

# Impact of Consumer Awareness and Knowledge to Consumer Effective Behavior

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## Abstract

This article examines the relationship between consumers' awareness and knowledge to effective consumers' behaviors. This study employs survey technique to measure three variables comprises of consumer awareness, knowledge and behaviors. Measurement instruments have been developed in light of Malaysian context and all items attempt to capture basic requirement for food services and/or products in conjunction with Malaysian consumers' rights. Correlation analysis was used to evaluate the proposed relationships, while differences across gender, location and education level had been examined through t-test independent group analysis. The analysis indicates significant relationship between awareness and effective consumer behavior. The result demonstrates that awareness is prior to effective consumers' behaviors; while unawareness leads to ignorant and reduction of individual capacity in protecting and upholding their rights against sellers' expropriations. Nevertheless, consumers' awareness differs significantly between locations in which the urban dwellers showed lesser awareness compared to the less-urban areas.

**Keywords:** consumers' protection, consumers' rights, consumers' awareness, knowledge, consumers' behavior

## 1. Introduction

The area of consumer protection is relatively new to most developing countries such as Malaysia Indonesia, and African countries (Azrina et al., 2011; Muh Endriyo, 2011 and Donoghue & de Klerk, 2009). Although the momentum towards stricter consumers' protection via establishment of specific laws has emerged, the journey is at infant. In order to ensure effectiveness it requires participations, collaborations and co-ordinations from all stakeholders (Sakina et al. 2012; and Ong & Sakina 2011), including the consumer. Consumers play an important role as they must communicate or express their dissatisfaction or complaints before remedies can be taken (Donoghue & de Klerk 2009). This requires consumer to have knowledge on their rights, for example, regarding complaints' procedures and to take appropriate actions in line with the stipulated regulations. Furthermore, sometimes the law also does not in the position to best champion the consumers' rights (Sakina et al. 2012). Therefore, consumers must actively participate in advocating the process of upholding their rights against market exploitations.

However, unawareness and lack of knowledge on consumers' rights and claim procedures potentially distort consumers' capacity and ability to defend themselves against cunning traders. Therefore, a thorough investigation is needed to validate the extent of relationship between awareness and effective consumer behavior, as well as consumers' knowledge and effective consumer behaviors. Such deliberation will highlight the most required ability in order to create resilience consumers' protection environment, especially for developing countries.

## 2. Literature Review

Azrina et al. (2011) defines consumer "as any individuals or households utilizing good and services generated within the economy." Many studies show that consumers' awareness and knowledge impose significant impact on various types of effective consumers' behaviors (McEachern & Warnaby 2008; Hartlieb & Jones 2009; Liang & Xianyu 2008; Donoghue & de Klerk, 2009; Thomas & Mills 2006; Chartrand 2005; Coulter et al. 2005; and

Dommeyer & Gross 2003). For example, Hartlieb and Jones (2009) emphasizes the importance of ethical labeling for humanizing business images. The function of ethical labeling is to saliently develop the ethical qualities into product features so that customers become aware and have knowledge on the critical aspect which are expected to influence consumers' decisions or behaviors. Meanwhile, Dommeyer and Gross (2003) examines the role of customers' awareness and knowledge in the area of consumers' private information invasion by direct-marketers. Their findings indicate that male and younger people have more awareness on privacy-related laws and practices. As a result, these groups have adopted specific strategies to protect themselves from the invasion syndicate. Another study by Donoghue and de Klerk (2009) had emphasized on the consumers' traits and psychological characteristic for explaining consumers complaining behaviors. Therefore, the significant of this study has been justified.

Awareness is an element that appears in the human automatic process. The automaticity can involve conscious or unconscious course of actions (Chartrand 2005). The process is comprised of environmental features, automatic process and outcome (see Figure 1).

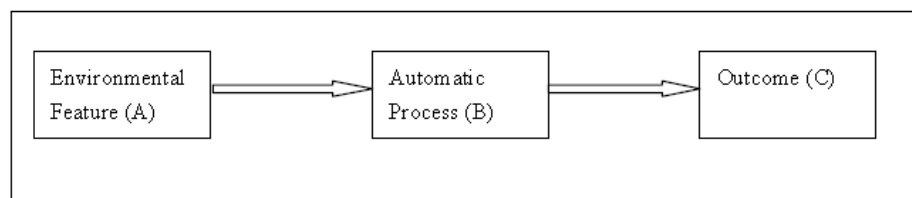


Figure 1. Model of automatic process

Source: Chartrand (2005), pg. 204.

As shown in Figure 1, environmental features (labeled as A) may include situations, presence of other people, event and others that may trigger an automatic process. Automatic process (labeled as B) includes the process such as attitude activation, automatic evaluation, non-conscious mimicry and stereotype activation. Meanwhile, the outcome (labeled as C) can include items such as behaviors, motivations, judgments, decisions and emotions. "Awareness" can be positioned in all three automatic processes (A, B and C). For example, the proposed idea of chemical waste disposal plant in a nearby area has served as the environmental features that trigger the automatic process of rejecting the idea. The individual rejection can either be driven consciously or unconsciously. A person may act consciously as he was an expert in radiation impact; conversely, he may act unconsciously on the environmental feature when he was only following the majority action of a particular group that he/she was loyal to. According to Chartrand (2005) consumer's awareness (either consciously or unconsciously) precedes the control, modification, elimination and change in human behaviors and decisions. Thus, effective consumer behavior can only be materialized through awareness.

Knowledge can influence human decisions or actions (McEarchern & Warnaby 2008 and Liang & Xiangyu 2008). The relationship between knowledge and consumer's behavior can best be explained by Ajzen's theory of Planned Behavior (TPB). Based on TPB, individual attitudes and beliefs are shaped by knowledge. Therefore, a study that investigates the impact of knowledge on human behavior is implicitly be underlies by the Planned Behavior Theory. According to McEarchern and Warnaby (2008), knowledge can be divided into system knowledge, action-related knowledge and effective knowledge. Each form of knowledge leads to a definite amount of influence on human decision-making. "System knowledge" refers to the knowledge of how systems or process operates; "action-related knowledge" relates to the behavioral options and/or possible courses of actions; and "effective knowledge" refers to knowledge of potential benefits or certain behaviors. As far as consumers' rights are concerned, all form of knowledge (system, action-related or effective knowledge) can affect consumers' defensive behaviors. Ignorant in any form of knowledge can deteriorate consumers' capacity to exercise their rights as well as unable to force traders to act in compliance with requirement of consumer protection act and vice versa. For example, according to Thomas and Mills (2006: 7), current legislation of the Truth-in-Menu Laws has been established to protect American consumers from fraudulent restaurant practices in terms of nutritional content, health claims, serving size, geographic origin of foods, quantity and quality of food product, methods of preparation, representation of merchandising items and misbranding. However, the law provides flexibilities to the restaurant operators to provide nutrition information upon request from customers. Due to American consumers' knowledge on the provision of Truth-in-Menu Laws, they have requested the restaurateurs to provide more nutrition information on the menu. Such action reiterates the role of consumer knowledge and awareness in advocating effective consumerist behaviors as well as disciplining the traders.

Base on the literature reviews we propose a research model as shown in Figure 2. The model examines the relationship between consumers' awareness and knowledge to effective consumers' behavior within Malaysian context. Currently, Malaysian government has institutionalized its' consumer protection through the Consumer Protection Act 1999 (Act 599). As this study is limited to food-based business, some additional laws are also relevant such as Food Act 1983 and Food Hygiene Regulations 2009. It is assumed that through various forms of consumers' education program, Malaysian consumers have reach some level of awareness and knowledge regarding their rights. The knowledge and awareness are expected to be translated into effective consumer actions. In addition, demographic variables such as education level and gender are posited to mitigate awareness and knowledge impact on effective consumer's behavior. This is also parallel to Dommeyer and Gross (2003) and Scott (2002) who found significant differences in consumers' awareness across gender; while Darden et al. (1994) emphasize the inclusion of the consumer education level to understand their related attitude.

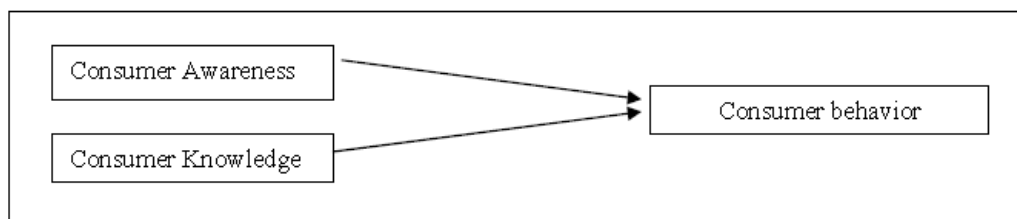


Figure 2. Research model

### 3. Methodology

The independent variables (consumer' awareness and knowledge) refer to the extent the consumers' aware and have knowledge about their rights. The dependent variable of effective consumer behavior indicates the appropriate action expected to be taken by consumers in particular circumstances in line with the regulations. This study limits its context to food-related services.

#### 3.1 Measurement

The independent and dependent variables were measured by an interval level of measurement. There are four sections in the questionnaire comprises of demographics, consumer awareness, consumers' knowledge and consumer actions. Consumer awareness and knowledge were measured by 10 items scale respectively, while consumers' behavior was measured by 12 items scale. Consumer awareness and behaviors were measured using 5 points Likert scale anchored with (1) totally disagree to (5) totally agree. However, the measurement of knowledge was limited to 2 points scale anchored with descriptors comprises of (1) "know" or (2) "does not know."

A pilot test was conducted on 15 respondents. The Cronbach alpha showed satisfactory internal consistency score ranged from 0.64 to 0.78 (Table 1).

Table 1. Result of pilot test

| Construct                  | Cronbach Alpha |
|----------------------------|----------------|
| <b>Awareness of rights</b> | 0.78           |
| <b>Knowledge of rights</b> | 0.64           |
| <b>Behaviors</b>           | 0.78           |

#### 3.2 Sampling

The questionnaires were self-administered to consumers in two locations in the state of Johor, Malaysia. This study was limited to consumers in two areas in Johor namely Pasir Gudang and Kota Tinggi. Pasir Gudang is the most developed industrial area in Johor Bharu; meanwhile, Kota Tinggi is a relatively less urban area compared to Pasir Gudang. Sixty respondents were involved in this study. The selected respondents were residents from two neighborhoods which located nearest to Pasir Gudang and Kota Tinggi town. Such selection procedure was meant to ensure that most urban residents were included in the study as it was assumed that particular group represents the most knowledgeable group in the society. The descriptive statistic of respondents is shown in Table 2.

Table 2. Descriptive statistic of respondents

|                      | Frequencies | Percentage (%) |
|----------------------|-------------|----------------|
| Residential area     |             |                |
| Urban-industrialized | 30          | 50             |
| Less urban           | 30          | 50             |
| Gender               |             |                |
| Male                 | 30          | 50             |
| Female               | 30          | 50             |
| Education level      |             |                |
| Secondary and below  | 27          | 45             |
| Diploma              | 12          | 20             |
| Degree/master/PhD    | 21          | 35             |

### 3.3 Analysis

Correlation analysis was performed to test the proposed relationship. A second-order-correlation has been run in order to validate the spurious relationship between the prescribed variables after controlling the demographic variable such as education and gender. T-test also was conducted to test differences in consumer awareness across locations, gender and education level.

## 4. Result

The descriptive result of the variables are shown in Table 3.

Table 3. Descriptive results

| N= 60              | Mean   | Std. deviation |
|--------------------|--------|----------------|
| Level of knowledge | 1.6417 | 0.333          |
| Action             | 3.9269 | 0.468          |
| Level of awareness | 3.9950 | 0.457          |

Based on Table 2, most respondents have achieved high scores in each of the variables. The result of correlation analysis is as in Table 4.

Table 4. Correlation analysis

|                    |                     | Level of knowledge | Actions | Level of awareness |
|--------------------|---------------------|--------------------|---------|--------------------|
| Level of knowledge | Pearson correlation | 1                  | 0.034   | 0.250              |
|                    | Sig. (2-tailed)     |                    | 0.798   | 0.054              |
|                    | N                   | 60                 | 60      | 60                 |
| Action             | Pearson correlation | 0.034              | 1       | 0.533**            |
|                    | Sig. (2-tailed)     | 0.798              |         | 0.000              |
|                    | N                   | 60                 | 60      | 60                 |
| Level of awareness | Pearson correlation | 0.250              | 0.533** | 1                  |
|                    | Sig. (2-tailed)     | 0.054              | 0.000   |                    |
|                    | N                   | 60                 | 60      | 60                 |

\*\*Correlation is significant at the 0.01 level (2-tailed).

The correlation analysis shows a significant relationship between awareness of rights and effective consumer actions ( $r = 0.533$ ,  $p = 0.000$ ). However, no significant correlation found between knowledge and actions. This shows that awareness is important for effective consumer behavior. Awareness is a practical conscience and inclined towards action-oriented behaviors. Furthermore, there is no significant relationship found between the level of knowledge and awareness. This indicates that awareness is unrelated to knowledge. A person may have good knowledge on something, but unnecessary have conscience to react accordingly to the issues.

Contrary, a person who lacks of knowledge may possess the internal drive to uphold their rights and react accordingly to exert the rights unconsciously.

Partial correlation analysis was conducted in order to determine the moderating effect of the demographic variables onto the identified relationship. After controlling for gender and education variables simultaneously (also known as second-order partial correlation), it was found that the relationship had increased and remained significant ( $r=0.582$ ,  $p=0.00$ ) (Table 5). The result shows that the identified relationship was non-spurious even after considering the gender and education background factor.

Table 5. Partial correlation analysis

|                    |                     | Actions | Level of awareness |
|--------------------|---------------------|---------|--------------------|
| Action             | Pearson correlation | 1.00    | 0.582*             |
|                    | Sig. (2-tailed)     |         | 0.00               |
|                    | N                   | 0       | 56                 |
| Level of awareness | Pearson correlation | 0.582*  | 1                  |
|                    | Sig. (2-tailed)     | 0.000   |                    |
|                    | N                   | 60      | 60                 |

\*\*Correlation is significant at the 0.01 level (2-tailed).

#### 4.1 Differences in Awareness Level

T-test was conducted in order to validate differences of respondents' awareness level across gender and level of education. Table 6 indicates that the respondents' awareness differed significantly across different levels of educations ( $t=2.872$ ,  $p=0.006$ ). The result shows a significant difference in the means of awareness across different levels of education. The awareness mean for higher education group is 4.2, while the lower education group is 3.89. "Higher education group" refers to those who pursued their tertiary education (i.e diploma, bachelor and above certificates), while the "lower education group" are those with primary or secondary school's certificates. The result supported Darden et al. (1994) regarding the influence of education level to product liabilities' concerns among different consumers' group. However, no significant differences were found across genders.

Table 6. T-test result, according to level of education

|                               | Level of education | N  | Mean | DF | T     | Sig.  |
|-------------------------------|--------------------|----|------|----|-------|-------|
| Awareness of consumers rights | High               | 21 | 4.2  | 53 | 2.872 | 0.006 |
|                               | Low                | 39 | 3.89 |    |       |       |

Significant level of  $p < 0.05$

Another significant difference also was found in consumer awareness between two residential contexts. The area that is relatively less urban shows higher mean (4.15) compared to highly urban-industrialize residents who had a lower mean of 3.84. The result of t-test in Table 7, indicates a significant difference between the two locations groups ( $t=-2.706$ ,  $p=0.01$ ). It shows that consumers from urban area unnecessary to possess awareness nor willingness to defend their rights.

Table 7. T-test of consumers' awareness in different residential location

|                    | Residential location | N  | Min  | Df | Std  | Nilai t | Sig p |
|--------------------|----------------------|----|------|----|------|---------|-------|
| Consumer Awareness | Urban                | 30 | 3.84 | 46 | .534 | -2.706  | .010  |
|                    | Less Urban           | 30 | 4.15 |    | .303 |         |       |

Significant at  $p > 0.05$

The result was also supported by some comments made by particular respondents from urban area:

Johan (Pasir Gudang):

"In the first place that would be very irresponsible. (However) My salary is not that much; I don't have time to make complaints on such matters. Rather than wasting my time to make the complaints and going through the complaining process, it would be better if I go to work and get more money".

Rose (Pasir Gudang)

“No idea. That would be less important for me. The businesspeople won’t admit their mistakes easily and you have to give most effort to prove their wrongdoings. So I don’t mind (to) just buy another one from other retailers rather than confronting them”.

Such responses showed that the respondents did not bother to exercise their rights as the process was considered time consuming. Furthermore, the issue gained less priority from both respondents. However, stricter response had been received from respondent in less urban area such as follows:

Roslan (Kota Tinggi);

“I will ask for compensation if the food is rotten, I dare to go to the Consumer Tribunal to submit my complaint because it is my right. I’ll make them pay for it.”

Therefore, in a metropolitan area the consumers’ awareness may become lower as the residents were confronting with other pressing problems such the escalating cost of living. This finding also parallel to McEarchern & Warnaby (2008) whom found significant differences in consumers’ attitude between the urban and rural areas.

## 5. Discussion

The analysis indicates that consumer awareness has a relationship with effective consumer behavior in terms of protecting their rights. Awareness level had imposed more significant influence on effective consumers’ behavior compared to the knowledge level. The respondents’ awareness can occur in any of the three elements of the automatic process as depicted in Figure 1 with higher propensity of concentration at A and C process. Therefore, the policy-makers could adopt more programs to increase consumers’ awareness in order to create resilient consumer society in developing country. Through self-awareness mechanism, the consumers can actively participate in advocating and protecting their rights from unscrupulous market players. The awareness of consumers’ rights serve as soft-control mechanism aiming at creating more responsible business society. Consumer awareness can elevate the effectiveness of consumer protection legislation, which currently emphasized by the government. This is since consumers’ complaints are necessary to initiate strict actions towards unscrupulous businessperson as stated by Donoghue and de Klerk (2009). However, the urban-industrialized had dwellers showed a relatively lower level of awareness opposed to a fairly “calm” area. Thus, the finding shows that contextual or environment has a significant role in creating consumers’ awareness. In a relatively urban area, society’s attention has been diverted from consumerism issues, and survival issues override the residents’ priority. Therefore, it shows that consumerism has become secondary to the urban-industrialize group of consumers. Consumers’ awareness also found significantly different between respondent’s education backgrounds. Higher educated group has shown a relatively higher mean of awareness compared to lower educated group. The scenario is expected as those with higher education level normally have more exposure to various facts and figures that trigger awareness level. As far as the demographic factor is concerns, future study could investigate the ethnic influence on consumer awareness and effective consumers’ protection behavior.

Contrary, merely knows or have knowledge on something does not automatically lead to positive actions in terms of protecting one’s rights. The respondents may have knowledge on the overall system (system knowledge) or possible courses of actions (action-related knowledge) or effective knowledge or its combination; however, the knowledge per se is unable to create internal forces to drive actions that parallel with upholding the rights. Alternatively, the respondents may have system knowledge, but lacking of action-related and effective knowledge leads to inability to initiate suitable actions to manage violations of consumers’ rights. Therefore, no significant relationship was found between consumers’ knowledge and effective behaviors. Future study could investigate the specific type of knowledge that potentially leads to effective consumer’s protection behaviors. System knowledge, action-related knowledge and effective knowledge probably have different influence on consumers’ behavior, thus the impact of each type of knowledge should be investigated in order to validate the relationship between knowledge and actions. The generalizability of this study is limited as it involved only 60 respondents in Malaysia. Despite its limited number of respondents, this study has become a preliminary move towards rigor future study on the issue. Therefore, future study could replicate the study with a larger number of respondents in order to validate the relationship.

## 6. Conclusion

The analysis indicates a significant relationship between awareness and effective consumer behavior. The result demonstrates that awareness is prior to effective consumers’ behaviors; while unawareness leads to ignorant and reduction of individual capacity in protecting and upholding their rights against sellers’ frauds. The awareness of consumers’ rights serve as soft-control mechanism aiming at creating more responsible business society.

Consumer awareness can elevate the effectiveness of consumer protection legislation, which currently emphasized by the government.

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