GREEN PRODUCT POSITIONING AND PURCHASE INTENTION IN MALAYSIA

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ABSTRACT

Purpose: In this study, an overall framework for green marketing strategies is presented. The framework shows all green marketing strategies influencing customers' purchasing intention. This paper also stresses that certain green marketing strategies are independently influencing the purchasing behaviour and some are dependent on other factors namely the brand positioning.

Design/methodology/approach: This paper examines the constructs of green marketing strategies to identify how customers are convinced to purchase green products in Malaysia. As one of the marketing strategies is reliant on brand positioning, the existing theories such as the Elaboration Likelihood Model (ELM) and the Affect-Reason-Involvement (ARI) are referred. This paper constitutes the quantitative results of customers through questionnaires with the size of 400 respondents. The questionnaires were analysed using AMOS version 20.0 which is a structural equation modelling solution for marketing research.

Findings: This study is expected to distinguish the influence of the green marketing strategies components on customers purchasing intention. By doing this, the prominent green marketing strategy in determining customer decision making is highlighted. Thus, a new direction for green product marketers focusing on customers' intention to purchase is established.

Research limitations/implications: Lack of green knowledge towards green concepts due to different locations and cultures among customers may be problem encountered during this study. This is a fundamental implication to this study especially in Malaysia as it has various ethnicities.

Originality/value: This paper presents all the green marketing strategies together with related brand positioning factors in determining the customers' purchasing intention. Thus far, the existing researches only feature these strategies as factors impacting customers' decision in purchasing green products. However in this work, the appropriate green marketing strategy in deciding customers' behaviour is indicated.

INTRODUCTION

From the past decade, environmental issues have been given much attention globally. Many researchers, academicians and practitioner have contributed and are still working to solve and improve the environmental issues. Besides that, the awareness of environmentalism has lead to green product decision making. Mc Kinsey in 2007 stated that people around the world from France, China Greece and U.S has continuously support the green products which cited by (Sanzero 2009) (Rylander 1993) (Sirgy 1991) . In certain countries customers are willing to pay more for products provides value for them due to different product positioning.(Cathy J. Cobb-Walgren 1995). In Malaysian context, hypermarkets and supermarkets such as Tesco and Carefour also have turned their business strategies by supporting environmental preserving activities. Among the commonly practiced activities in these stores are "No Plastic Day" on every Saturday and providing recycling items collection bins to increase the awareness of consumers while participating in the global interest of preserving the environment. (Mohd Helmi Abd Rahim 2012). Green positioning is defined as a subset of attribute, benefits and environmental values that convinced green customers to be loyalty over green products(T.Vukasovic, 2011)(Patrick Hamann, 2005). Green customers refer to individuals that buy products with high environmental conscious and knowledge(Ricky Y.K. Chan, 2000).Overtime as more customers switch on to green products, there is an argument on the subject of types of positioning; functional attributes and emotional benefits which have become obsolete. (L. J. Shrum 1995) .This situation occurs as customers only focus on green products that give immediate impact for them rather than being loyal to it. (Oliver 1999). Even though there is a negative rumor about traditional types of product positioning, these product positioning has to be taken into consideration as a basic foundation to identify customer attitudes and behaviors.

The purpose of this study is to identify the effect of green positioning strategies (functional attributes and emotional benefits) towards product attitudes and customer's intention to purchase. The recent study contributes to the future literature along with understanding of the effectiveness of basic green product positioning and the relationship product attitudes and purchase decision.

In the next section, the related studies on functional attributes, emotional benefits, product attitudes and intention are clearly conversed. Next, the research methodology which emphasized on methods, sample and data collection and following by structural model analysis and finally discussion, conclusion, limitation and future direction.

LITERATURE REVIEW

Functional Attributes

From the empirical studies by past researcher, functional attributes is defined as a device that provide information about the products and intangible tools for promote the green products for customers. (Patrick Hartmann 2005) The definition of functional attributes is consistent with the prominent theory and justification of personal satisfaction; perceive value to the products, physical justification, usage effectiveness and reliability which lead to build brand names for

organizations in the society. (A. Belén Del Río 2001) Researchers in the green literature examined the role of functional attributes or in other words "utilitarian" serve the customers with an effective informational marketing which indirectly create the beliefs toward the product or brands. (Sirgy 1991)

Emotional Benefits

Symbolic benefits or value- expressions defined as a transformational advertising segment highlighted on creating "characteristics" for the brands with a specific objective. (Sirgy 1991) Such conceptualization of emotional encompasses tendency of green product benefits through image basically react as a mediator over customer's cognitive process and the likelihood of green products(Keller, 1993)(Woon Bong Na, 1999) .In recent times however there is a strong argument by Lisa especially role of emotional benefits which is just for build a brand image and reputation and not really focus on quality. (Wood 2007)

Product Attitudes

Product attitudes defined as a subset of correlation between beliefs and values of customer's behavior towards different types of green products in the business market. Product attitude has been classified into different dimension with the principle of rising customers attraction on green products.(Syed Saad Hussain Shah 2012) The structure of product attitudes in green products induces by environmental consequences and individual consequences as main parameters which indirectly support the customers purchase intentions. This favorable relationship between the parameters and product attitudes are likely to foster future customers purchasing intention, which is based on brand positioning ((T.Ramayah, 2010). In several big companies, product attitudes will responsible to connect marketing strategies such as "story telling" to enlarge the understanding of the product and services offered. In fact, it has the capability to change customer's memory and create the desire to purchase (Hung Chang Chiu, 2012) However in this study, its represent as a mediation between independent variables (functional attributes and emotional benefits) and dependent variable (intention to purchase).(Scott B Mac kenzie, 1986)(Andrew A. Mitchell, 1981) (Iman Khalid A.Qader, 2010)

Functional Attributes - Product Attitudes

The impact of functional attributes as a super ordinate product positioning factor instantaneously influences customers' purchase intention on green products which manifest from positive motivation (M Joseph Sirgy, 1991). Some studies have stated that value and quality such as price, features of product is the main indicator to determine the customers understanding of green product concepts (Jin-Soo Lee, 2010). Normally in some environmental companies, if there is a lack of functional attributes the number of customers that have been loyal is also affected. However, companies fail to create an impact on customers, as imitation is the main barrier of using functional attributes compared to emotional benefits. (Heesup Han, 2011)

Emotional Benefits -Product Attitudes

Classic theories basically stress the chaining effects between customer behaviors and purchase intention. Different dimensions in past theories lead to existences of different personality such as sincerity, capability and enthusiasm towards green products(Aaker 1997) .Real nature and feeling towards the product attitudes is emotionally effect the customer purchase intention(Patrick Hartmann, 2008)(Sirgy, 1982). In one articles by J.J Gross, he explained that, this personality or behavior is derived from the signaling theories which aligned with emotional cues. It's actually a process that functions as an instrument that transforms the level of behavior in mental cognitive. The Antecedent - Response -Focused -Emotional Model in 1998 is a clear example to understand emotional cues and behaviors (Gross, 1998).

Product Attitudes – Intention

Although there is a common confirmatory between product attitudes and intention to purchase, the key area that significantly influences the product attitudes is customers' brand attachment. The review of literature point out that, product attachment behavior such as feeling and positive images is the key implication that creates customers attitude towards green products and influences to intention to purchase (C.Whan Park, 2010) (H.Bui, 2005). Apart from that, numerous researchers and practitioners also have emphasized the effectiveness of demographic profile such as age and education towards purchase intention (Abhishek Dwivedi, 2012)(Heesup Han, 2011)(Zakersalehi, 2012). For instances, customers who have knowledge about the importance of environmental issues, is easily engaged with the green products compared those with conventional products. In modern research, researchers have started to focus on the degree of involvement likelihood in green products in other terms researchers are paying more attention to customers' product attachment. Therefore, the higher the involvement in the green products, the higher the involvement likelihood will be. (Jung - chae Suh, 2006)
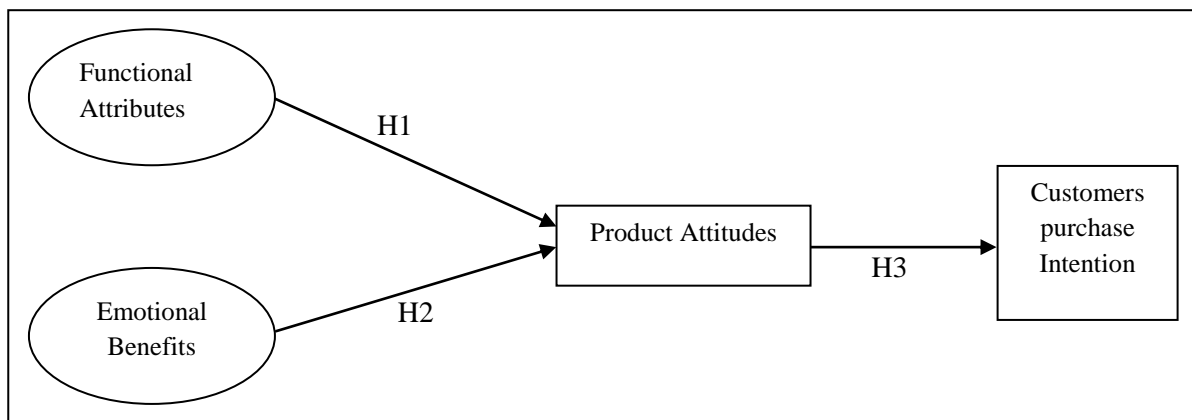
Hypothesis Development

Figure 1: Proposed Research Model

Hypothesis

H1: Functional attributes have positive effects on product attitudes
H2: Emotional benefits have positive effects effect on product attitudes
H3: Product attitudes have positive effects on purchasing intention

METHODOLOGY

Method

In this confirmatory study, a self - administered questionnaire was used on a scale used in previous studies. The sampling frame consists of green product positioning and market strategies towards customers purchase intention. In this study, Giant and Econ Save are the two stores selected as location to conduct the survey. These stores are selected due to the high density of customers' frequencies in visiting these stores. Normally this self administered questionnaire is better compare to other survey instruments. This questionnaire has the ability to reduce the acquiescence and dis-acquiescence bias. All items used are base on customers' perspectives and their response towards green products. The questionnaire consists of 10 items on customers product positioning (functional attributes, emotional benefits and product attitudes) and 4 items on purchase intention of customers towards green products in supermarkets. All items are measured by using the 5-Likert scale ranging from 1 -5 denoting strongly agree to strongly disagree.

Sample and Data Collection

The population for this study is consists of customers in the Giant and Econ save supermarket, which considered as among the top visiting supermarket by Malaysian peoples. The respondents for this study are 500 and after excluding all the respondent bias and unusable responses a total of 200 questionnaires were used for this analysis. Thus, the accepted response rate for this study is 40%. A part from that, there is no limitation for the respondent or even any criterion for them to answer the survey. The respondents have pick up randomly to make the questionnaire easier to answer.

RESULT

Measurement model

Based on finding in this study, structural Equation Modelling (SEM) using AMOS software version 20 is the best method to get the accurate output for exogenous and endogenous latent variables. Some of the prior studies also stressed the measurement of research model is basically identify through the construct reliability, convergent validity and discriminant validity.
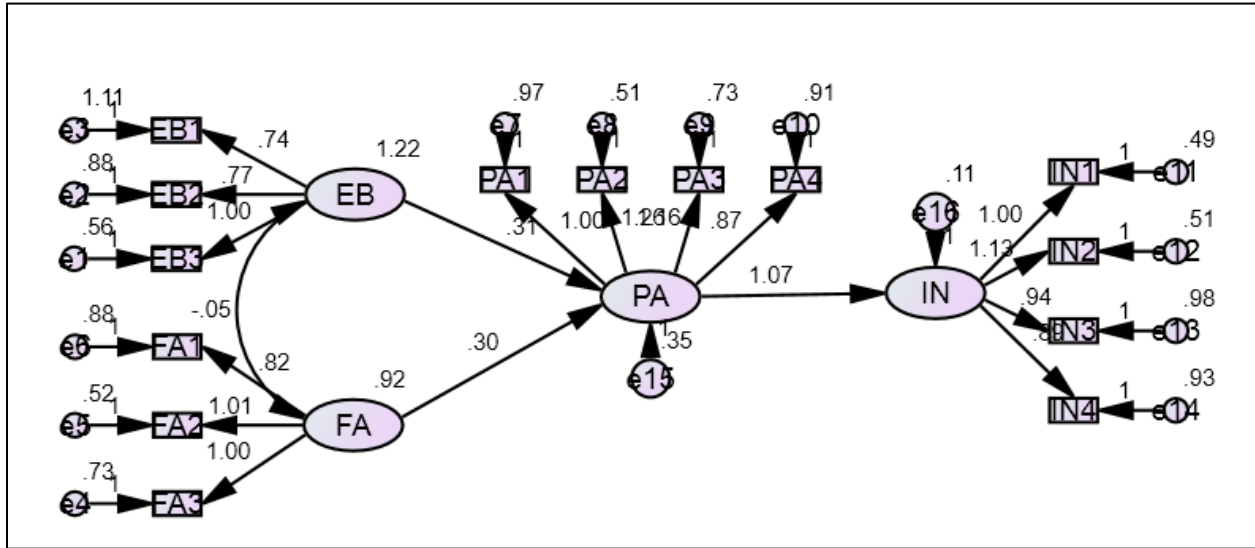
Figure 2: SEM analysis of research model

In general, the good model fit is accessed and measured using several elements such as chi squares degree of freedom, goodness of fit index (GFI) adjusted goodness of fit index (AGFI), comparative fit index (CFI) and root mean squared error (RMSEA).This all measurements have its own standard and cut off value was recommended such as chi square degree of freedom should not exceeded 3, goodness of fit index (GFI) should not exceeded 0.9, adjusted goodness of fit index (AGFI) should exceeded 0.8, non-norms fit index (NNFI) should exceed 0.9, comparative fit index (CFI) should exceed 0.9 and root mean squared error (RMSEA) should not exceeded 0.08.

The result of reliability analysis for all items has been perform and given in Table 1. In general composite reliability value and the average variance extracted (AVE) is the key assessment to identify the effectiveness of convergent validity. The cut off value to all factors loading must exceed 0.6 which used similarly by some researcher to their studies (Caroline A Haynes, 2000).For average variance extracted (AVE) the cut off value is must exceed 0.5.

Table 1: Measurement Model

Construct	Item/Actual Loading	Loading	Average Variance extracted (AVE)	CR
Functional Attributes	FA1	0.609	0.501	0.748
	FA2	0.669		
	FA3	0.828		
Emotional Benefit	EB1	0.646	0.539	0.777
	EB2	0.801		
	EB3	0.747		
Product Attitude	PA1	0.598	0.448	0.761
	PA2	0.791		
	PA3	0.707		
	PA4	0.557		
Intention	IN1	0.774	0.509	0.804
	IN2	0.806		
	IN3	0.632		
	IN4	0.623		

Table 2: Discriminant Validity [1]

	Functional Attributes	Emotional Benefit	Product Attitude	Intention
Functional Attributes	0.734			
Emotional Benefit	-0.047	0.707		
Product Attitude	0.375	0.442	0.669	
Intention	0.345	0.408	0.662	0.713

[1] Diagonal elements signify average variance extracted and the rest signify the variable -correlation

Based on table 1 above, the factor loading for all item is achieve their cut off value and in the correct direction exception of 2 items (Product attitudes 1 and product attitudes 2) which have 0.598 and 0.557 as an cut off value. Even though the AVE power of other three constructs is stronger and reaches the satisfactory of discriminant validity but one construct (Product Attitudes) does not have high AVE compare with the rest at 0.448.In an overall scheme the discriminant validity has been achieved and with AVE of constructs is better than the rest of the constructs. The correlation of all constructs is lower that AVE.

Structural Model

The model fit analysis revealed that X^2/df was 2.13, GFI - 0.897, AGFI - 0.901, CFI - 0.918, RMSEA - 0.075 and p- value is highly significant. This finding implied the significant levels of each constructs and their relationship between each other. The overall scheme of the model and path shows that the range is at 0.30 which show positive significant and the variance enlighten at the range of 30%. We can conclude that, the model is enough fit to be fit in this study in the maximum level.

Table 3: Structural Model

Hypothesis	Un- standardized Beta	Standardized Beta	Standard Estimate	C.R.	P.Value	Decision
H1- FA →PA	0.304	0.396	0.070	4.367	0.001	Support
H2- EB →PA	0.308	0.461	0.065	4762	0.001	Support
H3- FA →IN	1.075	0.922	0.139	7.710	0.001	Support

*** p>0.001

Following the measurement model and validity in this study, the structural model is assesses the relationship between the independent variables and dependent variables. Thus, this analysis representing the hypothesis that tested to determine whether it's supported or rejected. The output of this process is basically engaged with the prior's studies which stressed that there is a positive affect for all variables. In examining the relationship between functional attributes and product attitudes there is a positive affect at p>0.001 and $R^2$is 0.07.Hence H1 is supported. This result is similar to previous study which emphasize on positive relationship between functional attributes and product attitudes(Olivier Mairesse, 2012) .On the other hand, emotional benefits has ultimately create a positive relationship with product attitudes at the significant level p> 0.001 and $R^2$is 0.06. The reactions of customers over emotional benefits have strong relationship when they visit supermarket .Therefore H2 is supported. This finding are consistently has tested this variable and its show that positive relationship between emotional benefits and product attitudes (Patrick Hamann, 2005). Finally, relationship between product attitudes and intention is examined and the result indicates that there is a positive effect over product attitudes towards intention at the significant level p>0.001 and $R^2$is 0.13. It's correlated with the (Patrick Hartmann, 2008) that product an attitude has a significant relation with customer's intention to purchase. So H3 is supported.

DISCUSSION AND CONCLUSION

This study has created a platform to determine the effectiveness of green product positioning towards customer's purchase intention in Supermarkets. Some of the previous studies have argued that using one type of product positioning is enough to convince customers but this study has empirically confirmed that both product positioning have positive effects on customers' intention to purchase. From the result, its shows that functional attributes has a stronger effects on customers' intention to purchase over emotional benefits. For instances, high green knowledge over the environmental issues makes green customer more aware of the green product qualities. Thus, they afford to pay more to the green products due to the quality of the products and immediate benefits. On other hand, demographic factors also play a vital role in increases role of functional attributes. Basically education and genders are the most significant factors that indirectly position the green products Invalid source specified.. Likewise emotional benefits also have significantly affected the customer attitudes leading to purchase intention. Feeling and love towards green products is highly correlated with the intention to purchase. For instance, the "story telling" about the green products can simply convince the green customers to be loyal with the products. Thus this situation actually creates good attitudes towards the products as with hypothesis which is supported. However, it is difficult to summarize that the effectiveness of both product positioning equally play an important role to determine the customer intention to purchase. Therefore, combining both functional attributes and emotional benefits produces more concrete strategy in determining customer intention to purchase. Consequently, this study also increase the understanding of the marketers and producers that already in the market to specify green product positioning that can motivate customers to purchase.

Limitation and Future Direction

A major criticism of this study is respondent's lack of green knowledge and awareness of the green products. Different knowledge of the green concepts among the respondents affects the questionnaire that answered. Most of them actually struggle with the questions in the questionnaire because it's actually new for them. Another limitation of the study is the effectiveness of emotional benefits which is not completely tested in this research as Malaysia is a multicultural country having vast ethnic citizen. This inadequacy is due to the different cultural, socio- economic and believes that practicing in Malaysia. Future research should focus on one specific product categories and the result must be clear for that specific green products. It will more explain more appropriate to understand the effectiveness of product positioning. Nevertheless, future researcher also can include more sub- variables to functional attributes and emotional benefits such as love, quality, and price and so on to get better result and understanding of effects of variables towards dependent variable.

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