

INTI INTERNATIONAL UNIVERSITY

MASTER OF BUSINESS ADMINISTRATION

Factors Affecting Generation Y in Making the Purchase Decision of Healthy Fast Food in Klang Valley of Malaysia

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ABSTRACT

The fast food industry is in an upward trend. The demand for fast food product is now growing as it is convenience which suits the lifestyle of customers. With the changing lifestyle of Malaysian consumers, more people tend to eat outside especially for fast food. Along with the fierce competition among different fast food companies, customers has variety choice of fast food pattern and restaurants. Therefore, how companies become innovative and get prepared to change accordingly based on the changing of eating habit to avoid from losing their existing and future potential customers is supposed to be an issue faced by the managers of fast food restaurant. There are more than 3,000 fast food restaurants in Malaysia market and fast food is the most popular food especially for young generations. One of the reason is that young people is the prime target of fast food advertising. According to the literatures, it can be seen that Generation Y order more fast food than other age groups during the meal time.

However, most of fast food served is perceived by the consumers as deep fried in partially hydrogenated oils. This oil is also known as trans-fats that will lead to heart diseases and high cholesterol rates. Moreover, fast food contains a lot of chemical additives and it also lacks accurate nutrition. Based on previous study, fast food can cause some problems like obesity and influence young people's health. In Malaysia, the government is concerned about the obesity issue and some measures have been taken to avoid this happening especially among young generation. Meanwhile, young generation have perceived it and changed the eating habit to pursue the healthy fast food.

So in order to investigate the factors which will influence the purchasing intention of choosing healthy fast food among Generation Y, the author developed a research framework to identify the relationship between attitude, subjective norm

and some other elements towards behavior intention, which is based on the theoretical framework of the Theory of Reasoned Action and developed further .

This study adopts a cross-sectional survey design because this study makes inferences about a population of interest at one point in time. Questionnaires will be distributed to the diners who belongs to Generation Y in fast food outlets in Klang Valley and 384 respondents are included. A descriptive analysis will show the respondent profile and reliability test will make sure that all the data collected are reliable. And multiple regressions will be used to identify the relationship between independent variables and dependent variable.

This research confirms that all five independent variables except price promotion have the positive influence on young generation's purchase intention of healthy fast food. The possible reason for the not significant relationship between price promotion and behavior intention will be given. Recommendations and discussions for future studies are also provided.

KEYWORDS:

Fast food, healthy, behavior intention, attitude to behavior, subjective norm about behavior, external elements

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Kang Kai

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DECLARATION

I hereby declare that this project work entitled "Factors affecting Generation Y in making the purchase decision of healthy fast food in Klang Valley of Malaysia" submitted to the INTI INTERNATIONAL UNIVERSITY is of my own effort except for the information that has been used from various authors that have been cited accordingly and ethically.

August 2014

Kang Kai

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CHAPTER 1: INTRODUCTION

1.0 CHAPTER SUMMARY

In this chapter, the researcher will first introduce the research background, which includes the development of fast food industry in Malaysia, obesity issue among young generation and the healthy threat for people. Then, problem statement will be given to show what is the issue the author wants to discuss about and why this study will be conducted. With that, research objectives and questions will follow based on the problem mentioned above. Later on, the significant of study, limitation of study and scope of study will be presented at the end of this chapter.

1.1 RESEARCH BACKGROUND

Malaysia is a multicultural and multiracial country with some main dominant groups like Malay, Indians and Chinese. For this fast developing country, the economic growth is growing up to 5.2% in 2011 (Suzy, 2010). Based on the data from World Bank Group, Gross Domestic Product per capita of Malaysia is \$14,215 after the adjustment by purchasing power parity. The standard of living for Malaysians is growing adequately with the increased purchasing power. For the food budgets, Malaysians are likely to spend more money on household expenditures. And with the changing of Malaysian lifestyle, larger consumption of take-away food and eating food outside is growing, which is beneficial to the fast food sector (Hossein Nezakati, 2011).

The concept of “westernization” has brought in a global eating habit, which led to the growing of fast-food restaurants in Malaysia in the past few years (Ismail, 2002). However, some factors like more fat consumption and higher energy

intake, changes of people's lifestyle and a bad habit of sedentary existence can cause obesity issue (World Health Organization, 2010). Some articles studied before have showed that obesity is a common issue faced by all age-groups, namely: in children of 17.5%; and in adults of 21.0% based on the World Health Organization (WHO) (Ismail M, 2005). During the year between 1996 and 2011, the report from the National Health and Morbidity Survey (NHMS) showed that the obesity rate has almost tripled to 15.1% within 15 years and the obese Malaysians are increasing up to about 2.5 million. Likewise, overweight rates was going up to 29.4% in 2011. That can be thought that nearly half adults in Malaysia is overweight or obese (The Star , 2014).

Fast food companies are beneficial to the multi-billion dollars profits every year in the world and it is still increasing, especially in Asia. In Malaysia, the fast food restaurant is one of the most notable development in food service industry. In 1961, A&W was the first fast food which was exposed to Malaysian consumers firstly. Fast food industry experienced the dramatic growth over the latest 20 years (Ahmad Esa Abdul Rahman, 2009). Today, fast foods have become a part of Malaysian's lifestyle. In Malaysian market, over 3000 fast food restaurants are existed nowadays (Euromonitor International, 2012b). Studies showed that fast food is a kind of very popular food although there are many different kinds of restaurants. The reason is that fast food can be a way to provide quickly for busier consumers especially for working people. Atkins and Bowler (2011) explained that fast food is welcomed by dual-working families with children. The most successful company as a dominator in Malaysian market is KFC (Kentucky Fried Chicken). There are 500 outlets over in whole Malaysia and it is still expanding.

Although there are many debates about the influence of fast food on people's health, more and more customers choose it due to the preference or western cultures (Schlosser, 2010). According to one study (ACNielsen, 2010), 59% of adults in Malaysia like to eat the take-away food per week at least. The reason is

that it is convenience for business people to match the busy lifestyles and they can get access to many variety of fast food outlets easily in Malaysian markets because the fast food restaurants are widely distributed. On the other hand, the young generation like fast food much more. Affordable price is the main reason for young customers to choose compared with others. In this case, the demand of fast food is supposed to increase in the future (Euromonitor, 2013). Nowadays, fast food can be available in many places such as in shopping malls or airports. Only if the fast food restaurants provide good quality of products, good services and comfortable atmosphere with air-condition, it can be thought that the fast food company can achieve success. (C.M. Burns, 2007)

Can fast food cause health problems? It is true actually. Much consumption of sugar, saturated fat, trans-fat and sodium can cause health problems due to eating fast-food. Fast food industry always use much of those to make the meal more flavor and desirable. And an excess intake may lead to some problems like hypertension, heart disease, diabetes and stroke (Ying San Lim, 2013).

Nowadays, Malaysia Government noticed the healthy issue which is about the rapid increase of disease like heart problems and high blood pressure and mostly they are related to obesity problems (Market Watch Malaysia, 2010). According to literatures, the Malaysian Health Ministry banned the advertising of fast food because of the growing of diseases like hypertension and diabetes suffered among children and adults, which is caused by obesity problem. Besides that, the Radio Television Malaysia Berhad (RTM) was warned to prohibit fast food advertisement on TV by Information Ministry because it can be believed that this action will help to improve the perception of healthy food intake and make people live healthier lives (Mirandah, 2011).

However, best way for harm reduction is not the banning of advertising. What it is supposed to do is to persuade the consumers buying the fast food which

contains unhealthy ingredient. A better solution can help people to change the lifestyle in order to be against the obesity problems. In Malaysia, there are some fast food brand such as Domino's Pizza, Kenny Rogers Roasters, Burger King, Nando's, McDonald's, KFC, Starbucks Coffee, Subway, which is based on global chains and most them provide the healthy fast food. And some companies by country of orig like The Chicken Rice Shop, Secret Recipe, they serve the healthy fast food available in the menu as well (Rozita Naina Mohamed, 2012). Besides, if customers can improve their perception of purchasing healthy fast food, more regulations can be made by government and more fast food companies are willing to involve in providing healthy fast food, Malaysian customers can get a better life (Ying San Lim, 2013).

1.2 PROBLEM STATEMENT

Nowadays, the development of economic strength contributes on many aspects, including the purchasing power among customers. The performance of business will be affected by the economic factors and it is also a reflection of prosperity of the nation (Deloitte and Touche, 2008). For Malaysia, the economy started to improve much after the global economic recession. However, Malaysia would have a regression in the future. In 2009 and 2010, the average expenditure of every mouth was increased by 12.14% to RM 2,190. Furthermore, a growing expenditure of 0.2% for food away from home can be a proportion of whole spending for Malaysian (Department of Statistics Malaysia , 2011). So, it can be seen that the trend of food consumption is increasing and people are more likely to eat outside.

At the same time, eating outside is a trend for customers nowadays especially for those working adults who are very busy and do not have much time to take food. In one previous study, although Malaysian are more likely to have their home-

cooked meals, they have changed their consumption pattern to eat outside due to the shift of times and influence of western cultures (Farzana Quoquab Habib, 2011). They are paying more attention to the healthy food intake and better quality is more welcomed.

However, deep-fried food is perceived by the customers as junk food and it will lead to the heart diseases and high cholesterol rates. Most of fast food served is fried in partially hydrogenated oils and it can generate some substances like trans-fats, which will have a bad influence on people's health. Moreover, lacking enough nutrition and a large number of chemical additives concluded in fast food are criticized as well (Schlosser, 2012).

Are fast food and obesity linked? The answer is yes. So many health problems which caused by fast-food consumption are a result of high levels of sodium, sugar, saturated fat and trans-fat. And it is the most often misused ingredients by fast food industry due to using too much. According to one previous article, not only can fast-food consumption lead to heart disease, it also can cause hypertension, diabetes and stroke (Clay McNight, 2014). Here are some following things which can be seen that fast food contributes to obesity among young generations. First of all, large sizes served are common. Nowadays, many fast food outlets prepared "super-size" burgers and fries. Moreover, the appearance of food tempts young people to indulge in these foods which are full of calories (Tatiana Andreyeva, 2011). In 2012, a survey made by the Ministry of Health disclosed that a quarter of Malaysian young generation above were overweight (Sacha Passi, 2013). Frequent fast food consumption is more likely to lead to a lacking preference for nutrition foods. Fresh green leafy vegetables have nutrition and it can help to release body fat. Because for those people who like to eat fast food, they do not have many vegetables and fruits intake, the body will hold fat obstinately. In one word, unhealthy eating among fast food enthusiasts finally will get obesity.