

THE ACCEPTANCE OF GREEN MARKETING MIX THAT INFLUENCES
CUSTOMER PURCHASE INTENTION ON GREEN PRODUCTS

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A project report submitted in fulfilment of the requirement for the award of Bachelor
Degree of Technopreneurship with Honours (BTech)

Faculty of Technology Management and Technopreneurship
Universiti Teknikal Malaysia Melaka

JUNE 2019

APPROVAL

“I/We* hereby declare that I/We* have read this thesis and in my/our
opinion this thesis is sufficient
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DECLARATION

I declare that thesis entitle The Acceptance of Green Marketing Mix That Influences Customer Purchase Intention on Green Products is the result of my own research except cited in the references”

Signature :.....
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Date :.....

DEDICATION

I dedicate this project to God Almighty my creator, my strong pillar, my source of inspiration, wisdom, knowledge and understanding. He has been the source of my strength throughout this program and on His wings only have I soared. I also dedicate this project to my parents, Ahmad Sabri bin Ghazali and Juriah binti Mat Isa who has encouraged me all the way to finish it. In addition, I would like to dedicate this work to my supervisor, Assoc. Professor Dr. Haslinda binti Musa who has guide me to the right path in the process of this study as well as Faculty of Management and Technopreneurship (FPTT), Universiti Teknikal Malaysia Melaka (UTeM). I would like to take this opportunity to thank to my course-mate for the unlimited support, help, encouragement, and motivation throughout the completion of this research.

ACKNOWLEDGEMENT

In the name of Allah, the Most Merciful, the Most Compassionate all praise is to Allah, the Lord of the world: and prayers and peace be upon Muhammad His servant and messenger.

Alhamdulillah. Thanks to Allah SWT, whom with His willing giving me the opportunity to complete Final Year Project (FYP) which entitled The Acceptance of Green Marketing Mix that Influence Customer Purchase Intention on Green Products. This final year project report was prepared for Faculty of Technology Management and Technopreneurship, Universiti Teknikal Malaysia Melaka (UTeM), basically for student in final year to complete the undergraduate program that leads to the Bachelor Degree of Technopreneurship with Honours.

Firstly, I would like to express my deepest thanks to Assoc. Professor Dr. Haslinda binti Musa, a lecturer at Faculty of Technology Management and Technopreneurship, UTeM and also assigned as my supervisor who has guided me in two semesters. I also want to thanks the lecturers and staffs of UTeM for their cooperation to help me complete my FYP that had given valuable information, suggestion and guidance in the compilation and preparation for this research.

Deepest thanks and appreciation to my parents, family, special mate of mine, and others for their encouragement, constructive suggestion and full of moral support in completing this report, from the beginning till the end. Also, thanks to all of my friends that has been contributed by supporting my work and help myself during the progress of FYP until it is fully completed. Last but not least, my thanks to Faculty of Technology Management and Technopreneurship, UTeM and also my Academic Advisor, Encik Albert Feisal @ Ismail as well as my panel for FYP, for great commitment and cooperation during the process of this study.

ABSTRACT

In the past years, too many pollution had been occur in over the world. Hasan, Z., & Ali, N. A. (2017), today, the whole world is experiencing environmental problems such as climate changes, global warming and ozone depletion. The purpose of this study is to measure the acceptance of green marketing mix that influences customer purchase intention. In this research, the researcher discussed about the components in green marketing mix which are green product, green price, green promotion, and green place which can help to preserve the environment worldwide and purchase intention of customer at once. The researcher has distributed and collected the questionnaire to 150 samples using online survey (Google Form) and analysed it using SPSS platform as the method to know the acceptance of green marketing mix that influences consumer purchase intention on green products. The result of this research indicates that all elements in green marketing mix have a significant relationship with customer purchase intention on green products. The researcher concludes with a recommendation for addressing issue arising from research review and also identifies points for future research.

Keywords: *green marketing mix; green product; green price; green place; green promotion; purchase intention; environmental problem*

ABSTRAK

Pada tahun-tahun yang lalu, terlalu banyak pencemaran telah berlaku di seluruh dunia. Hasan, Z., & Ali, N. A. (2017), hari ini, seluruh dunia mengalami masalah alam sekitar seperti perubahan iklim, pemanasan global dan penipisan ozon. Tujuan kajian ini adalah untuk mengukur penerimaan campuran pemasaran hijau yang mempengaruhi niat pembelian pelanggan. Dalam kajian ini, penyelidik membincangkan tentang komponen-komponen dalam campuran pemasaran hijau yang merupakan produk hijau, harga hijau, promosi hijau, dan tempat hijau yang boleh membantu mengekalkan alam sekitar di seluruh dunia dan membeli niat pelanggan sekaligus. Penyelidik telah mengagihkan dan mengumpul soal selidik kepada 150 sampel menggunakan kaji selidik dalam talian (Google Form) dan dianalisis dengan menggunakan SPSS sebagai kaedah untuk mengetahui penerimaan campuran pemasaran hijau yang mempengaruhi niat pembelian pengguna terhadap produk hijau. Hasil penyelidikan ini menunjukkan bahawa semua unsur dalam campuran pemasaran hijau mempunyai hubungan yang signifikan dengan niat pembelian pelanggan terhadap produk hijau. Penyelidik menyimpulkan dengan cadangan untuk menangani isu yang timbul daripada semakan penyelidikan dan juga mengenal pasti perkara-perkara untuk penyelidikan masa depan.

Kata kunci: *campuran pemasaran hijau; produk hijau; harga hijau; tempat hijau; promosi hijau; niat pembelian; masalah alam sekitar*

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CHAPTER 1

INTRODUCTION

1.1 Background of Study

The earlier definition about green marketing is come from Hennion and Kinnear in 1976, when they highlighted that Ecological Marketing is a marketing strategy that help in overcoming the environmental problems, with the use of green marketing it might function as benefit towards the healthy environment. According to IGI Global, it is also defined as a concept that already commercialized from the old marketing mix which more environmentally friendly towards its product, price, place, and promotion. Over the years, there are many definitions that came out from the other researchers, for example, Dangelico, R. M., & Vocalelli, D. (2017) had defined the sustainable marketing as a process of planning, execution and development control, price placement, promotion, and product distribution that fulfil the following characteristics which are: (1) meet customer requirement, (2) organizational objectives are achieved, (3) process of manufacture is compatible with eco-systems.

According to the Department of Statistics Malaysia (2017), RM2.55 billion is increased in 2015 for environmental protection expenditure with annual growth as much as 3.9 percent. Green marketing and green tourism is the best alternative to ensure the sustainability of tourism (Chin, C. H., Chin, C. L., & Wong, W. P. M., 2018). The application of green marketing mix is an excellent strategy for the manufacturing companies especially since it helps in reducing the rate of pollution in a country. Dangelico, R. M., & Vocalelli, D., 2017, also highlighted that the environmental sustainability and climate change now becomes the international

concerns since most of the companies are facing the same issues which affect their business strategies and activities that involve the functional or work areas of the companies such as marketing, Research and Development (R&D) and manufacturing.

Besides that, in order to save the environment for the whole world, the company actually can change their strategies in the development of the products, the promotion of the products, the price of the products and the place on where to distribute the products that did not give harm towards the environment. Green marketing mix is become new trend to the business company which help them to produce a product without pollute the environment. Apart from that, Thoria Omer Mahmoud, 2017 had mentioned, there are few researches that studied about the marketing mix and purchase intention which examined the marketing mix as (ecological price, environmental advertisement, ecological packaging).

There are a few factors influencing purchasing power which are prices, wages and employment, currency considerations and availability of credits (David Ingram, 2018). Basically, the public view about green marketing is more to use material that has environmental characteristics to advertise and promote a product and service, furthermore, green marketing is consists of many activities which need to do some innovation and alteration, changing in process of production, improvement in packaging, as well as enhancing promotional strategies (Pathak, D. 2017).

1.2 Problem Statement

1.2.1 Environmental Issues (Sustainability)

Hasan, Z., & Ali, N. A. (2017), today, the whole world is experiencing environmental problems such as climate changes, global warming and ozone depletion. Pathak, D. 2017, the American Marketing Association stated that, green marketing is promoting a product which not give harmful impact towards the environment. Rosli, N., Abdullah, K., & Haque, A. K. M., 2018 said that, green marketing is now increasingly become an important aspect in practicing environmental protection.

The environmental issues like global warming and pollutions have become huge problems for whole country which include all people and living things in the world. Nurul Husna Mahmud (2018), according to Wan Marhafidz Shah Wan Mohd Omar, Deputy Director of Sungai JPS Basin Management Division, plastic is the second highest solid waste material being the cause of pollution in the Klang Valley. Companies are encouraged to enhance their environmental performance in manufacturing their products and achieve the sustainable development ascribe to the environmental problem like polluting is become a serious issue over the past few years (Hasan, Z., & Ali, N. A., 2017).

The major problem in environmental which occurred even until now is air pollution, conservatory effects and ecological unbalances that actually because of the activities from the human itself (Thoria Omer Mahmoud, 2017). Due to the limited amount of resources and also human needs and wants were unlimited, it is a responsibility to the marketers to use the resources competently without leave any waste and meet the company's objective at once (Pathak, D. 2017).



Figure 1. 1: Statistic of air pollution caused children death

According to George (2017), 570,000 numbers of children under 5 is dead because of air pollution each year. Earth Day first launched is on 22 April 1970, since that every year on April 22, every country will take part in saving the environment. In order to increase the environmental and climate literacy, the aim of Earth Day 2017 is to fasten the response towards a good environmental policies, green technologies and jobs. Based on the Figure 1.1, the researcher found that, mostly the children will fall sick because of the air pollution can reduce lung function and trigger asthma. Besides that, air pollution also can lead the children to suffer from cancer, chronic respiratory illness, cardiovascular disease, and stroke. So, it is important to the government, company and individual to practice green for saving the natural environment.

1.3 Research Questions

The main objective for this research is to find out the acceptance of green marketing mix that influences consumer purchase intention on green products.

1. What are the factors that influenced the consumer purchase intention to buy green products?
2. How the green marketing mix can affects the consumer buying decision?
3. What is the relationship between green marketing mix and purchase intention?

1.4 Research Objectives

The purpose for this study is to find out the acceptance of green marketing mix that influences consumer purchase intention on green products.

1. To find out the acceptance of green product that influences consumer purchase intention.
2. To find out the acceptance of green price that influences consumer purchase intention.
3. To find out the acceptance of green promotion that influences consumer purchase intention.
4. To find out the acceptance of green place that influences consumer purchase intention.

1.5 Scope of Study

According to Pathak, D. (2017), green marketing is marketing that emphasizing environmental safe. It contains all designated activities in order to satisfy human needs and wants and also ensure the environment is not harmed with any pollution. The purpose of this study is to measure the acceptance of green marketing mix that influences customer purchase intention. This study also aimed to know whether green marketing can increase the level of purchase intention of a consumer in buying the products. The researcher predicts that the consumer and companies does not aware of the implementation of the green marketing mix in Melaka. So, the researcher has designed a survey for 150 respondents on the consumer knowledge about the awareness of manufacturing impact towards the environment which will lead to consumer purchase intention.

1.6 Significance of Study

This study analysed the factors that influencing consumer purchase intention towards green products. The green marketing mix has become a new trend for the business company which helps them to produce a product without polluting the environment. Dangelico, R. M., & Vocalelli, D., 2017, also highlighted that the environmental sustainability and climate change has now become the international concerns since most of the companies are facing the same issues which affect their business strategies and activities that involve the functional or work areas of the companies such as marketing, Research and Development (R&D), and manufacturing.

1.6.1 Consumer

Consumer trust is the main factor in creating and establishing a market for trust products, such as 'green' products especially when the price is quite pricey and premium (Nuttavuthisit, K., & Thogersen, J., 2017). The consumer need and wants are important to the production and manufacturing company to keep sustain in the industry. Most of the consumers will not choose goods and services that will pollute and give bad impact to the environment, instead they are more likely to choose an environmentally friendly product, even the price is quite high (Pathak, D. 2017).

1.6.2 Marketers

The marketers need to really well understand the meaning of green marketing mix strategy to help them framing the future plan for the company. (Pathak, D. 2017), the green marketing is one of the strategies that can be used by the marketers of the company to save and protect the environment from harmful materials and increase their sales at once. In the context of green marketing, the advertisers should give more focus on benefits that will give to the environment to sell products which are environmentally friendly (Pathak, D. 2017).

1.6.3 Government

Many environmental issues have been addressed in the Malaysian newspaper lately. Due to the issues, the government has introduced various guidelines to help in protecting the environment and urge sustainable development (Hasan, Z., & Ali, N. A., 2017). The government, also public and private sectors are supporting a few green initiatives that still in planning. As the Finance Minister, Lim Guan Eng has presented the 2019 Budget in Parliament on November 2, 2018, RM2 billion has been allocated by the government for Green Technology Financing Scheme (Zarina

Zakariah, 2018). In 2010, the New Economic Model (NEM) is developed to record the future economic growth in Malaysia which places sustainability at the top three goals and aspires in putting Malaysia as a green hub (Pathak, D. 2017).

1.6.4 Companies

Usually, most companies that developing and innovating new goods and services that consider the environment input to enter new markets and also increase their company profit, the company also enjoy a competitive advantage as they are concerned for the environment (Pathak, D. 2017). Rahmi, D. Y., Rozalia, Y., Chan, D. N., Anira, Q., & Lita, R. P. (2017) highlighted that the company is developing green products because it can raise the image of the company, improving the value of the product, creating competitive advantage and follow the environmental trend.

1.7 Limitation of Study

From this study, the researcher found that there are few limitations that caused along the journey of the research. The application of green marketing mix is not well developed in Malaysia. Most of the people are not understand the actual definition, concept, and aim of the green marketing since it is the main factor that encourages the consumers in protecting the environment (Rosli, N., Abdullah, K., & Haque, A. K. M., 2018).

Green marketing might also indispensable and advantageous in the short term but it will be cost-wise soon in the long term (Garg, S., & Sharma, V., 2017). Besides that, green marketing also might faces some challenges in inventing and marketing green products or services that already innovate by the companies which can

persuade the consumer to buy the products (Groening, C., Sarkis, J., & Zhu, Q., 2018).

Based on the research from Ridzuan, M. N., & Chew, B. C., (2018), stated that, besides green technology can reduce and prevent from the climate change problem, the major challenges in developing green technology are: (1) the company need to encourage the economic players to support 'green' innovation, (2) advertise the 'green' technologies distribution of all products and services, (3) let the developing countries to access the green technologies for the sake of social, economy and environmental sustainability.

Apart from that, the researcher will design a survey in order to examine the acceptance of the green marketing mix that influences customer purchase intention. But, the researcher cannot expect the total of return survey is same as the total of the survey that has been given to the target respondent. It is because of unexpected factors such as the respondent did not want to take part and give their cooperation, the survey paper lost and many more.

1.8 Summary

The purpose of this research is to explore on the application of green marketing mix in production and manufacturing company especially in Malaysia which can attract the consumer to purchase it. The researcher also wants to discover the awareness and knowledge about green products among the consumers which can influence the willingness to purchase green products.