

**FACTOR INFLUENCING CUSTOMERS' PURCHASE INTENTION OF  
GREEN PRODUCT IN FAST MOVING CONSUMER GOODS (FMCG)  
SECTOR.**

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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 award of Bachelor of Technopreneurship with Honours (BTEC).”

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The thesis is submitted in partial fulfilment of the requirements for the award of  
Bachelor of Technopreneurship with Honours (BTEC).

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## DECLARATION

‘I hereby declare that this project entitled “Factor Influencing Customers’ Purchase Intention of Green Product in Fast Moving Consumer Goods (FMCG) Sector.” is the results of my own work except as cited in the references.’

Signature : .....

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Date : .....

## **DEDICATION**

To my dear parents and all my loved ones,  
Thanks for being there when I needed you the most.

## ACKNOWLEDGEMENT

I would like to show my thankfulness to everyone who helped and guided me throughout the process of preparing this project. I would like to apologize if I showed any disrespectfulness unintentionally.

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## ABSTRACT

The rapid growth of the economic will led to unfavourable environmental degradation even the related manufacturers have produced more green products in Fast Moving Consumer Goods (FMCG) sector, but the consumption level is seen to be still low. Therefore, this research aims to identify the factors and to investigate the most importance factors influencing customers' purchase intention of green product in FMCG sector. This research also analyses the moderating effect of gender on customers' purchase intention of green product in FMCG sector. This is an explanatory research and by using quantitative methods through questionnaire survey among 384 respondents. The regression results showed that knowledge, product attribute and government initiative have significant influence on customers' purchase intention of green product in FMCG sector. In contrast, environmental concern does not have any significant influence on customers' purchase intention of green product in FMCG sector. Furthermore, the result shows that knowledge is the most significant factor that influence on customers' purchase intention of green product in FMCG sector. This research also found that there is not significant moderating effect of gender on customers' purchase intention of green product in FMCG sector. This study is important to theoretical implication and managerial implication in order to understand the customers' purchase intention of green product in FMCG sector.

## **ABSTRAK**

*Pertumbuhan pesat ekonomi akan membawa kepada kemerosotan alam sekitar yang tidak baik walaupun pengeluar yang berkaitan telah menghasilkan lebih banyak produk hijau dalam sektor Barangan Pengguna Bergerak (Fast Moving Consumer Goods, FMCG), tetapi tahap penggunaan dilihat masih rendah. Oleh itu, kajian ini bertujuan untuk mengenal pasti faktor-faktor dan untuk menyiasat faktor-faktor yang paling penting mempengaruhi niat pembelian produk hijau pengguna dalam sektor FMCG. Kajian ini juga menganalisis kesan penyederhanaan jantina ke atas niat pembelian produk hijau dalam sektor FMCG. Ini merupakan penyelidikan penjelasan dan menggunakan kaedah kuantitatif melalui soal selidik kuesioner di kalangan 384 responden. Hasil regresi menunjukkan bahawa pengetahuan, atribut produk dan inisiatif kerajaan mempunyai pengaruh penting terhadap niat pembelian produk hijau dalam sektor FMCG. Sebaliknya, kebimbangan alam sekitar tidak mempunyai pengaruh penting terhadap niat pembelian produk hijau pelanggan dalam sektor FMCG. Selain itu, hasilnya menunjukkan bahawa pengetahuan adalah faktor paling penting yang mempengaruhi niat pembelian produk hijau pelanggan dalam sektor FMCG. Kajian ini juga mendapati bahawa jantina tidak menyederhanakan hubungan antara faktor-faktor dan niat pembelian produk hijau dalam sektor FMCG. Kajian ini penting untuk implikasi teoritis dan implikasi pengurusan untuk memahami niat pembelian produk hijau pelanggan dalam sektor FMCG.*



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**LIST OF SYMBOLS**

$\alpha$	=	Alpha
$B$	=	Unstandardized beta
$SE B$	=	Standard error for unstandardized beta
$\beta$	=	Standardized beta
$t$	=	T test statistic
$p$	=	Probability value

## LIST OF ABBREVIATIONS

FMCG	=	Fast Moving Consumer Goods
CPG	=	Consumer Packaged Goods
UTeM	=	Universiti Teknikal Malaysia Melaka
UiTM	=	Universiti Teknologi MARA
MMU	=	Multimedia University
SCP	=	Sustainable Consumption and Production
TRA	=	Theory of Reasoned Action
TPB	=	Theory of Planned Behavior
DV	=	Dependent Variable
IV	=	Independent Variables
MV	=	Moderating Variable
SPSS	=	Statistical Package for Social Science
ANOVA	=	Analysis of Variance



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## **CHAPTER 1**

### **INTRODUCTION**

#### **1.0 Introduction**

The purpose of this research is to study factors that influencing customers' purchase intention of green product in Fast Moving Consumer Goods (FMCG) sector. The main focus in this chapter is to state the background of study and problem statement. After that, to set research questions, research objectives, significant of study, scope of study and follow by the limitation of study.

#### **1.1 Background of Study**

Rapid growth of economic has led to unfavourable environmental degradation. The earth has changed considerably globally due to some elements. For example, climate change, air pollution, waste generation and natural disasters, which influence not only living organisms as well as economy and status of the people (Maichum et al., 2016).

According to Ooi et al. (2012), the rapid economic growth always links to the enlargement of consumers' consumption level worldwide. The environment deterioration caused by over consumption and utilization of natural resources from consumers is always a public attention. As the earth keeps on declining, it has turned

into a tireless open worry in developed countries. Moreover, it likewise awakens developing countries to the green development for protection of nature (Ooi et al., 2012).

Consumers are one of the responsible for environmental debasement since their consumption activities will result in destructive impact on environment. By consuming green product and environmentally friendly product, it believed that this consumer ethically behaviour will result in protecting the environment (Chairy, 2012). Green product is one of the reactions of the environmental concern. Due to the green product business is relatively new in Malaysia, a couple of formal studies had been developed and mainly investigate the green product, green consumer and green marketing in the country (Shahnaei, 2012). Once again according to Chairy (2012), a 'green' product is a product which can reduce the impact on the natural environment occurs from its materials, production, use or disposal as well as satisfying the more usual design factors such as performance, aesthetics and cost. Consuming green product reflects a conscious concern for protecting the environment.

Ritter et al. (2015) also stated that by consume green product could become one of the ways to reduce environmental impacts. Green product can be described as a product which are safe to purchase, good quality, and are produced under the principles of sustainable development (Ritter et al., 2015). In recent years, green products have increased production substantially worldwide. Green product will be not polluting the environment, and can be recycled or conserved using low-toxicity materials (Maichum et al., 2016).

According to Maichum et al. (2016), consumers will be willing to purchase green products when they need and want for safety, quality, availability and convenience which are a priority, when also they realized that green product can help in solve environmental problems. Consumers will judge the value of a product by using a quality indicator and then combine the judgment to evaluate their purchase intention.

Fast-Moving Consumer Goods (FMCG) as well as Consumer Packaged Goods (CPG) sector can be considered as a significant commercial segment or larger sector which contributed in develop a country's economy (Nagaraju & Thejaswini, 2014; *gradmalaysia.com*, 2018). It covers various of product range which include food and dairy, personal care products and household care products (*gradmalaysia.com*, 2018).

According to Mintel (2010) cited in Morel & Kwakye (2012), the FMCG should follow the trends of concern the environment such as reevaluate natural or emphasize in sustainability and the result show that the FMCG sector is going to be greener. For the example which added by *corporate-eye.com* as cited in Morel & Kwakye (2012), the FMCG sectors in United States had produced a lot of green FMCG product in between January 2009 and April 2009 which are 458 new green FMCG products to launch in the market.

In marketing field, most of the researchers are interested in identifying the factors that influence the green product buying intention, because of the result would help to develop suitable strategies and can obtain market share for such products (Maichum et al., 2016). Several researchers in developed countries have studied the intentions and behaviour of consumers towards green products such as in United States, United Kingdom, and Italy (Barber et al., 2014; Onwezen et al., 2017; Maichum et al., 2016). The results also suggested that consumers from developed countries are more concerned about the environment than those from developing countries. Moreover, green products have also drawn the attention of developing countries, including China, India, Indonesia, and Malaysia (Onwezen et al., 2017; Tan, 2011).

In short, consumer is one of the most important sides to consider in fostering green revolution. By better understanding their characteristics and consumption behaviour may influence them to buy green product.

## 1.2 Problem Statement

In contrast with past, Malaysian have starting to be more positive and energetic towards green products as well as in FMCG sectors (*myStarjob.com*, 2013). The society started concern about the environment and this trend have provide a new opportunity for local SME to started their new product range which is green product (Tan, 2018). However, there are still low consumption level of green product if compare with developed countries such as Japan, United States and Singapore (Leong & Ng, 2014). The consumers' purchase intention is important for researcher to have better understanding of customers' purchase behaviour. It implies that study consumers' intention in different perspective is required.

In general, consumers show positive attitude towards purchasing specific products, such an attitude is directly affected by many factors, and these factors can be an indicator of the purchasing intention and ability. According to Shahnaei (2012), one main struggle consumers face when they plan to buy green products in developing countries is the high cost, it plays a major part when they decide to purchase.

Due to increase the awareness among society towards environmental impact, consumers are more sensitive towards green products when they made their purchasing decisions. But the young generation who represents the future of the society seen have a different attitude and belief which enables them to reflect on their choice of green product (Kanchanapibul et al., 2014).

There are few researches in developing countries had specific research on the young generation purchase intention towards green product as well as in Malaysia (Yadav & Pathak, 2016; Sharaf et al., 2015). However, the factors that influence the green product intention in one country might be different between each other due to the difference culture and socio-economies conditions. Young generation is the one to inherited our future resource, so their perspective and awareness towards environment is very important. Therefore, this study is important to investigate the factors influencing the customers' purchase intention of green product especially among the young generation with high education level, because they will become a big bond of our country in the future.

### **1.3 Research Questions**

In the recent years, there are many studies about the customers' intention towards the green product, but there still some critical questions which haven't been solve, which are:

1. What are the factors influencing the customers' purchase intention of green product in FMCG sector?
2. What is the most importance factor that influence customers' purchase intention of green product in FMCG sector?
3. What is the moderating effect of gender on customers' purchase intention of green product in FMCG sector?

### **1.4 Research Objectives**

Based on the research questions, there are some research objectives have been pointed out to fulfil the research requirement, which are:

1. To identify the factors that influence the customers' purchase intention of green product in FMCG sector.
2. To investigate the most importance factor that influence customers' purchase intention of green product in FMCG sector.
3. To analyse the moderating effect of gender on customers' purchase intention of green product in FMCG sector.

## 1.5 Significant of Study

Nowadays, there are a lot of people concern about environmental issue, government also organized a lot of campaigns in supporting green movement, but there still low consumption level in green product purchasing. Therefore, this research aims to point out some crucial factors which influence the customers' intentions towards green product in FMCG sector. The significant finding will be useful for different aspect.

First, this report provided a better understanding for FMCG manufacturer or producer and seller towards customer purchase intention. Based on this, they can grab the opportunity to innovate and modify their existing product to meet the customer needs.

Second, through the result, the green product marketers can more understand the customers' preference and purchase intentions towards green product in FMCG sector. Hence, they will be able to improve their marketing strategies, at the same time increase the consumption level of green product in FMCG sector.

Third, the final information from this report will also be valuable for the policy maker such as individual and government to refer and for them to come out with more effective policy and aims to increase the consumption level of green FMCG product. Several actions can be considered such as reduce the tax of green product to encourage the customer to support green product.

## 1.6 Scope of Study

This research is aim to examine the factors that influence customers' purchase intention of green product in FMCG sector. The data will be collected from the certain universities which located in Malacca, including Universiti Teknikal Malaysia Melaka (UTeM), Universiti Teknologi MARA (UiTM) Melaka, and Multimedia University (MMU) Melaka. The convenience sampling will be use and aim to obtain more

accuracy result among the respondents. This research will only focus on higher education level such as diploma student, degree student and above. Various background will be deeply investigated to find out the crucial factors that affect the customers' intention such as the gender as the moderating variable and also the independent variable which include product attribute, environmental concern, knowledge and government initiative.

### **1.7 Summary**

In short, this chapter provided an overview of the whole research which starts from background of study and ends with the limitation of study. Next chapter will be discussed the variables with supporting literature review, thus to come out with the research framework.