

1 CHAPTER 1: INTRODUCTION

1.1 Introduction

The increase quality of lifestyle and heavy media exposure had led consumers to demand food which are perceived as healthy and nutritious. Food today is not just limited to satisfy hunger and provide basic nutrition to the body (Menrad, 2003; Siro et al 2008). Consumers are expecting more on the quality and content of food which can provide value added effects to body; such as prevention of diseases and increase in the physical and mental well-being (Suzanne, 2006). Consumers now look for food which can provide balance or extra nutrition in their daily life; easy and fast to prepare/obtain; and direct to purchase in anywhere. These have created a big prospect for the food industry to meet consumers' demand in healthy lifestyle (Menrad, 2003).

Functional Foods refer to food and beverages that have beneficial effects beyond that of basic nutrition. Functional Food comes in places where it plays a specific role in order to satisfy consumers' demands to consume healthy food. The concept of Functional Food with nutrition and health claims could be used as marketing inducement for food industry. Marketer can use Functional Food to gain strong positioning in the market and product differentiation from competitor.

1.2 Purpose of the study

Majority of past studies on diet- health relationships have focused in the US and Europe market; and yet, not much research has been concentrated to Malaysia consumers; in assessing market potential for Functional Foods through investigating consumer behaviour. Malaysia is a multi-racial and cultural society with various ethnicities and religions. The demands on the food are differ in tastes and cultures. Besides these, religiosity effect food consumption in Malaysia, whereby food may be categorized as Halal and Non-Halal food, Non-beef contains or Vegetarian food. Health-related food with minimally processed fresh food, organic food and natural food flavours from plants and seafood influence food choice of consumers in Malaysia as well.

According to Malaysian Industrial Development Authority (MIDA), food products are estimated worth around US\$3.5 trillion, and are expected to grow at an annual rate of 4.8 per cent to US\$6.4 trillion by 2020 (MIDA, 2010). It is believe that Functional Food is an emerging scientific discipline which is expected to have a growing impact on the CPG industry (Consumer Packaged Goods Industry) in the coming years. Marketers have to go in depth into each aspect which will impact consumer buying trend in gaining bigger market share for Functional Foods in Malaysia. Thus, with the potential market observed, marketers will try to reach all target market by applying different marketing strategies. However, marketers may have difficulties to reach to their target market due to the different ethnics, culture

and religions that is found in Malaysia and how the different people perceive the products.

This research paper provides a theoretical framework to study consumer purchase intention on the subject of Functional Foods in Malaysia. A research framework was designed to bring together diverse perspectives on consumers' health-related behaviours, religiosity and their attitude on Functional Food as well as to discuss on buying intention on Functional Foods.

1.3 Research Objectives

The objective of this research is to develop a better understanding of the factors that influence the purchase intention of Functional Food. This research aims to achieve the objectives as stated below.

1. To identify the factors that influence the consumers purchase intention.
2. To identify the relationship among the factor of consumers' attitude, health consciousness behaviour and religiosity effect towards purchase intention of Functional Food.
3. To examine whether the variables health consciousness mediates between the independent variables (Attitude) and dependent variables (Purchase intention of Functional Food).
4. To examine whether the variables religiosity mediates between the independent variables (Attitude) and dependent variables (Purchase intention of Functional Food).

1.4 Research Questions

Through the difficulties found by marketers in multi-racial and multi-religion country like Malaysia, the researcher hopes to find answers to the following research questions:

1. What are the factors that influence the consumers purchase intention?

2. How do attitude, health consciousness and religiosity factors influence the consumers' purchase intention of Functional Food in Malaysia?
3. How is the impact of health consciousness on attitude towards purchase intention?
4. How is the impact of religiosity effect on attitude towards purchase intention?

1.5 Significant of the study

The purpose of the research is intended to determine the common factors affecting purchase intention of Functional Food among Malaysian. The result of this study will make education institution, researchers, manufacturers and marketers of food industries or entrepreneurs who are interested to involve in food industries to be aware of the common and significant factors of their target market. The researcher expects that through this study, it will serve as a reference point to readers to develop strategic solutions regarding Functional Food purchase intention.

1.6 Scope of the study

The scopes of this research are the residents in Klang Valley from different categories of demographics. The study examined consumers' health consciousness, attitude in terms of perceived reward, necessity, confidence and safety of using Functional Food; and religiosity on Malaysian consumers' decision making styles. The research is intended to find out whether these factors have any impact or significant relationship with Functional Food

purchase intention. The theory assumption and previous research studies, questionnaires and statistical analysis will be used as research instrument in this research.

1.7 Limitation of the study

The research has achieved its objectives and able to provide readers some insight into factors on the purchase intention of Functional Food. However, there are several limitations of the present study which shall be considered in the future study. Limitation in this study is its scope of study and sampling procedure.

Firstly, the research is targeted in Klang Valley, an urban area in Selangor state only. The data collected may not be the representative of the total market in Malaysia. Klang Valley is a city area. The behaviour of consumers in city area may differ compared to consumer in rural area. The consumers in city may tend to take extra supplement food compared to consumers in rural area.

Secondly, the acceptance of Functional Food could be examined in many perspectives and in more detail. Due to time constraint, the researcher is unable to invite different categories of consumers' especially old citizens and high income consumers to participate in the research. It is believed they can contribute to different perspective on the demand of Functional Food.

Thirdly, this study only focused on three factors (attitude, health consciousness and religiosity) to examine the impact on purchase intention of Functional Food. Other factors such as demographic, lifestyle, price, quality of product and psychographic variables may affect consumers purchase intention.

The findings of this research should be interpreted within the limits of sample size (n=310 urban consumers), sample space (Klang Valley) and time (data collected within 4 weeks). A larger sample might produce different implication to produce more generalized results.

1.8 Organisation of the study

This study consists of five chapters and described as followed (see Figure 1.1)

Chapter One outlines the overview and background of Functional Food. The research defined the purpose, objective and scope of the study; discuss about the significance and importance of the problem areas and limitations on the study.

Chapter Two reviews on relevant previous research and discuss on rationale for the present study. The chapter discusses on the market of Functional Food; consumer perception on health consciousness, attitudes, religiosity and purchase intention.

Chapter Three discusses on the methodology of how research is conducted. Framework of the study is designed from identified independent variable and dependent variable. Specific hypotheses are set onward based on the literature review from Chapter Two.

Chapter Four examines on the research method analysis includes cross-sectional data collection and analyses using bivariate and multivariate statistics. To test the hypotheses, description statistic test, reliability test and multiple regression analysis have been adopted; and the results are discussed associated with each hypothesis.

Finally, Chapter Five is the recommendations and conclusions that the researcher presents her comments, opinions and recommendation based on the study attained in the earlier section. The information might be useful for future research; especially for those that intent for future or expansion on the research topic

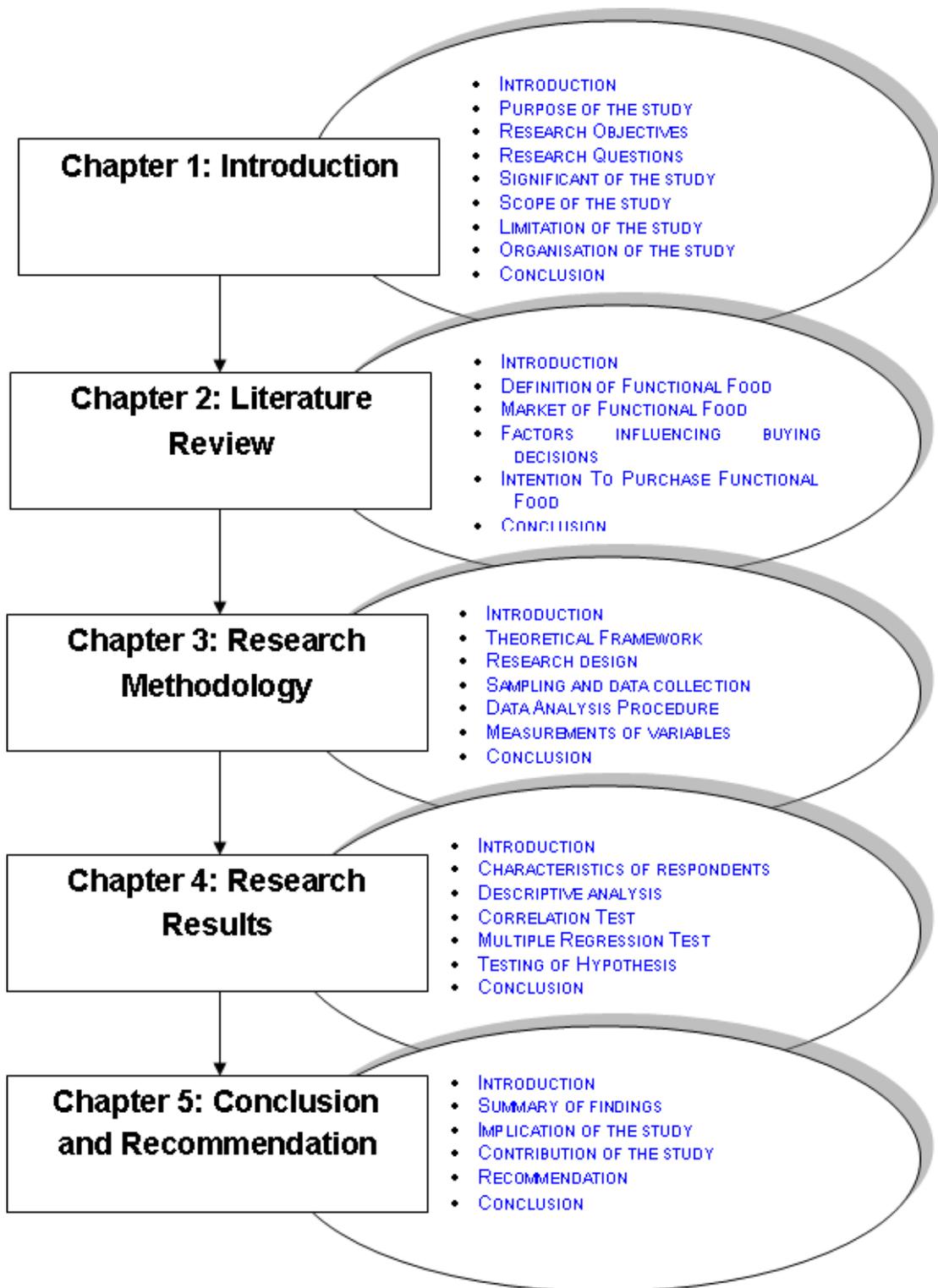


Figure 1.1 Organization Of Study

1.9 Conclusion

This chapter discusses about problems and issues related to marketing of Functional Food product in Malaysia. Few factors have been identified; that the researcher found to have influence on the overall consumer behaviour; in terms of purchase intention. Thus further research is taken in order to discover the reasons and intention on purchase behaviour.

The significance and objectives; the background and limitations of the study have been discussed to facilitate readers to have a clearer understanding about the research purposes and scopes. The following chapter will cover on the literature review on previous researches and the current issues related to Functional Food market.