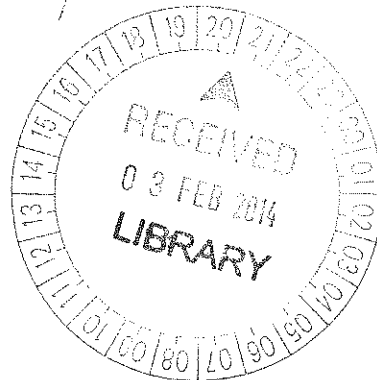


INTI INTERNATIONAL UNIVERSITY

MASTER OF BUSINESS ADMINISTRATION

A STUDY OF GREEN MARKETING TOOLS INFLUENCES ON GREEN COSMETIC PRODUCT PURCHASING IN MALAYSIA

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Abstract

The awareness of green issue advocates the popularity of green product consumption, including the green cosmetic product. In Malaysia, the market for green cosmetic product still immature but it has started becomes vogue in Malaysia cosmetic industry. In view of the theory of planned behavior, this study provides a deep insight in regard of the influence of green marketing tools on the consumer purchasing behavior on green cosmetics product. The result of this study showed the green marketing tools started demonstrate its prominence in accordance to the Malaysia's current market trend. The model showed that three of the green marketing tools, which are environmental advertisement, eco-label and eco-brand, are significantly influences consumer's purchase behavior on green cosmetic product. It is expecting that this study can contributed assistance to the future practices that will be apply for the green cosmetic market in Malaysia.

Keyword: Green Marketing Tools, Environmental Advertisement, Eco-Label, Eco-Brand, Differences in Demographic Factors, Green Cosmetic Product Purchasing

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Khoh Cindy

1st December, 2012

Declaration

"I hereby declare that this research project is of my own effort except for those summaries and information of which the sources are clearly specified."

1st December 2012

Khoh Cindy

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List of Abbreviations

SOM= Malaysian Organic Certification Scheme

TPB= Theory of Planned Behaviour

ECOCERT= International Certifier Board of Natural and Organic Cosmetic

USDA= United States Department of Agriculture

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Appendix A: Survey Questionnaire

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Chapter 1 Introduction

1.0 Chapter Summary

This research is done to find out the impact of green marketing tools on green cosmetics purchasing in Malaysia market. The background of research is covered in section 1.2 followed by the problem definition in section in section 1.3. Research Questions, assumptions and limitations are covered from section 1.4 to 1.6 and the scope and significance of study are shown in section 1.7 and section 1.8.

1.1 Background of Research

Green issue has been the issue growing around the globe over several decades. Evolution of current technology and ongoing of industrialization has brought issue on environment preservation (Akehurst, Afonso & Gonçalves, 2012). Environmental sustainability has being constructed in different approaches and placed with priority for most of the countries. Environmental issues such as global warming, ozone layer reduction, deforestation have been widespread around the public and arouse the development of environmental awareness amongst the people (Bonini, Hintz & Mendonca, 2008).

The development of environmental awareness has gone through from year 1970s up to present. It had its first peak in year 1970s and this phenomenon has been buffering after the legislative initiatives has been designed for the issue happened. However, environmental disaster has been come into evidence and once again brings out the environmental awareness issue in late 1980s (Peattie & Crane, 2005). During 1990s up to present day, the issue of environmental concerned has given rise to the social and environmental concerns and led a progressive growth in consumer's environmental awareness (Kalafatis, Pollard, East & Tsogas, 1999). During these years, McIntosh (1991) stated that several emergence activities that led

by pressure group has brought out the impact of environmental disaster towards the public, increase environmental awareness amongst people, and contributed to the development of international legislation in regard of environmental concerned. These emergence activities not only contributed to consumer environmental attitudes, but also led them more concerned their daily purchasing behavior and take into account the possible effect on environment (Krause, 1993).

To be more specifically, it can be written that these emergence activities contributed positive impact on consumer environmental attitudes, and also directed people's considerable attention towards green products. People with higher level of environmental concerned and attitudes are more likely to have green products consumption as they are the group who take into account of the possible effect on environment (Krause, 1993). As such, the concerned of environmental sustainability has translated into 'green' marketing' in business arena, particularly in the development of markets and services.

Green marketing became prevailing subject for companies to react and convey their green message on consumers' preference for environmental friendly products. Basically, green marketing has been defined as the marketing activities that incorporated to mitigate the negative social and environmental effect of existing products and production system (Peattie, 2001). Not only that, green marketing also include 'green marketing tools' such as environmental advertisement, eco-brand, eco-label to promote less damaging products and services. Such marketing tools have including the production and packaging modification for product sustainability features, embraces advertising and branding modification that to ensure the brand and practices of the provider organization perception in consumers' mind. Accordingly, these green marketing tools play a crucial role in guiding consumer purchase behavior towards green products and bring implications to many industries, as well as beauty industry.

1.1.1 Malaysia Cosmetic Industry

Since year 2007, Malaysia cosmetic industry started to grow rapidly. In year 2007, consumers spending on cosmetics and toiletries products are estimated at RM1.9billion (Swidi, Cheng, Hassan, Al-Hosam, & Mohd Kassim, 2010). The result has showed it has a growth rate of 40% in the last few years (Swidi et al., 2010). The booming trend in cosmetics and toiletries are conclude as the consequences of rising in consumer purchasing power, increased attention from men segment, and also the rising popularity of specialty concept product (U.S.Commercial Service, 2010).

In recent years, Malaysia consumer's sophisticated demand for lifestyle and specialty concept product are gaining fame particularly in cosmetic and toiletry product, due to the growing trend in environmental awareness. According to Leong (2011), the rising of global warming concerns and health issues has driving the bandwagon for 'natural' and 'organic' personal care and cosmetic products. Consumers are adamant to steer for harmless and less chemicals cosmetic and toiletry product, which include the natural ingredient (Global Information Inc., 2009).

In regard of this, Eco- conscious beauty which attached with the development of green cosmetics product has become the mainstream in beauty industry. Green cosmetics have been defined by the green product certifier group, Ecocert as "Bio cosmetics or the green cosmetics are considered as cosmetics with a level of superior demand compared to the conventional regulation of cosmetic products. It guarantees environmental conservation all along the production line, consumer's respect and utilization of natural matter with superior ecological quality." (Ecocert, 2003 cited in Rawat & Garga, 2012, p.3).

There are the researches and statistical survey showed that in United States, the consumption of green cosmetics products in personal care sector has been rank as the second largest sales portion after the food sector, and the market is still growing with the rate of 10% annually relative to the growth rate of

2-4% in Europe (Heinze, 2011; Global Insight Inc, 2007). Accordingly, Malaysia also having the same practices and implements the same tools to promote the green consumption and environmental sustainable activities.

1.1.2 Overview of Green Cosmetic in Malaysia

In Malaysia context, consumers' perspectives towards green cosmetics seem to be wider. It showed positive effect towards the world trend of practicing healthier lifestyle by eliminating the use of cosmetic products with potentially harsh chemical to environment. However, the green cosmetics market in Malaysia still considers immature (Yim, 2012).

According to Leong (2011), Malaysia does not specify any legislation or a local certifier to govern the import or manufacture for the green cosmetic products. There is only specific certification board Malaysian Organic Certification Scheme (SOM) for organic food. Thus, Malaysia companies so far are relying more on international certification board such as Ecocert and USDA to get the authorized green cosmetic product. Also, there is little research done on the consumers' green consumption behavior on green cosmetic and skin care products (Yim, 2012). In other words, it can be said that the consumption of green cosmetic product is more common in the West relatively to Asia countries. There are still not much data can be obtained in regard of consumer's purchasing pattern on green cosmetics products.

Therefore, this has presented the research gap to investigate the relation between green marketing tools on consumer purchasing behavior towards the green cosmetic products. There are study illustrated that consumer actually incorporate the environmental associations' attitude as secondary in general when it came to purchase alternatives evaluation (Schlossberg, 1992). Thus, in order to stand out in this fast growing natural care products market, the industry has to grasp extensive knowledge of consumer behavior in order to gain a

better understanding of the impact of implemented green marketing tools on consumer purchase behavior on green cosmetics products.

1.2 Problem Definition

This study is focus on the impact of adopted green marketing tools on green cosmetics product purchasing in Malaysia. From management point of view, quite a number of firms have implemented green marketing tools and exploring environmental attributes as a source of competitive advantage (Huang & Kung, 2011). There are several findings claimed that green marketing tools had an important influence on increasing consumer knowledge and in shifting consumer's green purchasing behaviour (Chen and Chai, 2010; Cohen, 1973).

Conceptually, a specific attitude and beliefs could be the reliable predictor for a particular behaviour tendency. Also, theory of planned behaviour explained that an individual's behavioural intention and actual purchase behaviour are direct or indirectly being affected by their perception of own ability and ease or difficulty to perform such pro-environmental behaviour (Ajzen, 1991). When applied to this study, it should be written as consumer's purchase behaviour towards the green cosmetics product not only can be directed by their own attitude and belief, but also can be subtle directed by the green marketing practice applied by the companies. For instance, an effective green advertising or green brands possess the capability to influence the consumers' willingness to pay a premium price and shift them to green consumption patterns (Travis, 2000).

However, a number of studies have depicted that consumers are not really going to taking the green consumption move on green cosmetic product when they are in doubt with the green marketing practices, particularly to the false marketing claim, mislabel and consumer confusion (Bonini & Oppenheim, 2008; Organic Monitor, 2011). In Asian countries, the stability of the green cosmetics sector is provided with a 13% growth achieved in year 2009 (Global

Insight Inc., 2007). There is little research done from the niche industry perspective to look into the impact of green marketing tools on green cosmetics purchasing pattern in beauty industry.

Other than that, consumers tend to have negative views towards the green cosmetic product when they need to make trade-off between the product's functional performance and its effect on the environment (Cherian & Jacob, 2012). Consumers wish to have green act but they are more expecting the companies could lead the way and create the better green product.

In addition, latest studies demonstrated the positive impact of environmental management on financial performance, which implies a commitment to green management (Molina-Azorín, Claver-Cortés, Lo'pez-Gamero & Tari', 2009; Huang and Kung, 2011). Nevertheless, Gardyn (2003) argued that consumers with higher environmentally awareness are not necessary going to reflect their concern on their purchase behavior. Chan (2001) claimed that the green purchasing behavior should be look in a more objective way. This has showed the importance to understand consumer environmentally conscious behaviour to enable firms in develop an appropriate marketing tools for the changing consumer purchasing behaviour.

This is the gap that requires marketers to concern and emphasize, so that they could input appropriate ecological knowledge in their organizations, products and advertising to fill up the gap and catalogue the parallel shift of environmentally conscious consumer favourable purchase behaviour (Mendleson, 1994). So, the purpose of this study is twofold the impact of green marketing tools on consumer's green cosmetic purchasing behaviour in Malaysia market and aims to investigate whether implement green marketing tool will affect them to opt for green purchasing behaviour.