

Effect of Trust and Risk on Consumer's Decision to Purchase Chicken Meat In Surabaya

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Abstract - Food and Beverage industry had been growing in a rapid pace at Indonesia. Data stated from Food and Beverage Companies Association of Indonesia (GAPMMIN) shows that the nation growth of food and beverage industry in the last 5 years is quite high. Due to all this growth in Food and Beverage industry, the needs of raw materials such as vegetables, fruits and all kind of meat is also increasing, one of the most important for this industry is chicken meat. But of course as the population of farm is growing, problems also occurs even more than before, such as selling dead chicken meat, and the danger of bird flu. Due to this issue, government try to prevent and solve the problem, some education and sharing information have been done. This research try to find out how Trust and Risk variable effect on consumer's decision to purchase chicken meat in Surabaya. Forty people in Surabaya have been selected to become the respondent for this research. This study shown that both Trust and Risk have simultaneous effect, but Risk have negative and un-significant effect, while Trust have positive and significant effect on Consumer's Decision to purchase chicken meat in Surabaya.

Keywords: *Trust, Risk, Consumer's Decision*

I. INTRODUCTION

Food and Beverage industry had been growing in a rapid pace at Indonesia. Data stated from Food and Beverage Companies Association of Indonesia (GAPMMIN) shows that the nation growth of food and beverage industry in the last 5 years is quite high (Surabaya Post Online, retrieved on 6 February 2012). The selling volume in 2007 reached Rp. 383 zillion, in 2008 reached Rp. 505 zillion, in 2009 reached Rp. 555 zillion, in 2010 reached Rp. 605 zillion. One of province that helps to boost up the Food and Beverage industry in Indonesia is East Java especially Surabaya. The head of DPD Association of Café and Restaurant Indonesia (Apkrindo), Tjahjono Haryono, admitted

that now there are more than 2000 restaurants at Surabaya alone with 20% average growth per year.

Due to all this growth in Food and Beverage industry, the needs of raw materials such as vegetables, fruits and all kind of meat is also increasing. It causes a positive impact too on other industry such as agriculture and farming. Among all the raw materials, one of the most important for this industry is chicken meat. Most people in Indonesia very familiar with the chicken mea, and even government of Indonesia had suggested that people should eat more chicken and eggs to meet the body's protein requirement. This caused the chicken farms populations are growing more and more.

As the population of farm is growing, problems also occur even more than before. There are some facts that seller would sell dead chicken meat (carcass) in order to gain more profit and win the competition by sell it in lower price from the competitors. In high season such as Lebaran or Christmas, the rates of people selling carcass meat are increasing. This type of meat was found a lot during the police examination through the traditional market at Yogyakarta, Bogor and lots of other cities. (rimanews.com, retrieved on 8 February 2012).

Another issue, such as bird flu is spreading widely, makes people tend to avoid poultry products. The infections caused by bird flu might have reduced a lot in these past few years since people becoming more aware of its symptoms and lot hospitals had prepared for its cured but Indonesia remains the "hot spot" for this disease as backyard poultry farms remain the backbone in supplying meat for the population. This caused the bird flu virus more difficult to stop. Most of the country's industrial scale poultry breeders apply hygienic practices, such as regularly disinfecting the chicken coops and applying strict, personal

hygiene practices after contact with the birds. In contrast, however, backyard poultry farms often apply less adequate hygiene practices, such as infrequently disinfecting chicken coops, or placing housed chickens too close to human settlements. This puts people living in surrounding areas at a higher risk of viral infection. Government tried to control the spread though many efforts had failed. Bird flu had caused 147 deaths from 179 cases, spread across 13 provinces. (The Jakarta Post, retrieved on 8 February 2012).

Based on the theory of Yiridoe et al. (2005) that stated when buying food, people will mostly concern about food safety, human health, environmental impact, whereas commodity attributes included taste, freshness and packaging, the researcher want to find out about the effect of Trust and Risk on Consumer's Decision to purchase chicken meat in Surabaya.

II. LITERATURE REVIEW

A. *Decision to Purchase*

According to Kotler and Keller (2009), decision to purchase is the buying process that starts when the buyers recognize a problem or need triggered by internal or external stimuli.

There are five steps in consumer buying behavior according to Kotler & Armstrong (2008):

1. Need of Recognition, this is the very first step in decision to buy where the consumer recognize a need, triggered by internal stimuli such as hunger, at a high level it can be a strong desire to purchase or by external stimuli.
2. Information Search, step when the consumer wanted to know more about a certain product. The information can be obtain from many sources such as friends, family, internet, package of a product, government organization, etc.
3. Alternative Evaluation, step when the consumer used the information and knowledge available to evaluate similar products and choose the best alternatives.
4. Decision to Purchase, step when finally the consumers buy the products. There are two factors that affect decision to purchase. First is the behavior of other consumers. If that consumer had a special connection or it is someone close to the consumer, it can affect the way of a consumer think. Second is the situational condition such as price, income, benefit of the products, etc.
5. After Buying Behavior, step where the consumer takes an evaluation action after buying a product. The satisfaction level

will determine the consumer loyalty towards a product or brand.

B. *Trust*

Virtually trust, or more broadly, 'general trust', can be defined as "the extent to which one believes that others will not act to exploit one's vulnerabilities" (Morrow et al., 2002). The formation of trust and the degree to which the trust is formed by a cognitive or an affective response will depend on past experience (Morrow et al, 2002).

Determining who, how and why a consumer trusts certain information sources or suppliers is also an important component for food safety projects. A consumer's trust in the 'institution' or individual to purchase from, to some extent, must be unconditional as consumers are fully reliant on a provider's reputation. There are several sources of information on food safety available for consumers and categories as follows:

1. Labels
2. Advertising
3. Other point-of-purchase information, word-of-mouth
4. Diet and health guidelines from the medical profession, government, independent authorities, consumer groups
5. Media news

Tabloid, newspapers, government ministers and food industry (manufacturers and supermarkets) are getting the least trust from people while interestingly friends and family were apparent to have less of a reporting bias compare to those other institution information, although it was approved that this source was the least knowledgeable (Hunt and Frewer, 2001)

C. *Risk*

The way people respond to food risk varies from one person to the others. Commonly, the technical approach defines risk as "an objective, essentially value-free assessment of the probability of negative consequences" (Sapp, 2003).

The social process approach which defines risk as a variable that is determined through public opinion, that is, "risk arises from public discourse about the technology and the political and economic conditions that influence expert assessments" (Sapp, 2003). Social approaches need the support of much literature such as the media, government, or any other articles connected with food issues.

According to Frewer et al. (1997), risk can be measured by microbiological hazards and technological hazards (production risks e.g. pesticides, genetically modified foods etc.) levels

in a certain product. This means that to measure public risk perception, not only different resources of appraisal are required but also different methods of guiding principle are deployed to make sure that the accurate type of information is available.

Sources of information about the food can be derived from personal experience of the consumer or their friends or family or an official statement. A consumer's risk perception is likely to be 'asymmetric' and to change over time, as a result of both positive and negative news, which is also seen to be 'asymmetric' and to have temporal effect (Liu et al, 1998)

III. RESEARCH METHODOLOGY

This research uses two independents, as in Lobb (2004): Trust (three items) and Risk (three items) to measure Consumer's Decision to Purchase (three items). The corresponding items of the questionnaire are mentioned in Appendix. A five point scale (likert type) was used to measure enabling the respondents to take a neutral position.

During the course of behavior research, data are gathered, recorded and analyzed in a systematic and objective manner so as to apprehend and foresee how people feel, think and behave (Arnould et al., 2004). A quantitative study, consistent with the quantitative paradigm, is an inquiry into a social or human problem, based on testing a theory composed of variables, measured with numbers, and analyzed with statistical procedures, in order to determine whether the predictive generalizations of the theory hold true (Creswell, 1994).

The research design is conclusive, in which it is single cross sectional descriptive in nature. The primary data was collected using non probability sampling technique. A self-response questionnaire was used to collect data. The data cleaning has reduced the final sample size to 40.

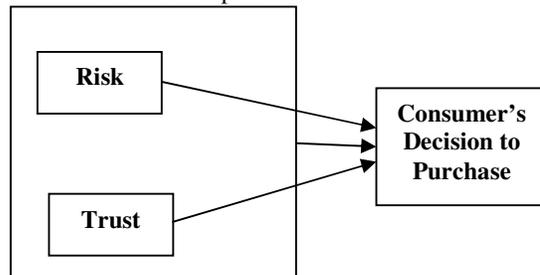


Figure 1. Research Model

IV. RESULT
TABLE I. MODEL SUMMARY

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.424 ^a	.180	.136	1.057

a. Predictors: (Constant), risk, trust

The value of R (.424) showed that the relationship between the dependent variables (Risk and Trust) and independent variable (Consumer's Decision to Purchase) is moderate. The value of Adjusted R Square (.136), means that both independent variables effect dependent variable 13.6%. This means there are 86.4% other factor/variables that may affect consumer's decision to purchase chicken meat in Surabaya.

TABLE II. ANOVA

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.064	2	4.532	4.056	.026 ^a
	Residual	41.336	37	1.117		
	Total	50.400	39			

a. Predictors: (Constant), risk, trust

b. Dependent Variable: buying decision

F test results obtained that simultaneous, the independent variable (Risk and Trust) significantly affect the dependent variable (Consumer's Decision to Purchase).

TABLE III. COEFFICIENTS

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	7.259	1.581		4.592	.000
	trust	.373	.133	.440	2.808	.008
	risk	-.138	.104	-.207	-1.324	.194

a. Dependent Variable: buying decision

Based on Multiple Regression Analysis, it obtained results that Trust have positive and significant effect, while Risk have negative an insignificant effects on Consumer's Decision to purchase chicken meat in Surabaya.

V. DISCUSSION

This study focuses mainly on the relationship between Risk and Trust on Consumer's Decision to purchase chicken meat in Surabaya. Survey data of 40 individuals were used, showing that only Trust had a significant effect on Consumer's Decision to purchase chicken meat in Surabaya, while risks do not have significant effect.

This result shown that as long as people had their own trusted sources of buying chicken meat, government testimonial or any trusted information, they will keep buying chicken meat despite of any virus or diseased issue or other issues that spreading. News from rakyatmerdeka.co.id (retrieved on 28 June 2012) stated that even though bird flu virus had spread to Lubuklinggau city, it did not make the chicken meat price or the chicken

meat selling to drop, this shown that people are still have trust in consuming chicken meat.

This result also shown that 58.53% of the respondent consumes chicken one to three times a week, while the rest consumes more than that. This shown that in spite of the risk, the people still trust the chicken meat. Most of the respondents stated that they trust the sources where they buy the chicken such, whether super market or the traditional market. It depends on individuals preferences; this also proved that the consumers do not stop consuming chicken even though there is spreading disease such as bird flu or cases of people selling dead chicken meat

VI. CONCLUSIONS

The result shown that partially only Trust had a significant effect on consumer's buying decision while risks do not have a significant effect. This means that actually the decision to buy chicken meat is more influenced by internal factors such as how people gain the information from trusted source, such as the media or the seller to buy the chicken meat, while external factors such as bird flu and dead chicken meat do not have significant influenced. Many people might think of it as a hoax as what rakyatmerdeka.co.id (retrieved on 28 June 2012) had stated.

Appendix

Trust:

1. Consuming chicken is safe for me.
2. I buy chicken from supplier that I trusted.
3. I have trusted information about chicken meat.

Risk:

1. Chicken that I ate free from chemical substances.
2. Chicken that I ate free from viruses.
3. Chicken that I ate free from genetically modification.

Decision to Purchase:

1. I always choose chicken as alternative food.
2. I always look for information according to chicken meat.
3. I spread positive words on chicken meat.

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