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EDITORIAL

Assalaamu'alaikum Wr. Wb.

Pembaca yang budiman,

Alhamdulillah jurnal KAJIAN BISNIS dapat kami sajikan ke hadapan para pembaca. Hal ini menjadikan pemilihan artikel yang perlu dipublikasikan dalam Jurnal KAJIAN BISNIS memerlukan seleksi. Sudah barang tentu perhatian dan minat para penulis artikel tersebut kami sambut dengan senang hati serta tidak lupa kami ucapkan terima kasih.

Harapan kami artikel-artikel tersebut dapat menambah pengetahuan dan memberi manfaat bagi para pembaca..

Wassalamu'alaikum Wr.Wb.

Yogyakarta, 21 Agustus 2013

Hormat kami

Redaksi

CONSUMERS' PERCEPTION ON THE RISK OF FOOD SUPPLEMENT AND PURCHASE BEHAVIOR

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Abstrak

Studi ini mengeksplorasi persepsi konsumen terhadap risiko penggunaan suplemen makanan, dan pengaruhnya terhadap keputusan pembelian. Wawancara mendalam telah dilakukan terhadap sembilan responden. Hasil menunjukkan bahwa persepsi konsumen terhadap resiko penggunaan suplemen makanan adalah bahwa, tidak akan ada kerugian fisik selama suplemen makanan memiliki kriteria tertentu, tidak akan ada kerugian financial selama suplemen tersebut bermanfaat, tidak akan ada kerugian waktu bila dibandingkan dengan manfaatnya, tidak akan ada kerugian psikologis selama suplemen berasal dari perusahaan dan Negara ternama. Fungsi dan kegunaan, merek terkenal, dan negara asal adalah factor dominan dalam keputusan pembelian.

Keyword: *consumers' perception, purchase behavior*

INTRODUCTION

There is an increase of food supplement consumption. Taking vitamin as well as pills supplements has become a fashionable trend within community. It is probably caused by the increasing understanding and awareness of health value, which drive the people to seek food supplement. The growing economy in Malaysia lead the work places tend to be more competitive, therefore people need more energy to support their activities to compete. And other reason why people consume food supplement is due to life style. People want to appear fresh, more beautiful, and younger and so on. Therefore, it was beneficial to conduct a study relate to food supplement, which will generate valuable information for companies which are involved in this industry.

The major issue related to food products including dietary supplements is the perception of risk by the consumer. Previous studies provide

evidence that consumer risk perceptions influence their buying behavior. Among these studies are: Krystallis and Chryssohoidis (2006) in their research related to organic food found that one of the factors that influence consumers to pay for organic food category is the food security, Mohan and Cowan (2004) reported that consumer perception of food safety of minced beef meat affect the purchase, and in line with Krystallis and Chryssohoidis (2006) and Mohan and Cowan (2004), Yeung and Morris (2001) found that consumer perception of food safety risks affect their buying behavior towards fresh meat products. Based on above reasons and evidences, present study has explored about the consumers' risk perception on food supplement and the potential purchase behavior on it. This study was expected to answer the following questions:

1. How do consumers perceive the risk of the food supplement?
2. How does their risk perception influence their purchasing decision?

This study was carried out by qualitative method. At the first place, in-depth interview was conducted. The target respondents are the volunteers who are consuming or ever consumed the food supplements. The aim of in-depth interview is to explore information related to research question. In the second place, after doing in-depth interview, the collected information was analyzed for getting answers for the research questions.

LITERATURE REVIEW

Refer to England food supplement regulation 2003 (11) and the European Parliament 2002/46 (12) (www.governmentchemist.org.uk/docGallery/74.PDF), A food supplement is defined in the regulation as follows:

“food supplement” means any food the purpose of which is to supplement the normal diet and which (a) is a concentrated source of a vitamin or mineral or other substance with a nutritional or physiological effect, alone or in combination; and (b) is sold in dose form. “Dose form” means a form such as capsules, pastilles, tablet, pill, and other similar forms, sachets of powders designed to be taken in measured small unit quantities.

In Malaysia, the term “dietary supplement” is not legally defined, but is generally defined as a product that is used to supplement the diet. These products are used by ingested in the form of pills, capsules, powders or liquids. Drug Control Authority (DCA) is an executive body established in accordance with the regulatory control of the Drugs and Cosmetics 1984. The main task of this Authority is to ensure the safety, quality and efficacy of medicines, health and personal care products marketed in Malaysia. All manufacturers, importers and wholesalers of herbs, health food and supplements, and traditional medicines are required to register with the Drug Control Authority (www.bpfk.gov.my).

Due to the concerns of the Government in respect of counterfeit, imitation and unregistered products being manufactured or import and sold, and in an effort to streamline the manufacture, import and sale of genuine product, the ministry of Health has issued a directive on the use of a hologram security device to authenticate and verify that products sold have been duly registered with the Drug Control Authority (DCA) (www.bpfk.gov.my, IADSA)

Definition of consumer risk perception

The concept of risk in marketing context was initially introduced by Bauer, 1967. (Hassan, et al, 2006: Mohan and Cowan, 2004). The concept of perceived risk comprises two components: perception on uncertainty and the seriousness of adverse consequences. Cunningham, 1967 defined risk as “the amount that would be lost if the consequences of an act were not favorable, and the individual’s subjective feeling of certainty that the consequences will be unfavorable.”(Hassan, et al: 2006). Perceived risk is the expected negative utility associated with the purchased of a particular product or brand (Dunn, Murpy and Skelly, 1986). Hassan et al, (2006) in their study case on online shopping defined risk as “the expectation of any loss or any negative consequences as a result of online shopping. Based on above studies in present study, consumer risk perception is defined as the “perception of consumer on the expectation of any loss or any negative consequences as a result of food supplement consumption.

Factors that influences consumers’ risk perception on food safety

Past research showed that women were more concerned than men on risk related to food safety, the number of children in household also influenced the respondent’s perception of health and food safety issue, and there was a negative relation between number of years of education and the individual’s perception of the risk in food (Dosman, Adamowicz and Hrudny, 2001). Barnett and Breakwell (2001) reported that differences in

experience of risk activities can explain how individual assess risk.

Dimensions of perceived risk

Researchers have proposed the concepts of risk from the customer's perspective. One of the author, Roselius (1971), said there are four kind of losses (1) Time loss: When some products fail, we waste time, convenience, and effort getting it adjusted, repaired, or replaced, (2) Hazard Loss: Some products are dangerous to our health or safety when they fail, (3) Ego Loss: Sometimes when we buy a product that turns out to be defective, we feel foolish, or other people make us feel foolish, (4) Money Loss: When some products fail, our loss is the money it takes to make the product work properly, or to replace it with a satisfactory product. Another author Dunn et. al., (1986), reported there are eight dimensions of perceived risk: financial, social, performance, physical, psychological, economic, opportunity loss, and time. Hassan et. al., (2006) in their study on online shopping defines eight dimensions of perceived risk as: Financial risk, performance risk, time-loss risk, social risk, physical risk, psychological risk, sources risk and privacy risk. Whereas Yeung and Morris (2001b) identified the six components of perceived risk, which is same as definition proposed by of Stone and Gronhaug (1993). The following table 1. Presents the component of perceived risk

Stone and Gronhaug (1993), on his study on computers' consumer found that the six dimensions of perceived risk are significantly contributed to overall risk. And psychological risk mediated financial, social, time, performance and physical risk to contribute to overall risk. And financial risk directly contributed to overall risk and also has the highest correlation.

Consumer risk perception and purchase likelihood

Taylor (1974) said that perception of risk is one pivotal aspect of consumer behavior, because risk is often perceived to be painful in that it may produce anxiety in which case it must be dealt with in some manner by the consumer. Dunn et. al., (1986) found that consumer risk perception was associated differently with the brand types. According to Bauer (1967), consumers often develop four strategies to reduce the risk (Yeung and Morris, 2001). The four strategies are:

1. Stop, permanently or temporarily, the purchase of offending product, such as adopting a meat free diet;
2. Reduce the purchase of the offending product and thereby reduce the exposure to perceived risk, such as eating meat
3. Shift from one product to another similar type of product with less perceived risk, or to one for which there is greater toler-

Table 1. Component of perceived risk

| Perceived risk component | Implication |
|-----------------------------------|---|
| Physical loss | Negative health impact on consumers, associated with decline in food safety, associated with microbiological, chemical or technological factors |
| Performance loss | The taste and/or nutritional value of food product is adversely affected by the hazard |
| Financial loss | The cost of replacing the spoiled food, paying for medical treatment or loss of income owing to illness |
| Time | Time, convenience, effort in repurchasing and time lost owing to illness |
| Social loss | Poor food choice leading to social embarrassment if the food is contaminated |
| Psychological loss | Worries or concern experienced by consumers that consumers are expected to safe risk |
| (Source: Yeung and Morris, 2001b) | |

ance, such as switching from beef to poultry; or

4. Continue to purchase and absorb the unresolved risk, indicating that the perceived risk associated with a particular product is tolerable and no greater than alternatives.

Roselius (1971) promoted similar strategies with slightly difference:

1. He could reduce perceived risk by either decreasing the probability that the purchase will fail, or by reducing the severity of real or imagined loss suffered if the purchase does fail;
2. He could shift from one type of perceived loss to one for which he has more tolerance;
3. He could postpone the purchase, in which case he would be shifting from one general risk type to another;
4. He could make the purchase and absorb the unresolved risk.

Strategies 1,2,3 could be executing through the eleven risk relieving devices. Consumers choose it according to preference and to the type of risk involved, where consumers have absorb the unresolved risk and take it on the basis of their purchase (Roselius, 1971; Yeung and Moris, 2001). The eleven risk relievers are as follows:

1. Endorsements: Buy the brand whose advertising has endorsements or testimonials from a person similar to the consumers, from celebrity, or from an expert on the product.
2. Brand loyalty: Buy the brand the consumer have used before and have been satisfied with in the past.
3. Major brand image: Buy a major, well-known brand of the product, and rely on reputation of the brand.
4. Private testing: Buy whether brand has been tested and approved by a private testing company.

5. Store image: Buy the brand that is carried by a store which you think is dependable, and rely on reputation of store.
6. Free sample: Use a free sample of the product on a trial basis before buying.
7. Money back guarantee: Buy which ever brand offer a money- back guarantee with the product.
8. Government testing: buy the brand that has been tested and approved by an official branch of government
9. Shopping: Shop around on your own and compare product features on several brands in several stores.
10. Expensive model: Buy the most expensive and elaborate model of the product.
11. Word of mouth: Ask friends or family for advice about the product.

Studies by Roselius (1971) has shown that some risk relievers are more effective than other in reducing the perceived risk, brand loyalty and major brand image evoked the most consistently favorable response, while store image, shopping, free sample, and government testing slightly favorable. Yeung and Moris (2001) in their literature study on food safety risk have argued that price reduction is often used as a means of reduction perceived risk.

METHODOLOGY

In-depth interview were conducted on nine respondents who are chosen conveniently. The criteria of the respondents were one who ever consume or have been consuming food supplement at least 6 six month. The reason why should the respondent have to consumed or were consuming food supplement at least 6 months because their information will represent their permanent behavior, or permanent decision.

In-depth interview were conducted by using face to face mode on five of respondents, who were interviewed at their place. For other four respondents, were conducted by using Skype facility. It were done because the respondent

were difficult to be visited due to their time limitation, therefore the interviews were conducted at night using Skype. Time for face to face interview were various between 20 – 30 minute, and for Skype mode need one hour – one and a half hour. Before doing the interview, all of respondent were given explanation about the goal of the interview and ensure them that the interviews were not harmed. During in-depth interview the conversation were recorded and be translated in to script before analyzed. And from Skype mode, the chatting tags were edited to make the information precise.

THE FINDING AND ANALYSIS

Respondents Description

There were nine respondents, the six respondents are female and the rest are male. The range of age is between 27-37 years old, the level of education range between Secondary – Graduate, and the race vary between Malay, Chinese, and India.

Purposes of taking food supplement

Most consumer defined food supplement not too different from definition by England law and Malaysia Drug Control Authority (DCA). They defined food supplement as something like vitamin, mineral or herbal that added in their normal daily diet/food.

The purposes of taking food supplement can be classified into three categories.

- (1) General purpose; consumers take food supplement because they want to get general health; to boost up immune system, to get more energy. The reasons behind their action are due to their lack of satisfaction on their current diet or certain times their activities were over load so they felt the need to take food supplement. For general purpose they consumed food supplement more or added the doze when they are on overload activities.
- (2) Special purpose, they consume food supplement in order to maintain or support the specific need such as problem/enhancement with

their eyes, skin, hair, memory, etc. The findings were mixed in regard to special purpose, a part of them consume constantly but other part took less or do not consume when condition become well.

- (3) Medical purpose, respondent take the food supplement because they have medical problem like blood in balance, low hemoglobin. And for medical purpose they consume relative constantly.

All of respondents consumed more than one kind of food supplements; they took food supplement whether for general, special and medical purpose.

Consumers' risk perception

To explore consumers' risk perception, respondents were asked: "Do you think there are any negative losses or negative consequences by taking food supplement?, Do you have any doubt feeling on your food supplement consumption?, How about the price?, Is it easy to obtain your food supplement?, In term of time, do you require lengthy period of time to get your food supplement?"

In term of *physical affect*, few did not have any negative experience. They thought there was no physical effect because their food supplements are:

1. Based on the recommendation from personal doctor
2. Since only some kind of vitamin, no effect
3. Produced by recognized, trusted company, well known company (e.g. Amway)
4. Come from reliable company
5. Come from trusted country (country of origin) (NZ, UK, some of the US products, Australian; Singapore is better than China)
6. Have testimonial
7. Reliable brand (e.g.Kordel, Amway)
8. Producers have quality control (pesticide free)

9. Brand loyalty (for my children I give them the same as my food supplement when I was young)
10. Approved by government
11. Price (The price expensive — High quality)

Roselius (1971), found brand loyalty, major brand and government testing are dominant action of consumer to reduce hazard loss then follow by word-of-mouth, store image, shopping, private test, free sampling, endorsement, money back guarantee and price. Parts of this study's finding (No: 6-11) meet with Roselius's. The findings no 1,2, 3, 4, and 5 are seem new findings. Food supplement products which come from reliable company produced by known company and developed country of origin lead consumers to not experience the perceived physical risk. The finding no 1 and 2, where food supplement recommended by personal doctor and food supplement like vitamin were perceived no physical risk.

Generally, respondents did not experience the negative health effect; however one of the respondents experienced it. When she feels the negative effect, she stopped using and switch to other food supplement. And one respondent also thought to switch back to previous food supplement because her current food supplement did not come from the recognized company. She doubts that it will affect negatively in the future.

In term of *money loss*, all of respondents said the prices of their food supplements were expensive but they did not perceive any loss because they satisfied with the result, and obtained expected result. Respondent will not perceive money despite of the expense as long as it performances well.

In relation to *performance loss*, all respondents perceive no performance risk because prior of making a transaction, they already read the ingredient, functions, based on friend reference and the personal doctor. One respondent reported, she ever took other supplement but the performance was poor, then she switches back to previous food supplement.

In term of *psychological loss*, the majority respondents feel worry if the food supplements do not come from a recognized company, trusted company, well-known company, or from developed country (country of origin) . And one of respondents worries if she has to see a doctor for taking a lot of medication. She thinks better of taking a dietary supplement rather than having to visit doctor and consume many pills.

In term of *time loss*, all of respondents reported that there is no loss of time despite having to wait for a long period of time when buying food supplements from MLM channel. The beneficial effect compensate for the time spend on waiting for product. .

Considering factors in purchasing of food supplement

There are various factors considered by the respondents to buy food supplement products such as:

1. Quality of the product
2. Contain/ingredients
3. Usefulness/function
4. Recommendation salesperson
5. Belief that it works
6. The price
7. Producer (country of producer), recognized company
8. Known brand
9. Advice from personal doctor

Among above factors: function/usefulness, recognized brand and country of producer (country of origin) are dominant factors. These three factors are the most mentioned by respondents when they were asked about what factors they considered when buying food supplement. Also country of producer (country of origin) was associated with quality. Respondents, who take food supplement for medical and special purpose, tend to buy food supplement which are from recognized company, known brand, and from developed country.

Awareness of counterfeit product

In terms of awareness of the hologram label, although consumer did not mention directly as a factor in the purchase, but respondents with lower education seem to have the awareness and concern about it. In contrast, the respondents with higher education, they are less concerned about labeling hologram. At first glance, the lower education consumers are more aware toward counterfeit and safety issues of the supplement product than consumers with higher education.

This finding is in line with Dosman, Adamowics and Hruvey (2001) study. They reported that there is a negative relationship between the number of years of education and individual perceptions of risk. Perhaps respondents with higher levels of education believe that are able to analyze the risk of their dietary supplement stories through the media or other resources rather than based solely on the hologram label.

Higher education respondents who have less awareness on hologram labeling, they use a relative expensive supplement products. Given assumption that respondents who use expensive products are respondents who have high income, the findings are in line with Dosman, et. al., (2001) study. They reported there was negative relationship between the level of income and the level of perceiving risk. People with high level income could purchase higher-price-product that mitigates risk. Therefore, they do not give deep thought in regard to hologram labeling.

Intention to buy

Respondents were asked about their food supplement consumption in the future. There are different answers among them. A part of respondent said that they will continue to consume the same supplement that they are currently taking. On the other hand, the rest of respondents said that they will continue but will switch to other products due to two reasons; first they assume that continuing with the same supplement will bring negative effect, second the supplement they are taking now were not produced by the recognized company.

CONCLUSION

A majority respondent perceived that food supplements which are: produced by recognized company, the countries of origin are from more developed country, and the expensive products do not bring a negative physical effect. Most of respondents perceived there is no financial loss as long as the food supplement works well. Furthermore, most respondents perceived there is no time loss because the favorable effects compensate for the time they spend on waiting. Majority respondents perceived there is no performance loss because the food supplements work well even though the result may be due to psychological assumption. Respondents perceived there is no psychological loss because they took food supplement based on personal doctor recommendation, the food supplement produced by recognized or trusted company, and the country of origin is from developed country.

In term of buying behavior, respondents reduce their risk perception through their purchasing. Function/usefulness, recognized brand and country of producer (country of origin) are dominant factors in purchasing the supplement products. Respondents tend to buy food supplement for special and medical purpose from more recognized company, more known brand and more developed country than food supplement for general purpose. There are possibilities to switch to other products because a part of respondents perceived there is physical negative effect in the future if using certain product for a long time and also current product do not come from the recognized company. Higher educated respondents have lower awareness on hologram labeling than respondents with lower education. Or in other word, the lower educated respondents concern about the government policy in Hologram labeling in their purchasing of food supplements.

Limitation and Research suggestion

This research has limitations; first, the main limitation was significantly small number of respondents. Second, the various biographical data was not adequate. Third, it was only

conducted in Malaysia. In the future, conducting the same research using more respondents as well as including not only consumer but also sales person will be able to obtain more various valuable information. And also conducting a comparing research between consumers from developed and developing country will lead us to understand better on how consumers perceive the risk of food supplement and their purchasing behavior.

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