

FACTORS INFLUENCING CONSUMER BUYING DECISION TOWARDS HERBAL PRODUCTS IN MONARAGALA DISTRICT, SRI LANKA

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Abstract

Appeal towards herbal products is increasing these days, because consumers become conscious about natural ingredients and harmless offers. This study aims to identify the influencing factors on consumer buying decision towards herbal products. This is a quantitative study which gathered data from 200 customers from Monaragala district, Sri Lanka using random sampling technique. The data were analyzed by using descriptive, correlation and multiple regression analyses. Findings of the study show that there is a strong positive relationship between independent variables (health conscious, social influence, product price, perceived value, trust) and consumer buying decision. Also, highlights that health conscious, social influence, product price, perceived value, and trust have significantly impact on consumer buying decision. Among the independent variables, social influence is the most influencing factor on consumer buying decision. This study will be helpful to the consumers to make effective decision during the consumption process and to the companies to place their strategies effectively.

Keywords: Health Conscious, Social Influence, Product Price, Perceived Value, Trust, Consumer Buying Decisions

Introduction

Companies need to know about how the consumers think, feel and choose their products. Consumer willingness to buy a certain product or service is known as purchase intention which depends on several external and internal factors.

A range of herbal products are produced by local manufacturers in Sri Lanka. Serious health consciousness of public increases their interest and appeal towards herbal related products.

Herbal products are mostly considered in Food and Beverage, Health Care and Personal Care industries. Globalization of markets and production encourage intense competition among industries. This study is useful to herbal producers or sellers to implement appropriate successive marketing programs in this competitive business

context. No business can survive without understanding its customers. Identifying customers' expectations is vital to design their offers. Consumer behaviour should be

monitored during all three stages of consumer decision making process; pre-purchase, purchase, and post-purchase. This study mainly focuses on identifying the pattern of consumer decision making process towards herbal products. Consumers always believe herbal products are better than artificial products, but they are still ambiguous about the purity of herbal products available in the market. The value of natural ingredients will help to protect the health of the people, but the question is whether the companies actually include all the said natural or herbal ingredients or not. Depend on the knowledge and awareness level of the customers, they trust the inclusion of pure natural or herbal ingredients in herbal products. Therefore, the ways they respond to this concept differ from consumer to consumer. This study ultimately tries to identify the influencing factors on consumer decision process towards herbal products by focusing Monaragala District, Sri Lanka.

Literature Review

Consumer Buying Decision

Consumer buying decision is a process, through which individuals or groups select, purchase, use, and dispose products. While consumers select one particular product, the final decision on accepting a product to buy or rejecting it depends on several factors.

Customer buying decisions described as a customer tendency to buy a brand of product or take an action that related to purchasing and measured it with the level of customer possibility to purchase (Kinneer & Taylor, 1996).

Relationship between Health Consciousness and Consumer Buying Decision

Health consciousness is the readiness to take health actions (Becker, et al., 1977). Usually, herbal products are bought by health-conscious consumers as they believe those products give benefits not only for their own health but also to the environment (Nor, et al., 2016). Consumers, who prefer herbal drinks, are aware about safety by ensuring that drink does not give harm to their health and help them in maintaining a healthy lifestyle (Kulikovski and Agolli, 2010). Health consciousness is a strong motivator to consume food items (Rizal and Koe, 2014).

Relationship between Social Influence and Consumer Buying Decision

Social influence occurs when individuals behave in response to their society (Turner, 1991). Wan, et al., (2014) defines social influence as the influence of others on individual behaviour or action. Consumer behave positively or negatively as same as their reference group (Liu, 2003). Burch, et al., (2001) depicted that social pressure is received through celebrity role models, entertainers, and endorsers. Social influence is an effective forecaster to express the purchase intention organic food consumers (Khan, 2012). Irawan and Darmayanti (2012) came-up with an interesting finding that social influence has no relationship with purchase intention of university students towards natural products.

Relationship between Product Price and Consumer Buying Decision

Price is the most concerned issue for consumers during their buying decision (Smith and Carsky, 1996). Consumers perceive that high-priced products deliver high quality (Etgar and Malhotra, 1981). Monroe (2003) found that consumers are willing to pay higher price for products which deserve with quality. Low-income earners, who have low purchasing power, feel uncomfortable with the price during their consumption decision process (Anssi and Sanna, 2005).

Relationship between Perceived Value and Consumer Buying Decision

Value is the deviation between consumer perceived benefits and costs (Day, 1990; Monroe, 2003). It is all about what consumer receives against what he/she gives (Dodds and Monroe, 1985; Zeithaml, 1988). Blythe (2013) says retailers are required to develop a satisfactory value proposition to attract consumers. Dodds and Monroe (1985) proposed relationship model of price, quality and perceived value and mentioned that perceived value is vital in consumer purchasing decision process. Probability of purchasing a product increases, when consumers feel more benefits than costs (Dickson and Sawyer, 1990). Perceived value is an important aspect for marketing companies (Chen and Chai, 2010).

Relationship between Trust and Consumer Buying Decision

Trust is developed based on consumers' past experiences and it is an output from the combination of cognitive and affective processes (Lobb, 2004). Trust influences the attitudes and future behavior of consumers (Gifford and Benard, 2006).

Number of studies found a positive relationship between trust and consumer buying decision (Teng and Wang ,2015; Nuttavuthisit and Thogersen, 2017).

Methodology

This study is quantitative and descriptive in nature as it explains the relationship between the variables using numeric data. Also, this indents to investigate the causal relationship. Hence, this is probably a causal study intending to find the cause-and-effect relationship. Unit of analysis is at the individual level, the customer, who buys herbal products in Monaragala

district.

This study considers 200 customers as sample from the total population by using random sampling technique. Data were collected through standardized, structured questionnaires. Descriptive statistics, correlation analysis and regression analysis were performed to reach the objectives of this study. This is a positivism study as it used quantitative techniques, and dealt with human behaviour. Mono method approach was

followed in this study as it used only quantitative technique.

Since data were collected within a particular period, this study is identified as a cross-sectional study.

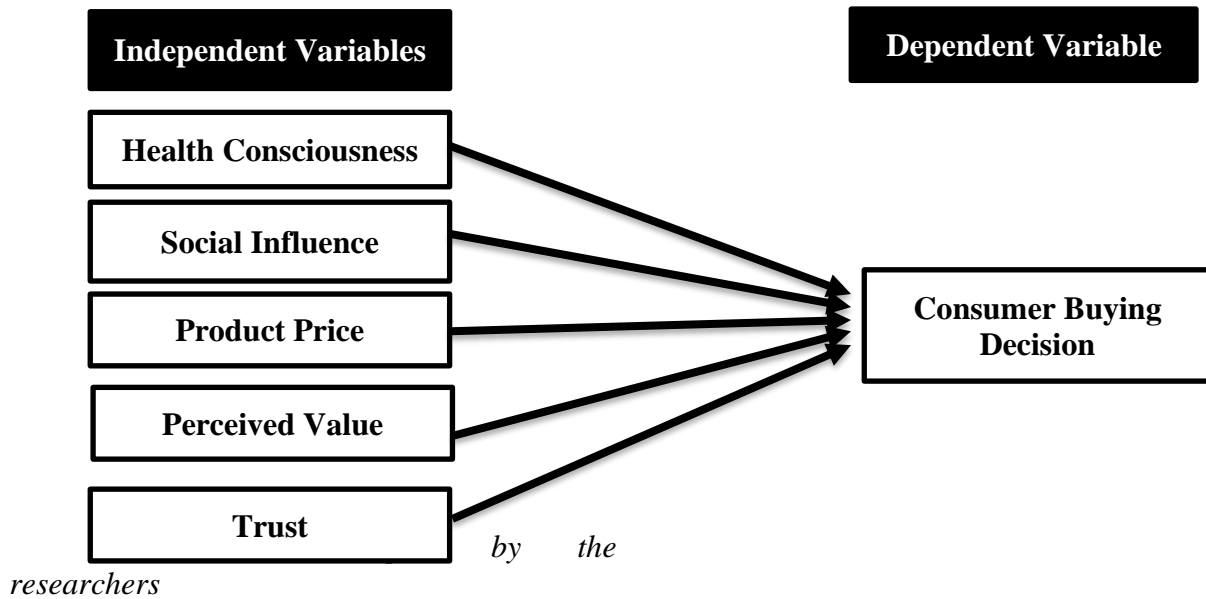


Figure 1: Conceptual Framework
Validity Test

According to Table 1, Kaiser-Meyer-Olkin (KMO) measures for health conscious, social influence, product price, perceived value, trust and consumer buying decisions are above 0.5 and the Bartlett's Tests of Sphericity are

Results and Discussion

significant at 5% significant level. Based on that, it is concluded that the items which have been included in each variable contain an adequate sample and there is a significant inter item correlation between all the items of the variables.

Table 1: Validity Test

Variable	KMO	Bartlett's Test Sig
Health Conscious	0.765	0.000
Social Influence	0.731	0.000
Product Price	0.752	0.000
Perceived Value	0.727	0.000
Trust	0.683	0.000
Consumer Buying Decisions	0.812	0.000

Source: Surveyed Data

Reliability test

Cronbach's alpha values are used to determine the reliability of the variables used for the study. According to Table 2, Cronbach's alpha values

of tested items are above 0.7, which shows the selected variables are sufficiently consistent to ensure reliability.

Table 2: Reliability Test

Instrument	Cronbach's Alpha
Health Conscious	0.795
Social Influence	0.805
Product Price	0.762
Perceived Value	0.720
Trust	0.749
Consumer Buying Decisions	0.831

Source: Surveyed Data

Correlation Analysis

The correlation analysis is initially carried out to explore the linear relationship between independent variables (health conscious, social influence, product price, perceived value and trust) and dependent variables (consumer buying decisions). Table 3 indicates, health

conscious, social influence, product price, perceived value, and trust have strong and significant positive relationship with consumer buying decisions with correlation values respectively 0.889, 0.861, 0.829, 0.850, and 0.852 at 0.01 significant level.

Table 3: Correlation Analysis

Variables	Health Conscious	Social Influence	Product Price	Perceived Value	Trust
Consumer Buying Decision	0.889**	0.861**	0.829**	0.850**	0.852**

** denotes significant level at 0.01

Source: Surveyed Data

Multiple Regression Analysis

Multiple regression analysis explains the relationship between multiple independent variables and single dependent variable. Table 4 portrays that independent variables have significant impact on consumer buying decision as a whole. It shows approximately 87 percent of variation in consumer buying decision is

determined by these independent variables and the rest may be from other factors. Table 5 shows when health conscious, social influence, product price, perceived value, trust increase by one unit, consumer buying decision will increase by 0.261, 0.274, 0.136, 0.191, and 0.173 respectively.

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F-Statistic	P-Value
1	.934 ^a	.873	.869	.28194	265.967	.000 ^b

a. Predictors: (Constant), HC, SI, PP, PV, T

Table 5: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
(Constant)	-.090	.115		-.786	.433
HC	.261	.065	.252	4.026	.000
SI	.274	.052	.269	5.241	.000
PP	.136	.047	.140	2.881	.004
PV	.191	.056	.186	3.421	.001
T	.173	.056	.168	3.074	.002

Source: Surveyed Data

Conclusion and Recommendations

The primary objective of this study is to identify the factors influencing consumer buying decision towards herbal products in Monaragala District. Findings of the study portrays that, all the independent variables, health conscious, social influence, product price, perceived value, and trust have significant relationship with consumer buying decision. Further, all the independent variables highly influence the consumer buying decision process. Among them, social influence is the most influencing factor on consumer buying decision, which indicates consumers give more importance to social influence during their decision-making process towards the consumption of herbal products. Comparatively, female and married consumers were the majority among the total respondents. Hence, these findings will be highly applicable for them in general. Herbal product producers and distributors should give importance to all the chosen independent variables to attract consumers during their decision-making process and organizations should give most importance to the dimensions of health conscious and social influence during their herbal product development strategies. Marketers should insist and highlight the benefits and importance of herbal products to consumers.

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