

# CHAPTER 1

## INTRODUCTION

This chapter will begin with the presentation on the background of the study, follow by the objectives and significance of the study. The last part of this chapter will be a brief elaboration on the organization of this study.

### 1.1 Background

Environmentally concerned activities have started 40 years ago with the launched of Earth Day on 22 April 1970 by Senator Gaylord Nelson in the United States. According to the United States Environment Protection Agency, the aim of the Earth Day is to inspire people to look at the whole picture on how human activities have degraded the environment, and take necessary steps to curb the environment issues. Environmental issues or problems include global warming, stratospheric ozone layer depletion, sea and river pollution, noise and light pollution and even acid raining (Ramlogan, 1997).

Thereafter, we could witness unprecedented global growth in the level of concern regarding environmental issues. Many Western studies have evidenced that consumers in the United States and Western Europe are growing more environmentally-conscious in the past decade (Curlo, 1999). In addition, consumers in Asian societies are increasingly becoming conscious to the alarming environmental problem (Harris, 2006).

As global warming issue has become prominent, more and more people have recognized and felt severe impact of it. According to Bonini and Oppenheim (2008), 33% of people would pay a premium for green products, 54% care about the environment and want to mitigate the climate change. Even businesses are now concerned about ecological effects on their managerial decisions (Feldman, 1990; Kirkpatrick, 1990; Bohn, 1991; Wainman, 1991). In addition, many businesses have started to recognize the opportunities of the green wave. For example, Whole Food Market (U.S) is a powerful new entrant into the U.S food retailer industry has used green offering to win share in the green market but also in the premium segment (Bonini and Oppenheim, 2008).

Malaysia, just like other counterparts of the world is facing severe environmental problems such as air pollution from industrial and vehicular emissions, water pollution from raw sewage, waste handling, deforestation and those smoke/haze from forest fires. Based on the Department of Environmental Malaysia (2008), the air quality index especially in the urban areas such as Klang Valley, Negeri Sembilan, Perak, Kedah, Pulau Pinang and Johor has deteriorated and falls under moderate levels with Air Pollution Index more than 50. There were several days where the air quality index shifted to unhealthy level with Air Pollution Index more than 100. On the other hand, there is also significant reduction in the number of clean river basins in 2008 as compared with 2007. There were 76 clean river basins in 2008 as compared to 91 in 2007.

Moreover, according to Waste Management Association of Malaysia (2010), local authorities spent approximately RM1 billion to manage solid waste generated in the country and this is equivalent to 30 to 80 percent of the government revenue. Despite causing environmental problems, it is obvious degradation of the environment is simultaneously wasting the country financial and land resources.

Despite the severe environmental issues, Malaysia as part of the Asian region is just at the infancy stage of the environmental or 'green' efforts as compared to the western countries. Among all the states in Malaysia, Penang was the earliest state to declare every Monday as a "No Plastic Day" for the state beginning July 1, 2009 as their commitment to achieve green state (Bernama, 2009). Following Penang footsteps, Selangor has implemented "No Plastic Day" every Saturday beginning Jan 1, 2010 (Ho, 2010). Obviously the Malaysian government has realized their role and started to lead and motivate Malaysian to be actively environmental conscious. However, no government legislation and no conservation programme could be successful without the public support. Therefore, the questions lie on how much is the green knowledge and awareness level among the Malaysian consumers? And how much of this environmental knowledge could be translated into environmental attitudes and eventually to actual environmental behaviours? Fundamentally, consumers are the key motivator for reducing less environmentally hazardous products and promote the environmental friendly or green products.

According to Chan (1999), consumer's knowledge about ecological issues has been identified as a significant predictor of environmentally friendly behaviour. Thus, level of awareness with knowledge about the environment issues among Malaysians is important to predict their environmental attitudes and behaviours. On the other hand, consumer attitudes are profoundly to be the most significant explanatory factor in predicting their willingness to pay for green products (Tsen et al., 2006). Hence, the current study attempts to address this issue by looking at cultural differences between Malays, Chinese and Indians ethnic groups. This is important because with sufficient information, many green marketers would be able to formulate and execute effective green marketing communication to the different ethnic groups in Malaysia.

## **1.2 Objectives of the Study**

This paper is essentially exploratory in nature and has three main objectives:

- To measure the level of environmental knowledge among Malaysian consumers.
- To examine the differences of the major ethnic groups namely, Malays, Chinese and Indians in term of their environmental knowledge, attitudes and behaviours.
- To identify a profile of segment of customers who are likely to pay more for environmental friendly products.

With an improved understanding of the green profile of Malaysian consumers will allow and aid green marketers to formulate more specific and effective marketing strategies.

### **1.3 Significance of the Study**

Most of the environmental studies available in the market are originated from the developed countries, especially from the western countries. On the other hand, studies on environmentalism in developing countries are lacking and not much information that marketers could obtain specifically related to Malaysian setting.

Therefore, it is foreseeable that the results of this study will provide useful insight to any marketers who would like to embrace and exploit these environmental issues into their marketing strategies to tap the growing segment of environmental concern consumers. By understanding the needs of green consumers, these marketers would be assured of a competitive advantage. Moreover this research will provide recommendation on how to formulate practical green marketing strategies in targeting each ethnic group, namely Malays, Chinese and Indians.

In addition, this study will also be beneficial to the relevant environmental government and non-government departments in Malaysia with better understanding of the level of environmental awareness and concerns among

Malaysian consumers. Hopefully, with that information, they could improve the communication effectiveness of their green educational and promotional campaign in the near future.

On top of that, with the survey carried out in this study, it would be part of the effort to increase environmental awareness among Malaysian. Finally, this study may serve as a future reference for researches on the environmental subjects in Malaysia.

#### **1.4 Organization of the Report**

The report would be presented in Five Chapters. **Chapter 1** discusses the background of the study, which includes its objectives and significance.

**Chapter 2** begins with the reviews of previous literature on consumers' environmental knowledge, attitudes, and behaviours, as well as on cultural differences impact on consumer behaviour.

**Chapter 3** will define and discuss the methods employed in collecting and analyzing the data in this study.

**Chapter 4** presents the overall findings of the study and analysis of the research results. It begins with the presentation of the demographic profile of the respondents. This is followed by factor analysis and reliability analysis, correlation, multiple regression analysis and testing the hypotheses.

Finally, **Chapter 5** begins with the overview of the study. This is followed by a summary of the major findings of the study, contribution of the study such as marketing implications to green marketers and policy makers, as well as limitations of this study. Suggestions for future research are also presented at the end of the chapter.