

**PURCHASE INTENTION OF CUSTOMERS ON HEALTH-RELATED PRODUCTS
IN MELAKA STATE**

NUR AFIQOH BINTI MARHABAN

**This report submitted in partial fulfillment of the requirements for the award of Bachelor
of Technopreneurship with Honour.**

**Faculty of Technology Management and Technopreneurship
Universiti Teknikal Malaysia Melaka (UTeM)**

SUPERVISOR'S APPROVAL

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 Honor.

SIGNATURE :

NAME OF SUPERVISOR : ASSC. PROF DR HASLINDA MUSA

DATE :

SIGNATURE :

NAME OF SUPERVISOR : DR. AMIRUDDIN AHAMAT

DATE :

**PURCHASE INTENTION OF CUSTOMERS ON HEALTH-RELATED PRODUCTS
IN MELAKA STATE**

NUR AFIQOH BINTI MARHABAN

**This report submitted in partial fulfillment of the requirements for the award of Bachelor
of Technopreneurship with Honour.**

**Faculty of Technology Management and Technopreneurship
Universiti Teknikal Malaysia Melaka (UTeM)**

MAY 2019

DECLARATION OF ORIGINAL WORK

I hereby declare that this report is the result of my own, except the certain explanations and passages where every of it is cited with sources clearly

Signature :

Name :

Date :

DEDICATION

I would like to dedicate this thesis for Universiti Teknikal Malaysia Melaka (UTeM), for giving me opportunities to complete my bachelor degree through this assessment. Not only that, this dedication is also for my beloved family members who supported me from spiritually and financially, to supervisors and pane who guided me through this research, friends that assisted me through this endeavor.

ACKNOWLEDGEMENT

First and foremost, I would like to express my gratitude to Allah SWT for allowing this to happen, helped me go through this journey and spared me strength. my supervisor. Thanks to my supervisor as well, Assoc Prof Dr Haslinda Musa as she helped me a lot in completing this thesis by providing us guidance and encouragement.

Next, I would like to express the appreciation to my panel, Dr Amiruddin Ahamat for his constructive comments and suggestions for me to better my research. Not to mention, to my families and all of my friends who shared me their knowledge about research and providing me mental supports are highly appreciated and acknowledged. Lastly, I am sincerely thanks the respondents who spent their valuable time to answer my survey questionnaire. May Allah bless you all.

ABSTRACT

Currently, the number of companies offering health products is increasing over the years. This variety range of options available for customers has driven the researchers to dig out what the factors are that influence the intentions of purchasing by customers. The importance of this research was to actually realize what are the factors that could impact the behavior of customers in deciding which product to be purchased or to be bought. The objectives of this research are to investigate the impact or relationship of customer knowledge, product performance, and health concern towards the purchase intention of consumers toward health products. In addition, the research is classified as descriptive study to collect data by using quantitative method. The researcher had distributed survey questionnaires to 201 respondents through online distribution after manual questionnaires have been answered by 20 respondents during pilot test. Data gathered and analyzed by using SPSS software. The results obtained showed significant influences between customer experience, customer attitude, perceived values, perceived usefulness, and health background on purchase intention of consumers toward health products. However, perceived ease of use and health awareness failed to achieved a significant correlation with the intention of purchase by consumers. Based on the discussions made on findings, this research may be able to be explored deeper view through further research in the future and eventually contributing to the industry.

Keywords: Health products, customer attitude, customer experiences, perceived values, perceived usefulness, health background, purchase intention towards health products

TABLE OF CONTENT

SUPERVISOR’S APPROVAL	I
DEDICATION	IV
ACKNOWLEDGEMENT	V
ABSTRACT	VI
TABLE OF CONTENT	VII
LIST OF TABLES	VIII
LIST OF FIGURES	IX
CHAPTER 1	1
INTRODUCTION	1
1.1 Background of Study	1
1.2 Problem Statement	4
1.3 Research Questions	1
1.4 Research Objectives	1
1.5 Scope and Limitation of Study	2
1.6 Importance of Study	3
1.7 Summary	4
CHAPTER 2	5
LITERATURE REVIEW	5
2.1 Introduction	5
2.2 Customers Knowledge and Experience on Product	6
2.3 Individual Attitude	8
2.4 Product Performance	13
2.5 Health Concern	16
2.6 Research Framework	18
2.7 Hypotheses	19
2.8 Summary	20
CHAPTER 3	21
RESEARCH METHOD	21
3.1 Introduction	21
3.2 Research Design	22
3.3 Methodologies Choice	22
3.4 Data Collection	23

3.5 Research Strategy	24
3.6 Research Location	25
3.7 Time Horizon	25
3.8 Research Instrument	26
3.9 Sampling Design	28
3.10 Pilot Test	31
3.11 Data Analysis	31
3.12 Expected Outcomes	32
3.13 Summary	33
CHAPTER 4	34
DATA ANALYSIS	34
4.1 Introduction	34
4.2 Pilot Test	34
4.3 Data	36
4.3.2 Reliability Test	39
4.3.3 Multiple Regression Analysis	40
4.3.4 Hypotheses Testing	42
4.4 Summary	46
CHAPTER 5	47
CONCLUSION AND RECOMMENDATIONS	47
5.1 Introduction	47
5.2 Discussion	47
5.3 Discussion on Research Objectives	50
5.4 Limitation of Study	56
5.5 Recommendation for Future Research	56
5.6 Conclusions	57
APPENDIX 1	58
APPENDIX 2	59
REFERENCES	63

LIST OF TABLES

TABLES	TITLE	PAGE
3.8.1	Description of Classifications Section of Questionnaires	27
3.8.2	Likert-Type Scale	27
3.9.2	Sample Size	30
4.2.1	Cronbach's Alpha	34
4.2.1.1	List wise Deletion Based on All Variables	35
4.2.1.2	List wise Reliability Analysis Using Cronbach's Alpha	35
4.3.1	Frequency of 201 Respondents	36
4.3.2	Table Reliability Analysis of 201 Respondents	39
4.3.3	Analysis of Construct	40
4.3.4.1	Guideline for Interpreting Hypothesis Testing	42
4.3.4.2	Coefficient of Multiple Regression Analysis	42
4.8	Tabulation of Hypothesis	46

LIST OF FIGURES

FIGURES	TITLE	PAGES
2.3	Individual Attitude Components	8
2.6	Research Framework for Purchase Intention of Consumers Toward Health Product	18
3.9.1	Target Population	29
3.9.3	Sample Size Known Population (Krejcie & Morgan, 1970)	30
4.3.1.1	Gender	37
4.3.1.2	Age	37
4.3.1.3	Race	38
4.3.1.4	Current Household Income	38

LIST OF ABBREVIATIONS

UTeM	Universiti Teknikal Malaysia Melaka
PEOU	Perceived Ease of Use
TAM	Technology Acceptances Model
PU	Perceived Usefulness
PI	Purchase Intention
SPSS	Statistical Package for Social Science

LIST OF APPENDICES

APPENDICES	TITLE	PAGE
1	Gantt Chart PSM 1 and PSM 2	
2	Questionnaire	

CHAPTER 1

INTRODUCTION

1.1 Background of Study

According to Worldometer, the current population of Malaysian in 2018 is about 32 million people, compared to 31 million citizens in 2017. The increment of this 3.13% shows that the number of people born and living in Malaysia will keep on expanding hence it surely will affect the technological development in most of sectors in this country. Looking at the fact, all of this accretions could indirectly be affecting the number of infectious diseases and any sort of ailments. Referring to Mansor and Harun (2014), unhealthy lifestyles – overload stresses, unhealthy nutrition intakes which could lead to some major ailments and health issues to the extent of coronary afflictions, diabetes, and malignant cancers and etc. imbalanced nutritional consumption could be related to the abundance of fast food restaurants which happened to be the in-trend of today's world as due to the ease-of-accessing the latter. To the matter of fact, this type of eating habits causes deficiency of fibers and vitamins and excessive amount salt and sugary elements in the body.

It is fabled that preferences of human towards sweet taste is higher among the others basic relishes (Kim et al, 2017). Looking at the issues, many advanced researches have been done in order to help (at least) reduce the dependency of sugars by human, as it is a fact that taking too much of sweets and sugary food will negatively affect one's health (Carocho et al., 2017) – according to National Health Mobility Survey (2016) Malaysia is recorded as the fourth country that has the highest rate of diabetics in Asia; and one of the efforts to reduce the rate of the latter is by introducing a line of health beverages.

Come into realization, many of the Malaysian consumers are requesting in a hike number for natural and made-from organic ingredients drinks, due to the increment level

of awareness in benefits of health and dangerous effects of the ingredients. Citizens of Malaysia are stagnantly applying healthy food trends and asking for drinks with low-zero calories and sugar. By applying importance of customer co-creation, a lot of manufacturers are producing and developing soft drinks and beverages that are low in fat and low in sugar; to cater the demand of health-conscious of customers. Malaysians are bail wickered about the negative effects of artificial ingredients in drinks toward self-health. Even among millennials, the rate and level of health awareness have showing a positive rise hence they are heartening the vendors to purvey the consumers authentic and much healthier beverages, using lesser calories of natural sweetener alternative: Stevia.

Stevia, is a natural sweetener derived from leaves namely *Stevia Rebaudiana Bertoli* which are primarily grow and can be found throughout North-South America. Looking at its benefit which is functioned as an alternative for sugar, it has been widely used in food and beverages industry as one of the mean used to reduce the rate of artificial sugar intake among users hence reducing the rate of diabetics.

Having a healthy diet plan (long-term period) of diabetic is not much differ than any other normal persons. Even though, they are perceived and understand what eating healthy defined is, not many of them could act it out as it is considered as troublesome for some of citizens especially for those who have such a tight-schedule working life. They opt to have a thought of saying no to sugar could harm their self-enjoyment and coming to think that they have to put more efforts in order to prepare them a healthier meal making this toil is perceived as burdensome. Hence, many people tend to take a shortcut by buying and purchasing feigned natural and organic healthy food and beverages instead of making it on their own, as they believed those type of victuals are added and supplemented by natural-value-added ingredients which will not cause any negative side effects.

The need to develop a product that offers products' characteristics that meet the prefer ability of customers is complementing with an exigency of how the products perceive to make a person feels toward it. It could be defined as making people feel comfortable and feeling good in their health – by experiencing improvements on their performance of daily basis, and this not merely perceived as healthy in the perspective of

biology only. The prominence of “feeling better” by consumers will surely help to increase the tendency of purchasing the health products to the extent of Stevia.

U.S Food and Drug Administration has approved Stevia as sugar alternative and food additives as it could exert 300 times sweetness without calories compared to sugar. Not to mention, Stevia leaves has been proved to exerting antimicrobial undertaking and also helps to secrete antioxidant which is beneficial to ensure the quality and safety of food goods (Ramya et al.,2014). Consumers of stevia claimed it to be a healthier choice as it is low-zero calories and it could be purchased within affordable prices. Thus, the potential of it entering market in Malaysia is high due to its perceived usefulness.

The **Theory of Reasoned Action (TRA)** is being used in this paper as it could be exerted into other two types of theory: **Theory of Planned Behavior (TPB)** and **Technology Acceptance Model(TAM)**. These types of models and theory are being used as a mean and guideline to study the behavior of consumers and the perceived usefulness of technology and how it will affect the purchase intention of one individual. Martin Fishbein and Icek Aizen are the two individuals who introduced the Theory of Reasoned Action as the enhancement and modification from Information Integration Theory. It conjectures behavioral intention, which is influenced by two elements that are the attitudes and subjective norms.

Theory of Planned Behavior (TPB) is derived and extended from Theory of Reasoned Action, it is based on the belief that a person is making a reasoned and logic decision to exert a specific behavior towards it by analyzing and judging data available. TPB model is hinged on attitudes, support of socials, self-efficacy and the intentions are modestly successful in forecasting and describing self-management of arthritis (Strating et al.,2006). Difficulties in capturing attitudes and designing a concept are the shortcomings of this model.

The Technology Acceptance Model (TAM) is maybe the most wide-ranging applied among the other theories. It is conveyed how users come to receive and accept a technology innovation. Motivational causals are expected to be applied for implementing the technology (Davis et al.,1989). How customers perceived and pointing out their view will be affecting their attitudes toward the use of technology. In this case, TAM will be

used to study the relationship between the perceived ease of use towards their acceptance of health beverages including Steavia's products. As being mentioned by any other researchers, victuals especially in health line is designed not to meet the hunger and satisfaction desire merely but to help reduce the disease one is facing by providing them required vitamins and nutrition which then eventually will supplementing the efforts of body immune system to protect one's self.

1.2 Problem Statement

Currently, the number of companies offering health beverages is increasing over the years – Almas Beauty and Health, Dherbs, Bio-Pharmaceuticals Sdn Bhd, Stevia Industry (M) Sdn Bhd and else. This variety range of options available for customers has driven the researchers to dig out what the factors are that influence the intentions of purchasing by customers. The willingness of consumers to make a decision purchasing one product (Wang,2018).

First and foremost, the level of customers' knowledge and experience toward one product could actually play a role in making decision whether to or to not purchase the goods. Referring to Theory of Planned Behavior, a person would act out the attitudes or behavior upon something based on the evaluation of amount of information they have as instance of household income. According to Zalilah Mohd Shariff et al (2015) in their book stated that every Malaysian realize the importance of taking a balanced dietary however the action taken will be influenced by the number of household income. As for this issue suggested, the knowledge gained and owned by the customers about health products (beverages) will influence their behavior in purchasing the latter. This includes the benefits or the price of the products. Not only that, if the consumers happened to try the health beverages before this, the experience they have also play role in making decision to buy the goods.

Next, consumers' attitude and behavior toward health beverages purchase also affected by the values perceived by them. Customers' behavior towards purchasing is

influenced by the benefits perceived and what value they are about to receive (Mutaz M Al-Debei et al, 2015). According to Theory of Reasoned Behavior (TRA), it stated that in execute an attitude there are also a factor that limit or stopping the behavior from being executed. Price and quality are the examples of stopping elements that limit the attitudes of purchasing.

Furthermore, the performance of products also plays a vital role in deceiving the consumers to purchase the goods. Commonly, comparisons between brands and quality will be conducted in order to measure which product will deliver better performance. The demand in the market could be reflected through purchasing intentions of customers. The performance in terms of flexibility, ease of use, perceived usefulness, complexity, and the enjoyment of products on experience of users should be taken care of as it could help to improve the innovation development.

Consumption of sugar is high among Malaysians and this issue leads to the increment rate of diabetics in the country. Referring to Hussein Z et al (2015), type of diabetes that contributed prominently to the significant numbers of health issues – obesity and overweight is Type 2 Diabetes, between 55.6% and 57.4% of overall abdominal obesity (using circumstance of waist measurement) in Malaysia has been reported. This finding shows that Malaysian tends to over consumed sugar, fat and carbohydrates. Having issues on health such as diabetes will direct a person to choose and purchase health products which they perceive could help to lessen the rate of sugar level in blood or which they may perceived could lengthen and slow down the effects of the ailments they suffer.

1.3 Research Questions

Based on the research problems and issues that have been mentioned and discussed previously,

following research questions have been generated:

- 1.1.1 Does the knowledge and experiences gained and owned by consumers will affect customer's purchase intentions?
- 1.1.2 Does attitudes and values perceived by customers toward health beverages will be impacting the purchase intentions of customers?
- 1.1.3 Does performance of products will influence the purchase intentions of customers?
- 1.1.4 Does having social issues in term of medical health will drive one customer to purchase a health product?

1.4 Research Objectives

According to the issues discussed, there are list of objectives needed to be studied and achieved at the end of the research.

- 1.4.1 To investigate customers' knowledge in terms of customers' attitude and experiences on the purchase intentions of customers.
- 1.4.2 To investigate the effect of value perceived and performance of products in terms of usefulness and ease of use of products towards purchase intention.
- 1.4.3 To examine the relationship between health awareness and medical health background with the purchase intentions of customers.

1.5 Scope and Limitation of Study

The scope of this study was to touch and analyze what drives a customer to purchase one's product. Some of the elements or characteristics that could impact and affect the decision making are the knowledge owned by customers about the health beverages, the medical health background and as well as the performance of the products. In order to strengthening the research, researcher used three types of theories that are: Theory of Reasoned Action (TRA), Theory of Planned Behavior (TPB) and also Technology Acceptance Model (TAM). These theories are used due to their compatibility with the purpose of research; to study the factors driven the purchasing intentions.

The respondents were gathered and targeted from Melaka in Malaysia. Priorly, the latter were above 18 years old – a suitable age who perceived could happened to be the users and consumers of health beverages in Malaysia. The categories are divided into three which are Generation Y (18 – 35 years old), Generation X (36 – 49 years old) and Baby Boomers (above 50 years old). All of them are classified and differentiated into other sub categories: income, occupation, age and gender.

The restriction and limitations faced during conducting this research was the location which only conducted in one place that is Melaka. Hence the results could not be used to generalized the hypothesis. Besides, the method of quantitative used in completing this paper could not be said as confidently valid as the respondents could maybe answered the questionnaire using their logical and honesty.

The scope of this research was not holistic which means, this study was only discuss on certain types of variable that might influence the purchase intention of users towards the health products. However, the variables selected may a few from many, hence, the result cannot be used to generalize to suggest factors contributing the purchase intention of health consumers.

1.6 Importance of Study

The purpose of this research was to dig out the purchase intentions of customers towards health product and beverages. This study could be used to highlight the prominence of knowing the driven-factors to intention of customer purchase in order to enhance the purchase pattern by the consumers.

The importance of this research was to actually realize what are the factors that could impact the behavior of customers in deciding which product to be purchased or to be bought. To strengthening the theory, three types of models are applied: TAM, TRA and TBP. All of the literature review will be presented on the next chapter.

It is a matter of fact that market of health product is also contributing a lot in Malaysia economy as well as towards health condition of humans. Balanced and healthy nutritional intakes could aid to supplement body with appropriate vitamins which could help to secure the maintenance of self-condition which will eventually lead to a better performance in lifestyles and decreasing the potential of getting serious ailments. In a nutshell, the results of this research could be beneficial for health-producer company to enhance the purchasing impulse pattern for their products.

1.7 Summary

This chapter enclosed the background of study, problem statement, research questions, research objectives, scope and limitations of study, and the importance of the research. The scope of study is discussed in the background of study. Whereas, problem statements touched the issues related and what drives the researcher to conduct the research which including the knowledge of customers and what to be expected from products' performance. The objectives highlighted is purposely to answer all of the questions derived from problem statement, and the real purpose of this study is to find out the purchase intention of customers toward health-related products (sugar alternative beverages) such as Steavia products. The next chapter will help to strengthen the explanation and theories referred throughout this study – analyze the level of customers' knowledge on products, the expected performance of products including perceived values toward intention of purchasing - buying behavior and not to mention their health background.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter will be covering advanced and detailed descriptions about customers' perspective in making decision of purchasing which will be including: customers' knowledge and their experiences on respective health products (beverages), and also the external factors that drive motivations to buy the products. The independent variables (IV) and dependent variables (DV) are explained as well in this chapter. The IV and DV could be listed as respectively as following: customers' perspective – their knowledge, their experiences, and their attitudes towards value perceived, product perceived usefulness – the performance of products, external factors – health background and awareness. All of these independent variables will be tested and studied to see the relationship and the effect towards purchase intentions of customer on health products (beverages). All of the conclusion about this chapter will be discussed at the end of this section.

2.2 Customers Knowledge and Experience on Product

Having information regarding certain products will benefit customers in term of the power of making judgement and correct decision before purchasing them. The knowledge gained and owned usually from the experience of using the product, however, it can also be collected through information conveyed to the consumers via the goods even before buying the latter.

According to Yacan Wang and Benjamin T.H (2015), knowledge of product could be classified onto two types of categories – subjective and objective type of knowledge. Subjective knowledge could be described as type of information which is acquired through experiential via use of certain products. Second type of apprehension is objective knowledge, referring to the authors, this knowledge is defined into three that are cost knowledge, quality knowledge and green knowledge. Taking consideration of customer regarding price issues (cost fact) of the respective products is actually an explanation of cost knowledge. Consumers' perception on price surely give impact on their intentions of purchasing (J. Munnuka, n.d.). On the matter of fact, users tend to have this kind of standpoint where they view a higher price is perceived to sync with a better quality product. To receive a transparent price information is the right of customers and it should be the objective of the firm (Kim,1994). One of the leading failure factor in purchase intention is due to lacking of trust from customers towards pricing information from company, hence to convey an honest information and knowledge towards customers is surely a must.

The information about certain products could be gained directly and indirectly. A direct detail regarding one product can be earned through information conveyed through the product purchased. In other words, a customer takes a look on products, read all the benefits and information supplied, purchase the latter and experience the product itself. Through that way, the customer earned the knowledge and experience about the product directly. This transaction could be supported by providing the consumers a useful and reliable transparent information as they always relied heavily on those before purchasing certain items (Chin-Lung Hsu et al, 2014). Furthermore, they are also tending to support