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Green Consumers: A Growing Market for SME’s and a Paradigm Shift from Eco-Entrepreneurship to Social Entrepreneurship.

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Abstract. Every entrepreneur and marketer knows that material goods and services serve multiple purposes to consumers. Purpose is to satisfy basic needs such as subsistence and protection. In the last two decades consumers have become more environment and health conscious. The trend has led to more independent businesses and entrepreneurial ventures focused towards green consumers. In food products, the environmental friendly food is termed as “Organic” food and is considered healthy (Chinnici et. al, 2002).

Why do Consumers go Green? And what empowers consumers to select Green/organic food items ? Common beliefs and attitudes of the consumers and their awareness on environmental issues (Government awareness programmes) is basically the main reason. The western countries market has also done a broad generalization regarding demographic characteristics of green customers which has an impact on their buying behaviour. But an empirical study done here is ideal to evaluate the reasons on the whole.

The product information is more important to a green consumer rather than a catchy advertising campaign. Even the hospitality industry with ecotourism falls under this banner. Green consumers lead to eco-friendly businesses and thereafter create and develop a new community of social entrepreneurs. Hence we find a paradigm shift from eco-entrepreneurs to social-entrepreneurs.

Keywords: green consumers, consumer power, environment, SME’s, social entrepreneurship, Malaysia, business idea, eco tourism, organic food.

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1. Introduction

Consumers all over the world are facing a lot of changes in their consumption pattern in the last two decades. Demand towards products is driven by convenience and habit which in turn is hard to change. But consumers have scanty knowledge of the link between their consumption choices and growing market for local businesses as well as environmental consequences. Malaysia which is passing through the intermediary stage of development is facing with tremendous challenge in ensuring sustainable business development and environmental consciousness. The increase of the environmental consciousness has had a thoughtful effect on consumer behaviour, with the green product market expanding at a remarkable rate (Bhaskaran et al 2006). Therefore in the last few decades there has been an increase in production and consumption of organically produced products in the US and it has filtered in the Asian countries as well. Organically produced products are seen to have less impact on the environment.

In December 2000, the National Organic Standards Board of the U.S. Department of Agriculture (USDA) established a national standard for the term “organic”. Organic food is defined by how food should be produced without the use of sewer-sludge fertilizers, most synthetic fertilizers and pesticides, genetic engineering (bio-technology), growth hormones, irradiation and antibiotics. A variety of agricultural products can be produced organically, including fresh farm produce, grains, meat, dairy, eggs, and processed

food products. “Organic does not mean “natural”. There is no legal definition as to what constitutes “natural” food. However, the food industry uses the term “natural” to indicate that a food has been minimally processed and is preservative-free. Natural foods can include organic foods, but not all natural foods are organic in nature. Americans have become increasingly concerned about environment. Studies have shown that almost 62% to 77% Americans have joined the environmental movement from 2004-2006 (Can be seen in the Sierra Club membership). More people are making their homes energy efficient, driving more fuel efficient cars, focusing more on recycling, and buying products that are healthier and less harmful to society and the environment. This has given boost to independent businesses and state owned businesses dealing in environment friendly products. Local businesses focusing on green products have emerged as a growing business sector.

2. Objectives of the study.

This study attempted to gain knowledge about consumer attitude towards organic food products consumption and to see whether there is any potential this might have for changing their behaviour. The rationale for carrying out this study is that consideration for the environment could come only from well informed citizens who are aware of, and fully committed to their rights to a quality health and environment. Here we have tried to evaluate the current state of consumer awareness and knowledge in Malaysia.

The specific objectives of the study are –:

1. To gain knowledge on the local consumers awareness and attitude towards organic food – consumers are among those who :-
 - i. Have made their purchases along with organic food products.
 - ii. Consumers who never purchased any organic products
 - iii. Those who have been dedicated Green Consumers i.e. organic food buyers and consumers for a long time.
2. Investigate the reasons which may influence the intention of buying organic food products.
3. Analyse how Green consumers “promote” Green Markets i.e. environment friendly product markets.
4. How “Green consumers” lead to the birth of “Green Entrepreneurs” who finally show signs of building a “Social Entrepreneur’s” profile.

3. Literature Review

As early as 1965, consumer’s attitude towards pesticide use in farms was explored (Bearler and Willitis, 1968; Sachs et al., 1987). Methods used to explore these topics have been varied, included mail and phone surveys. According to the research, there are number of reasons that consumer choose to purchase organic food products, as well as some barriers. Reasons of buying would be grouped according to general and commodity-specific concerns (Yiridoe et al. 2005). Examples of concern include food safety, human health, environmental impact, whereas commodity attributes included taste , freshness and packaging (Yiridoe et al., 2005). Surveys have identified additional positive attributes that consumer associate with organic food products which include improved taste (Davies, 1995), they are better for environment (Lea and Worsley, 2005).

Empirical evidence shows that consumer’s difficulty in locating environmentally directed products is partly due to lack of information (Brown and Wahlers 1998). Research related to consumer attitudes and preferences for organic products shows that these products are perceived as healthier than conventional alternatives (Chinnici et al., 2002; Harper and Makatouni, 2002). Consumers do not always buy sustainable products as consequences of environmental concern or to benefit the community or due to personal beliefs but mainly to give priority to health, to be part of the social group, to distinguish from others and to accomplish the need to try out new technologies (Vermier and Verbeke, 2004).

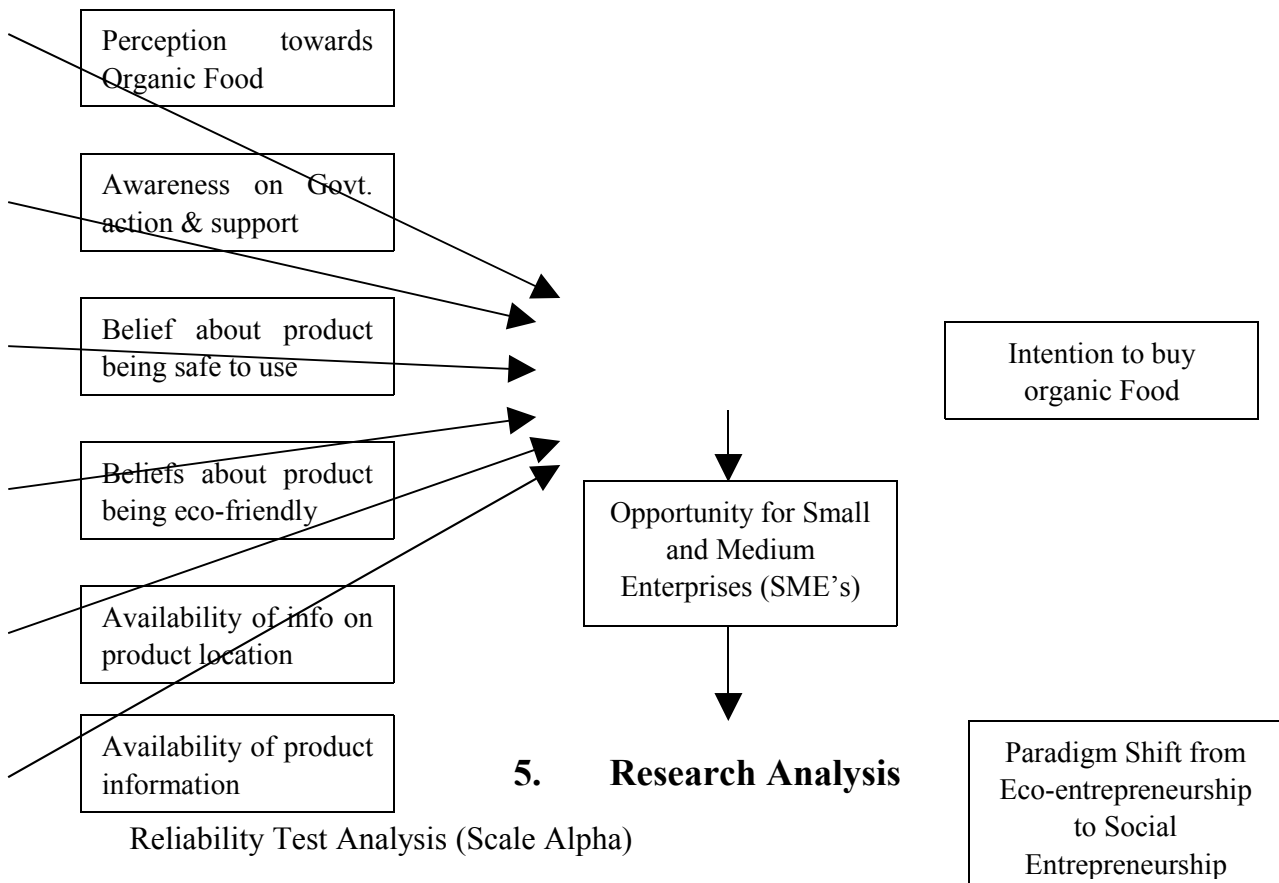
To the best of our knowledge very limited research has been done pertaining to consumer attitudes towards organic product in Malaysia, and what effect it will have on the up-coming businesses and the transformation of environmental friendly businesses to finally show concern for the society at large. Hence there is an advent of Social Entrepreneurs. Love for nature and environment will lead to care for the society as well. We also see the consumer's knowledge on government action towards healthy and organic products is on a very limited scale. The results could be used by the government, budding entrepreneurs and NGO's (Non Governmental Organisations) to tap a business opportunity, plan marketing strategies, design proper sales channel and target it to these group of consumers. With awareness creation by the government sector this group of consumers will increase.

4. Research Design (Research Methodology)

The survey was conducted using mall-intercept personal survey. Potential respondents were approached while they were shopping in supermarkets located in 3 different locations within Kota Bharu. The supermarkets were Billion, KB Mall and Tesco. Prior to data collection, the availability of organic food within these locations was confirmed. The respondents were requested to fill up the questionnaire and to return it back immediately to the researcher. As a result, a total of 104 questionnaires were collected. The questionnaire was designed especially to elicit consumers' buying pattern and their views on organic products. Consumers were asked open frame questions on their agreements and disagreements. We used Likert Scale (1 = strongly agree, 2=agree, 3=neither agree nor disagree, 4=disagree and 5=strongly disagree). This is just a basic research done regarding consumer's attitude and awareness towards organic food and how it enhances the growing market for Small and Medium Enterprises. The local eco-entrepreneurs also find taking up a social responsibility to create awareness and encourage consumers to buy eco-friendly products. Reliability tests were conducted to check the internal consistency of measurement items and the Cronbach's alpha were calculated.

Conceptual Framework

FIGURE – 1



The Reliability Test results as seen in Table 1 below reveals that the reliability are satisfactory as Cronbach's alpha exceed 0.70 (Nunnally, 1978).

TABLE – 4.1 (a) : Standardised Confirmatory factor loadings

	Construct	Items	Cronbach Alpha
1.	Perception towards Organic Food a) Heard about Organic Food b) Used Organic Food	2 items	.729 .732
2.	Awareness on Govt. action and support	1 item	.741
3.	Belief about product being safe to use	1 item	.700
4.	Belief about product being eco-friendly	1 item	.703
5.	Information on product location	1 item	.735
6.	Product information availability	1 item	.711
7.	Intention to purchase and consume organic food in future	1 item	.721

Note : All factor loadings are significant at $p=0.01$

Table – 4.1 (b) Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	N of Items
.747	.799	8

Table 4.1 (a) reveals reliability are satisfactory as Cronbach's alpha exceed 0.70. When we examine the Corrected Item – Total Correlation we find that “Govt action and support” variable has the lowest value (0.3342). Cronbach's alpha for the overall scale of our variable is 0.74. If we delete this item, the Cronbach's Alpha if Item deleted column shows that the overall reliability will increase only slightly to 0.741. Judging from this, deletion of this item would not increase our reliability much, hence we decided to retain all our items. We can see that all the items are around 0.7.

Perception of the product

Table – 4.1 (c)

	I Intend to use any organic products in future for good health.	Have used Organic product	Heard & Have Awareness on Organic Products is there
I Intend to use any organic products in future for good health.	1.0000		
Have used Organic product	.0611	1.0000	
Heard & Awareness on Organic Products is there	.7829	.1434	1.0000

Data Analysis

The data obtained from the survey were analyzed using Chi-Square, ANOVA and correlation analysis to examine possible results that brings to the understanding of consumer knowledge, belief, perceptions and willingness to purchase and consume organic food. All statistical analyses were using SPSS package version 11.5.

Analysis of Findings

(a) Demographic Analysis of the Respondents

One hundred and four respondents participated in the survey. Majority were female 57.7 % Refer Table 4.3.1 (a) and the majority of the respondent's (40.4%) age ranged from 25-30 years. The sample was predominantly Malays (71.2%), Chinese (9.6%), Indians (15.4%) and Others (4%). Most respondents (46.2 %) were single and (38.5%) were married with kids. 90.4% respondents had no chronic illness themselves and 82.7% respondents' family had not suffered from any chronic illness. Table 4.3.1 (a) demonstrates the summary of sample demographics.

Table 4.3.1 (a) Demographic Profile of Respondents (n=104)

Items	Number	Percentage (%)
<i>Gender</i>		
Male	44	42.3 %
Female	60	57.7 %
<i>Ethnicity</i>		
Malay	74	71.2 %
Chinese	10	9.6 %
Indians	16	15.4 %
Others	04	3.8 %
<i>Age</i>		
18-24	20	19.2
25-30	42	40.4
31-40	18	17.3
41-50	10	9.6
51 and above	14	13.5
<i>Marital Status</i>		
Single	48	46.2
Engaged	2	1.9
Married	14	13.5
Married with Kids	40	38.5
<i>Level of Education</i>		
Diploma	28	26.9 %
Bachelor	39	27.9 %
Master	26	25 %
PhD	12	11.5 %
Others	05	4.8 %

<i>Respondent suffered from any illness</i>		
Yes	2	1.9 %
No	94	90.4 %
<i>Family suffered from any chronic illness</i>		
Yes	10	9.6 %
No	86	82.7 %

(b) Buying Pattern of Organic Products

The respondents were asked to indicate their food buying behaviour related to organic foods. Category 1, 2 and 3 are those who never bought (non users) any of organic products and they made up to almost 53.8% of the sample. It somehow signified that the sample captured equal number of organic product users and non users. Table 4.3.1 (b)

Table 4.3.1 (b) Respondent's category of Organic Food Buyer

Category	Organic Food Buyer	Frequencies	Percentage
1.	I have not bought organic Foods in the past and I am not thinking about buying organic foods now.	12	11.5 %
2	I have not bought organic foods in the past and I am thinking about buying in the near future.	38	36.5 %
3	I have not bought organic foods in the past and I am definitely planning to buy organic foods in the future.	6	5.8 %
4	I used to buy organic foods, but I no longer buy them, I might start buying them again in the future.	30	28.8 %
5	I buy organic foods on most, not all trips to the market place	18	17.3 %

(c) Pearson's R Test of Correlation

Pearson correlation tests were used to examine the individual relationships between the independent variables (knowledge on government action / support, perception on organic products, availability of product information on product location, beliefs about product safety, beliefs about product's being friendly to the environment) and the dependent variable (intend to buy organic products). The tests indicate that 3 independent variables i.e. (Perception on Organic Foods, Belief on Environment friendly, Belief about product safety) are significantly related to intention to buy organic products. However the strength of the relationships vary from weak to strong). Table 4.3.1 (c) shows the summary results.

Table 4.3.1 (c) – Relationships between the Independent variables and Intention to buy Organic Products

	Independent Variables	Pearson's - R	*P value (significance)
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1	Perception on Organic Foods	.762	.000
2	Belief about product being environment friendly	.622	.000
3	Belief about Product safety for use	.531	.000
4	Availability of product information	.121	.208
5	Availability of product everywhere	-.015	.457
6	Awareness about government action and support	.057	.343

* p value is significant at <.05

(d) Multiple Linear Regression Tests

Multiple Linear regression (MLR) tests using stepwise regression method were subsequently conducted to find which determinants could explain the intention to purchase organic food products. The advantage of step-wise regression is that it will take the significant variable first and keep the other variables in reserve and next another significant variable will be included. By this iteration method, the R² values will be given stepwise so that one can observe the contribution of each independent variable to the model.

Table 4.3.1 (d) Variance explained by factors in purchase intention of organic food

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.783 (a)	.613	.604	.48923
2	.864 (b)	.746	.734	.40083
3	.890 (c)	.792	.778	.36660

(a) Predictors : (Constant), Perception towards organic food (Heard and Aware)

(b) Predictors : (Constant), Perception towards organic food (Heard and Aware), Belief that Organic Food is environment friendly,

(c) Predictors : (Constant), Perception towards organic food (Heard and Aware), Belief that Organic Food is environment friendly, Product information is readily available everywhere.

In the first iteration, perception (heard and aware) towards organic food products is the first independent variable which enters the model and it produces a R² of 60% as shown in Table 4.3.1 (d). In the second iteration – belief on organic food as environment friendly enters the model which adds to the R² by 73%. The R² improves by 13.3% because of this variable. Then in the third iteration – belief that organic food is readily available everywhere (location is known to consumers) enters the model and it adds to the R² by 79%. The R² improves by 4.6% because of this variable.

Table 4.3.1 (e) : Factors predicting purchase intention of organic food products

Model		Un-	Standardized		
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		standardized Coefficients		Coefficients	t	Sig.
		β	Std. Error	Beta	β	Std Error
1	(Constant)	.416	.216		3.293	.002
	Perception towards Organic Food (Heard & Aware)	.668	.079	.783	8.442	.000
2	Constant	-.210	.167		-1.259	.215
	Perception towards Organic Food	.550	.069	.644	7.920	.000
	Belief that Organic Food is environment friendly	.707	.147	.390	4.800	.000
3	Constant	-.007	.166		-.042	.967
	Perception towards Organic Food	.552	.063	.647	8.695	.000
	Belief that Organic Food is environment friendly	.925	.152	.510	6.086	.000
	Belief that product information is available	-.273	.088	-.247	-3.098	.003

(a) dependent variable : Intend to purchase organic food.

The dominant factors in purchase intention towards organic food products are given in the Table 4.3.1 (e). Here “t” value is important for interpretation. In the first iteration, the “t” value was 8.442 and significant. This “t” value is the error level present in the model which takes purchase intention of organic food as dependent variable and perception towards organic food (heard and aware) as the independent variable. In the second iteration when perception towards organic food factor is added to consumers belief on organic food being environment friendly, the ‘t’ value for lack of familiarity comes down to 7.920 and the environment friendly belief option shows a ‘t’ value of 4.800. This ‘t’ value decrease (or error level decrease) is not only because of addition of organic food as environment friendly factor but also because of the interaction or the joint contribution of perception towards organic food factor and consumers belief on organic food being environment friendly factor. Similarly the ‘t’ value further decreases in the third iteration where it is 8.695 (increased) for perception factor, then 6.086 for Belief on environment friendly factor and -3.098 on the belief that product information is available. The last factor is less significant. These imply that the contribution of the model improves further. The result suggest that an individual who is also an organic food buyer perceived that factors that influences him to buy organic food products are his perception (heard & awareness), perceived that it is environment friendly (healthier also) and its information is readily available to customers.

Discussion and Inference of The Green Consumer Information Paradox

Result indicated that perceptions towards organic food products depict the strongest relationship with buyers intention to buy organic food followed by the buyers belief that by consuming organic food product he is contributing to preserving the environment. Yiridoe et al. (2005) has admitted that some of the general concerns with regard to consumer’s perception towards organic food product include food safety, environmental impact, human health, taste, nutritional value and visual appeal. The other factor i.e. belief that food is safer and availability of product information also support the intention to buy organic food product.

However, other factors i.e. awareness about government support and action and availability of product (location) were found to be insignificantly related to the intention to use the product. Studies have shown that most significant factors affecting nature is not the official government policy but public awareness or public concern for environment. It can be argued here, that, consumers who are increasingly concerned and realized the essentials of environmental issues are considered as “**Green Consumers**”; those consumers who make their buying decisions at least partly on the basis of personal environmental criteria.

6. Recommendations

(a) Manufacturing for, and Marketing to the Green Consumers – reverse side of the coin. In the 20th and 21st century, the entrepreneur or person who invests and runs his own business for Green Consumers can be termed as Eco-Entrepreneur. That is the entrepreneur who is environment friendly. In other words, he is an organic products’ farm owner who delivers the highest standard in product integrity to his customers. Understanding consumer behaviour is critical to any entrepreneur. Hence the inference of this study is highly useful to an eco-entrepreneur or a prospective eco-products entrepreneur. For the Green Entrepreneur the stakes are high. Taking the research study inference i.e. The Green Consumer Information Paradox he can plan all environmental campaigns – from building public awareness to driving organic product sales.

To be successful in this market it is important to tie the product’s environmental attributes to the lifestyles of the target customers.

(b) **Eco-Tourism** - As Malaysians become more concerned about environment, the green consumer category will continue to grow. It is important for businesses to recognize this phenomenon and capitalize on the emerging market for environmentally friendly goods and services. Eco-tourism is becoming very popular in Malaysia. It is also a service which is environment friendly. Customers interested in eco-tourism want to enjoy nature’s offerings and are ready to pay more to preserve and protect the environment.

(c) **Paradigm Shift from Eco-entrepreneurship to Social Entrepreneurship**

Despite the exciting opportunities of the green consumer market, eco-entrepreneurs must not neglect the traditional consumer values:-

1. Price Factor – Few will pay extra for greener (organic) environment friendly products.
2. Quality factor – many may not like green products – less effective.
3. Convenience – only minimal inconvenience will be tolerated by consumers of green products.
4. Availability – very few customers will go out of the way to purchase green products.

Finally we can say that Green Entrepreneur promotes the welfare of local people, hence he can be re-designated as Social Entrepreneur. Many researches can be done to study the impact of Green Consumer on the growth of Green Entrepreneurs and finally Social Entrepreneurs.

7. Limitations and future research

The limitations of this study is that the sample was restricted to a single geographic area in Malaysia.

Further the number of respondents may not portray the population responses with regard to organic food consumption. Therefore additional studies will be necessary to better discriminate between consumer

groups to determine which segments are most appropriate to market and to promote organic food as a way of building sustainable consumption pattern for the future.

Since consumers' perception towards organic food product has a strong correlation with the intention of buying organic food, therefore it is wise to further investigate the details of how consumer perceived the organic food. This will help marketers with better selling point when promoting these products to the public at large.

- Many awareness creation activities should be held and showed among the younger generation consumers in their early age. It should be done before they reach the stage where their consumption pattern becomes their habit, and determines their future identity and self values.

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