

INTI INTERNATIONAL UNIVERSITY

MASTER OF BUSINESS ADMINISTRATION

"THE ROLE OF SOCIO-DEMOGRAPHIC VARIABLES IN CHINESE CONSUMERS' DECISIONS TO PURCHASE HEALTH FOOD PRODUCT"

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Submission Date: November 2010

Ethics Number: IN273

Final Word Count: 24193

Faculty of Business and Accountancy

Abstract

The research is conducted to identify the role of socio-demographic variables of Chinese consumers in their purchasing decision on health food product and consumption level. Findings of this research offer important information to the health food product marketers and practitioners to develop the positioning of and marketing mix strategies for Chinese consumers. This identification of significant relationships such as between resident city and price, quality, shopping environment will help marketers more appropriate segment, positioning and target the market, and apply relevant marketing mix strategies and campaign individually. The most important contribution of this research is providing exploration on Chinese consumers' socio-demographic factors affecting their decisions to purchase health food where there is limited prior research in the same field. It can arouse future researches to completely concentrate on this research area.

Keywords: Socio-demographic variables, health food product, purchasing decision criteria, purchasing decision, consumption level, China

Acknowledgement

I want to express my highest appreciation to the people who contribute greatly to this project.

I am heartily thankful to my supervisor, Mr. Song Kuok Thong, whose encouragement and support from the initial to the final level enabled me to develop the knowledge of social science research. On the account of Mr. Song Kouk Thong, I have obtained critical improvement in my research skill.

Besides, I would like to convey my special thanks to my research assistants, who provided me the highest enthusiasm to collect data in China. I could not complete my project without their great works.

Also, I am faithful thankful to my parents who supported me in all the ways.

Lastly, I offer my best blessings to all of those who supported me in any respect during my study.

Your student...your daughter...your friend...

Sunny

November, 2010

Table of Contents

Chapter I Introduction	1
1.0. Chapter Summary	1
1.1. Background of the Study	1
1.1.1. Health Food Definition	2
1.1.2. Health Food Industry in China	3
1.1.3. China's Overall Spending Level on Health Food	4
1.1.4. The Relationship between Market Segmentation and Socio-demographic Characteristics of Consumers	4
1.2. Problem Definition	5
1.3. Research Questions	6
1.4. Research Objectives	7
1.5. Significance of the Study	7
1.6. Research Assumptions	8
1.7. Research Limitations	10
1.8. Outline of the Chapters	10
Chapter II Literature Review	13
2.0. Chapter Summary	13
2.1. Consumer Behaviour	13
2.2. Review of Socio-demographic Characteristics of Consumers in Purchasing Decisions (Internal Factors)	15
2.2.1. Age Variable	15
2.2.2. Gender Variable	16
2.2.3. Socioeconomic Variable	16

	iv
2.2.4. Geographic Location Variable	17
2.2.5. Socio-demographic Factors	17
2.3. Purchasing Decision Criteria (External Factors)	19
2.3.1. Price	20
2.3.2. Product-related Criteria	20
2.3.3. Promotion-related Criteria	23
2.3.4. Place-related Criteria	24
2.3.5. Word-of-Mouth (WOM)	25
2.4. Hypotheses	26
2.5. Proposed Research Model	27
2.6. Operationalization of Variables	28
Chapter III Research Methodology	30
3.0. Chapter Summary	30
3.1. Research Type	30
3.2. Research Strategy	31
3.3. Research Method	32
3.4. Time Dimension	33
3.5. Data Collection Method	34
3.5.1. Primary Data Collection	34
3.5.2. Secondary Resource Collection	35
3.5.3. Questionnaire Development	36
3.5.4. Pilot Study	36
3.5.5. Data Collection Procedures	37
3.6. Target Population	38
3.7. Sampling Method	38

3.8. Sample Size	40
3.9. Reliability and Validity	41
3.9.1. Reliability	41
3.9.2. Validity	42
3.10. Variables and Measurement	43
3.11. Data Entry Procedures	48
3.12. Data Analytical Methods	48
Chapter IV Findings and Discussion	49
4.0. Chapter Summary	49
4.1. Socio-demographic Profile of Respondents	49
4.2. Factors Affecting Consumers Purchasing Decision on Health Food Product	51
4.3. Relationship between Gender and Purchasing Decision Criteria on Health Food Product	53
4.3.1. Gender and Consumption level	53
4.3.2. Factors at One Percent Significance Level	54
4.3.3. Factors at Five Percent Significance Level	55
4.3.4. Other Factors without Statistical Significance	58
4.4. Relationship between Age and Purchasing Decision Criteria on Health Food Product	58
4.4.1. Age Group and Consumption level	58
4.4.2. Factors at One Percent Significance Level	59
4.4.3. Factors at Five Percent Significance Level	60
4.4.4. Factors at Ten Percent Significance Level	61
4.4.5. Other Factors without Statistical Significance	63

4.5. Relationship between Education Level and Purchasing Decision Criteria on Health Food Product	65
4.5.1. Education and Consumption level	65
4.5.2. Factors at One Percent Significance Level	66
4.5.3. Factors at Five Percent Significance Level	67
4.5.4. Factors at Ten Percent Significance Level	68
4.5.5. Other Factors without Statistical Significance	69
4.6. Relationship between Income Level and Purchasing Decision Criteria on Health Food Product	71
4.6.1. Income and Consumption level	71
4.6.2. Factors at One Percent Significance Level	72
4.6.3. Factors at Five Percent Significance Level	72
4.6.4. Factors at Ten Percent Significance Level	74
4.6.5. Other Factors without Statistical Significance	75
4.7. Relationship between Employment Status and Purchasing Decision Criteria on Health Food Product	75
4.7.1. Employment status and Consumption level	76
4.7.2. Factors at One Percent Significance Level	76
4.7.3. Factors at Five Percent Significance Level	79
4.7.4. Factors at Ten Percent Significance Level	80
4.7.5. Other Factors at without Statistical Significance	81
4.8. Relationship between Resident Cities and Purchasing Decision Criteria on Health Food Product	81
4.8.1. Resident City and Consumption level	82
4.8.2. Factors at One Percent Significance Level	83

4.8.3. Factors at Five Percent Significance Level	86
4.8.4. Factors at Ten Significance Level	88
4.8.5. Factors without Statistical Significance	88
Chapter V Conclusions, Recommendations and Personal Reflections	89
5.0. Chapter Summary	89
5.1. Conclusions	89
5.2. Recommendations to Health Food Product Marketers and Practitioners	92
5.3. Recommendations for Future Research	96
5.4. Personal Reflections	97
References	98
Appendices	109

List of Tables

Table 1.1 Distributions and Proportion of the Six Cities Population in China	9
Table 1.2 Compositions and Dependency Ratio of Six Cities Population	10
Table 2.1 Summary of the purchasing decision criteria and Measurements	28
Table 3.1 Sample Size of Prior Researches	40
Table 3.2 Variables and Measurement	44
Table 4.1 Summary of Respondent's Socio-demographic Characteristics	50
Table 4.2 Independent t-test on relationship between gender and health food product purchasing decision criteria	116
Table 4.3 Chi-square test on age and purchasing decision criteria affecting health food product purchasing decision	117
Table 4.4 Descriptive Statistics on relationship between age and health food product purchasing decision criteria	118
Table 4.5 Chi-square test on education level and purchasing decision criteria affecting health food product purchasing decision	119
Table 4.6 Descriptive Statistics on relationship between education level and health food product purchasing decision criteria	120
Table 4.7 Chi-square test on income level and purchasing decision criteria affecting health food product purchasing decision	121
Table 4.8 Descriptive Statistics on relationship between income level and health food product purchasing decision criteria	122
Table 4.9 Chi-square test on employment status and purchasing decision criteria affecting health food product purchasing decision	123
Table 4.10 Descriptive statistics on relationship between employment status and health food product purchasing decision criteria	124
Table 4.11 Chi-square test on resident city and purchasing decision criteria affecting health food product purchasing decision	125
Table 4.12 Descriptive statistics on relationship between resident city and health food product purchasing decision criteria	126
Table 5.1 Top 3 purchasing decision criteria in each resident city	93
Table 5.2 Top 5 purchasing decision criteria for men and women	94

List of Figures

Figure 2.1 Stimulus-response model of Consumer Purchasing Behaviour	14
Figure 2.2 Proposed Research Model	27
Figure 3.1 Geographic locations of six cities in China	43
Figure 4.1 Importance degree of criteria in health food purchasing decision (in average)	52

Chapter I

Introduction

1.0. Chapter Summary

Chapter one introduces the purpose of this research and China health food business background. It describes the correlation of China economic development, consumers purchasing behavior and the growth of health food business, followed by deliberation on the problem statement. The research questions, research objectives and significance of the research are being identified and demonstrated individually. Research assumptions and limitations are being explained in detail. Finally, research structure is covered.

1.1. Background of the Study

Along with fast economic growth in China which brings enhancement in living standard, Chinese people have been increasing their health awareness. It has resulted in an emerging trend toward health food product consumption in China. As reported by China Consumer Association, there were 1027 national manufacturers of health food products in China by 2001. More than 4000 health food products categories have been approved to produce by government authority, in which 1500 categories can be easily found in the market. In 2000, the annual sales of health food products had achieved RMB 50 billion (approximate US\$ 7.5 billion) in China. It would be estimated to achieve RMB 100 billion (approximate US\$ 15 billion) by 2010 (Li and Jing, 2003).

The rapid growth of China health food products market is due to several reasons. Firstly, stable and rapid growth of China economy provides solid external

economic environment for the health food industry. In the global financial crisis circumstance, China national GDP was RMB 33.5 trillion (approximate US\$ 5 trillion) in 2009, a year-on-year increase of 8.7%. It will maintain the high speed growth in 2010. China economy is changing from Export-oriented Model to the Domestic Demand-Led Growth Model. It provides solid external economic environment for developing of health food industry. Secondly, a strong growth of China's national economy promotes the purchasing power of Chinese consumers, which is another important factor encouraging the development of health food industry. China's overall retail sales of social consumer goods were RMB 12.53 trillion (approximate US \$ 1.87 trillion) in 2009, a year-on-year increase of 15.5% and the actual increase was 16.9% after deducting price factors (National Bureau of Statistics of China, 2010). Besides, the lifestyle changes, increases of working pressure and epidemic have resulted in increasing health awareness. Especially, since the SARS occurrence in year 2003, Chinese people have paid more and more attention to their own and family's health. Furthermore, advancement of science and technology and enrichment of natural resources have also provided favorable conditions for developing of China health food business (Li and Jing, 2003).

1.1.1. Health Food Definition

Consumers give various meanings to health food. However, according to the Provisions for Health Food Registration (Interim) of 2005 issued in China, health food, also known as functional food, refers to those foods which claim to have certain health functions or aim at supplementing vitamins and minerals, namely, those foods which are used for certain groups of people with the aim to adjust organic function instead of curing diseases and will not cause any acute, sub-acute or chronic damages to human body (SFDA, 2005). Besides, in the U.S., the Dietary Supplement Health and Education Act (DSHEA) explicitly claims differentiations among foods, dietary supplements (health food) and drug products,

and Food and Drug Administration (FDA) is the department in charge. In DSHEA, dietary supplement (health food) is defined as the term of a product taken by mouth that contains a "dietary ingredient" intended to supplement the diet. The "dietary ingredients" in these products may include: vitamins, minerals, herbs or other botanicals, amino acids, and substances such as enzymes, organ tissues, glandular, and metabolites (FDA, 2009).

1.1.2. Health Food Industry in China

The existence of huge business opportunity and development potential is attracting various competitors. Since 2001, the numbers of China's national health food product manufacturers have increased from 1027 to more than 3000. Of this group, some of them were pharmaceutical manufacturers previously. They have already possessed strong capabilities in Research & Development (R&D), production and marketing. They could take advantage of their existing resources to step in health food industry. Moreover, the other competitors are from foreign health food enterprises. They have the competitive advantages in financial capital, R&D, and worldwide marketing experiences (Hong Kong Trade Development Council, 2009).

Compare with those large enterprises, the most of national health food enterprises lack of strong production capability, short of investment on product R&D. Some enterprises ignore sustainability development for quick success and profit only. Although there are many health food products available in the market, most of them are of low quality or with unitary function. The variety of products was concentrated in several functions. According to research, immunity enhancement products, energy products and blood lipid products have occupied 56% of the health food market. The product life cycle is generally 3-5 years. It is hardly enough to cover the huge financial investment in product R&D. For

example, Zhenhua 851 oral liquid and Sanzhu oral liquid were very popular. The annual sales had achieved billions of RMB. But the phenomenon did not last for long due to the low technological content in the products (Li and Jing, 2003). Many health food products have disappeared in the market. It is because the products can be easily replaced instead by other new products. In 2001, the total investment in R&D of health food was only 1.55% out of the total sales of national health food (it was 10%-20% in developed countries). National health food enterprises lack of development motivation was mainly due to the superficial knowledge about consumers' needs and wants (Li and Jing, 2003).

1.1.3. China's Overall Spending Level on Health Food

China health food market has immense potential to be developed. However, China's overall spending level on health food product is still low. China's national spending on health food product only accounts for 1.47% of China's overall retail sales of social consumer goods, which is RMB 31 per capita per year. It is only 1/17 of the U.S.'s and 1/12 of Japan's. The spending on health food product of Chinese consumers only accounts for 0.07% of the total Chinese consumers spending; the spending on health food product of Europe and the U.S. consumers accounts for 2% of the total Europe and the U.S. consumers spending respectively, which is 29 times of Chinese consumers spending on health food product (Hong Kong Trade Development Council, 2009). Thus, China health food market has huge potential to be developed. However, it requires relevant providers and marketers with great insight of consumers' behavior and attitudes.

1.1.4. The Relationship between Market Segmentation and Socio-demographic Characteristics of Consumers

Marketers use segmentation bases to divide a total market into segments (Lamb et al., 2006). Geography, demographics, psychographics and other characteristics are commonly used by marketers to segment markets. For example, Companies use regional approach to marketing new regional brands intended to appeal to local preference. Moreover, age segments are also glamorous targets for marketers. For instance, seniors aged 65 and above are attracted to companies, because people of this age group are more likely to have the combination of free time, money, and health that allow them to pursue leisure time activities. According to Lamb et al. (2006), nearly 1/3 of the trips made by the people aged 55 and over within the US in 1999. Besides, products such as cosmetics, personal care items, and clothing generally segment markets by gender. Since socio-demographic characteristics are closely related to consumers' purchasing behavior, it plays a very important role in segmenting market by the companies. Inappropriate segmentation marketing strategy may lead to missed profit opportunities and lost sales and market shares. Demographic and geographic factors have all been shown to influence on consumer's purchasing behavior. And to gain a better understanding about socio-demographic characteristics of the consumers can help marketers to segment and target the markets accurately.

1.2. Problem Definition

According to the aforementioned statement regard the dynamic and rapid economic development in China, and increasing health awareness of Chinese consumers, which encouraged the development of China health food industry. However, such environment required the deeper insight of relevant marketers and practitioners. The problems can be described from two perspectives.

From the perspective of health food consumption:

- Although, China health food market has significantly developed in recent years. However, the average consumption level of Chinese consumers on health food is very low compared with other developed countries.
- China's national spending on health food only accounts for 1.47% of **China's overall retail sales of social consumer goods**, which is RMB 31 (US \$ 4.63) per capita per year. It lagged behind other developed countries. It is only 1/17 of the U.S.'s and 1/12 of Japan's (Hong Kong Trade Development Council, 2009).

Therefore, it is crucial to identify if there are any factors affecting consumers' purchase intentions and the role of 'socio-demographic factors in purchasing decisions on health food in China. The result of this research will be able to provide clear insights of Chinese consumers' attitudes toward health food purchasing influenced by their socio-demographic factors, and help the marketers with proper application of marketing mix strategies and product positioning for various consumers segmentations.

From the perspective of health food enterprises:

- The existence of huge business opportunity and development potential is attracting various competitors. But many national health food enterprises lack of strong production capability, short of investment on product research and development, which directly lead to low quality product and unitary product category. 56% of health food products were concentrated in several functions, such as immunity enhancement products, energy products and blood lipid products (Li and Jing, 2003). Limited products variety could not satisfy consumer diversity and their changing lifestyle. The aforementioned matters are mainly due to a superficial knowledge of consumer needs and wants.

Although several prior researches has somewhat focused on studying the factors affecting consumers purchasing decision on food products in different countries, there is lack of relevant marketing research regarding the role socio-demographic variables in Chinese consumers decisions to purchase health food product. This research is designed to bridge the gaps.

1.3. Research Questions

This study focuses on study to what extent the socio-demographic characteristics of Chinese consumers affecting their perceptions of health food product purchasing decision criteria and in attempt to obtain a clear insight into the role of socio-demographic variables in their purchase decision. Therefore, the research questions are arose accordingly:

- i. What are the similarities and difference in the purchasing decision criteria on health food product between various socio-demographic variable groups such as gender, age, education, income, employment status and resident city?
- ii. To what extent of level of health food product consumption influenced by socio-demographic variables of Chinese consumers in terms of gender, age, education, income, employment status, and resident city?

1.4. Research Objectives

- i. To identify the relationship between socio-demographic variables of Chinese consumers and the degree of importance to health food product purchasing decision criteria.
- ii. To identify the relationship between socio-demographic variables of Chinese consumers and the level of health food consumption.

1.5. Significance of the Study

This research grants clear insight into the influence of socio-demographic variables of Chinese consumers in their purchasing decisions on health food product. Thus, it enables health food product marketers to segment targeted market accurately. Furthermore, it also allows the marketers to adopt appropriate marketing mix strategies to targeted market segments in order to improve marketing effectiveness and efficiency. Eventually the beneficiaries are the consumers and enterprises.

Although several prior researches has somewhat studied the role of demographic factors in purchasing decision on food products in other countries, few studies have been carried out relating to health food product in China. This study can bridge the gaps, and provide some exploratory findings for future research.

1.6. Research Assumptions

All the respondents for this research are from Beijing, Shanghai, Shenzhen, Chongqing, Shenyang and Wuhan city in China. The questionnaire is directly distributed to the consumers who have ever purchased health food before. Due to the large number of population of China, which was 1.33 billion by the end of 2009 (National Bureau of Statistics of China, 2010) and accessibility of research sample for the researcher and budget limitation. The respondents of the six cities are assumed to represent the whole population of Chinese health food product consumers.

Moreover, all the respondents for this research must live in Beijing, Shanghai, Shenzhen, Chongqing, Shenyang and Wuhan for at least 1 year and above. It is because the six cities are selected from different parts of China, in which, Beijing,

Shanghai and Chongqing are the municipalities directly under central government of China, and these cities play very important roles in China economic development. The following tables demonstrate the composition and proportion of population of the six cities in China. Table 1.1 shows, by the end of 2009, the population of the six cities accounts of 6.83% of the total national population in China. The six cities population was 98.95 million in total, which consists of household residents (71.82 million) and non-household residents (19.41 million) by the end of 2009 (National Bureau of Statistics of China, 2010; Shanghai Municipal Statistics Bureau, 2010; Beijing Statistical Bureau, 2010; Shenzhen Statistical Bureau, 2010; Wuhan Statistical Bureau, 2010; Shenyang Statistical Bureau, 2010). The number of non-household residents could be virtually far more than the official figures. These non-household residents actually live in the cities for long-term period. It is assumed the respondents live in any of the six cities at least 1 year and above can represent the population of the health food consumers in the six cities.

Table 1.1: Distributions and Proportion of the Six Cities Population in China

Region	(10000 persons)	
	Total Population (end of year 2009)	
	Population	Proportion (%)
National Total	133474	-
Beijing	1755	1.31%
Shanghai	1921.32	1.44%
Chongqing	2859	2.14%
Shenzhen	891.23	0.67%
Shenyang	786	0.59%
Wuhan	910	0.68%
Total	9122.55	6.83%

Table 1.2: Compositions and Dependency Ratio of Six Cities Population

Region	Total Population (end of year 2009)	(10000 persons)			
		Household residents		Non-household residents	
		Population	Proportion	Population	Proportion
Beijing	1755	1245.8	70.99%	509.2	29.01%
Shanghai	1921.32	1379.39	71.79%	541.93	28.21%
Chongqing	2859	2763	96.64%	96	3.36%
Shenzhen	891.23	241.45	27.09%	649.78	72.91%
Shenyang	786	716.5	91.16%	69.5	8.84%
Wuhan	910	835.55	91.82%	74.45	8.18%
Total	9122.55	7181.69		1940.86	

This research also assumed that all the respondents provide unbiased answers and information toward the questionnaire. Data collected from the respondents then can truly represent how the socio-demographic variables affecting their attitude towards the purchase decision criteria.

Thus, the research assumptions can be concluded as:

- i. All the respondents for this research are only from the cities of Beijing, Shanghai, Shenzhen, Chongqing, Shenyang and Wuhan. It is assumed that can represent the whole population of health food consumers in China.
- ii. All the respondents for this research must live in one of the six cities at least 1 year and above.
- iii. All the respondents do not provide biased answers in the questionnaire.

1.7. Research Limitations

As mentioned above, the sample is only chosen from the cities of Beijing, Shanghai, Shenzhen, Chongqing, Shenyang and Wuhan. The responses may not represent the entire health food consumers in China, especially the rural

population in China. However, the respondents of this research consist of household residents and non-household residents. Thus, the effect of this limitation is reduced. Moreover, this research excludes the voice of non-buyers. Due to the specific purpose of this research is to identify the consumers' attitude of the existing buyers, who have prior purchase experiences of health food product. Therefore, it may not identify how the non-buyers' attitudes in their purchasing decisions on health food product. Besides, budget limitation and the period of this research study does not allow large sample size and the data collection from more cities in China.

1.8. Outline of the Chapters

This research consists of five (5) chapters, i.e., chapter 1: introduction, chapter 2: literature review, chapter 3: research methodology, chapter 4: findings and discussions, and chapter 5: conclusion, recommendations and personal reflections.

❖ Chapter 1 Introduction

Chapter one introduces the purpose of the research and the background of health food industry in China. It describes the correlation of China economic development, consumers purchasing behavior and the development of health food industry, followed by the deliberation on the problem statement. The research questions, research objectives and significance of the research are being identified and demonstrated individually. Research assumptions and limitations are being explained in detail. Finally, research structure is covered.

❖ ***Chapter 2 Literature Review***

In chapter two, definitions, theories, findings of prior researches related to this study are discussed. Hypotheses and proposed research model are developed based on those prior studies.

❖ ***Chapter 3 Research Methodology***

This chapter explains the overall research design consists of research type, strategy of the research, and data collection methods. Besides, validity and reliability of this research are also explained in detail.

❖ ***Chapter 4 Findings and Discussions***

The findings of data collected are analyzed and discussed in this chapter.

❖ ***Chapter 5 Conclusions, Recommendations and Personal Reflections***

It is the last chapter for this research. A summary of the overall study, recommendation to the health food product marketers, and personal reflections are presented. Finally, some recommendations on future study are stated.

Chapter II

Literature Review

2.0. Chapter Summary

The purpose of literature review can be summarized as to what the previous studies have reported; how the methodology is carried out and; define the knowledge gap. In this chapter, the overview of definitions, theories and findings of prior researches related to the consumer purchasing behaviour, consumers' purchasing decisions criteria and the role of socio-demographic variables in purchasing decision are studied and discussed. Hypotheses and proposed research model are developed on a basis of prior studies. Finally, operationalization of the variables is displayed.

2.1. Consumer Behaviour

Consumption is the basic phenomena affecting everyone's life. Thus, consumer is defined as an individual who fulfilled the act of consumption (Bowden, 2007). Consumers are social beings, they through consumption to satisfy their physiological and psychological needs. The action of consumption directly affects consumer purchasing decision, as well as reflecting consumer behaviour and attitude. Study of consumer behaviour includes analysis of how consumers make purchase decisions and what factors affecting purchasing decision and how product to be used (Lamb et al., 2006).

Consumer behaviour is described as the activities and process that people participate in when searching, evaluating, selecting, purchasing, using, and

disposing of product or service in order to satisfy their needs and desires (Belch and Belch, 2004). Since the process of consumer making decision does not occur in a vacuum, it is certainly shaped by both internal and external factors. Internal factors consist of psychological and personal factors. Besides, external factors consist of social, economic, cultural factors and marketing stimuli (Akpinar et al., 2009). Armstrong and Kotler (2006) come up with the stimulus-response model which is shown in Figure 2.1. It shows that all these inputs (external factors) enter into the consumer's black box (internal factors), in which they are produced and turned into certain responses. Marketers need to decipher what is in the consumer's black box. In other words, the marketers want to know how the marketing stimulus is changed into consumers' responses. According to Akpinar et al. (2009), the external factors should to be as effective as internal factors in shaping consumer purchasing behaviour. Therefore, the relationship between selected socio-demographic variables and health food product purchasing decision criteria needs to be tested.

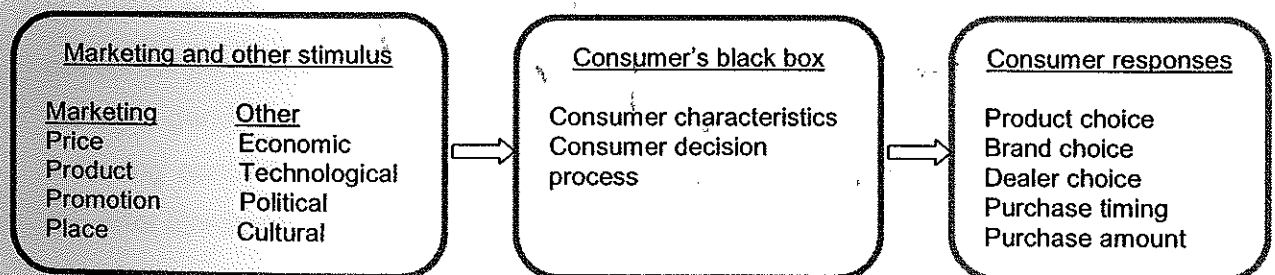


Figure 2.1: Stimulus-response model of Consumer Purchasing Behaviour

(Source: Armstrong and Kotler, 2006)

2.2. Review of Socio-demographic Characteristics of Consumers in Purchasing Decisions (Internal Factors)

Since the existing of distinct consumer behaviours, the marketers attempt to use different segmentation variables alone or in combination to segment a market. The major variables, which are geographic, demographic, psychographic, and behavioural variables, that to be used in segmenting consumer markets. Demographic variables include age, gender, family size, family life cycle, income, occupation, education, religion, race, generation, and nationality. Geographic and demographic factors are the most popular bases for segmenting consumer groups. It is because consumers' needs, preference, and usage rate are often related to geographic and demographic variables (Armstrong and Kotler, 2006). Zeithaml (1985) indicated that consumers showing difference in their characteristics have distinct wants and needs, so the variations can be observable in the decisions they make during purchasing a product.

In order to investigate the role of socio-demographic variables in Chinese consumer purchasing decision towards health food product, this research focuses on age, gender, socioeconomic status, and geographic location variables. The following content introduces the definition and measurement to be addressed in the prior literatures:

2.2.1. Age Variable

Age refers to the number of years since birth (Todd et al., 2007). Armstrong and Kotler (2006) indicated that people change products or service they purchase over their lifetime due to the needs changes related to age variable. For example, food, clothes, and recreation are often age related. People commonly have different needs at different age groups.

2.2.2. Gender Variable

According to Todd et al. (2007), gender refers to social construction, which includes cultural, social, and psychological dimensions. However, the researcher employ the term of gender since it is what people report and depends on social discourse rather than directly observing biology of the respondents. Men and women do shop differently. Physiological differences between men and women result in difference decision making in purchasing. Studies show that most women enjoy shopping, but men claim to dislike the experience and shop only out of necessity. In addition, men prefer to simple shopping experiences, stores with less product variety, and convenience (Lamb et al., 2006). Moreover, trends in gender marketing are influenced by the changing roles of men and women in society. It is because the social status of women around the world is changing to working and earning more.

2.2.3. Socioeconomic Variable

A person's socioeconomic situation will definitely affect product choice with regard to purchasing decision (Armstrong and Kotler, 2006). Socioeconomic status is not determined by a single factor, but is measured as a combination of income, occupation, employment, education, ownership of goods, and other factors. People within a socioeconomic group tend to show similar purchasing behaviour. For example, marketers need to consider personal income, savings, and interest rates for income-sensitive products such as luxury goods, health food products, cosmetics, and jewellery. Hence, many firms target affluent consumers with luxury goods and convenience services. In addition, employment status affects the products bought. For example, employed people tend to buy more business suits, retired people tend to buy more health food product. Marketers attempt to identify the people with similar socioeconomic characteristics that have an above-average interest in their products (Armstrong and Kotler, 2006).

2.2.4. Geographic Location Variable

Individuals from different geographic units such as countries, nations, regions, states, cities, or neighbourhoods, are assumed contain homogeneous characteristics, and such groups of individuals can be clustered and share similarities across geographies (Lamb et al., 2006). Many companies are providing tailored products, promotion, and even pricing efforts to fit different needs of individual regions, cities, and neighbourhoods (Armstrong and Kotler, 2006). Thus, to understand the consumers attitudes from different regions towards purchasing decision criteria on health food products, which enable the more appropriate applications of marketing efforts in terms of marketing mix strategies and campaigns.

2.2.5. Socio-demographic Factors

The relationship between socio-demographic variables and consumer behaviour with regard to the consumer purchasing decision has been studied by prior studies. There are plenty of prior literatures reviewed that the socio-demographic variables playing mixed roles in consumer purchasing decision on product or market related attributes.

With reference to age, Peters et al. (2003) reported that age was the significant factor relating to vitamin consumption such as that older people were more likely to consume vitamins. Similarly, it reported that people between 61 and 70 years old were found to have more past purchase and future intention of purchasing sustainably produced food than the people aged 18-30 (Robinson and Smith, 2002). It is because of people who are middle-age and elder, more care about health issues than younger consumers (Verbeke, 2006). Furthermore, studies conducted in some European countries showed that different age groups of people vary with purchasing decisions in terms of product functions such as older

people seek for health foods to lower blood pressure and cholesterol, while younger people demand health foods to control body weight (Stewart-Knox et al., 2007).

Pertaining to gender, many studies consistently indicated females were very likely purchase organic produced food (Misra et al., 1991; Byrne et al., 1992) or functional food (Childs and Poryzees, 1997). Females were especially given an important role to be responsible for purchasing functional food (Bech-Larsen and Scholderer, 2007). Besides, some research showed that gender may not influence purchasing behaviour (Thompson and Kidwell, 1998). However, Kaufman et al. (2002) revealed that both age and gender influencing dietary supplements purchases. Moreover, Verbeke (2005) tested the impact of socio-demographic factors with regard to consumption of functional food. It was found that female and older people as the majority consumers on functional foods in Belgium. Nevertheless, belief, presence of ill family members and knowledge were found to be more important than socio-demographic factors as potential determinants of acceptance of functional food by consumers (Verbeke, 2005).

With regard to education, income and age variables, Childs (1997) stated that higher proportion of well-educated female with higher income, between the age 35 and 55 among the health food consumers in the US. Gilbert (1997) identified that health food consumers as being 55 years old and above, and college educated. Besides, the people with higher socioeconomic attributes in Europe were found to be more likely purchasing health foods (Stewart-Knox et al., 2007; Hilliam, 1996). On the other hand, Poulsen (1999) found that women who were 55 years old and above among the lower education as main health food consumers in Danish. In contrast, some research reported that there is no influence were found between education level and the purchasing behaviour towards organic produced food Misra et al., 1991; Jolly, 1991) and functional foods (Chambers

and Lobb, 2007). Some studies showed that income does not influence health food related product purchases (Misra et al., 1991; Jolly, 1991), whereas other researches indicated that consumer with higher income were more likely to purchase organic produced food (Govindasamy and Italia, 1998). Similarly, the different purchasing behaviour of sustainably produced food was not found from demographic variables such as gender, income, and education (Robinson and Smith, 2002). However, in recent researches, it reported that more higher education the consumer achieved, the more possible to buy organic-produced food (Goldman and Clancy, 1991; Ross et al., 2000). In addition, earlier research in consumer behaviour suggested that employment status influence in purchasing decision (Engel et al., 1973). On the other hand, the weakness of socio-demographic variables, which include age, education, monthly income, gender, marital status, number of children, and employment status and occupation, were found as determinants of organic food purchase in Greece (Krystallis and Chrysosoidis, 2005).

According to the review of above mentioned researches, consumers from different geographic regions vary from their attitudes towards purchasing decisions on health food related products. Siro et al. (2008) also indicated that there were tremendous regional differences in European consumers' attitudes towards purchasing functional foods.

2.3. Purchasing Decision Criteria (External Factors)

As mentioned the above, marketers employ mixed marketing stimuli to encourage consumers to purchase. These stimuli consist of the Four Ps, which are price, product, promotion and place (Armstrong and Kotler, 2006). This research focuses on the factors of purchasing decision criteria related to Four Ps and word-of-mouth.

2.3.1. Price

Price defines as the amount of money charged for a product or customers have to pay to obtain the product (Armstrong and Kotler, 2006). There are many different ways to determine price on a product or service according to various situations, thereby particular consumers can be attracted to make a purchase. According to prior researches, consumers would merely like to pay limited price premium for health food products in Europe (Siro et al., 2008). Thus, price does influence consumers purchasing decision on health food product. Nevertheless, the price premium of health food product can be raised up from 30 percent (Menrad, 2003) to 500 percent (Kotilainen et al., 2006). On the other hand, price becomes less important towards organic products purchase decision whereas organic label presentation become more important (Mondelaers et al., 2009). Similarly, Merlin et al. (2008) indicated, only 2 (out of 128) respondents in their research were found to attach greatest importance to price in influencing their purchase decision on selected supplement. 45 percent of respondents are influenced by price on the decision to purchase.

2.3.2. Product-related Criteria

According to Armstrong and Kotler (2006), product refers to the goods and services combination that a company offers to the target market. Product, in here, is not only a goods or a service, it rather refers to the solution provided by sellers to satisfy consumers' desires and needs. Thus, product-related criteria using by consumers to make their purchasing decision include product quality, product variety, features, packaging, brand name, customer service, and etc. Many literatures have provided elaborated evidence that consumers using product-related attributes such as quality (Perreault and Russ, 1976; Nisel, 2001), taste (Patterson, 2006; Urala et al., 2003; Drenowski and Gomez-Carneros, 2000; Ettenson et al., 1988), packaging design (Wells et al., 2007; Merlin et al., 2008)),