

**THE IMPACT OF GREEN ATTRIBUTES ON CUSTOMER LOYALTY OF  
SUPERMARKET IN MELAKA**

**ZHRUL IRFAN BIN NOORDIN**

**UNIVERSITI TEKNIKAL MALAYSIA MELAKA**

## **SUPERVISOR'S APPROVAL**

I hereby declared that I have read this thesis and this research is sufficient in term of scope and quality. This project is submitted to Universiti Teknikal Malaysia Melaka (UTeM) as requirement for completion and fulfillment of Bachelor Degree in Technology Management (Innovation) (BTMI).

Signature : .....

Name of Supervisor : Dr Nor Azah binti Abdul Aziz

Date : June 2019

Signature : .....

Name of Panel : Puan Hartini binti Azman

Date : June 2019

**THE IMPACT OF GREEN ATTRIBUTES ON CUSTOMER LOYALTY OF  
SUPERMARKET IN MELAKA**

**ZHRUL IRFAN BIN NOORDIN**

**A report submitted  
In fulfilment of the requirements-for the  
degree of Bachelor of Technology Management  
(Innovation)**

**Faculty of Technology Management and  
Technopreneurship Universiti Teknikal Malaysia Melaka**

**JUNE 2019**

## DECLARATION

I declare that this research entitle “The Impact of Green Attributes on Customer Loyalty of Supermarket in Melaka” is the result of my own research except as cited in the references. The research has not been accepted for any degree and is not concurrently submitted in candidature of any other degree.

Signature : .....

Name : ZHRUL IRFAN BIN NOORDIN

Date : .....

## DEDICATION

This research paper is lovingly dedicated to my mother Rohani Bt Ishak, who have been my constant source of inspirations and they have given unconditional support with my studies. I am honored to have her as my mother. Thank you for offering me the opportunity to demonstrate and enhance myself throughout my life. Thank you to my brothers and family for your constant love, prayers and encouragement towards me. Not to forget, your kindness implies a lot to me to those who indirectly contributed to this studies. Thank you so much.

## ACKNOWLEDGEMENT

Alhamdulillah. Thanks to Allah whom with His willingness gave I an opportunity to complete my Final Year Project entitled “The Impact of Green Attributes on Customer Loyalty of Supermarket in Melaka”.

First and foremost, I would like to thank my supervisor, Dr. Nor Azah binti Abdul Aziz, who gave advice and encouragement in finishing this final year project. Her devoted oversight and uncountable support really assist me to finish this study. I would like to thank my panel, Mrs. Hartini binti Azman, for his valuable advice on any issues that occur along my path to finishing my project from its original stages to its completion. My deepest thanks and gratitude to my mothers, Rohani Bt Ishak, as well as to my family for their collaboration, encouragement, positive advice and complete support for the completion of the study from start to finish. In the same time, thanks to all my friends and everyone, those who have supported my work directly or indirectly during the tenure of thesis completion.

Finally thanks for all the kind hearted human, as I am aware that this simple ‘THANKS’ could not resembles all your support and moral supports.

## ABSTRACT

This study empirically the impact of green attributes on customer loyalty of supermarket in Melaka. This study tested four hypotheses on impact of green attributes on customer loyalty of supermarket with empirical data from a sample of 384 people who lived in Melaka. The framework has been proposed to investigate the impact of green attributes on customer loyalty of supermarket in Melaka. Three attribute are considered in this research, namely eco advertising, eco label and environmental awareness. The results showed that eco advertising, eco label and environmental awareness contain positive significant green attributes on customer loyalty of supermarket. This study is important in a global context, as supermarket is one of agent that preserve environment.

Keywords green attributes, customer loyalty, Eco Advertising, Eco Label and Environmental Awareness, Melaka

## ABSTRACT

Kajian ini secara empirikal memberi kesan terhadap sifat-sifat hijau terhadap kesetiaan pelanggan pasar raya di Melaka. Kajian ini menguji empat hipotesis mengenai kesan sifat hijau terhadap kesetiaan pelanggan pasar raya dengan data empirikal daripada sampel 384 orang yang tinggal di Melaka. Rangka kerja ini telah dicadangkan untuk menyiasat kesan atribut hijau terhadap kesetiaan pelanggan pasar raya di Melaka. Tiga sifat dipertimbangkan dalam penyelidikan ini, iaitu pengiklanan eko, label eko dan kesedaran alam sekitar. Hasilnya menunjukkan bahawa pengiklanan eko, label eko dan kesedaran alam sekitar mengandungi atribut hijau penting yang signifikan terhadap kesetiaan pelanggan pasar raya. Kajian ini penting dalam konteks global, kerana pasaraya adalah salah satu agen yang mengekalkan persekitaran.

Kata kunci : sifat hijau, kesetiaan pelanggan, Pengiklanan Eco, Label Eco dan Kesedaran Alam Sekitar, Melaka



## TABLE OF CONTENT

<b>CHAPTER</b>	<b>TITLE</b>	<b>PAGE</b>
	<b>DECLARATION</b>	ii
	<b>DEDICATION</b>	lii
	<b>ACKNOWLEDGEMENT</b>	iv
	<b>ABSTRACT</b>	v
	<b>ABSTRAK</b>	vi
	<b>TABLE OF CONTENT</b>	vii
	<b>LIST OF FIGURES</b>	xii
	<b>LIST OF TABLES</b>	xiii
	<b>LIST OF ABBREVIATIONS</b>	xv
	<b>LIST OF APPENDICES</b>	xvi
<b>CHAPTER 1</b>	<b>INTRODUCTION</b>	
	1.1 Background of the study	1-2
	1.2 Problem Statement	3
	1.3 Research Question	4
	1.4 Research Objectives	4
	1.5 Scope	5
	1.6 Limitation of Study	5
	1.7 Significance of Study	6
	1.8 Operational definition	7
	1.9 Organisational of research	8
<b>CHAPTER 2</b>	<b>LITERATURE REVIEW</b>	
	2.1 Introduction	9
	2.2 Definition of Term	10

2.3	Variables	
2.3.1	Eco Advertising	11
2.3.2	Eco Label	11-12
2.3.3	Environmental Awareness	12
2.3.4	Customer Loyalty	13
2.4	Theory Adoption	14
2.5	Research Framework	17
2.6	Hypothesis Development	18
2.7	Summary	19

### **CHAPTER 3 RESEARCH METHODOLOGY**

3.1	Introduction	20
3.2	Research Design	21
3.3	Methodology Choices	22
3.4	Primary and Secondary Sources	22
3.5	Research Location	23
3.6	Research Strategy	24
3.7	Research Instrument	24
3.7.1	Questionnaire Design	25
3.7.2	Pilot Test	25
3.8	Sample Design	26
3.8.1	Target Population	26
3.8.2	Sampling Techniques	26
3.8.3	Sampling Size	27
3.9	Time Horizon	28
3.10	Techniques Analysis	28
3.10.1	Reliability Test	28
3.10.2	Pearson's Correlation Analysis	29

3.10.3 Multiple Regression Analysis	29
3.12 Summary	30

## **CHAPTER 4 DATA ANALYSIS AND RESULT**

4.0 Introduction	31
4.1 Pilot test	32
4.1.1 Reliability	32
4.1.1.1 Eco advertising	32
4.1.1.2 Eco Label	33
4.1.1.3 Environmental awareness	34
4.1.1.4 Customer Loyalty toward supermarket	35
4.1.1.5 Reliability of Total Variable for Pilot Test	36
4.1.2. Validity	37
4.2 Descriptive Statistic on Respondent Profile	40
4.2.1 Gender	41
4.2.2 Ethnicity	42
4.2.3 Age	43
4.2.4 Education Qualification	44
4.2.5 Profession	45
4.2.6 Have you heard about green attribute?	46
4.2.7 Supermarket in Melaka state their green attribute in their daily life	47
4.2.8 Which supermarket that you think possess green practice the most?	48
4.2.9 Will you purchase the product with the green attributes in the future?	48
4.3 Test Reliability	50
4.4 Descriptive Analysis on Collected Data	51

4.4.1 Independent Variable 1: Eco advertising	52
4.4.2 Independent Variable 2: Eco label	54
4.4.3 Independent Variable 3: Environmental awareness	56
4.4.4 Dependent Variable: Customer Loyalty	59
Toward Supermarket's Green Attributes	
4.5 Pearson's Correlation Analysis	61
4.5.1 Correlations Independent Variable and Dependent Variable	62
4.6 Multiple Linear Regressions	64
4.7 Summary	70
<b>CHAPTER 5 CONCLUSION</b>	
5.0 Introduction	71
5.1 Research Objective Summary	71
5.1.1 Objective 1	72
5.1.2 Objective 2	72
5.1.3 Objective 3	73
5.1.4 Objective 4	73
5.2 Research Contribution	
5.2.1 Theoretical Contribution	74
5.2.2 Implication	75
5.3 Research Limitation	77
5.4 Recommendation	78
5.4.1 Future Researchers	78
5.5 Conclusion	78

<b>REFERENCES</b>	79
-------------------	----

<b>APPENDICES</b>	84
-------------------	----

## LIST OF FIGURES

<b>FIGURES</b>	<b>TITLE</b>	<b>PAGES</b>
1	Technology Acceptance Model (Davis et al, 1989)	9
2	Research Framework	12
3	Population in Melaka in 2017 (Department of Statistic Malaysia )	27
4	Table of sampling population	27
5	Gender of Respondents	41
6	Ethnicity of Respondents	42
7	Age of Respondents	43
8	Education Qualification of Respondents	44
9	Profession of Respondents	45
10	Feedback of Respondents on green attribute	46
11	Feedback of Respondents	47
12	Supermarket choice of Respondent	48
13	Customer decision on buying green attribute product	49
14	New Framework	74

**LIST OF  
TABLES**

<b>TABLES</b>	<b>TITLE</b>	<b>PAGES</b>
1	Definition of Term	10
2	Case Processing Summary of Eco advertising	32
3	Reliability Statistics of Eco advertising	32
4	Case Processing Summary of Eco label	33
5	Reliability Statistics of Eco label	33
6	Case Processing Summary of Environmental awareness	34
7	Reliability Statistics of Environmental awareness	34
8	Case Processing Summary of Customer Loyalty toward supermarket	35
9	Reliability Statistics of Customer Loyalty toward supermarket	35
10	Case Processing Summary of Total Variables	36
11	Reliability Statistics of Total Variables	36
12	Descriptive Statistics	37
13	Correlation of variables	38
14	Gender of respondents	41
15	Ethnicity of Respondent	42
16	Age of Respondents	43
17	Education Qualification of Respondents	44
18	Profession of Respondents	45
19	Feedback of Respondents on green attribute	46
20	Feedback of Respondents	47
21	Supermarket choice of Respondent	48
22	Customer decision on buying green attribute product	49
23	Reliability Statistics	50
24	Descriptive Statistics of Eco advertising	52
25	Descriptive Statistics of Eco label	54
26	Descriptive Statistics of Environmental awareness	56
27	Descriptive Statistics of Customer Loyalty Toward Supermarket's Green Attributes	59

28	: Interpretation of Correlation Coefficient	61
29	Correlations of Independent Variables and Dependent Variable	62
30	Model Summary	64
31	ANOVA	65
32	Coefficients	65
33	Summary of Hypothesis Testing	69



## LIST OF ABBREVIATIONS

EPI = Environmental Performance Index

EPA = Environmental Protection Agency

C2B = Customer to Business

TRA = Theory of Reasoned Action

**LIST OF APPENDICES**

APPENDIX	TITLE	PAGES
1	Questionnaire	90
2	Gant Chart FYP 1	92
3	Gant Chart FYP 2	93

## CHAPTER 1

### INTRODUCTION

#### 1.1 Background Study

Based on recent worldwide research and survey range of 17,000 people, 56% of them had describing their as green or the one who avoid using product that can harm environments. Their also believe themselves as the one who minimize waste, saving energy consumption and use environmental product as often as possible (M. Melinda, 2012). However refer to Y, J., Johns and D. Kilburn, market share of green products remain limited to 3% of a whole market even the environmental concern and positive attitude of customer on the sustainability and green product are positive. Based L. A. Mohr and D. J. Webb, it showed that environmental concern play a negligible role in customer loyalty and people will generally overlook ecological effects of their purchases. There are few studies like R. Varman and J. A, Costa, 2008 and I., Vermeir and W., Verbeke, 2006 reported a difference between good attitudes and real purchasing. Meanwhile, the research of the attitude towards organic foods showed that many customers showed a favorable attitude towards buying organic food goods, but only a tiny amount of customers actually bought those products. (Defra, 2006). The same thing goes to .S. Hughner, P. McDonagh (2007) highlighted that although customers were concerned about the environment and rarely translated their concerns

into green purchases. There is therefore a gap between the thinking of consumers and the actual actions. These findings have therefore revealed that the environmental attitudes of consumers are not translated into environmental behaviour. This gap between the favourable attitude of consumers towards and actual buying behaviour of green products is referred to as 'green buying inconsistency' or 'green behaviour gap'.

Even though consumers have a positive attitude toward one of green products, it is obvious that they do not always put that attitude into action or you don't want to pay for that item. It is therefore very important to examine why environmental attitudes have a weaker or minimal impact on consumer green buying behaviour. Positive variables such as price and product accessibility and individual social effect may contribute to the discrepancy between customer attitude and buying behaviour. Once adequate study determines these variables, measures can be taken to tackle these problems and encourage customers to genuinely purchase green products. In view of the recent significant contribution to the modern trade sector in Melaka, the present study selected the Melaka supermarket sector as the empirical site for empirical observation of the links between green attributes and customer loyalty. This study therefore focuses on the research issue as to how different supermarket outlets Green attributes influence loyalty of its customers.

## 1.2 Problem Statement

Nowadays people are more concern about environment and this is one of the aspect which supermarket would consider as their daily activities to gain profit and customer loyalty. Consumer knowledge of products marketed in green marketing is essential to guide their green product buying choice. As indicated by the reference, eco-labels, environmental advertising, environmental awareness, green price, green product, green promotion and demographics are the variables that affect the green brand loyalty of the customer. Another plant that would affect store allegiance is according to the reference green picture. In investigating environmental issue as a green marketing tool on consumer purchase behaviour, reference found that consumers trust in eco label and eco-brand and their perception of eco brand show positive and significant relationship with actual purchase behaviour. In addition, these variables are tolls to enhance consumer understanding of environmentally friendly products. Businesses previously thought that integrating 'green' into their business strategy would cost cash, but now understand that ignoring adverse environmental effects will be expensive in the future (Van de Zee, 2008). Green marketing methods have become increasingly crucial for companies that adhere to an extended spectrum of values and criteria for assessing such financial, ecological and social performance assessment of organisational and societal achievement. Green development procedures are needed to meet the expectations of a wide range of stakeholders with unclear and sometimes conflicting requirements (Hall & Vredenburg, 2005). Inadequate green marketing methods for organisations lead to requirements from appropriate officials for social pressure and regulation.

### 1.3 Research Question

- Are the supermarket outlets in Melaka possess green attributes?
- Which level of green attributes are being possessed by these supermarket?
- What was effect of green attribute to customer loyalty?
- What are the relationship between green attributes of Super market outlets and customer loyalty?

### 1.4 Research Objectives

- To identify whether the supermarket outlets in Melaka possess Green Attributes
- To describe the present level of Green Attributes possessed by these outlets.
- To describe the most influence of green attribute towards loyalty of customer to supermarket outlets in Melaka.
- To explain the relationship between green attributes of Super market outlets and customer loyalty in the Melaka context.

### 1.5 Scope of the study

This study focused on green attribute that affect customer loyalty toward supermarket. The reason this study was carried out because the researcher wants to know green attribute that affect the loyalty of customer toward the supermarket. Yale University and Columbia University published the 2012 Environmental Performance Index at the 132-country World Economic Forum on 25 January 2012. It resulted that Malaysia was at rank number 25 of the world based on Environmental Performance Index (EPI).

The selected area is Melaka, Malaysia which is in South-East Asia for this study. The customers of supermarket in the Melaka were choose as respondent. The respondent should born at year 2002 and before which mean 17 years and above. Thus, the scope of study is the people that went to the supermarket with the range of age 17 year and above. To be valid the respondent should be a Melaka's resident so that it know the supermarket operation and activities

### 1.6 Limitation of study

There are several limitations faced by researcher while conduct the research paper. The first obstacle is time constraint. The researcher only been given a few months to complete the research paper. So, it will be difficult to obtain the data within the short period of time.

Moreover, the researcher also face obstacle about people. The study respondent is public. Thus, the opinion can be bias because some of them are not really

answer the research questions. This will affect the end result. There a few of limitation while conduct the research.

### 1.7 Significance of study

This study will improve the quality of a environment by applied the green practice in the business. The information in this study can help the supermarket in Melaka to be more concerned about environment in Melaka. Furthermore, this study can help government in making new enact to sustain Melaka environment and solve environmental problem.

In addition, the research can give information to other researcher and can be used as guideline in their research. To the researcher this study will be given beneficial by provide a ton of information and detail about green practice among supermarket in Melaka. This research result and information can be used as reference to other researcher to produce new research in depth about relationship between green attribute and customer loyalty toward supermarket.