

CHAPTER 1

INTRODUCTION

1.1 CONSUMER BEHAVIOUR

All of us are consumers. We undertake many forms of consumer behavior everyday in our lives. In many ways consumer behavior is a subtle phenomena. For instance, the consumption of certain types of products is strongly influenced by the lifestyle in which a person practices. Some products that are commonly considered as good in one culture may be perceived as revolting to another. For example, most of the Muslim likes to eat beef but not for Hindu as Hindu perceived cow as holy animal that can not be eaten. Thus, consumer behavior can be defined as activities that people are engaged in when selecting, purchasing and using products and services to satisfy needs and desires (Wilkie, 1990). Such activities involve mental and emotional process, in addition to physical actions.

Since meeting the needs of marketplace is central to a firm's survival, identifying current and future consumers, and defining their needs, must be central to marketing's task. A product is perceived by consumers as having many features or attributes. Although two consumers purchase the same physical product, they may perceived product attributes differently. Thus, it is interesting to find out what are product attributes that affect consumer's buying behavior.

Demographics and sociological characteristics such as age, income, sex, and ethnicity also affect consumer's selection decision. Demographic characteristics are important to delineate the nature of market segments. Tracking the changing demographic makeup of potential target groups is an important market research

activity. Besides, lifestyle and personality of the psychographic variables are also important in understanding consumers personality, perception and attributes. Psychographic is a segmentation variable based on consumers' activities, interest, and opinions. Marketers have begun to borrow some of the personality theories from psychologists to assist them in identifying market segments and in developing the marketing mix. However, marketers combined the analysis of personality with the study of lifestyles to develop a more managerially relevant approach called psychographics. Psychographic research commonly referred to as lifestyle or activities, interest and opinions (AIO) research.

1.2 SAUCES

Sauces are the most commonly used food products by Malaysians in their daily meals. Most food we consume or cook cannot go without it as it adds flavour to our food. In this study, we focus on sauces such as Chilli Sauce, Tomato Ketchup and Oyster Sauce that are consumed by most of the households in Malaysia.

The main producer of sauces in Malaysia is Nestlé Company (also known as Maggi). Nestlé was established in Switzerland in year 1866. Maggi merged with Nestlé in 1947. In the year 2000, with total workforce of approximately 230,929 in some 509 factories worldwide, Nestlé is not only Switzerland's largest industrial company, but it is also the World's Largest Food Company. Nestlé products are available in nearly every country around the world. As Nestlé has been a leading food manufacturer for over 130 years, it has gained vast experience through its scientific research on the nutritional needs and food preference of consumers of all

ages. Its products range from frozen cuisine to instant soup, sauces such as Chilli Sauce, Tomato Ketchup and Oyster Sauce.

The oldest brand in the international market for Tomato Ketchup is Heinz which the founder is from America. It was launched in 1876 and since then; it makes its way into the American kitchen. Americans used ketchup as gravy for their spaghetti, eat it with burger or use it as dipping sauce for steak. Since then more and more ketchup manufacturer enters the marketplace; as a result we can see more brand coming out in the market. Even though Heinz is the oldest brand in the international market, Maggi, Kimball, Aminah Hassan and Life are still the key player in Malaysia.

The most popular and oldest brand for Oyster Sauce is Lee Kum Kee. The founder of Lee Kum Kee, Lee Kum Sheung started his sauce production business in Guangdong province, China in year 1888. In 1946, Lee Kum Kee moved its headquarter to Hong Kong, a dynamic and prosperous trading city. Until the early 1970s, Lee Kum Kee was almost exclusively produced Oyster Sauce. Gradually, it started diversifying its products range from Oyster Sauce to encompass gourmet sauces and food items (Slater, 1999). Today, Lee Kum Kee's products are not only found in kitchens and store shelves in Hong Kong, but also all over the world.

Sauces segments were very fragmented with too many manufacturers including the backyard operators. We can see more and more brands in the market (such as Bumi Hijau, Kipas Udang etc.) besides the main producers.

Competing strategies for marketing sauces have become increasingly aggressive with the increase in distribution channels such as Hypermarket, Supermarket, Mini Market, and Provision Shop, which lead to the increase of the

product accessibility. They all aim to provide consumers with more information and greater choice. How do consumers choose their sauces? What are the selection criteria in deciding which brand to choose? Do these selection criteria differ among consumers of various demographic and psychographic characteristics? Thus, it is important to know consumer buying behaviour and factors affecting their choice. With this information, it will assist sauce manufacturers in planning their marketing strategies.

1.3 OBJECTIVES OF THE STUDY

The objectives of this study cover the following issues. The study seeks to:

1. identify the major product attributes in consumers' choice of sauces
2. examine the relative importance of these attributes to sauces
3. identify major groups of consumers, with particular behaviour, in terms of demographic and psychographic dimensions, their expectation of the product attributes
4. describe consumer usage patterns with regard to sauces
5. draw marketing implication from the findings and make suggestions in improving the sauces marketing strategy

1.4 SIGNIFICANT OF THE STUDY

This study attempts to provide a better understanding of consumer behaviour and identify the selection criteria of the three types of sauces (Chilli Sauce, Tomato Ketchup and Oyster Sauce). In addition, it attempts to distinguish the consumers

according to their demographic characteristics (sex, age, race, income, education and occupation), and psychographic factors (social class and lifestyle).

The sauces industry is becoming highly competitive with more brands appear each year. Thus, it is important that marketers understand what criteria are used by consumers in making a purchase decision for sauces. We are also interested to find out how important each criteria is, and how the consumer rates each criteria. In addition, the difference in buying behaviour of consumers from various demographic and psychographic profiles relative to these criteria.

Access to this information will help marketers in improving their ability to monitor the marketplace, and to measure market penetration and the shift in consumer preference and attitudes. This information is particularly useful to retailers or distributors who seek creativity, innovativeness and resourcefulness in marketing strategies. By defining the key target market, determining the market structure, improving the product positioning and communicating to key target market through the viable promotional strategies, competitive strategies can be improved.

The results of this study not only help in gaining an insight into the profile of sauces consumption habits, particularly Chilli Sauce, Tomato Ketchup and Oyster Sauce, but also contributes to the understanding of the relationship between product attributes and psychographic characteristics of consumers.

1.5 ORGANISATION OF REPORT

This thesis is organized into six chapters. Chapter 1 introduces the consumer behaviour, the importance of identifying product attributes and psychographic research. A brief summary of the subject of study, sauces, is presented. The objectives and significance of the study are also highlighted in this chapter.

The theoretical concepts and empirical studies on product attributes and psychographic profiles are discussed in Chapter 2. The theoretical concepts cover the importance of identifying product attributes and psychographic research, their relevance in consumer behaviour, and their applications in marketing. The findings of previous studies on product attributes and psychographic research are also reviewed.

Chapter 3 explains the methodology and techniques used in collecting and analyzing the survey data. The research findings are presented in Chapter 4 and 5. Chapter 4 discusses the demographic characteristics of respondents as well as the demographic comparison between non-regular and regular buyer. Brand study, which cover the knowledge level of respondents toward certain brands, actual brand purchased, brand preference and their past purchases, is also discussed in this chapter. An analysis is carried out on the eight attributes for sauces. These attributes include price, well known brand, taste, appearance, attractive packaging, easily available, longer shelf-life and no colouring or preservative.

Chapter 5 covers psychographic dimension in selecting sauces. Discriminant analysis of the non-regular and regular buyer is also discussed in this chapter. Respondents purchase behaviour are also studied in this chapter. The purchase behaviour include the frequency of purchase, quantity purchase, store patronage

preference, usual practice in purchase of sauces, information sources influencing purchases of sauces and advertisement influence on purchases of sauces.

Chapter 6 summarizes the research findings, implications, limitations of the study and suggestions for future research.