

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Today's society contends with severe environmental and habitat-related concerns, especially in emerging nations. Among them, the depletion of natural resources and global warming has both directly and indirectly affect consumer decisions (Ogiemwonyi et al., 2023). Therefore, there has been a shifting perspective on organic foods, which can be driven by positive attitudes toward environmental sustainability and the pursuit of food security, safety, and human health (Akter et al., 2023; Azzurra et al., 2019). Environmentally conscious individuals perceive organic food as an attractive choice due to the natural growing techniques employed that may mitigate the adverse effects of conventional farming on the ecosystem (Akter et al., 2023). Subsequently, the nutritional advantages and environmental benefits of organic food are widely acknowledged, making it particularly in line with the personal values of health-conscious and eco-aware persons (Chen et al., 2022; Kushwah et al., 2019).

Purchasing and consuming organic food is increasingly acknowledged as a critical component of sustainable behavior, given their promotion of environmentally friendly agricultural practices and the provision of healthier food options (Nguyen et al., 2019). Thus, the demand for organic food has transitioned from a niche interest to a staple in the mainstream market. This shift signifies broader consumer recognition of organic food, reflecting fundamental changes in

preferences and necessitates adaptations in marketing as it becomes widely integrated into the general market (Anisimova & Vrontis, 2024). According to Hansmann et al., (2020), recent research builds upon earlier findings by World Health Organization (1990), highlights how organic food reduces the likelihood of consuming harmful contaminants like pesticide residue, which are typically present in conventional food and can have detrimental long-term health impacts.

As a result, understanding the profound impact of consumer values on organic fruit purchases, particularly through the lens of consumer attitudes, unveils critical insights for marketers aiming to capitalize into the growing market for organic products. In fact, the global organic agricultural trend itself has underscored a profound expansion, growing by over 500% since 2000 to encompass 96 million hectares by 2022 (Willer et al., 2024). In Indonesia itself, they are acknowledged as a leading emerging market in Asia for organic food and beverages, is strategically advancing its organic agriculture sector through the National Medium-Term Development Plan IV (2020-2024). Alongside China and India, Indonesia is poised for substantial growth in the organic sector, positioning the country as a pivotal player in the global market and underscoring its potential for agricultural innovation and sustainability (Wibowo et al., 2022; Willer et al., 2021). As of 2022, the country dedicated 87,195 hectares to organic agricultural land, up from 83,362 hectares in 2021. This represents a one-year growth of 3,833 hectares. Over a decade, the growth is even more pronounced, with an increase of 21,508 hectares from the base year.

Indonesia's organic industry, specifically on the tropical and subtropical fruits, is very modest, covering only 302 hectares or 0.05% of the country's total agricultural area, and exports of merely 1 metric ton to the EU and none to the USA (Willer et al., 2021, 2024). This implies how organic farming in developing countries like Indonesia still primarily focuses on meeting local consumption demand (Siahaan & Thiodore, 2022). Hence, research on consumer values and attitudes in Medan is crucial for understanding local demand and gather insights that can guide targeted marketing strategies to assist the expansion and competitiveness of organic agriculture in Indonesia. The Indonesian Organic Alliance (AOI) claims that fruits and vegetables, which account for 21% of the domestic market share, are the main drivers of the organic food industry in Indonesia. Next in line are honey at 10% and rice at 20% (Luthfiana et al., 2024).

According to B. D. Solomon (2023), altruistic value centers on the consideration of a broader societal and environmental impacts of economic activity. It emphasizes practices that are sustainable and in the best interest for the welfare of the community and future generations, rather than focusing only on short-term gains. Additionally, altruism represents selfless concern for the well-being of others, mainly contributions to common good (Driscoll & Oakes, 2023). In line with this, research by Prakash et al. (2019) highlights a significant connection between altruistic values and both attitudes and purchase intentions, especially among young Indian consumers. The study found that individuals driven by these values are more inclined to support eco-friendly packaged products, demonstrating that environmental concern can act as a motivator for ethical consumption

decisions. This finding emphasizes that consumers with strong altruistic tendencies perceive their purchasing behavior as a way to contribute to environmental conservation and social good.

As a result, the fact that one-third of global anthropogenic greenhouse gas are attributed to every stage of the food supply chain tends to position organic fruits as products aligned with altruistic principles. Additionally, another issue is also on the carbon footprint of the food system that is further exacerbated by the frequent production and use of inputs such as fertilizers (Crippa et al., 2021; H. Li & Lin, 2023). There is also issue on the supply chain for fruits and vegetables in Indonesia, which is inefficient, leading to a reliance on imports. This inefficiency is driven by trade systems controlled by a few operators (wholesalers), limiting market access for local farmers. As a result, local farmers face economic disadvantages when competing with large importers and their goods (Hippy & R, 2023). Additionally, the current distribution and planning for fruit commodities are not optimized to support regional economic development, making it challenging for local farmers to compete with the increasing influx of imported fruits (Juhandi & Purba, 2021).

Interestingly, Medanese consumers have a favorable view of the ecological advantages of organic vegetables, which reflects their selfless convictions in conserving the environment. However, this perception does not substantially impact their purchasing decisions, underscoring a disparity between environmental consciousness and real purchasing behavior that must be resolved for locally sourced organic fruits (Pranoto, 2023). This disparity between environmental consciousness and real-world purchase decisions highlights a challenge that must

be addressed to promote the consumption of locally sourced organic fruits. Marketing of local organic fruits with altruistic considerations, therefore, serve as a powerful driver in shaping consumer preferences for products that promote sustainability. Whether supporting local farmers, reducing carbon footprints, or choosing organic options, these values guide consumers toward making purchasing decisions that reflect care for the environment and community.

Egoistic value refers to a set of personal values that prioritize self-interest, focusing on individual benefits such as health, personal well-being, and social status. In the context of consumer behavior, egoistic values drive decisions that enhance personal gains rather than the welfare of others (Choi et al., 2020). This suggests that consumers may be motivated to engage in certain purchase behaviors if these choices are perceived to elevate their social standing or fulfill personal desires. However, this trend introduces challenges for local organic fruits industry, where consumers in Medan have always increasingly favor imported fruits over local organic fruit industry, threatening the livelihoods of local farmers, the sustainability of the local economy, and the environmental benefits associated with local organic agriculture.

Within the Asian region, including Indonesia, imported fruits are perceived as delicacies and symbols of high status, which reflects the deep-rooted cultural and socio-economic values that prioritize the appeal and prestige of foreign fruits over locally produced alternative (Yang & Panjaitan, 2021). Therefore, the preference for imported fruits is a manifestation of egoistic behavior. Likewise, Isaskar & Perwitasari (2021) identified that Indonesian consumers often regard imported

fruits, such as apples, as more prestigious and appealing, largely due to their attractive appearance and the association with higher quality. Supporting these findings, data on Indonesia's fruit imports from 2018 to 2023 reveals a strong and sustained demand for imported fruits, despite fluctuations in economic conditions. For example, in 2021, Indonesia's fruit imports saw a significant increase of 21.43% in net weight and a 17.94% increase in CIF value compared to the previous year, underscoring the robust consumer preference for imported produce. Even though there were slight declines in subsequent years, with a 3.30% decrease in net weight in 2022 and a further 7.99% decrease in 2023, the overall volume of imports remains substantial, indicating that the preference for imported fruits persists among Indonesian consumers. Consequently, Medan's food supply continues to rely heavily on imported ingredients from outside the city, which further underscores the local preference for imported products (Agita Pasaribu et al., n.d.; Sari, 2022).

Table 1.1 Imported Fruits into Indonesia by Country of Origin, 2018-2023

Country of Origin	2018	2019	2020	2021	2022	2023
Net Weight : 000 Kg						
China	397717,3	435918,6	441922,6	514902,7	479557,1	458257,4
Australia	27166,3	36235,8	25964,8	31352,2	34903,4	39769,8
Thailand	61576,8	75868,6	35134,8	58359,1	71178,8	51452,8
United States	38045,3	42604,8	33375,4	34948,3	26809,7	21308,1
Pakistan	48859,3	28179,2	16807	33123,8	23053,4	10210
Egypt	23975,4	23522,4	25146,5	24177,1	30047,8	26697,6
South Africa	11711,5	14310,6	8223	13022	13921,8	15895,9
New Zealand	6589,5	9431,8	6616,2	7897	6337,5	6041,9
Peru	2730,1	4202,6	1361,3	2725,3	2701,7	4690,2
Vietnam	1560	2086,8	1797,4	2810,8	4434	4851,2
Others	42821,7	51769,9	42207,3	52104,1	56909,8	50749,1

Total	662753,2	724131,1	638556,3	775422,4	749855	689924
CIF Value : 000 US\$						
China	741351,4	814227,8	823705,8	915397	906263,5	919409,4
Australia	100704,3	139268,4	97807,6	124521,7	125935,1	135196,1
Thailand	112881,9	141097,8	63145,7	109805,3	134763,5	92006,2
United States	110523	124886,7	102098,3	94250,3	88923	69574,6
Pakistan	69059,1	44555,5	27538,9	49647,9	28719,5	14397,3
Egypt	27461,6	30276	29256,8	30195	36917,8	30512,7
South Africa	22550,2	28519,9	14660,5	25156,3	25058,4	31632,5
New Zealand	19880,6	27912,3	20723,4	24821,2	21214,6	20523,1
Peru	11272,9	17436	5388,4	10989,5	10840,7	19956,2
Vietnam	7050,8	8429,4	4555,9	7587,4	13919,5	11588
Others	88137,8	109400,9	82648,8	107218,8	108026,6	100747,4
Total	1310874	1486011	1271530	1499590	749855	1445543,5

Source: BPS (2024)

Statistics from BPS (2023), show that local fruit production in Indonesia reached 28,238,174 tons in 2023, up from 27,712,183 tons in 2022 and 25,975,550 tons in 2021, indicating consistent growth in domestic production. However, if we narrow the focus to the top five most produced fruits in Indonesia in 2023—banana, mango, pineapple, orange, and durian—it becomes evident that despite rising local production, imports of several fruits continue to grow. For instance, orange production increased by 8.88% in 2023, reaching 2.93 million tons, yet import value rose by 3.74% to US\$ 264.27 million. Similarly, durian production saw significant growth of 17.06%, reaching 1.85 million tons, but import value skyrocketed by 5,492.59% to US\$ 4.53 million. Mango production experienced a slight decline of 0.19%, falling to 3.3 million tons, while imports grew by 8.86% to US\$ 1.68 million. These trends highlight a growing consumer reliance on imported fruits, despite Indonesia's efforts to boost domestic production across key fruit categories.

This paradox suggests that factors such as perceived quality, consumer preferences, or market dynamics might be driving the increasing demand for imported fruits, overshadowing local production gains.

Additionally, the surge in health consciousness among Medan consumers, led by organic food advocates emphasizing weight management, highlights a critical opportunity to leverage egoistic values of personal well-being to enhance the appeal of local organic fruits. (Tirtayasa et al., 2024a). The strong emphasis on a healthy lifestyle among Medan consumers profoundly impacts their purchase intentions for organic fruits (Dalimunthe, 2020).

However, the interplay between egoistic values and organic consumption is complex, as organic products can also serve as tools for signaling social status. Research shows that in specific contexts, the consumption of organic food positively influences brand identification and consumer (Hong & Ahn, 2021). This indicates that organic products are not merely associated with health benefits but can also enhance social identity. Puska (2019) further emphasizes that among urban males, organic food consumption is perceived as a status enhancer, improving social standing. Thus, consumers may adopt organic purchasing behaviors, not purely out of concern for the environment or health, but to build reputational capital by aligning with prosocial and ethical values.

This complex dynamic suggests that egoistic motivations can both challenge and promote the consumption of organic products. On the one hand, the preference for imported fruits driven by social status undermines local organic markets, posing risks to the environment and local farmers. On the other hand, organic products

themselves can enhance status and reputation, offering an opportunity for local producers to reposition their products. By framing local organic fruits as socially valuable and status-enhancing, marketers can appeal to consumers' egoistic tendencies while aligning these motives with sustainable consumption.

Purchase intention refers to a customer's willingness to buy a particular good or service. This reflects a consumer's attitude regarding their willingness to make a purchase (Sakr et al., 2023). Over the past few decades, research on consumer behavior has emphasized the importance of purchase intention in the context of organic food consumption (Popa et al., 2019). Next, consumer attitude refers to an individual's evaluative response, whether positive or negative, toward a product or brand, shaped by their experiences and interactions with it (Funk et al., 2022; Manggu et al., 2022). As prior research suggests, attitudes toward organic food are shaped by both egoistic and altruistic considerations, influencing the consumer's final purchase decision (Prakash et al., 2019).

This research conceptualizes four key variables to explore the dynamics influencing consumer behavior: purchase intention, egoistic value, altruistic value, and attitude. This study aims to contribute to the existing body of knowledge by exploring the relationships between egoistic value, altruistic value, and purchase intention within the context of local organic fruits. It seeks to provide a deeper understanding of the factors that drive consumers to purchase organic fruits by examining how self-interest and prosocial motivations interplay to shape behavior.

The model proposed in this study addresses several research gaps that remain underexplored in the existing literature. One key limitation identified by

Rodríguez-Bermúdez et al. (2020) is the over-reliance on data from developed countries, where most previous studies on organic food purchasing behavior have been concentrated. This geographical focus has created an imbalance, leaving a gap in understanding how these behaviors manifest in developing countries.

As a result, the writer is interested in conducting research to address these issues and to prove the correlation between these variables, under the title **“The Influence of Altruistic and Egoistic Value on Local Organic Fruits Purchase Intention in Medan Along with the Mediating Role of Consumer Attitudes.”**

1.2 Problem Limitation

The study is intended to examine how altruistic and egoistic values affect consumer purchase intention of local organic fruit in Medan, with a focus on the mediating effect of consumer attitudes. To ensure that the research remains narrowly focused, manageable, and yields insightful information, several deliberate constraints have been set to define the investigation’s scope as follows:

1. Geographically, the study is limited to Medan urban region. The purpose of this geographic limitation is to offer consumers a thorough examination of their behavior within a particular and pertinent environment. Additionally, the study is also done in a narrow focus that fits the researcher’s logistical skills. To prevent pushing beyond what is feasible and relevant to the goals of the study, Indonesian rural areas and other cities are not included.
2. Only organic fruits are studied in this research, intentionally excluding other categories of organic food such as vegetables, grains, or dairy products. This

specific product focus allows for a deeper examination of consumer values and attitudes as they pertain to organic fruits purchases. By narrowing the scope to a specific category of organic goods, the study can provide more precise and actionable insights, thereby enhancing the relevance of the research outcome.

3. The focus of the research is on the two independent variables of consumer values, which is altruistic (X_1) and egoistic (X_2). Altruistic values are those concerned with societal responsibility and environmental sustainability, whereas egoistic values are centered on the advantages to one's own health and sense of fulfillment. Other potential impacting values, such as cultural, economic, or social factors, will not be explored. This restriction is designed to maintain a clear and focused analytical framework, while ensuring that the study remains manageable.
4. This study revolves around the mediating variable on role of consumer attitude (Z). In particular, the study will look at how consumer values and purchases of organic fruits are mediated by consumer attitudes. This study does not include other possible mediators like social impact, or financial and demographic factors. The targeted methodology guarantees that the study offers a comprehensive and in-depth comprehension of the mediating impacts of consumer attitudes.
5. The primary dependent variable under investigation is the purchase intention toward organic fruits (Y). Due to the practical limitations in recording real-time purchase data, the focus is on purchase intention rather than actual purchase behavior. By limiting the study to purchase intention toward organic fruit, the

research can thoroughly examine the psychological and attitudinal precursor to consumer behavior without overextending its scope.

6. The research employs a cross-sectional survey approach, where a representative of Medanese consumers is distributed a structured questionnaire. The chosen methodological is driven by considerations of feasibility, time, and resources. This study does not use experimental designs, longitudinal studies, or qualitative techniques like focus groups or interviews. The selected method allows for an efficient collection and analysis of data within the available timeframe and resources, while still producing a robust and reliable insights.

By clearly defining limits, this research aims to provide a focused and comprehensive analysis of how altruistic and egoistic values influence organic fruit purchases in Medan, emphasizing the mediating role of consumer attitudes. These restrictions eliminate the superficiality and lack of depth associated with overly broad topics, enabling a thorough examination of the research questions.

1.3 Problem Formulation

In accordance with the background information and the objective to ensure empirical testability, this study seeks to answer the following research question:

- a. Does altruistic value influence consumer attitudes toward local organic fruits?
- b. Does egoistic value influence consumer attitudes toward local organic fruits?
- c. Does consumer attitude influence purchase intention toward local organic fruit?
- d. Does altruistic value directly influence purchase intention toward local organic fruits?

- e. Does egoistic value directly influence purchase intention toward local organic fruits?
- f. Does attitude influence purchase intention towards local organic fruits?
- g. Does attitude toward local organic fruits mediate the relationship between altruistic values and purchase intention?
- h. Does consumer attitude toward local organic fruits mediate the relationship between egoistic values and purchase intention?

1.4 Objective of the Research

The objective of this research is to get a thorough understanding of the variables affecting consumers' intentions to purchase organic fruits in Medan, with a particular emphasis on the roles that egoistic, altruistic, and the mediating influence of consumer attitudes. The specific objective of the research is as follows:

- a. To examine the influence of altruistic values on consumer attitudes toward local organic fruits.
- b. To examine the influence of egoistic values on consumer attitudes toward local organic fruits.
- c. To examine whether consumer attitude affect their purchase intention toward local organic fruit
- d. To examine whether altruistic value directly influence purchase intention toward local organic fruits
- e. To examine egoistic value directly influence purchase intention toward local organic fruits

- f. To examine the relationship between consumer attitudes and purchase intention toward local organic fruits.
- g. To examine the extent to which consumer attitudes toward local organic fruits mediate the relationship between altruistic values and purchase intention.
- h. To examine the extent to which consumer attitudes toward local organic fruits mediate the relationship between egoistic values and purchase intention.

1.5 Benefit of the Research

1.5.1 Theoretical Benefit

The findings of this research are expected to contribute to the growing body of knowledge regarding consumer behavior, particularly in the context of local organic fruits. By exploring the roles of altruistic and egoistic values in shaping attitudes and purchase intentions, this study offers valuable insights for future academic inquiries in the fields of consumer psychology, marketing, and sustainable behavior. Additionally, it expands the understanding of how personal values influence purchasing decisions for environmentally-friendly products, providing a basis for further research on consumer value frameworks and behavioral models in emerging markets.

1.5.2 Practical Benefit

The results of this research offer several practical benefits, particularly for marketers, businesses, and policymakers involved in the organic food sector:

1. For marketers and retailers, this research highlights the importance of emphasizing altruistic and egoistic motivations when promoting local organic fruits. Marketers can design targeted campaigns that appeal to consumers' personal health benefits while simultaneously promoting the environmental advantages of purchasing organic products.
2. For local farmers and producers, by identifying the value-driven factors that influence consumers' purchase intentions, the research provides actionable insights to help local farmers and producers better align their products with market demands and enhance the appeal of their offerings.
3. For policymakers, the findings can guide policy initiatives aimed at encouraging the consumption of locally produced organic foods. This can help reduce reliance on imported products, thereby supporting the local economy and the sustainability of the agricultural sector.
4. For consumers, the research helps raise awareness among consumers about the personal and environmental benefits of purchasing local organic fruits, promoting healthier consumption aligned with sustainable practices.

This dual focus on both theoretical and practical implications aims to foster a deeper understanding of consumer behavior in the organic fruit market while supporting the growth and competitiveness of the local organic industry.