## PERCEPTION OF GREEN ADVERTISEMENT, ATTITUDE AND PURCHASE INTENTION TOWARDS GREEN PRODUCT: A STUDY OF CONSUMERS IN KOTA KINABALU, SABAH

## **HELENAH BINTI ABDUL HATTA**



## FACULTY OF BUSINESS, ECONOMICS AND ACCOUNTANCY

UNIVERSITI MALAYSIA SABAH 2014

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PERPUSTAKAAN IINIVERSITI MALAYSIA SABAH

# THE MASTER IN BUSINESS ADMINISTRATION A SABAH

## FACULTY OF BUSINESS, ECONOMIC AND ACCOUNTANCY

UNIVERSITI MALAYSIA SABAH 2014

## **UNIVERSITI MALAYSIA SABAH**

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Helenah Binti Abdul Hatta

01<sup>ST</sup> OCTOBER 2014

### **ABSTRACT**

## PERCEPTION OF GREEN ADVERTISEMENT, ATTITUDE AND PURCHASE INTENTION TOWARDS GREEN PRODUCT: A STUDY OF CONSUMERS IN KOTA KINABALU, SABAH

The purpose of this study is to examine the perception of green advertisement on attitude toward consumers purchase intention. The study also examines two different mediating effects on the perception of green advertisement. First is the mediating effect of attitude towards advertisement between the dimension of perception of green advertisement and purchase intention. Second mediator is the effect of attitude towards brand between the dimensions of perception of green advertisement and purchase intention. In this study, the dimensions of perception of green advertisement consist of four dimension attributes (e.g. credibility, trustworthiness, skepticism and information). A total of 200 respondents are used for the statistical data requirement. Data that collected through questionnaire form using random convenient sampling. The statistical method that adopted in this study is by using the SmartPLS software. Bootstrapping is conducted and from the statistical data that collected show there are mediating effect between attitude towards brand and insignificant relationship between the attitudes towards advertisement. Convergent validity, discriminant validity, cross loading and hypothesis testing is conducted in matter to examine and justify the findings for this study. Contribution to this study divided into two which is the theoretical finding and managerial contribution. Whereas for the theoretical finding that achieve from this study is that previous study does not specialized their research, which are conducted in broader spectrum. But for this thesis research conducted is applied to a more specific perception of green advertisement attributes which are divided into four individual attributes (credibility, trustworthiness, skepticism and information). Furthermore is the fact that non mediating research had conducted simultaneously on attitude towards the advertisement and attitude towards brand. Additional finding that reach from this mediating effect is that there are no mediating effects between the perceptions on green advertisement in influencing the consumers purchasing intention with attitude towards advertisement. Instead, there are mediating effects between perceptions on green advertisement in influencing consumers purchasing intention with the attitude towards brand. Limitation of the study, implication of the study and future research are also included in this study.



### **ABSTRAK**

Tuiuan kajian ini adalah untuk mengkaji persepsi iklan hijau pada sikap terhadap pengguna membeli niat. Kajian ini juga mengkaji dua kesan perantara yang berbeza pada persepsi iklan hijau. Pertama adalah kesan daripada pengantara sikap terhadap iklan antara dimensi persepsi iklan hijau dan niat membeli. Pengantara kedua ialah kesan sikap terhadap jenama antara dimensi persepsi iklan hijau dan niat membeli. Dalam kajian ini, dimensi persepsi iklan hijau terdiri daripada empat ciri-ciri dimensi (contohnya kredibiliti, kebolehpercayaan, keraquan dan maklumat). Seramai 200 responden digunakan untuk keperluan data statistik. Data yang dikumpul melalui borang soal selidik dengan menggunakan persampelan rawak mudah. Kaedah statistik yang diguna dalam kajian ini adalah dengan menggunakan perisian SmartPLS. Bootstrap dijalankan dan daripada data statistik yang dikumpul menunjukkan terdapat kesan pengantara di antara sikap terhadap jenama dan hubungan yang tidak ketara antara sikap terhadap iklan. Kesahihan menumpu, kesahan diskriminan, loading silang dan ujian hipotesis dijalankan untuk memeriksa dan mengesahkan penemuan kajian ini. Sumbangan kepada kajian ini dibahagikan kep<mark>ada dua i</mark>aitu dapatan teori dan sumbangan pengurusan. Manakala bagi dapatan teori yang dicapai daripada kajian ini ialah kajian sebelum ini tidak khusus penyelidikan, yang dijalankan dalam spektrum yang lebih luas. Tetapi bagi tesis ini penyelidikan yang dijalankan digunakan untuk persepsi yang lebih khusus sifat iklan hijau yang dibahagikan kepada empat ciri-ciri individu (kredibiliti, kebolehpercayaan, keraguan dan maklumat). Tambahan adalah hakikat bahawa tiada penyelidikan dua perantara dijalankan serentak pernah diaplikasikan pada sikap terhadap pengiklanan dan sikap terhadap jenama. Penemuan tambahan yang mencapai daripada kesan perantara ini adalah bahawa tiada kesan pengantara antara persepsi mengenai iklan hijau dalam mempengaruhi niat membeli dari pengguna dengan sikap terhadap iklan. Sebaliknya, terdapat kesan pengantara antara persepsi mengenai iklan hijau dalam mempengaruhi niat membeli pengguna dengan sikap terhadap jenama. Batasan kajian, implikasi kajian dan penyelidikan masa hadapan adalah juga termasuk dalam kajian ini.

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### CHAPTER 1

## **INTRODUCTION**

## 1.0 Introduction

Marketer had jumped into the environmentally awareness bandwagon which can be witness after the event of Hurricane Katrina, major oil spills and global warming which contributed to a more environmental aware consumer (Neese & Favia, 2013). The term of green in the industries had developed to the new black and most talked issue in the industries these days (Sandi, Lasuin, Lee, & Hiung, 2012; Walchak, 2008). The term "Green" and "Green Advertisement" is no longer a new and unorthodox rapports in the industries and it has absolutely become an academic favorite research topic for the past three decades (Juwaheer, Pudaruth, & Noyaux, 2012). Whereas the numbers of research interest is magnified on the issues that are related to green brand products and the impact of green marketing that using advertisement to tap into consumer oriented marketplace and promote various green that can be adopted by the consumer (Chan, Leung, & Wong, 2006; Chan, 2004). Arousal in the industries mirror (Juwaheer et al., 2012) the level of concern from the consumer toward the environment is higher compared to decades ago (Gupta & Ogden, 2009; Laroche, Bergeron, & Barbaro-Forleo, 2001).

The present study therefore explores and investigates the credibility of green advertisement toward purchasing intention from the consumers in Kota Kinabalu and what marketing strategies is that applicable to the consumer that can influence them towards a more developing country that cares for the environment. Indeed, green marketing is no longer a new phenomenon in the world but by enhancing the green marketing it can and will have a broader umbrella effect that will benefit the future generations (Cynthia, 2013). However, regardless the number of green advertisement that is available in the market place, the claim of environmental claim is somewhat new to the consumers in the industries and the

credibility of the advertisement itself is doubted by the consumers on market place. Whereas the content of advertisement credibility projected that is shown to the public is arguable with a skeptical opinion towards green advertisement that is being portrayed in the media that contained an exaggerated green brand in it (Banerjee, Gulas, & Iyer, 1995). Further added is the fact that one the information that applied in the green advertisement portrayed double and misleading information which is not clear and vague to the consumers (Chan et al., 2006). Hence, this study aims to know and measure the perception of the consumers towards green advertisement that is being portrayed in the industries and the credibility of the green advertisement in influencing purchasing intention to consumers in Kota Kinabalu.

Due to the skeptical opinion and message that is being used in the advertisement is vague, hence the consumer is unsure of the reason the green advertisement is being distributed (Chan et al., 2006). This further shows that consumers are unsure of the green product that is being portrayed in the advertisement. This is because the purpose of using advertisement is to share the information with the consumers which at the same time can cover bigger scope of location (Mourad & Ahmed, 2012). But still the advertisement is considered as deceptive advertisement in purchasing intention that played with the consumers mind (Paco, Arminda and Reis, 2013). Consumers are unsure on which of the claims in the advertisement is credible and trustworthy.

This research paper will test the variable on perception of green advertisement towards the attitude that is being paired with the dependent variable which is the purchase intention on green brand products. Additionally in this study, the perception of green advertisement is divided into four dimensions which is the credibility of the green advertisement, followed by trustworthiness of the green advertisement in delivering details particularly to the consumers and next is the skepticism attitude that naturally comes together with the consumers who have doubt toward the message or the contents of the advertisement (Albayrak, Aksoy, & Caber, 2013; Paco, Arminda and Reis, 2013). Lastly are the information of both the company and the manufacturer of the green brand and the information toward

the green products. This is because due to the facts that only a small number of consumers know the eco label which represent green hereafter a clear and easily identifiable details will be one of the reasons that can trigger the purchasing intention from the consumers.

For the purpose of this research paper, the four variables is adapted from Fishbein and Ajzen (1975) model, which is the General Attitude Theory which had been expanded throughout the years (Massey, Waller, Wang, & Lanasier, 2013). Whereas the model of General Attitude Theory (Fishbein and Ajzen, 1975) and Theory of Reasoned action (Fishbein and Ajzen, 1980), both had been used vastly in studies of attitude towards advertisements (Massey et al., 2013). Which further elaborate that trustworthiness of the green advertisement will have impact towards the purchasing intention from the consumers from the stimulation towards green advertisement that they witness. Whereby the relation from the credibility of the advertisement that is being portrayed will have some degree of impact towards the purchasing intention, similar to the trustworthiness of the advertisement project will put some impact towards the purchasing intention from the consumers which due to the image of the company will be jeopardize upon the trustworthiness of the green brand is doubted (Chan et al., 2006). Whereby the skeptical idea of the credibility and trustworthiness of the green brand that is being projected in the advertisement will not have any impact toward the environment and it is just a gimmick that corporate bodies used in matter to lure more consumers.

In conclusion, the purpose of this research paper is to examine and determine the factors criteria that trigger consumers' purchasing intention to willingly spend and to know more about the green brand products that is being portrayed in the green advertisement.

#### 1.1 Problem Statement

Over the last few decades, protecting the environment has become one of the major issues that arise in our society where people have started to take the issue seriously (Han, Hsu, & Lee, 2009). As the Asian market is aggressively growing, it

has been viewed as one of the most promising markets to venture into, especially the green conscience of the Asian people towards the issue of sustainability of the ecosystem (Moon & Chan, 2005). Whereas the term of "green" is labeled as the new black in the industries when it relates to green product and consumers (Sandi et al., 2012; Walchak, 2008). From the previous research that was being conducted (Carlson, Grove, & Kangun, 1993) stated that advertisement that contain environment claim together with awareness had become more prominent which the consumer is willingly to seek more information regarding the products along by reading the product label for significant information (Laroche et al., 2001). Given that technologies advancement, information on the products can be easily obtained and cause uncertainty and skepticism perception toward that certain products and label (Chan, 2000). As stated by Prendergast et al (2009), advertisement that is being displayed are accused with exaggerating the benefit of the product for the purpose of attracting more potential prospects. Hence, it develops a mistrust towards companies that are producing green product altogether with companies that is producing products to increase environmental awareness among the consumers (Iii & Close, 2013). In conclusion, the purpose of this research is to examine the perception of the consumers towards the credibility of the green advertisement that can influence their purchasing intention.

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## 1.2 Purpose of Study

The purpose of this study is to determine which of the perception toward advertisement were rated as the strong influence of green advertisement that have a high relationship towards consumers' purchasing intention. Additionally, it is aimed at examining the perception of green advertisement toward the credibility of the advertisement followed by the trustworthiness of the advertisement. Next is the skepticism perception toward green advertisement and lastly is to examine the information that is being provided for the consumer regarding the green product and services in the advertisement. In addition, with the applying of two mediators to find and test the effect of mediating the attitude towards the advertisement and attitude towards the brand in influencing the consumer's purchasing intention.

## 1.3 Research Question

The research is attempt to answer the major question on which the perception are rated as strongly in green advertisement and what is the relationship between purchasing intention, credibility toward advertisement attitude, trustworthiness toward advertisement attitude, skepticism toward advertisement attitude, information toward advertisement, credibility toward brand attitude, trustworthiness toward brand attitude, skepticism toward brand attitude, information toward brand attitude and the relation toward purchasing intention. The research questions are as outlined as below:

- a) Does perception of green advertisement (Credibility, Trustworthiness, Skepticism and Information) have a significant relationship with intention to purchase green product?
- b) Does perception of green advertisement have mediating effect with attitude towards green advertisement?
- c) Does perception of green advertisement have mediating affect with attitude towards green brand?
- d) To what extend mediating effect of attitude towards advertisement in influencing purchasing intention?
- e) To what extend mediating effect of attitude towards brands in influencing purchasing intention?
- f) To what extend does that relationship between perception of green advertisement and customer purchase intention is mediated by attitude towards advertisement?
- g) To what prolong does the relationship between perception of green advertisement and customer purchase intention is mediated by attitude towards brand?

## 1.4 Research Objective

The primary objective if the research is to investigate the credibility of green advertisement towards the purchasing intention in marketing to the consumer in Kota Kinabalu. The main objectives of the study are outlined as below:

- To examine the relationship between consumers' perception of green advertisement and intention to purchase green product
- b) To examine the relationship between consumers' perceptions of green advertisement and attitude towards green advertisement.
- To examine the relationship between consumers' perception of green advertisement and attitude toward green brand
- d) To examine the relationship between attitude towards green advertisement and purchase intention of green product
- e) To examine the relationship between attitude towards green brand and purchase intention of green product
- f) To examine the mediating effect of attitude towards green advertisement on the relationship between perception of green advertising and purchasing intention of green product.
- g) To examine the mediating effect of attitude towards the green brand on the relationship between perception of green advertisement and purchase intention of green product

## 1.5 Scope of Study

The scope of this study will be focused in Kota Kinabalu which will be using random convenient sampling.

## 1.6 Significant of the Study

The significant of the study for the research paper is that it is applicable to all marketing management personnel whom are venturing and seeking answer with solutions on how to tackle the issue and influence the purchasing intention from the consumers toward the green products through the green advertisement.

## 1.7 Definition of Term

### 1.7.1 Green

Green which was explained by the previous researcher is that it is products that are used and able to be reused, recycled and can contribute in saving the world. Green which is environmental friendly and does not harm the ecosystem which the products produce is still in close to the origin of the products with special eco label on their products (Sheehan & Atkinson, 2013); (Iii & Close, 2013); (Mourad & Ahmed, 2012); (Neese & Favia, 2013).

## 1.7.2 Advertisement

Advertisement defined as a medium that is used to spread and share the details regarding the product that is being released into the market place which had the ability to trigger and attract the potential prospect (Kassem & John, 2009). This in traditional advertisement contained these 3 functions which are to inform, remind and persuade. While for green advertisement also aims to create awareness with positive attitude toward the environment (Paco, Arminda and Reis, 2013). In the Malaysia context, there are a number of choice of advertisement media that can be used such as social media, printed advertisement, mobile and etc. other than that, there are varies type of advertisement appeal to be chosen from such as, fear appeal, sexual appeal, funny appeal, and others.

## 1.7.3 Green Advertisement

Green advertisement is introduced by the corporate body to spread the awareness of the deterioration of the global institution (Chang, 2012). Although advertisement that are being used in the industries is no longer new nevertheless there are different perspective when it comes to green advertisement (Banerjee et al., 1995; Prendergast et al., 2009). Green advertisements do not affixed itself on green awareness solely but expand more to the goods and services as well (Mourad & Ahmed, 2012; Neese & Favia, 2013). As stated by previous researcher, the credibility of the advertisement does not only focus on how or where the product