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MASTER OF BUSINESS ADMINISTRATION

A STUDY ON GREEN PRODUCT PURCHASES AMONG INTERNET GENERATION IN MALAYSIA

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List of Abbreviation

CO_2 : Carbon Dioxide

CH_4 : Methane

KMO : Kaiser-Meyer-Olkin

MSA : Measure of Sampling Adequacy

N_2O : Nitrous Oxide

SPSS : Statistical Package for the Social Sciences

TRA : Theory of Reasoned Action

TPB : Theory of Planned Behavior

Abstract

Environmental degradation issues such as global warming have brought the message to the internet generation that their purchasing power can cause a huge impact on the environment. The purpose of this research is to determine the key factors that affect the internet generation to be green product purchases. This research is based on the quantitative research approach. The author conducted a survey through 400 questionnaires and only 375 are valid respondents. The survey in this research got feedback from the internet generation (18-34 years old) who are green product purchasers. The factors for the internet generation to be green product purchasers will be analyzed from different perspective, and will revolve around the literature review. Four components of green product purchases will be measured such as ecoliteracy, marketers eco-label, environmental advertising and price and quality perception.

In this research, statistical analysis was used in the descriptive analysis, reliability analysis, factor analysis and multiple regression analysis to serve as a guideline for the marketers to improve that marketing strategies. The thesis concludes with a discussion of the results, which include the recommendations of the findings, recommendations for future research and personal reflection.

Key Words: Green Product Purchases, Global Warming, Ecoliteracy, Marketers Eco-label, Environmental Advertising, Price and Quality Perception, Theory of Reasoned Action, Theory of Planned Behavior

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LEE AILING

12 April 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"

12th April 2012

Lee Ailing

Chapter 1

Introduction

1.0 Chapter Summary

This chapter will summarize the research background of global warming which has changed young consumers or the internet generation to be green product purchasers in the Malaysian market. Further discussion of green product purchases among the internet generation in Malaysia will be covered in detail. In this chapter, the problem statement, research question, research objectives, the significance of the research, the research limitation, the research assumption and the operational definition will be identified and explained. Finally, the outline of the research will be drawn out in this chapter.

1.1 Background of this study

Today, global warming is one of the hot issues in our daily life either locally or globally. Global warming effects such as climate change, destruction of rain forests, extinction of animal species and natural disasters have worsened over the year. Effects of global warming is not only on animals, but humans as well. Therefore, global warming has led marketers, society which include the internet generation to start concerning themselves with environmental issue (Bonini, et al., 2008). For instance, the Arctic ice is rapidly disappearing and it may become the first ice-free summer by or earlier than 2040 (National Geographic News, 2007). Besides, global warming has cause natural disasters, and climate changes and these will directly rise up awareness on environmental issue.

Environmental issues might bring people to have perception to purchase green products, which are also know as environmental friendly products. Therefore, firms have to respond to change and sustain a competitive edge in the market. This research has found that currently most marketers are facing an important challenge to understand the internet generation `behavior regarding green marketing and green purchasing. Why has internet generation been chosen in this project? The main reason is the demand for greens might increase rapidly in the future due to the internet generation purchasing power, so there is opportunity for marketers to turn green marketing into green gold in the future. For instance, in 2007, Wal-mart announced that demand for customer purchase power on green products had increased by about 66% especially for the five eco-friendly products such as organic milk, baby food, extended life paper product, reduced-packaging liquid laundry detergents and compact fluorescent light bulbs (Sustainable Business News, 2008).

Besides, the Government of Malaysia has encouraged business and marketers toward greenness to protect environment. Therefore, the government of Malaysia has formed the Ministry of Energy, Green Technology and Water, Environmental Protection Society Malaysia (EPSM) and Malaysia Environment NGOs (MENGO) to sustain the environment (Angel, 2010; Kui, 2011)

1.2 Global Warming

Global warming began 18,000 years ago, and this is due to the natural cycle in the earth (Animated Glacier, 1998). Natural cycle is derived when the cooling cycle warms up the earth. Once Ice Ages time, Ice Ages are cover with the thick glacial ice, but global warming had caused the glacial ice retreat when the CO_2 (carbon dioxide) rose (Dispensa & Brulle, 2003). According to Adams, (2002) the current world and previous world has hugely changed since 18,000 years ago. It caused previous years most of the regional is covered with an extreme deserts compared to the current world (Adams, 2002). These extreme deserts obviously disappeared due to the moister climates (Adams, 2002). As a result, global warming happened when extreme deserts changed to closed forest. The primary reason that caused the global warming to happen is the closed forest that brought the rainfall and increased the global temperature in the earth.

When the glacial ice retreated at the last Ice Age period, it had caused the global temperature to rise around 5° C per year (Animated Glacier, 1998; Dispensa and Brulle, 2003). Besides that, Swedish scientist Svante Arrhenius has claimed that during 19th century the CO_2 increasingly doubled in the atmosphere and led to global temperature to increase between 5° C and 6° C (Dispensa and Brulle, 2003). Additionally, in the 20th century global temperature has increased over 1°F and sea level has increased from 4 to 8 inches during the same time (Dispensa and Brulle, 2003).

The major reason that caused global warming to rapidly grow is the industrialization during the industrial revolution (Animated Glacier, 1998; Dispensa and Brulle, 2003). The industrial revolution has brought serious effects to the environment such as danger to animals and humans, destroying natural ecology,