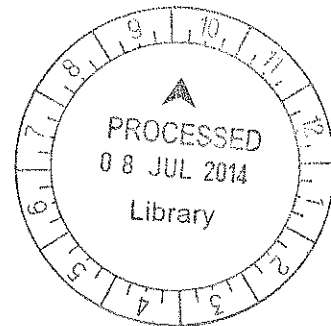# INTI INTERNATIONAL UNIVERSITY

MASTER OF BUSINESS ADMINISTRATION

An Exploratory Study on Customer Perceived Value on Purchasing Behavior of Green Food Among Consumers in Klang Valley

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Abstract

Customer perceived value, continued as fundamental source of growth momentum and an engine of constant development, becomes a focus of research in marketing. However, few researchers have studied on food with the major concentration on the service and consumer durables. On the other hand, with the destruction and the depletion of global resources of ecological environment, there is increasing focus on sustainable development, which enhances consumer awareness of green consumption, and green purchasing has become a new trend.

Green (organic) food consumption for this study that is to explore the impact of customer perceived value on purchase behavior the independent variables are functional value, emotional value, social value, green value and perceived cost. From this research the following conclusions are made:

(1) There are four values have a direct significant positive impact on customer purchasing behavior that are functional value, emotional value, social value and green value based on customer perceived value. Perceived cost has no significant influence on customers purchase behavior on green (organic) food.

(2) Demographic variables on the buying behavior no statistical significance affected.

There are five chapters in this research paper. Chapter one is the introduction of this research, which includes background of this research, problem statement, objectives and significant of this research. Limitations and scope of this research is mentioned in this chapter as well. Chapter two is the literature review, which in terms of both perceived value theory and green purchasing. Chapter three is framework and hypothesis to define the dimensions of perceived

value that influence purchasing behavior of green (organic) food. Chapter four is analysis. All collection data will enter SPSS to analysis. Chapter five is conclusion with recommendations.

Key words: perceived value; green value; purchasing behavior; green food

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Zheng Xiangyu

April, 2014

Declaration

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

27th April 2014   Zheng Xiangyu

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List of Abbreviation

SPSS -   Statistical Package for Social Science

KFC -   Kentucky Fried Chicken

ETP -   Economic Transformation Programme

DOA -   Department of Agriculture

GDP -   Gross Domestic Product

USA -   United States of America

CHAPTER ONE INTRODUCTION

1.0 Chapter Summary

This study attempts to find which factors influence the customers' purchase behavior of green (organic) food in Klang Valley of Malaysia. In this chapter, research background, research significant, research objective, research question will be introduced. In addition, problem statement, research scope, research assumption, research limitation will be introduced.

1.1 Background of Study

With the development of society and economy, the environmental pollution and resource depletion have become more and more serious, especially in developed countries. Those problems not only restrict the regional economic development, but also affect people's daily lives. Meanwhile, people's wealth is growing, consumption structure has optimized, the consumption level is rising, people's health, scientific and civilized consumption has attracted more and more attentions. As human survival and environment pollution issues are increasingly serious, people began to pay more and more attentions on sustainable development, sustainable consumption, and the consumers' awareness of green purchasing.

In the past ten years, USA and European consumers have become increasingly aware of the importance of environmental protection and more environmentally conscious (Curlo, 1999). According to Tian (2001), he shows that 52% of Germans and 62% of the Dutch priority consider environmental issues when shopping in supermarket, 66% of Britons are willing to spend more money to buy

green products, 85% of Swedes are willing to pay a higher price for clean environment, 80% of Canadians are willing to pay additional 10% for environmentally friendly products.

Recently Asian regions has started to gradually emerge of green consumerism (Gura˘u and Ranchhod, 2005). Harris (2006) indicated that environmental problems are become more and more serious, and depends the fast growth of economic, people in Asia are willing spend more money than previous generations (Li and Su, 2007).

In short, rather than enormous resources to meet their needs, people's tend to meet the reasonable requirements on the basis of their own, saving a lot of resources.

As the green trend continuous rising and changes of consumption demand in international and domestic market, green consumption has become a new fashion.

High standard of living in developed countries, such as the characteristics of a strong environmental awareness, and greater demand for green food, such as residues of toxic and hazardous substances when purchasing foods such as animal products, vegetables and fruits. "Green" factor is very important, such as the production process of green product, the choice of materials for green natural products, green packaging, green tags, and so on (Knight, Worosz and Todd, 2007).

Malaysia is a developing country with a big part GDP from agriculture and a lack of specific policy about food security (Arshad, Shamsudin and Saleh, 1999). However, due to frequent incidents of food safety, more and more people are