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“I hereby declared that I have read this thesis and in my opinion, this thesis is adequate in term of scope and quality for the award Bachelor of Technopreneurship.”

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THE FACTORS THAT INFLUENCE THE CONSUMERS' GREEN FOOD  
PURCHASE INTENTION IN MELAKA, MALAYSIA

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### DECLARATION OF ORIGINAL WORK

“I admit that this report is my own work except summary and quotes that only every source I have explained”

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## DEDICATION

This Research Paper is lovingly dedicated to my dad and mom who have been my constant source of inspiration and motivation. They have given me the drive and discipline to achieve the task with enthusiasm and determination. Without their love and support this research would not have been made possible.

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## ABSTRACT

The growing number of consumers to choose healthy and organic food has driven the trend of green food consumption in Malaysia. More people are now concerned about the health issues and how their purchase behaviour can affect the environment. There are limited studies on the green food consumption in local market. Therefore, this study focuses on determining the relationships between the independent variables towards the green food purchase intention of the consumers. The findings of the study can contribute to the marketers and government to better understand the purchase behaviour of consumers towards the area of sustainability development. To have better knowledge on the variables of the study, the research studied the Theory of Consumption Values and Social Cognition Theory. This study employs the quantitative method to distribute the questionnaires to the respondents who live in Melaka, Malaysia. Convenience sampling method is applied for data collection. The data then analyse using the Statistical Package for Social Sciences (SPSS) version 25 to test on the reliability Cronbach's Alpha, correlation coefficient and regression significant value.

## ABSTRAK

Peningkatan bilangan pengguna yang memilih makanan sihat dan organik telah mendorong kepada tren gaya makanan hijau di Malaysia. Semakin ramai pengguna yang mengambil berat tentang kesihatan mereka dan kesan penggunaan mereka terhadap alam sekitar. Kajian berkenaan tajuk ini adalah terhad di tempatan kita. Oleh itu, kajian ini ingin mengenali hubungan antara faktor-faktor yang mendorong pengguna untuk membeli makanan hijau. Selain itu, dapatan kajian boleh menjadi rujukan kepada pihak kerajaan dan organisasi agar menerokai tabiat membeli belah pengguna demi menjaga kelestarian sumber dan alam sekitar. Kajian ini telah mengkaji Theory of Consumption Values and Social Cognition Theory. Bagi pengumpulan data, cara kuantitatif telah digunakan untuk menyebarkan soal selidik kepada penduduk yang tinggal di Melaka, Malaysia. Kemudian, data yang siap dikumpul akan dianalisis menggunakan SPSS Versi 25 untuk mencari hasil Cronbach's Alpha, correlation coefficient and regression significant value.

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## LIST OF ABBREVIATIONS

BMI	Body Mass Index
CSR	Corporate Social Responsibilities
EE	Energy efficiency
GMO	Genetically Modified Organism
ITA	Investment Tax Allowances
MOS	Malaysia Organic Scheme
MBC	Melaka Biotechnology Corporation
MIDA	Malaysian Investment Development Authority
MOA	Ministry of Agricultural Malaysia
PMCC	Pearson's Product Moment Correlation Coefficient
PTHM	Department of Green Technology Melaka
RE	Renewable energy
R&D	Research and Development
SCT	Social Cognitive Theory
SWM	Solid Waste Management
SPSS	Statistical Package for Social Science
TCA	Theory of Consumption Values

## **CHAPTER 1**

### **INTRODUCTION**

#### **1.1 Introduction**

This chapter discusses the background of study, problem statement, research questions, research objectives, scope of study, significance of study and limitations. It ends with a summary of the chapter.

#### **1.2 Background of Study**

The limited resources have driven the change of consumption patterns and consumer behavior towards the pursuit of environmental sustainability (Deepak and Rishi, 2018). The change in consumer purchase behavior has led the business to come out with different strategies to anticipate social demands in order to maximize profit. Being mindful of green thinking, many businesses react swiftly to adopt environmental behavior such as energy savings, waste minimization, and other resources management systems in the operations. Sustainable development and environmental protection have become the relevant concern of business issues with the increase of global resources awareness (Witchuda, 2014).

More and more consumers are changing their purchase behaviors to pursue healthier lifestyles alongside the concern to protect the environment with the steady development of nation economy (Ariffin et al., 2016). They become more concern about the health issues, conservation of the environment and animals, also the food safety that includes the food processing methods, food technologies and chemical substances used in preserving the food such as food additives and pesticides (Mohd Suki and Mohd Suki, 2015). The awareness of unhealthy eating habits has motivating the consumers to change their food consumption and purchasing behavior towards green food and organic food products to reduce health-related problems such as obesity, diabetes and coronary diseases (Mohd Suki and Mohd Suki, 2015).

As Borin et al. (2013) mentioned that consumers' purchase intention of alternative green products, which are referring to products that are "green", can be recyclable, and products from companies that adopted green processes in their daily operations such as waste reduction, use of renewable resources (solar, water and wind energy) and using of retrofitted fuel-efficient delivery trucks. For an example, McDonald's adopted an innovation program starting year 2008 by converting the recycled cooking oil to biodiesel that used to fuel the delivery trucks to its every franchise. By recycling all the used cooking oil, McDonald's is able to reduce the emission of carbon dioxide produced of more than 3,500 tons per year, thus contribute to the protection of environment without affecting the business operations.

To achieve the vision of becoming a developed country, Malaysia is committed to foster the "green" economy from the encouragement of developing green businesses and green products and services (Hussin et al., 2017). The Malaysian government begun to provide some feasible fiscal and financial green technology development incentives (Hussin et al., 2017) to enable the local companies to acquire funds to innovate green technologies or use those technologies to produce products that are healthy and environmental-friendly to consumers. However, there are still many challenges that hold back the development of green economy such as the social demand changes, less interest from consumers, lack of market incentives and less support by government bureaucracy (Vaghefi et al., 2015). Therefore, several assumptions of factor were examined to identify the factors that influence the consumers' purchase intention of green food in Melaka, Malaysia.



Over the past research, the introduction of green products is closely related to the health issues and environmental conservation (Mohd Suki and Mohd Suki, 2015; Ricci et al., 2018). It is particularly challenging to understand the pro-environmental behavior of purchasing green food because of the constraints of time and eco-friendly behavioral by the consumers (Ricci et al., 2018). A number of researches discuss the factors that contribute to green consumption behavior, which are including the consumer attitudes, beliefs, values, environmental knowledge and concerns (Tan et al., 2016; Wei et al., 2018). These findings could help to capture the valuable insights to consumer green consumption behavior, however, the intention and perception of purchasing green products are less discussed for today's market. According to Johnstone and Tan (2015), consumers' attitudes and behaviors are often shaped by their perceptual interpretations and judgments such as when the consumers perceived those green products are too expensive and require necessary knowledge to perform with, as they will create a barrier to consume the green products.

By adopting the green practices, a consumer is able to obtain many advantages such as giving a sense of protecting the earth, promoting the health of physical and mental, providing the sense of security and enjoyment of life (Lin and Lin, 2015). Therefore, there is a need to persuade more consumers to accept the introduction of green products and organic food despite criticize those products without fully understand the purpose of going green. Anantharaman (2014) stated that the purchase of green products could increase if the prices of these eco-goods are affordable and cheap. Thus, the well-being of consumers should be taken into consideration when pricing the green products that influence the purchase intention and willingness of buying green product, especially to those consumers whom on limited income. In order to truly understand the acceptance of consumers toward green consumption, one must find out the factors that can influence the purchase intention of green food to comprehend the consumer behavior.

### 1.3 Problem Statement

Recently, there has a growing concern of business ethics and industry consequences to surroundings. Some serious environment pollution happened in Malaysia such as waste pollution, water pollution, degradation of air quality and land deforestation are demanding the people to be more aware and take these issues seriously. The ignorance of consumers when choosing convenience goods over green products have led to serious problems such as the increasing amount of rubbish and rise of temperature. This referred to the rubbish disposal crisis happening in Melaka, as reported on 1 June 2017 by New Straits Times. The regional manager of SWM Environment Corp, Dr Al' Ashari Othman said that the first 10-acre landfills in Sungai Udang, Melaka is nearly full and the company is proposed to open a new 20-acre land reserve for the cause of rubbish disposal. According to Department of Statistics Malaysia, the compendium of environment statistics 2018 showed that there was about 2.02 million tons of waste produced by Malaysian in year 2017, equivalent to 5,000-6,000 tons of solid and household waste is produced daily. To this, the Malaysian government urged all residents to practice the concept of 5R, which are refuse, reduce, reuse, repurpose and recycle, in that manner, to help to decrease the amount of household waste production and change to protect the environment.

Mohd Suki (2016) mentioned that the consumers' intentions to buy green products are often influenced by variables such as food shopping habits and health concerns. Moreover, one of the challenges in our nation is health issue, especially the case of obesity. Obesity is defined by World Health Organization as excessive fat accumulation that presents a risk to one's health, with a BMI of 30 or more. Overweight and obesity are major risk factors that will lead to a number of chronic diseases such as diabetes, cardiovascular diseases and cancer. According to National Health and Morbidity Survey in 2015, the rate of obesity prevalence in Melaka was reported at 21.9%, which had increased for about 4.2% since 2011. In overall, the obesity prevalence of Malaysian was reported at 17.7% in 2015, summarizing that Putrajaya had the highest prevalence of obesity (25.8%) meanwhile Sabah had the lowest prevalence of obesity (13.4%).

The growing number of consumers to choose convenient food products over organic food will lead to increasing of risk of health problems, such convenient food is perceived negatively due to its unnatural ingredients and high chemical contents (Jackson and Viehoff, 2016). The lacking of naturalness used in producing the food products will provide harmful substances to human body when consume, then causes an individual to suffer from diseases. To achieve a better and healthier lifestyle, the consumers should reduce the buying of inorganic food or processed food products because these may contain many preservatives and chemical flavors to make it tasty and able to store longer. Therefore, the consumers tend to switch to green products consumption for the sake of health, mindful for environmental protection and the effective use of resources (Lin and Lin, 2015). To effectively react to the expanding of green food products market, it is important to identify the factors that drive the consumers to have the intention to buy green food over the conventional food.

## 1.4 Research Questions

The research questions in this study addressed as following:

1. What are the relationships between personal values, environmental knowledge, government initiatives and organization marketing program towards consumer green buying intentions?
2. Which factor has the strongest influence on the green food purchase intention?
3. How are the intervention of marketing programs and government initiatives can influence people to eat healthy?

## 1.5 Research Objectives

The research objectives in this study addressed as following:

1. To examine the relationship between personal values, environmental knowledge, government initiatives and organization marketing program towards consumer green buying intentions.
2. To analyze the factor that has the strongest influence toward the green food purchase intention.
3. To investigate the intervention of marketing programs and government initiatives on encouraging people to eat healthy.

## 1.6 Scope of Study

The scope of this study is to create an in-depth understanding of what factors influence the purchase intention of green food by consumers in Melaka. From the problem statement, we know that the Malaysia consumers are likely to consume food that contain high calories, fats and sugar level, where this is reflected by the cultural background and subject norms in society. The awareness of green food consumption

still is not notice by majority of people. Therefore, the study focuses on to identify the possible motivation that pursue the consumers to behave in green consumption by considering the perspectives of personal values, environment knowledge, organization marketing programs and government initiatives.

### **1.7 Significance of Study and Limitations**

The significance of this study is the exploration of different parties in contributing their efforts to the purchase intention of green food. Throughout the understanding of key determinants that drives the consumers purchase intention, it can contribute to the food and beverage industry to have opportunities to shape the consumer behavior of local consumers by providing healthier and better quality of products. The research study is expecting the results to help increase the environmental knowledge and raise awareness of public about the change of consumer behavior and importance of protecting the environment and natural resources. The study plays the significant finding to future research to conduct other research relating to the healthy eating lifestyles and the conservation of environment.

Moreover, this study also contributes to the Melaka government in its promotion of Melaka Green City concept. The findings can show the current trend of consumerism and green practices by the food manufacturers. Besides, the policymakers can use the results of the study to further fostering the environmental awareness of people to start to consume ecologically for the sake of resources sustainability. The examining of green movement from the demand side can provide significant inputs for the policymakers to formulate the solutions on environmental by-law.

However, the limited research of this study is the affordability of green products, which the product prices and purchasing power of the consumers are not addressed specifically. Followed by this, Prentice et al. (2019) argued that the

consumers whom consumed green food, they would prefer the expensive organic and safe food, despite some with low wages, which means the consumers are caring more on the product quality although the price of organic food is higher than the conventional food. Therefore, the future research should involve more other considerations such as price, availability and product perceived quality to investigate the green food purchase intention from all different dimensions.

### **1.8 Summary of the Chapter**

This chapter begins by introducing the background and problem statement of this study. This leads to the designation of research questions and objectives, and the discussion of scope of study as well. The significance of study and limitations is added to enclose the chapter.

## CHAPTER 2

### LITERATURE REVIEW

#### 2.1 Introduction

This chapter provides a review of the previous literatures on the factors that influence the consumers' purchase intention of green food. The specific factors covered the personal values, environmental knowledge, organization marketing programs and government initiatives. It ends with a summary of the chapter.

#### 2.2 Green Food

Green food refers to the food that is safe to consume, free from chemicals and pesticides, contain higher vitamin and mineral, and more nutritious than conventional food (Mohd Suki and Mohd Suki, 2015). The green food is produced using ecological method which it is grown in a healthy way with the concern of animal welfare and cause no pollution to the environment. There will be listed unique certification scheme on the label of green food to enable the consumers to identify. In China, the green food scheme has two grade levels, which are Grade A and Grade AA (Qi and Ploeger, 2019).

The food producers can use a certain amount of chemicals as long as it is equivalent to the organic food production standards (Qi and Ploeger, 2019).

In Malaysia, the eco label of green food is still in the growing stage although the Malaysia Organic Scheme had introduced some branding schemes such as natural, organic and 100% organic. Mohd Suki and Mohd Suki (2015) suggested that the local authorities should make more enforcement on the environmental-friendly logos that include the halal logo, so that the consumers can differentiate the food products that are halal for consumption and green for environment. As the consumers are not directly involved in the production process, the traits of green food products such as reflective of ethical, environmental and health issues (i.e. government regulation on food labelling, logos, certification, labelling, packaging, branding etc.) can enable them to access to food safety and quality (Prentice, Chen and Wang, 2019). The following section discusses the green purchase intention of the consumers.

### **2.3 Green Purchase Intention**

In general, green buying intention refers to consumers' willingness to purchase green products and consumers' initiatives to consume ecological products prior to environmental concerns (Dagher and Itani, 2014). He et al. (2016) summarized that the concept of green purchase includes "a framework of consumption perception, objects, processes and results". Many consumers are concerning about the quality of green products and the environmental impacts that associated with their consumption, thus influence their green purchase decision (Jaiswal and Kant, 2018).

A consumer's willingness and intention are more effective than other behavioral factors to impel them for green purchase (Lai and Cheng, 2016). Jaiswal and Kant (2018) found out that the purchase intention is driven by the measure of attitude and becomes the primary factor of green consumer behavior. Wei et al. (2018)