

ISBN: 978-93-84209-86-5

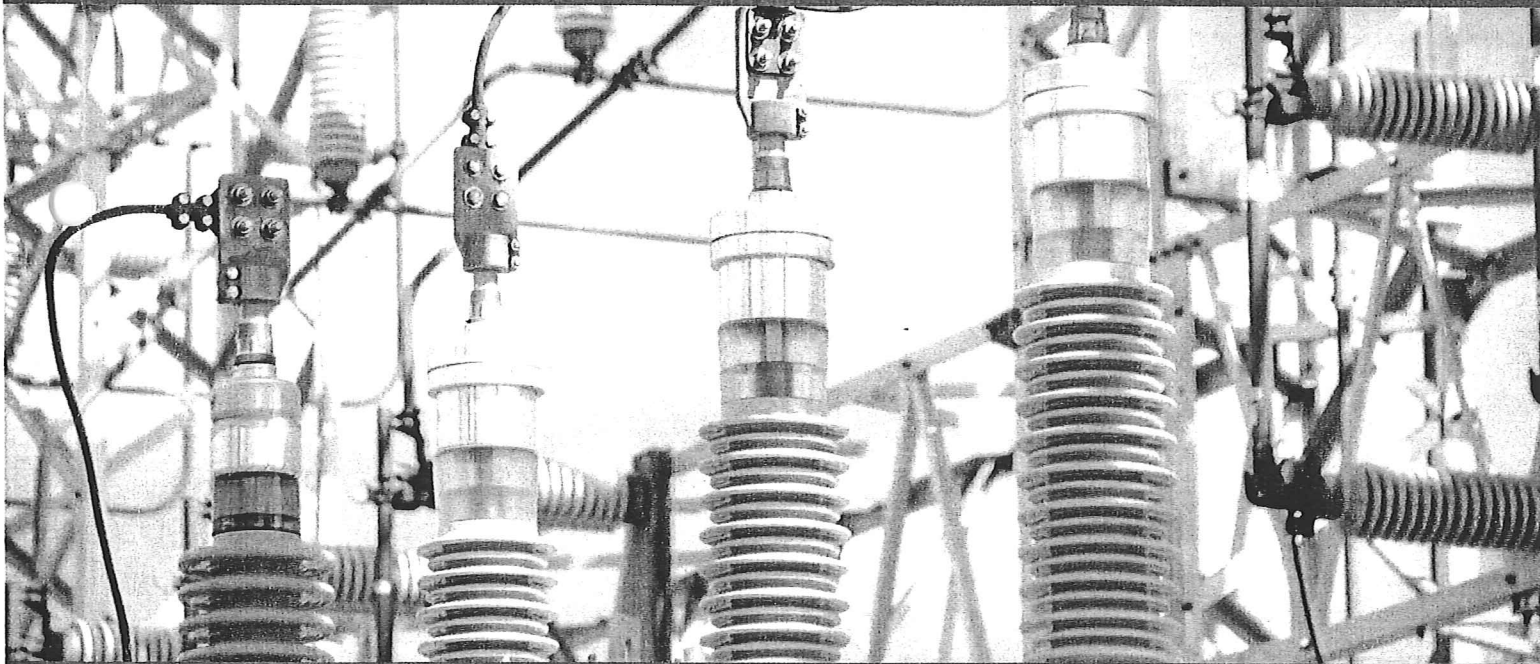


PROCEEDINGS OF

NINTH

The IER

INTERNATIONAL CONFERENCE



Date: 7th February 2015, Venue: Bangkok, Thailand

Proceedings of
NINTH TheIIER
INTERNATIONAL CONFERENCE
Bangkok, Thailand

ISBN- 978-93-84209-86-5

Organized by



Date of Event:

7th February 2015

Event Co-Sponsored by



INSTITUTE OF RESEARCH AND JOURNALS

Corporate Address

IRAJ Research Forum

Institute of Research and Journals

Plot No- 161, Dharma Vihar, Khandagiri, Bhubaneswar, Odisha, India

Mail: info@iraj.in , www.iraj.in

B. K. Birla Institute of Engineering & Technology
Pilani-333031 (Rajasthan) INDIA

Dr. H. RAVI SANKAR

Senior Scientist & Officer-in-Charge
Department of Computer Applications
Central Tobacco Research Institute
Rajahmundry 533 105, Andhra Pradesh, India.

SHORENA BARBAKADZE

Associate Professor
Department of Classical and Romance Philology
Akaki Tsereteli State University
Kutaisi, Republic of Georgia

ASSOC. PROF., DR. ERIKI ANANDA KUMAR

Dept. of Mechanical Engineering
Faculty of Engineering, Science and Technology,
Nilai University, Nilai, Malaysia

JITENDER GROVER

Assistant Professor
Department of Computer Science & Engg.
M.M. University, Sadopur,
Ambala (Haryana), India

DR. ASHOK KUMAR SAINI

Associate Professor (MATHS)
Principal (Officiating)
Banawari Lal Jindal Suiwala College, Haryana, India

DR. DES RAJBAJWA

Professor, Department of Commerce & Management
Govt. Post Graduate College Ambala Cantt
Director General Higher Education, Haryana, Panchkula
Urukshetra University, Kurukshetra

□□□

CONSUMER ATTITUDES AND INTENTIONS TO BUY FAIR TRADE GOODS: CASE STUDY OF STARBUCKS IN THAILAND

¹NOPPANON HOMSUD, ²NAMMONINTRAWIRAT, ³PATRAPORN TRONGCHOOKIAT

Department of Marketing, Faculty of Management Science, Silpakorn University
E-mail: noppanon@ms.su.ac.th

Abstract- The objective of this research was to study effect of self-uniqueness, basic involvement, and perceived risk to consumer attitudes and intentions to buy fair trade goods. The sample of this research was 400 consumers who consume Starbucks in Bangkok, Thailand. The research instrument was questionnaire which consisted of 5 demographic questions, 5 behavior questions, and 26 5-likert-scale questions for self-uniqueness, basic Starbucks involvement, financial risk, social risk, Starbucks fair trade attitude, and purchase intention of Starbucks fair trade. While the usage statistical techniques are frequency, percentage, mean, standard deviation, and structural equation model. All of Calculations was calculated by IBM SPSS Statistics 22 and IBM SPSS AMOS 22 Trial Version. It was found that most of them were female, 31 – 40, single, were employee in private company, monthly income 30,001 – 50,000 THB. As for behavior, most of samples drank 4-5 times/week, drank at 08.01–12.00, liked latte the most, cost 101–200 THB per, and came to Starbucks alone (38.50%). The results also revealed that all aspects were significant in same directions as hypotheses to the others. The factor loading for all items exceeded level of 0.7. Moreover, the AGFI, GFI, NFI, and CFI were more than 0.8.

Keywords- Fair Trade, Starbucks, Attitude, Intention

I. INTRODUCTION

Fairtrade is a social movement that operates on the mind-set of facilitating community development by ensuring 'fair' guarantee prices for commodity producers. Fairtrade is operationally defined by ten key principles by the World Fairtrade Organization consisted of creating opportunities for economically disadvantaged producers, transparency and accountability, fair trading practices, payment of a fair price, ensuring no child labor and forced labor, commitment to nondiscrimination, gender equity and women's economic empowerment and freedom of association, ensuring good working conditions, providing capacity building, promoting fair trade, and respect for the environment. It can conclude that from ten principles can seemingly cuts across the three pillars of sustainability; that is economic, social and environmental factors.

One of the favorite premium coffee shop in Thailand is Starbucks which has been widely recognized as a green coffee shop. Its green practices include offering responsibly grown, ethically traded coffee, and using reusable cups. Now, there are more than 200 Starbucks branch which were located around Thailand.

Some customers need for uniqueness because it is an individual trait that might favor the brand especially premium brand as Starbucks. Higher need for uniqueness drives people to possess products that differentiate them from others. Fairtrade or Starbucks is one of choice to create self-uniqueness.

Risk is a consumer's perception of the uncertainty and adverse consequences of engaging in an activity. Perceived risk has two components: uncertainty (the

likelihood of unfavorable outcomes) and consequences (the importance of a loss). When consumers perceive higher risks, it is less likely that they will buy the product. In this research, we use only financial risk and social risk based on research of halapete, et al.. Financial risk can be defined as the uncertainty that the purchased product fails to attain the best possible monetary gain while social risk is the uncertainty that the selection of the product will affect in a negative way the perception of other individuals about the purchaser of that product.

Involvement refers to the degree to which a person perceives an attitude object as personally relevant. From the study of halapete, et al., they mentioned that involvement effects to risk and attitude.

Intentions of a consumer can be influenced by positive or negative attitudes toward product. Thus, fair trade consumers has been found to influence intention to purchase of customer. Moreover, it has many empirical researches shown that attitude affects to intention such as Das, Jung et al., and Amaro and Duarte Furthermore, some of researches such as Ma et al., and Yu and Littrell pointed that uniqueness affects to attitude.

There are several researches about fair trade such as Cailleba and Casteran, Dickson, Doran and Natale, Tanner and Kast and Uusitalo and Oksanen, however it is rarely to find that emphasized on Starbucks especially in Thailand.

As for reasons and literature review discussed above, it can proposed 10 hypotheses based on:

Hypotheses:

H1: Self-uniqueness affected the positive result to

basic Starbucks involvement.

H2: Self-uniqueness affected the negative result to financial risk.

H3: Self-uniqueness affected the negative result to social risk.

H4: Self-uniqueness affected the positive result to Starbucks fair trade attitude.

H5: Basic Starbucks involvement affected the negative result to financial risk.

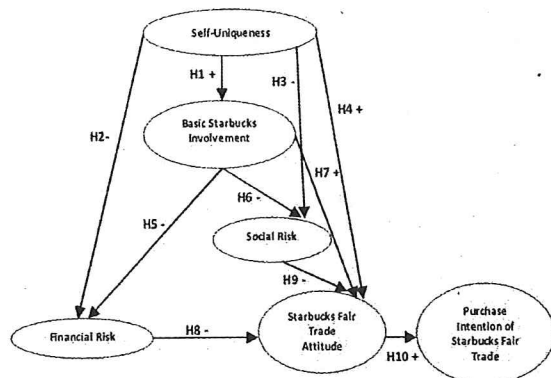
H6: Basic Starbucks involvement affected the negative result to social risk.

H7: Basic Starbucks involvement affected the positive result to Starbucks fair trade attitude.

H8: Financial risk affected the negative result to Starbucks fair trade attitude.

H9: Social risk affected the negative result to Starbucks fair trade attitude.

H10: Starbucks fair trade attitude affected the positive result to purchase intention to Starbucks fair trade.



II. RESEARCH METHODOLOGY

The target population was consumers of Bangkok-branch Starbucks and are 18 years old or older. A sample size of at least 300 respondents was targeted with the requirements of Structural Equation Modeling (SEM) because of less than 7 constructs model. The sample was selected by convenience sampling and was collected data with Thai questionnaire. The key point in collecting data was collecting only one person in one group. In final, 400 sample was collected.

The questionnaire which was constructed in Thai language comprised three main sections, The first section aimed to ask about general data consisting of gender, age, status, occupation, and monthly income, the next section was about frequency of drinking Starbucks coffee, period of drinking, favorite type of coffee, cost per time, and the person who come with.

The third section of the questionnaire measured proposed model, self-uniqueness were evaluated using four items, basic Starbucks involvement using five items, financial risk using five items, social risk using three items, four items for Starbucks fair trade attitude, and five items for purchase intention of Starbucks fair

trade. All questions adapted from Halepete et al., and Das.

For checking reliability and validity, the questionnaire was considered by three experts in marketing, and food and beverage. Having some more advices from experts on the validity, each question was carefully selected in terms of Index of Item Objective Congruence (IOC) of more than 0.5. The pilot-test were done among 30 consumers of Huahin-branch Starbucks. In overall, the questionnaires' coefficient alpha of cronbach approximately equaled to 0.882. As the estimates of alpha almost reached 1, the questionnaires showed some confidence, and they were finally given to the samples.

After checking missing values and completeness of questionnaires, it was calculated descriptive statistics for general data and behavior firstly, next all of aspects were tested with a Confirmatory Factor Analysis (CFA). Moreover, Structural equation modeling (SEM) was used to evaluate the influence of self-uniqueness, basic Starbucks involvement, financial risk, social risk, Starbucks fair trade attitude, and purchase intention of Starbucks fair trade. All of results were calculated by IBM SPSS Statistics 22 and IBM SPSS AMOS22 trial version. Model fit was assessed using six indicators (i.e., χ^2/df , GFI, AGFI, RMSEA, CFI, and SRMR).

III. RESULTS

Most of samples of this study were female (69.00%), were 31 – 40 years old (27.25%), were single (72.00%), were employee in private company (52.75%), and had monthly income 30,001 – 50,000 THB (41.25%). See Table 1

Table 1: General Data of Samples

Demo graphi c		Sample (n=400)	Percentag e
Gende r	Female	276	69.00
	Male	124	31.00
Age	18-20 years old	24	6.00
	21-30 years old	89	22.25
	31-40 years old	109	27.25
	41-50 years old	88	22.00
	51-60 years old	74	18.50
	More than 60	16	4.00
Status	Single	288	72.00
	Married	97	24.25
	Other	15	3.75
Occup ation	Employee	211	52.75

government	104	26.00
Student	51	12.75
Owner & Other	34	8.50
Monthly Income (THB)		
Lower 15,000	47	11.75
15,000-30,000	104	26.00
30,001-50,000	165	41.25
50,001-100,000	74	18.50
More 100,000	10	2.50

Most of samples of this study drank Starbucks 4-5 times/week (47.00%), drank Starbucks at 08.01-12.00 (46.75%), liked latte the most (39.25%), cost 101-200 THB per time (61.75%), and came to Starbucks alone (38.50%). For more detail, see Table 2

Table 2: Behavior of Samples

Behavior	Sample	Percentage
	n=400	
Frequency of drinking SB coffee	More times per day	48 12.00
	Once a day	104 26.00
	4-5 times / week	188 47.00
	1 time / week	45 11.25
	Rarely	15 3.75
Period of drinking SB coffee	06.00 - 08.00	115 28.75
	08.01 - 12.00	187 46.75
	12.01 - 16.00	74 18.50
	16.01 - 20.00	16 4.00
	20.01 - 24.00	8 2.00
Type of coffee	Latte	157 39.25
	Cappuccino	109 27.25
	Caramel macchiato	64 16.00
	Americano	28 7.00
	Other	42 10.50
Cost to consumers at a time (THB)	Lower than 100	34 8.50
	101-200	247 61.75
	201-300	101 25.25
	More than 300	18 4.50
Come to coffee shop with	Alone	154 38.50
	Friends	105 26.25
	Family	84 21.00
	Girlfriend/Boyfriend	57 14.25

The next step was calculated measurement model by using confirmatory factor analysis with maximum likelihood estimation method was conducted to establish the reliability and validity by composite reliability (CR) which must more than 0.70 to indicate that the measures are reliable while factor loadings

and Average Variance Extracted (AVE) were used for validity measurement. Table 3 was shown that all factor loadings were above 0.5 and shown that all the AVE values were above 0.5

The initial measurement model had CMIN/DF = 2.140, CFI = 0.954, GFI = 0.896, RMR = 0.022, and RMSEA = 0.053 while the adjusted model had CMIN/DF = 1.753, CFI = 0.971, GFI = 0.916, RMR = 0.022, and RMSEA = 0.043 it was in acceptable value.

Table 3: The Measurement Model

Variables	Loading	Mean	S.D.
Self-uniqueness (CR=0.928 and AVE=0.764)			
1. Drinking Starbucks is indicative of yourself	0.867	4.07	0.86
2. I feel satisfied to drink Starbucks instead of other brands	0.885	4.10	0.92
3. I was happy to try new products before anyone	0.836	4.12	0.94
4. I prefer fresh coffee more than instant coffee	0.907	4.18	0.86
Basic Starbucks involvement (CR=0.877 and AVE=0.588)			
1. Drinking Starbucks makes me look better	0.774	4.36	0.64
2. Drinking Starbucks makes inspiration for me in working	0.754	4.41	0.71
3. If I don't drink Starbucks, I will feel worse	0.745	4.54	0.65
4. Starbucks coffee is need for me	0.771	4.52	0.65
5. Starbucks is more delicious than the others	0.790	4.53	0.66
Financial risk (CR=0.892 and AVE=0.624)			
1. I lost a lot of money from Starbucks	0.741	4.34	0.77
2. It is not economic to buy Starbucks	0.757	4.45	0.68
3. I feel Starbucks has the same quality as the others	0.817	4.49	0.70
4. Drinking Starbucks is not good in cost-benefit	0.843	4.51	0.68
5. Starbucks makes me lost chance to buy another things	0.788	4.54	0.67
Social risk (CR=0.898 and AVE=0.746)			
1. I feel anxiety about my image	0.898	3.96	0.88
2. I am not in trend if I don't drink Starbucks	0.874	4.03	0.80
3. I am worried from other's opinion in my Starbucks drinking	0.818	4.15	0.90

Variables	Loading	Mean	S.D.
Starbucks fair trade attitude(CR=0.898 and AVE=0.688)			
1. Fair trade goods guarantee for quality goods	0.825	3.83	0.96
2. Fair trade goods have value adding	0.797	3.89	0.92
3. fair trade goods have fair price	0.876	4.01	0.83
4. Fair trade goods are trend from social responsibility	0.819	4.03	0.93
Purchase intention of Starbucks fair trade(CR=0.903 and AVE=0.652)			
1. I want to promote fair trade goods	0.707	4.47	0.71
2. I want to assist growers	0.775	4.09	0.63
3. I want to support fair trade goods	0.927	4.24	0.72
4. I want to be fair-trade and green consumers	0.855	4.04	0.76
5. I want to consume materials from growers	0.756	4.14	0.67

505.735 (sig. = 0.000) CMIN/DF = 1.819, CFI = 0.968, GFI = 0.913, RMR = 0.032, and RMSEA = 0.045 it was in acceptable value.

It can conclude that the hypothesized model was a good fit for the empirical data. As seen on Table 4, the ten hypothesized relationships were significant in the expected direction

Table 4: Standardized Coefficients of all Hypothesizes

Hypothesis Relationship	S.Est.	t-stat
H1: SU → BSI	0.356	6.309**
H2: SU → FR	-0.186	-3.571**
H3: SU → SR	-0.286	-5.373**
H4: SU → ATT	0.142	2.955**
H5: BSI → FR	-0.490	-7.960**
H6: BSI → SR	-0.369	-6.559**
H7: BSI → ATT	0.283	4.654**
H8: FR → ATT	-0.362	-6.239**
H9: SR → ATT	-0.117	-2.279*
H10: ATT → INT	0.366	6.654**

** sig at 0.001 *sig. at 0.01

The hypothesized relationships among the study's constructs were tested in the structural model with maximum likelihood estimation. The results indicated an adequate of the structural model with Chi-Square = 639.471 (sig. = 0.000) CMIN/DF = 2.213, CFI = 0.951, GFI = 0.890, RMR = 0.031, and RMSEA = 0.055 and the adjusted model had Chi-Square =

SU = Self-Uniqueness BSI = Basic Starbucks Involvement
 FR = Financial Risk SR = Social Risk ATT = Attitude Fair Trade Starbucks
 INT = Intention to Purchase Fair Trade Starbucks

Moreover, in table 5-7 will show the direct, indirect, and total effect of each construct.

Table 5: Total Effects

	SU	BSI	SR	FR	ATT
BSI	0.356				
SR	0.417	0.369			
FR	0.36	0.49			
ATT	0.423	0.504	0.117	0.362	
INT	0.155	0.184	0.043	0.133	0.366

Table 6: Direct Effect -

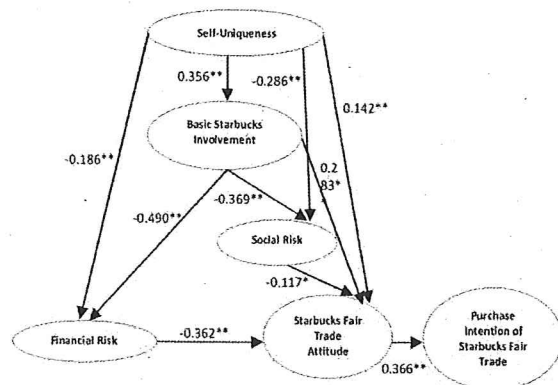
	SU	BSI	SR	FR	ATT
BSI	0.356				
SR	0.286	0.369			
FR	0.186	0.49			
ATT	0.142	0.283	0.117	0.362	
INT					0.366

Table 7: Indirect Effect

	SU	BSI	SR	FR	ATT
BSI					
SR	0.131				
FR	0.174				
ATT	0.28	0.22			

	SU	BSI	SR	FR	ATT
INT	0.155	0.184	0.043	0.133	

Demographic		Sample (n=400)	Percentage
Gender	Female	276	69.00
	Male	124	31.00
Age	18-20 years old	24	6.00
	21-30 years old	89	22.25
	31-40 years old	109	27.25
	41-50 years old	88	22.00
	51-60 years old	74	18.50
	More than 60	16	4.00
Status	Single	288	72.00
	Married	97	24.25
	Other	15	3.75
Occupation	Employee	211	52.75
	government	104	26.00
	Student	51	12.75
	Owner & Other	34	8.50
Monthly Income (THB)	Lower 15,000	47	11.75
	15,000-30,000	104	26.00
	30,001-50,000	165	41.25
	50,001-100,000	74	18.50
	More 100,000	10	2.50



CONCLUSION

The results were shown that all of hypotheses statistically affect in same direction of hypotheses significantly. Thus, this model was proven that fit for using with Starbucks in Thailand.

As the research, its output found that the consumer attitude is the core variables towards the Purchase Intention of Starbucks Fair Trade which is from self-uniqueness of Starbucks, Basic Starbucks involvement, Financial Risk, Social Risk and Starbucks Fair Trade Attitude.

Building good attitude towards Fair Trade business model is vital in business operation which leads to the right target customers.

Once your brand becomes their favorite, there is the brand involvement related. Moreover, the brand awareness will make consumers feel that it is worth to pay for your products so that the financial and social risk will be decreased.

When your fair trade brand becomes the leader or the top tier of the market, all dimensions which are the customers' uniqueness, Brand involvement, Financial, Social and Fair Trade Attitude should be paid attention. They bring your organization with creditability and trustworthy in doing business with. All the related risk will be eliminated especially financial and social.

REFERENCES

- [1] A. A. Acquaye, F. A. Yamoah, and K. Feng, "An integrated environmental and fairtrade labelling scheme for product supply Chains," *International Journal of Production Economics*. Available online 24 December 2014.
- [2] Y. J. Jang, W. G. Kim, and H. Y. Lee "Coffee shop consumers' emotional attachment and loyalty to green stores: The moderating role of green consciousness," *International Journal of Hospitality Management*, Vol.44, pp.146-156, January 2015.
- [3] M. Mazodier and D. Merunka "Beyond brandattitude: Individual drivers of purchase for symbolic cobranded products," *Journal of Business Research*, Vol.67(7), pp.1552-1558, July 2014.
- [4] E. C. Chang and Y. F. Tseng "Research note: E-store image, perceived value and perceived risk," *Journal of Business Research*, Vol.66(7), pp.864-870, July 2013.
- [5] J. Halepete, M. Littrell, and J. Park "Personalization of Fair Trade Apparel Consumer Attitudes and Intentions," *Clothing and Textiles Research Journal*, Vol.27(2), pp.143-160, April 2009.
- [6] J. Matthes, A. Wonneberger, and D. Schmuck "Consumers' green involvement and the persuasive effects of emotional versus functional ads," *Journal of Business Research*, Vol.67(9), pp.1885-1893, September 2014.
- [7] G. Das "Factors affecting Indian shoppers' attitude and purchase intention: An empirical check," *Journal of Retailing and Consumer Services*, Vol.21(4), pp.561-569, July 2014.
- [8] N. Y. Jung, S. Y. Kim, and S. Y. Kim "Influence of consumer attitude toward online brand community on revisit intention and brand trust," *Journal of Retailing and Consumer Services*, Vol.21(4), pp.581-589, July 2014.
- [9] S. Amaro and P. Duarte "An integrative model of consumers' intentions to purchase travel online," *Tourism Management*, Vol.46, pp.64-79, February 2015.
- [10] Y. J. Ma, M. A. Littrell, and L. Niehm. "Young female consumers' intentions toward fair trade consumption,"

- International Journal of Retail & Distribution Management, Vol.40(1), pp.41 – 63, January 2012.
- [11] H. Yu, and M. A. Littrell. "Product and process orientations to tourism shopping," *Journal of Travel Research*, Vol.42(2), pp.140–150, August 2003.
- [12] P.Cailleba, and H. Casteran. "Do ethical values work? A quantitative study on the impact of fair trade coffee on consumer behavior," *Journal of Business Ethics*, Vol. 97(4), pp. 613–624, December 2010.
- [13] M. A. Dickson. "The utility of no sweat labels for apparel consumers: Profiling label users and predicting their purchases," *The Journal of Consumer Affairs*, Vol.35, pp. 96–119, Summer 2001.
- [14] C. J. Doran, and S. M. Natale. "Empatheia (Empatheia) and Caritas: The role of religion in Fair Trade consumption," *Journal of Business Ethics*, Vol.98(1), pp.1–15, 2011.
- [15] C. Tanner, and S. W.Kast, "Promoting sustainable consumption: Determinants of green purchases by Swiss consumers," *Psychology & Marketing*, Vol. 20(10), pp. 883–902, October 2003.
- [16] O. Uusitalo, and R. Oksanen, "Ethical consumerism: A view from Finland," *International Journal of Consumer Studies*, Vol.28 (3), pp. 214–221, June 2004.
- [17] J. F. Hair, W. C. Black, B. J. Babin, and R. E. Anderson. (2010). *Multivariate Data Analysis*. New Jersey: Prentice Hall.
- [18] L. J. Cronbach "Coefficient Alpha and the Internal Structure of tests," *Psychometrika*, Vol. 22(3), pp. 297-334, September 1951.
- [19] J. C. Nunnally, and I. Bernstein. (1994). *Psychometric Theory*. New York: McGraw-Hill.

★ ★ ★