

CHAPTER 1 INTRODUCTION

1.1. Background

There is a growing customer behavior trend in Indonesia and across ASEAN countries shifting to plant-based diets. This has given rise to a market for plant-based drinks, which are now becoming increasingly popular. Plant-based drinks are becoming an integral part of the modern food industry, which also helps to meet public demand for healthy and plant-based food. As per the most recent report released by the British Nutrition Foundation (BNF) in 2022, the current value of the global market for plant-based beverages stands at an astounding USD 25.06 billion. Predictions suggest a significant growth potential, with expectations indicating that the market will soar to an impressive USD 67.62 billion by 2028. These figures clearly demonstrate that the plant-based beverages industry is poised to undergo a remarkable Compound Annual Growth Rate (CAGR) of 14.32% during the forecast period. This substantial growth trajectory highlights the immense opportunities within the industry.

The beverage industry is undergoing a transformation with the emergence of plant-based drinks. According to a study by Munekata et al. (2020), The rising desire for beverages that are not only environmentally friendly but also provide significant health benefits has led to a remarkable increase in the popularity of plant-based drinks. These delightful concoctions are skillfully created using a wide variety of plant-based sources, such as nuts, seeds, grains, and fruits. What's truly captivating is the extraordinary growth expected in the plant-based milk market, with a projected value of an astounding \$21.7 billion by 2024. Among consumers, it is worth noting that almond milk holds the crown as the most sought-after choice in this rapidly expanding sector. This shift towards plant-based drinks is driven by several factors including health concerns, environmental sustainability, and animal welfare. Many people's lactose intolerance, dairy allergies, public concerns about antibiotics and hormones in cow's milk, the high cholesterol content of cow's milk, animal rights issues, rising interest in vegan and vegetarian diets, and potential health benefits of a plant-based diet are all driving the growth of this market (Tangyu et al., 2019).

People around the world eat plant-based milk, with Japan leading the pack among selected Southeast Asian countries (Euromonitor, 2023).

**APAC: Plant-based Milk Market Sizes
(USD Mio) 2022**

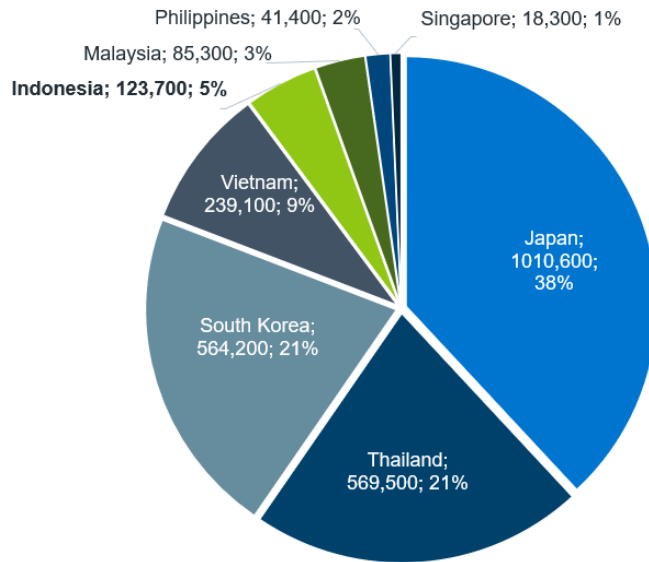


Figure 1. Plant-based Milk Market Size in Selected Southeast Asian Countries (2022)

Health-conscious consumers are the most likely to purchase plant-based beverages. Plant-based beverages are also extensively available on the global market; however they are concentrated in certain countries.

The Japanese plant-based milk market continues to grow, fueled by consumers' interest in the health benefits of plant-based milk. As discussed in Mintel's Flexitarian and plant-based food trends in Japan 2021 (Mintel, 2022a), A study conducted by Reiher (2012) found that while traditional Japanese cuisine is known for its healthfulness, the rise of Western-style fast food and convenience store options has led to a shift towards less healthy eating habits, which can be high in calories and low in nutritional value. Another issue faced by Japanese consumers is the lack of variety in their diets. The traditional Japanese diet is based largely on rice, fish, and vegetables, with little emphasis on meat or dairy products. This limited variety can lead to deficiencies in certain nutrients, such as calcium and vitamin D. Thus, by offering nutritious plant-based milk into the market, Japanese would opt to have it in convenience. The market has grown by 1% year-on-year in 2020 and is expected to grow 2% year-on-year in 2022. Soy milk leads the plant-based milk market, as 38% of Japanese consumers have purchased it in the last six months to May 2020.

This is followed by almond milk, purchased by 12% of consumers, and coconut milk, purchased by 7% of consumers. Another factor causing the growth is that Japanese consumers enjoy flavored plant-based milk by transforming it into a dessert in addition to drinking it just as it is. Brands are exploring innovative flavors across categories to excite and attract consumers (Mintel, 2022b).

Plant-based milk is also becoming more affordable, making it a viable option for those on a budget. In Indonesia, plant-based milk is still relatively new, but it is slowly gaining popularity. It is becoming more widely available in stores, and more people are becoming aware of its health benefits (Vegconomist, 2022).

This article examines consumer purchase intention of plant-based drinks and its determining factors in Indonesia and across ASEAN countries. The results obtained will then be compared with a group of ASEAN countries to see exactly what factors that affect the most.

1.2. Background

With the rise of health-conscious consumerism, the demand for plant-based milk has been steadily increasing globally (Jeske et al., 2018). However, this trend has not been seen in Indonesia. In an effort to understand why Indonesians might not so interested in plant-based milk, this paper will explore three topics: the Perceived Behavioral Control of individuals when purchasing products, the Subjective Norm in Indonesian society, and the Attitude of one's perception toward plant-based milk in Indonesia. In doing so, we can better understand the factors that affect Indonesian consumers' buying intentions and perceptions toward plant-based milk products.

In a research conducted by Arwanto et al. (2022), the study found that the primary reason why Indonesian consumers avoid non-dairy alternatives is due to perceived health risks. It found that many are concerned about the lack of essential nutrients and potential side effects, such as allergies, digestive issues, and other health complications. A further study by (Sutton et al., 2020) examines the social stigmas surrounding plant-based milk in Indonesia, showing an unfavorable perception of non-dairy alternatives in Indonesia due to traditional culture and religious beliefs, where plant-based milk is often seen as an inferior substitute for dairy milk. Thus, to increase acceptance of plant-based milk, more education and awareness campaigns is suggested to be conducted to counter existing pessimistic views.

The economic impact of plant-based milk market in Indonesia has been the subject of many studies, with (Paul et al. 2020) providing a comprehensive overview of the low demand for non-dairy alternatives in the country. This research found that there is a lack of consumer awareness

and motivation to purchase plant-based milk in Indonesia due to the perceived superiority of dairy products. Additionally, the low cost and availability of dairy products are a major factor in the low demand for non-dairy alternatives. To increase demand, more consumer-oriented marketing and greater education and awareness of the health benefits of plant-based milk are needed.

1.3. Problem Statement

The success of plant-based milk brands in the Indonesian market has been a great challenge. In this research paper, the author will analyze the various factors preventing the success of plant-based milk brands in the Indonesian market, explore the impact of the superiority of traditional dairy milk toward plant-based milk, causing some brands in Indonesia to experience a decline in demand, and investigate potential strategies to help plant-based milk brands succeed in the Indonesian market. Through this exploration, the author will gain a better understanding of the difficulties faced by plant-based milk brands.

The Indonesian market has seen an increased interest in plant-based milk brands, with many consumers looking to reduce their environmental impact and improve their own health by turning to plant-based alternatives. However, a study conducted by Sumner & Burbridge (2020) found that the cost of producing plant-based milk is significantly higher compared to traditional dairy milk. The raw materials used in producing plant-based milk, such as almonds, oats, and soybeans, are more expensive than cow's milk. Additionally, the processing involved in making plant-based milk is more complicated and requires specialized equipment, adding to the cost. According to (Pienwisetkaew et al., 2022), Using the Theory of Planned Behavior, there are various aspects that can influence consumer purchasing behavior toward plant-based milk:

1. **Perceived Behavioral Control:** Perceived behavioral control refers to an individual's idea that they have control over how their behavior will be carried out. Positive perceived behavioral control can be strengthened by concentrating on the relationship between attitude and intention (Yeon Kim & Chung, 2011).
2. **Subjective Norm:** Subjective norms are the cultural behaviors that one perceives as influencing their decision to engage in or refrain from engaging in a particular behavior (Ajzen, 2020).
3. **Attitude:** The dominant character of a consumer is studied through the lens of attitude since it shapes concepts, emotions, and, most importantly, how consumers make decisions (Zsóka et al., 2013).

According to (Joshi & Kumar, 2015), the authors point out that plant-based milk products have become increasingly popular in Indonesia, yet these products have encountered numerous obstacles in the Indonesian market, such as consumer preference for traditional dairy products and a lack of marketing initiatives by plant-based milk companies.

These are the issues that the author proposes to examine the viability of the Theory of Perceived Behavior (TPB) that might affect Indonesian consumers' purchase behavior toward plant-based milk. This paper will examine the influence level of each of the factors on consumers' purchase intention with the hope that they can be used as a referral study when developing or launching plant-based milk products.

1.4. Research Questions

1. To what extent does the Perceived Behavioral Control (PBC) factor of the Theory of Planned Behavior (TPB) influence the Attitude (AT) of plant-based products in Jakarta?
2. To what extent does the PBC factor of the Theory of Planned Behavior (TPB) influence the Purchase Intention (PI) of plant-based products in Jakarta?
3. To what extent does the Subjective Norms (SN) factor of TPB influence the PBC of plant-based products in Jakarta?
4. To what extent does the SN factor of TPB influence the AT of plant-based products in Jakarta?
5. To what extent does the SN factor of TPB influence the PI of plant-based products in Jakarta?
6. To what extent does the Attitude factor of TPB influence the PI of plant-based products in Jakarta?

1.5. Research Objectives

1. To assess the extent of influence of the PBC factor of TPB on consumers' AT of plant-based products in Jakarta.
2. To assess the extent of influence of the PBC factor of TPB on consumers' PI of plant-based products in Jakarta.
3. To assess the extent of influence of the SN factor of TPB on consumers' PBC of plant-based products in Jakarta.

4. To assess the extent of influence of the SN factor of TPB on consumers' AT of plant-based products in Jakarta.
5. To assess the extent of influence of the SN factor of TPB on consumers' PI of plant-based products in Jakarta.
6. To assess the extent of influence of the AT factor of TPB on consumers' PI of plant-based products in Jakarta.

1.6. Significance, Scope, and Limitation of the Study

This study delves into the various factors that influence consumers' intention to purchase plant-based milk in Indonesia, providing valuable insights into their behavior and demands. This knowledge can play a crucial role in guiding future marketing strategies, product innovations, and policy-making initiatives in the plant-based milk industry. With the increasing popularity and accessibility of plant-based milk among Indonesian customers, it is essential to thoroughly grasp the factors behind their purchase intentions in order to steer the industry towards success and achieve broader market penetration. Overall, this research contributes to a more comprehensive understanding of the Indonesian market and its potential to promote the growth of plant-based milk production and consumption throughout the nation.

Conducted with the purpose of identifying the factors that influence consumers' intention to purchase plant-based milk in Indonesia, this research was undertaken by a university student. To gain a comprehensive understanding, I specifically focused on Jakarta, which is recognized as Indonesia's most influential city. The study lasted from January to June 2023. Within this research, I delved into various facets, exploring the impact of factors derived from the Theory of Planned Behavior (Perceived Behavioral Control, Subjective Norm, and Attitude) on individuals' purchase intention. Furthermore, I examined the relationships existing between these factors. To gather data, a survey was administered to respondents residing in Jakarta. This research study holds significant value in augmenting the current body of literature concerning consumers' purchase intention towards plant-based milk. It underscores the importance of the Theory of Planned Behavior in the decision-making process. By shedding light on these pivotal elements, valuable insights into consumers' attitudes and behaviors regarding plant-based milk purchases are acquired.

The study has several limitations, first of all, data collection is limited by the time frame, which spans about 4-5 months. Second, this research might not be applicable to describe conditions in other cities or provinces because it will only collect samples in the Jakarta area. The third

drawback is that this study focuses solely on the variables affecting consumers' purchase intentions. As a result, this study will not examine additional or other external factors such as brands, accessibility, product ingredients, claims, etc.

1.7. Hypothesis Development

Hypotheses 2, 5, and 6 determine whether or not PBC, SN, and AT has a positive effect on Purchase Intention, while hypothesis 1, 3, and 4 test the positive relationship between each factors to another.

The proposed research hypothesis is as follows:

Table 1. Hypothesis Development

Hypothesis	Description
H1	Perceived Behavioral Control (PB) has a positive influence on Attitude (AT)
H2	Perceived Behavioral Control has a positive influence on Purchase Intention (PI)
H3	Subjective Norm (SN) has a positive influence on Perceived Behavioral Control
H4	Subjective Norm has a positive influence on Attitude
H5	Subjective Norm has a positive influence on Purchase Intention
H6	Attitude has a positive influence on Purchase Intention