of consumer towards organic food in Melaka.

Thus, to fill the gap the study is to identify what factors that make them to encourage them become an organic food purchaser and will make non-regular organic food purchasers to purchase organic food in regular basis. In other words, the study is aim to focus study factors that will influencing intention of consumer to purchase organic food and as non-verbal communications for retailers with consumers to understand opinion of consumers. Besides, this study also will determine that the most influencing factor that will affect purchase intention of organic food purchaser Melaka to give direct and accurate direction to retailers for develop marketing strategies. Based on the study can provide reference and guidance to retailers and marketer who concerning the factor that influencing intention of organic food purchaser to purchase organic food.

1.4 Research Questions

1. What are the characteristics of organic food purchasers?
2. What is relationship between factors and purchase intention of consumers towards organic food?
3. What is the most influencing factor effect purchase intention organic food?

1.5 Research Objectives

1. To identify the characteristics of organic food purchasers.
2. To define the relationship between factors and purchase intention of consumers towards organic food.
3. To determine the most influence factor that effect purchase intention toward organic food.

1.6 Significance of Study

The finding of this study will redound to the benefits of industry field and academic field. Based on previous study and indicate within the following chapter, organic food research is quite limited in Melaka. Melaka is as developed state and green city who emphasis on healthy and quality life. So, there are many very high potential on products which enhance their quality lifestyle and promote healthy life also such as organic food. So, this study is contributed to retailers who have aspiration to develop organic food industry in Melaka. This study will as guidance and references to retailers to understand factor that will influences purchase intention of consumers to purchase organic food especially the opinion of. Based on the finding of this study, retailers can develop appropriate marketing strategies to develop and promote well about organic culture in Melaka. Besides retailers the study also give benefits to policy maker to improve organic food industry Melaka.

For the researcher, the study will help them to develop better theoretical model for future study. The research model to examine most frequent factors within organic food research which are health consciousness and environment concern in different areas. So, this study will give a clear image to identify the relationship between factors and purchase intention of organic food purchasers. Based on the previous study, there are lack of organic food research regarding organic food purchasers in Malaysia especially in Melaka. So, this study is giving additional value for organic food research to minimize the research gap in organic food industry Melaka.

1.7 Scope of Study

To ensure the research is more specific and to achieve objectives well, thus the scope of study is included to specific to get the respondents from different area of Melaka and respondents are focus on organic food purchasers.

In this study, the scope of geographic area is focus on whole Melaka. This is because according to problem statement, there are many organic concept stores and restaurant are rising in Melaka. So, to investigate the problem the geographic scope of the study is focus on whole Melaka. To ensure the research can specific to identify the purchase intention of organic food purchasers Melaka in different area, the research will carry out in different Melaka area. The scope of area are divided into three areas which are Jasin, Alor Gajah and Melaka Tengah. In addition, Melaka is aim to become the first green city in Malaysia. It promotes well about healthy concept within human life and city. Due to the organic food is the food choice that are eco-friendly and bring benefits to human health. So, Melaka is the best places to investigate the organic food topic within Malaysia.

In this study, organic food purchasers are consumers that play significant roles to ensure the objectives of study is achievable. Organic food purchasers can be included into regular customers for organic food and non-regular organic food purchasers. Organic food purchasers are important target and focus in organic food industry because it will be influencing development of organic food industry such as they will introducing organic food to other after they experience benefits of organic food. The study will analysis the characteristics of organic food purchasers Melaka to bring contribution to organic food retailer to understand more about their real customers.

1.8 Summary

In this chapter, we had discussed problem and gap in academic and industry both field of organic food. We also indicated the value and contribution of the study. In conclude that, although there are many research within organic food but it still have value to continue study to fill gap to promote well the organic concept in whole Malaysia.

The next chapter we will discuss about each factor deeply and relationship between factor and purchase intention based on previous study. The hypotheses and framework also will be proposed after studied the previous research. There are mention that theory that will apply within the research.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

In this chapter, we will discuss about definition of organic food in different aspect and conclude that definition of organic food for this study. Besides, we also will discover organic industry within Malaysia. In this research we focus on health consciousness, environment concern and subjective norm to discover relationship with purchase intention. At the end of chapter, the hypothesis and framework for the research is proposed based on the previous literature study.