GREEN MARKETING MIX, GREEN AWARENESS, GREEN CONSUMER AND ENVIRONMENTAL ACTIVITIES FACTORS IN DETERMINING CONSUMER PURCHASING DECISION

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‘I/We acknowledge that have read this thesis and in my/our opinion this thesis is sufficient in term of scope and quality for the award of Bachelor of Technology Management (High Technology Marketing) with Honor’

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Evaluator name : ………………………
Date : ………………………
DECLARATION

“I admit that this report is a product of my own work except that citation for each of which I have mentioned the sources”

Signature : ............................
Name : ............................
Date : .............................
DEDICATION

I dedicate my dissertation work to my family and many friends. A special feeling of gratitude to my loving parents, Muhamad Khairi bin Jaafar and Noranisa binti Mohd Mokhtar whose words of encouragement and push for tenacity ring in my ears and have never left my side and are very special.

To my father, who taught me that the best kind of knowledge to have is that which is learned for its own sake. It is also dedicated to my mother, who taught me that even the largest task can be accomplished if it is done one step at a time.
ACKNOWLEDGEMENT

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Thank you also goes to all those involved either directly or indirectly help ensure the success of this research project. I would like to express a special words of thanks to my friends and family who tirelessly listen to my ideas and offered encouragement when it was most needed. My fellow final year project, my house mate and roommate. Hopefully this report will be a reference to other students in the future.
Introducing green marketing, green awareness, green consumer and environmental activities factors in determining consumer purchasing decision is more challenging to marketers. Consumers did not really care about the current issue that happen surround them regarding to green marketing and green product. Firstly, the objective is to investigate the purchasing decision and the acceptance of consumer towards green marketing and green product. Next, to determine the green marketing mix that influence consumers purchasing decision. Besides, to study the awareness of consumers on their purchasing decision. Fourth, the objective want to investigate green consumer on purchasing decision. Finally, to study the environmental activities that influence consumer purchasing decision. A survey based on 100 sample was distributed to collect respondents’ answers, while data collected were analyzed quantitatively. The researcher used multiple regression analysis for the hypothesis testing along in gathering the result for the objective. Green Marketing Mix, Green Consumer, Green Awareness and Environmental Activities are independent variables while Consumer Purchasing Decision is dependent variables. The result showed that only two independent variables that are significant to the study which is Green awareness and Environmental Activities towards Consumer Purchasing Decision.
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CHAPTER 1

INTRODUCTION

1.1 Introduction/Background

Green Marketing

World is constantly changing. Creating new industries and products show this fact. Now, many organizations are not yet engaged in the marketing of their product or service through a pamphlet or brochure. This is because, the organization will need to build structures that would be attached to advertising brochures, print and distribute it to consumers. It makes marketers have a lot of work to be done. So, in line with the green technologies that are being debated, green marketing is equally impressive.

What is green marketing? Green marketing is a new phenomenon that has developed in the modern market. According to Kotler (2001) Modern marketing traces its origin to the primitive forms of trade. As people began to adopt the techniques of work specialization, a need for individuals and organizations to facilitate the process of exchange emerged. Until about 1900, however, marketing was little more than physical distribution. We can trace the development of modern marketing through three stages the production era, the product era and the era of the sales.

Green Marketing is the new way for marketers to promote their organization product or services that are more beneficial to the environment. In this decade, the environment is increasingly threatened by the occurrence of activities that are not healthy by irresponsible people. So, green marketing has been introduced in order to save the environment and give advantages to the consumer. Although green marketing
is still new, it has been growing as consumers are willing to buy green products. We already know that green products are more expensive than regular products we use. This is because green products made of 100% natural ingredients and are free chemical substances. So it’s not surprising why green products are not to be preferred now.

Kempton et.al (1995) notified that most people do not know enough about environmental issues to act in an environmentally responsible way. Environmental knowledge can be defined as “a general knowledge of facts, concepts, and relationships concerning the natural environment and its major ecosystems (Fryxell & Lo, 2003, p. 45). In other words, environmental knowledge involves what people know about the environment, key relationships leading to environmental aspects or impacts, an appreciation of “whole systems”, and collective responsibilities necessary for sustainable development. Rokicka (2002) found that attaining a high level of environmental knowledge produces much better pro-environmental behavior. Concordantly, Mostafa (2009) found that environmental knowledge has a significant impact on the consumers’ intention to buy green products.

Green marketing is also a tool to market a product or service of an organization without using any device that can destroy the environment. Marketing nowadays more likely to choose online marketing through to marketing the product. It is more modern and marketers do not need to use a medium-medium long as brochure and flyers to attract consumers to choose their products. In fact, consumers are already choosing to buy products through online than going to the supermarket. To save the environment from destruction and worsens, green marketing is introduced. As we know that no are many consumers who use green products and they are more interested in products that would endanger their future soon. So this research is to examine whether environmental activities and prices of green products they use and influence the purchasing decisions of consumers.

Polansky (2011) comments that green marketing can be defined as the effort by a company to design, promote, price and distribute products in a manner which promotes environmental protection. It has also defined as all activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants such
that the satisfaction of these needs and wants occur with minimal harmful impact on the natural environment.

Researchers wanted to investigate how green consumers decided which technology product to purchase and what factors influenced this purchase decision process. Why is this of interest? First, there has been a growing interest in informing consumers about the environmental aspects to take into account when buying products, Young (2010).

1.2 Problem statement

Green products do not get the attention and consumption because less information about slightly knowledge of what is green marketing. Thus, how do we influence consumer to bear about advantages by using green marketing? The question is what is the underlying reason green product perception in market? Some authors said that there may be a demographic factors that explains the differences. Others said that the awareness of environmental activities are still not exist in the minds of consumers. It is important to make sure consumer taking care of environment.

1.3 Research Questions

- Does consumer purchasing decision affect acceptance product towards green product and green marketing?
- Does green marketing mix can be effect to consumer purchasing decision?
- Does green awareness can influence consumer purchasing decision?
- Does consumer purchasing decision influence green consumer?
- Does environmental activities influence consumer purchasing decision?
1.4 Research Objectives
This study aims:
1. To investigate the purchasing decision and the acceptance of consumer towards green marketing and green product.
2. To determine the green marketing mix that influence consumers purchasing decision.
3. To study the awareness of consumers on their purchasing decision.
4. To investigate green consumer on purchasing decision.
5. To study the environmental activities that influence consumer purchasing decision.

1.5 Scope, Limitation and Key assumption

The purpose of this research undertaken is to study the factors of green marketing in determining consumers purchasing decision. The scope of this research is focused at consumers at Melaka. It is selected because of Melaka is the one state that perform go green as ‘Negeri Berteknologi Hijau’ but still there is a limitation to get customer cooperation in order to gathering the data. Besides that, it is a little bit hard to get the total accurate result.

1.6 Important of this study

This research will give benefit and contribute to the academicians in term of referral for their studies and research; to examine the purchasing decisions of consumers of green products and how green marketing are able to influence the purchasing decisions of consumers in terms of green awareness of consumer that influence to motivate themselves buying green product or services, green consumer who assumed use the green marketing and ability to choose green product or services and consumer who carried out the environmental activities such as no longer use plastic bag, recycle and others activities related to green marketing.
CHAPTER 2

LITERATURE REVIEW

2.1 CONSUMER PURCHASING DECISION

Consequently, demographic profile of a green consumer based on scientific research indicates that well-educated women, who belong to age group of 30 to 44, and whose annual household income is higher than average may be considered to be consumers who will possibly be involved into eco-friendly product purchase behavior.

2.1.1 Age

It is often considered that the average age of a green consumer is lower than that of a typical consumer, i.e. younger people are more likely to be sensitive to environmental issues (Memery, Megicks & Williams, 2005; D’Souza, Taghian, Lamb & Peretaitko, 2007). However, some studies reveal opposite results either (do Paço, Raposo & Filho, 2009). The study performed by J. A. Ottman & W. R. Reilly (1998) confirms that green consumers usually belong to the age group of 30 to 44.
2.1.2 Gender

Empirical studies show that women are more sensitive to environmental issues and perceive them better than men do; and therefore, they more often become green consumers (Ottman & Reilly, 1998; Memery, Megicks & Williams, 2005; do Paço, Raposo & Filho, 2009). On the other hand, the studies prove that men possess deeper knowledge on environmental issues, whereas women care about the quality of environment more (Mostafā, 2007; D’Souza, Taghian, Lamb & Peretaitko, 2007).

2.1.3 Education

Empirical studies proved that better educated consumers perceive environmental issues better and are more sensitive to them (Ottman & Reilly, 1998; Memery, Megicks & Williams, 2005; D’Souza, Taghian, Lamb & Peretaitko, 2007; do Paço, Raposo & Filho, 2009).

2.1.4 Purchasing Power

Consumers who have higher than average purchasing power are more sensitive to environmental issues in comparison to those who receive average or low income (Ottman & Reilly, 1998), which is because they can pay less attention to differences between eco-friendly and conventional product prices (do Paço, Raposo & Filho, 2009). However, there exist the studies that present contrary findings (do Paço, Raposo & Filho, 2009).
2.1.5 Social class

In various researches that have been done on green purchase behavior of consumers, researchers have proved that social class that is defined in terms of job and income, is directly related to the green behavior.

2.2 GREEN MARKETING MIX

It can be defined as a set of marketing tools and elements which are sought to be integrated by the organization in order to serve the target market and achieve the goals of the organization without harming the natural environment (Al-Salaymeh., 2013).

2.2.1 Designing of green product (Product)

Although the study of the relationship between green products and industry from a marketing perspective is relatively new (Baumann et al., 2002). The literature also recognizes that managers should be aware that green marketing begins with green design (Vasanthakumar, 1993), and that product design constitutes an active interface between demand (consumers) and supply (manufacturers) (Baumann et al., 2002). For example, super-concentrated laundry detergents are associated with energy saving, reduced packaging and space, and money (Ottman and Terry, 1998).
2.2.2 Distribution with green criteria (Place)

Green distribution was included because product distribution systems can constrain green design solutions (OTA, 1992) since they must guarantee the tangible ‘ecological nature’ of the products on the market (Italia Imballagio, 2002). Additionally, distribution often increases the environmental impact of products, and is constantly regulated for environmental compliance. This is a common situation in the United States (Isherwood, 2000).

2.2.3 Pricing of green product (Price)

According to Kumar (2012) Pricing is a critical element of the marketing process. Most customers will only be prepared to pay a premium price if they are getting extra product value in terms of improved performance, function, design, visual appeal or taste. Environmental benefits are usually an added bonus but will often be the deciding factor between products of equal value and quality. Environmentally responsible products, however, are often less expensive when product life cycle costs are taken into consideration.

Green products pricing was included because green industrial differentiation works only when green products reduce clients’ costs (Wohlgemuth et al., 1999).

2.2.4 Green Publicity (Promotion)

Kumar (2012) comments Promoting products and services to target markets includes paid advertising, public relations, sales promotions, direct marketing and on-site promotions. Smart green marketers will be able to reinforce environmental credibility by using sustainable marketing and communications tools and practices. The key to successful green marketing is credibility. Never overstate environmental claims or establish unrealistic expectations, and communicate simply and through