

CHAPTER I

INTRODUCTION

1.1. Background

According to WHO, smoking is claimed to be harmful for people's health. Bad skin, yellow teeth and bad breath could be caused by smoking. These are all visible factors, but there are also effects that we cannot see, such as decreased athletic performance, and overall poor condition of the body. Smoking is an individual choice, which is why it is a habit that can be regarded as a preventable addiction.

Cigarettes have been existed in Indonesia since around 19th century. It was started with local cigarette companies that offered their products mostly to men in Indonesia. Recently, more cigarette companies enter Indonesian market and distribute their products, it is now not only a competition within local cigarette companies in Indonesia, but also a competition between local companies and international cigarette companies. With many cigarette companies, both local and international, competing their products in the country, the Indonesian government starts to worry about the smoking-related diseases to the citizen if there are a lot of products of cigarettes sold in Indonesia.

The increasing number of smokers in recent years makes the government giving serious attention to this problem. Based on Global Youth Tobacco Survey, the number of young smokers in Indonesia on 2006 was 12.6% and increasing

sharply on 2009 become 20.3% and on 2014 the young smokers become 29.3%. In Bali, based on the survey which was conducted by Lembaga Demografi Faculty of Economics Universitas Indonesia in 2013, the number of young smokers is 36.3%.

Regarding on this situation, the Indonesian government tries to control the consumption number of cigarettes in order to increase the health awareness in the society. However, the government of Indonesia cannot just stop and close the market of cigarettes that exists and doing business in Indonesia. It is because that up until now, the Indonesian government still needs the state revenue from the cigarettes companies to support the development of many aspects in Indonesia. The cigarettes companies give quite significant impact on government's revenue and lot of the workers on this industry are Indonesian. By making a wrong decision regarding to this matter, it will give impact not only for the government, but for the citizen also. Therefore, nowadays the government still supports the cigarettes businesses inside of the country.

At the old times, cigarette companies gave simple packaging for the cigarettes to be distributed. As long as the time goes by, the development of cigarettes packaging is getting more complex and significant. In 2014, the Indonesian government enacted a law that regulates the distribution of cigarettes in Indonesia. The purpose of this law is to warn Indonesian citizen about the negative impact of consuming cigarettes.

The warnings as a policy intervention were designed to increase Indonesian smokers awareness of the harmful effects of smoking; to influence their perception of the risks associated with their own smoking behavior and to decrease their comfort or satisfaction with their own smoking behavior; to prompt thoughts of quitting and ultimately to reduce smoking behavior.

The law that warns the Indonesian people about the negative impact of cigarettes is officially and firmly written in Law number 36 of 2009 on Health, particularly Article 114 and 199. Article 114 puts an obligation for every person producing or importing cigarettes to Indonesia to add health warning labels and images on the packaging of cigarettes. Article 199 determines that if the company fails to comply this obligation, the person will be given a maximum of five years imprisonment (Madyasta M.N., 2015).

Based on the aforementioned situations, the author is interested to examine the impact of health warning labels on packaging of cigarettes towards young smokers. The purpose of this research is to investigate how health warning labels can affect smoking behavior and after that affect the purchase intention of young consumers in Bali.

1.2. Problem Identification

Based on literatures, some questions which arose related to the health warning labels, smoking behavior and purchase intention are:

1. Do health warning labels on cigarettes packages influence the smoker's smoking behavior?

2. Does the smoking behavior influence the purchase intention?
3. Do health warning labels on cigarettes packages influence the purchase intention?

1.3. Research Limitation

The author would like to avoid the thing that is not suitable for the research by limiting several purposes that will only matter in this research:

1. This research is done on several brands of cigarettes, but still classified on the health warning labels shown in the package of cigarettes.
2. The respondents are gathered only from Bali.
3. The questionnaire will be distributed and analyzed in one month, March 2017.
4. The samples of this research are smokers in age range within 16 years old until 25 years old.
5. This research is done to analyze smoker's purchase intention of cigarettes with health warning labels on the cigarettes packages.

1.4. Research Objectives

This research, which examined the effect of health warning labels, smoking behavior, and purchase intention had several objectives of research. Those objectives are:

1. To analyze whether health warning labels on cigarettes packages influence the smoker's smoking behavior or not.
2. To analyze whether smoking behavior has any influences to the purchase intention or not.
3. To analyze whether health warning labels on cigarettes packages influence the purchase intention or not.

1.5 Research Contribution

This research will give positive advantages and provide contribution to academic and managerial in giving better understanding in terms of the relationship among health warning labels, smoking behavior, and purchase intention.

1.5.1 Academic Contribution

The academic contribution of this study is to give a better understanding in terms of the relationship among health warning labels, smoking behavior, and purchase intention.

1.5.2 Managerial Contribution

For the managerial contribution, this research could help the managers who deal with the purchase intention issues in their business. It can help them to get better understanding in terms of the relationship among health warning labels, smoking behavior, and purchase intention from their customers in order to gain some advantages to their business.

1.6. Writing Structure

This thesis divided into 5 chapters:

CHAPTER I: INTRODUCTION

This chapter describes the background of the research, problem identification, research limitations, research objectives, and research contributions.

CHAPTER II: LITERATURE REVIEW

This chapter elaborates the theoretical background and previous studies which are relevant to the research.

CHAPTER III: RESEARCH METHODOLOGY

This chapter describes the sample of the research, and the methods that author utilized to analyze the data collection.

CHAPTER IV: DATA ANALYSIS

This chapter reveals the data analysis result and the interpretation of it with chosen analytical tools.

CHAPTER V: CONCLUSION AND MANAGERIAL IMPLICATION

This chapter presents the result of the data analysis and shows the conclusion of this research study, the weakness and also suggestion for the next research.