

CHAPTER I

INTRODUCTION

1.1 Background of Study

The whole dairy milk industry in Indonesia has transformed due to global pressure in the twentieth century. There has been a visible increase in society's awareness of healthy lifestyle trends in recent years. People tend to choose healthy products that offer benefits and support their healthy bodies, called salubrity. Some people are more selective about what they eat, and changing behavior has led to health issues related to consumption, especially during the COVID-19 crisis. Based on Srinivasan et al. (2024), the journal research shows that the dairy industry has been facing numerous challenges and opportunities due to changing consumer preferences and environmental and ethical concerns. Dairy products, especially milk and curd, have traditionally been regarded as healthy, functional foods. As such, they are also considered to contain numerous functional ingredients and materials that benefit human health, such as energy, protein, calcium, and probiotics. Marketers are also using the functional aspects of these foods by highlighting various health claims to market them..

Innovative dairy products respond to the global trend toward health. This response entails marketing dairy products with entirely new recipes or properties, as well as improving existing products. An important element of innovation is identifying the final consumers and their expectations. An expectation is the availability of products with a high calcium content (Bielska et al, 2023).

Some whole dairy-milk industries in Indonesia nowadays are producing these products to prevent bone disease and are widely recognized as high-calcium, low-fat products. One of the well-known dairy milk brands is HiLo. HiLo is a dairy milk that not only contains high calcium but is also low in fat. Nutrifood Enterprise produces it with key nutrients to support a healthy lifestyle in Indonesia. HiLo dairy milk offers several products from Nutrifood Enterprise, including HiLo School, HiLo Active, HiLo Teen, HiLo Platinum, HiLo Gold, and HiLo RTD (Ready-to-Drink) milk (Nutrifood, 2023)

Nutrifood Enterprise's products, especially HiLo Brand, often introduce innovations to increase sales and improve its competitive position. Pamungkas (2019) said there were many Healthcare Enterprises that produced dairy milk to prevent bone disease, which could be found easily at marketplaces, for example, PT. Kalbe Nutrition, PT. Nestle, PT. Fontera, PT. Tigaraksa Satria and more. Due to competitors offering similar products, Nutrifood Enterprise has gradually developed strategies to attract consumers and preserve its product's market share. It has been committed to providing a range of products that can nourish all consumers in Indonesia, thereby instilling the belief that prevention is better than a cure—continuing to encourage all stakeholders to balance the dairy milk component, especially the intake of sugar, salt, and fat (Nutrifood, 2023).

Based on the Top Brand Award (2025), the HiLo brand ranked as the top brand in the medicine category for the calcium dairy milk powder for adults sub-category. It means that HiLo has a high level of brand equity from some consumers' perspectives. HiLo TBI (Top Brand Index) is increasing year over year, from 19.90% in 2022 to 25.50% in 2025. It means that a HiLo reflection is crowned as the popular product.

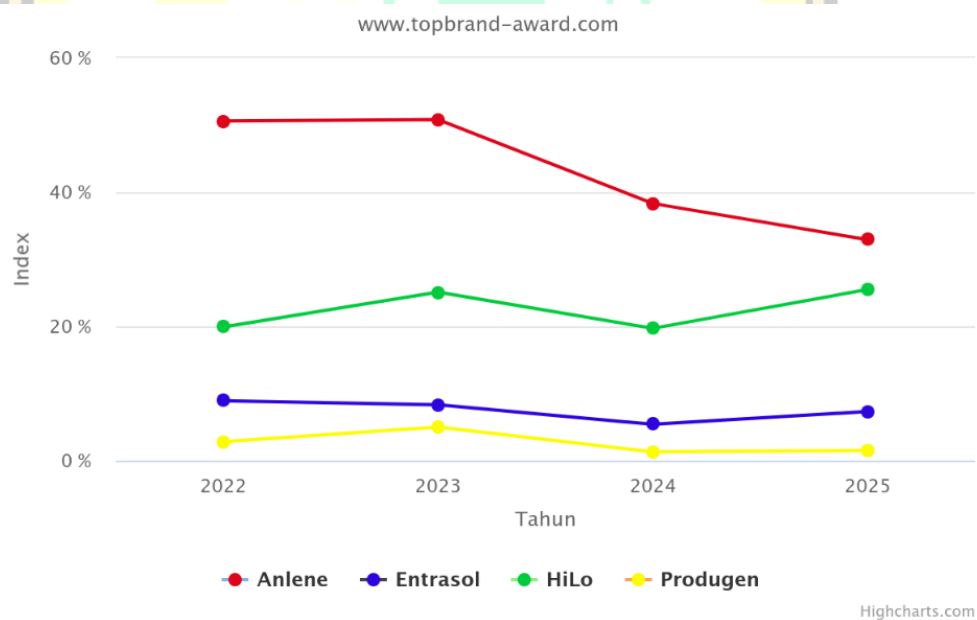
As a brand from Nutrifood, HiLo has adopted a marketing strategy mix to understand consumers' tastes and determine whether they like or dislike this product. Furthermore, it has to keep thinking, categorizing, and learning about the attributes consumers need. Before consumers make a purchasing decision, they will evaluate, observe, and consider the substances in HiLo dairy products that are appropriate for their needs to achieve satisfaction (Hindustya et al., 2025).

Nutrifood has gradually implemented programs to attract consumers to purchase its products. HiLo brand has a flagship program called Hilo Body Move. An activity to educate students at schools on how important it is to consume protein, calcium, and vitamin D from an early age. Moreover, it runs a program for teenagers and campaigns to raise awareness of the value of maintaining muscle mass from a young age and of taking concrete steps to achieve this goal through regular exercise. At a certain age, bone density decreases, which increases the risk of fractures; thus, people should be aware of bone health and maintain their bones during the golden growth period (Nutrifood, 2023).

According to the Central Statistics Agency's data, average dairy milk consumption per capita in Indonesia is lower than in other ASEAN countries, despite sustained steady growth over the years. In 2019, Indonesians consumed an average of 16,23 kilograms of milk per capita annually, and this amount increased slightly to 17,6 kilograms per capita in 2023. Double-digit growth sustained, and further still, it means that people are beginning to see a decent product quality, added value for consumers, build trust in the products, and intensify users' purchase intentions. Towards dairy milk as a better cost for the consumer market. This gradual increase in dairy milk consumption highlights the challenge of penetrating the Indonesian market, where dairy milk consumption is often seen as an expensive dietary habit. Limited access in rural areas and insufficient education about the nutritional benefits of milk further exacerbate the issue (The Central Statistics Agency, 2024).

The evolution of the adult calcium milk powder market in Indonesia has exhibited significant dynamics in recent years, as illustrated in the Top Brand Index graph for the 2022-2025 period presented below:

Figure 1.1 Purchasing Top Brand



Sources: Top Brand Award (2025)

Figure 1 shows that HiLo ranks second among the top brands in Indonesia, according to the Top Brand Award. The Top Brand Index is derived from three

parameters: Top of Mind, Last Used Brand, and Future Intention. These metrics are intrinsic to the psychological and marketing factors that shape consumer purchase intention. In the case of HiLo, these parameters reflect consumer perception regarding brand awareness, past usage experience, and the likelihood of future purchase. According to Figure 1, while HiLo has experienced fluctuations, the data generally show an upward trend, rising from 20% in 2022 to 26% in 2023. Although the figure briefly fell to 20% in 2024, it rebounded to 27% by 2025. Notably, HiLo demonstrated growth on two separate occasions, a trend that stands in contrast to the sharp decline observed in the indices of key competitors such as Anlene, Entrasol, and Prodigen. This upward trajectory in HiLo's index indicates that consumers are increasingly prioritizing health consciousness when selecting high-calcium milk products.

Based on the data above, there are challenges in understanding the factors that influence consumers' purchasing intentions. In Padang City, a growing city in Indonesia, there are interesting dynamics in consumer behavior. HiLo's position is quite competitive and shows positive fluctuations, meaning that this brand is quite adaptive and will begin to strengthen again in 2025. The increase in the HiLo index in 2023 and 2025 shows increased public health awareness after the pandemic, especially for products high in calcium. Health-conscious people tend to choose products that support a healthy lifestyle, such as HiLo, which is known for its slogan "High in Calcium, Low in Fat."

BPS data (2023) showed that expenditure per capita in the food and beverage category in urban areas, including Padang City, increased by 7% over the last five years. However, the distribution of spending shows that consumers still tend to choose lower-priced products, despite increasing health consciousness. Amam's (2018) showed that consumer behavior regarding HiLo dairy milk attributes has a positive value of around 4.93%. Furthermore, the highest value from the brand, around 11.3%, was observed in consumers' satisfaction with high-calcium dairy milk powder. Around 21.3% comes from the brand, taste, label, price, and promotion, and another factor could also have an impact. Many factors can affect consumer satisfaction, including affordable prices, product availability, and product quality.

Although HiLo has a good reputation and offers benefits, purchasing intentions might be influenced by other factors such as price, promotions, and perceived product quality. Pamungkas (2019) showed that sales promotion is a marketing activity, along with advertising, personal selling, and public relations, that aims to persuade and influence consumers' purchasing decisions. Promotion is a marketing activity that proposes a product's added value to boost consumer purchasing, increase purchasing effectiveness, or encourage the seller at a given time (Pamungkas 2019). Nutrifood uses promotional strategies to reach sales targets by conducting events, contests, involving Elementary Students, lucky draws, and self-games with cash prizes, tour packages, or merchandise.

HiLo is becoming an important brand for those who prioritize calcium- and protein-rich components. It has a vision and mission to become an advanced solution for a healthy lifestyle, an enjoyable way to drink, and a meaningful life, now and in the future. HiLo dairy milk has a high calcium content and is low in fat; it also offers a wide variety for consumers of all ages and tastes. At present, the HiLo School brand is the most focused because it is considered a starting point for introducing high-calcium dairy milk to consumers as they grow up. (Pamungkas, 2019). If consumers are used to it from an early age, they will continue to consume it into adulthood and beyond.

HiLo is available at some retail stores in Padang and has been popular among consumers there. It competes with Dancow and Milo dairy milk products, which are well known in Padang city (Sukma, 2020). One retail store that sells Hilo products is Budiman Swalayan. The table below shows the total sales data of the HiLo product in Budiman Swalayan over the last three years:

Table 1.1 Total Sales HiLo Product at Budiman Swalayan Sawahan

No	Year	Total	Percentage Decrease
1	2022	Rp148.900.100	2022 → 2023 28,95%
2	2023	Rp105.801.700	
3	2024	Rp92.772.200	2023 → 2024 12,32%
Total		Rp347.474.000	

Source: PT Nutrifood Indonesia (2025)

As shown in the table above, sales decreased in 2024 and were significantly lower than in previous years. Many factors would contribute to the decline in product sales, both external and internal. According to Sukma (2020), one external factor is that HiLo prices are higher than competitors' prices. This price gap is further amplified by promotional activities such as discounts, buy-one-get-one offers, and free merchandise, which successfully attract consumer attention. It is caused by competitors' promotions to attract consumers' attention; furthermore, it would decrease HiLo product sales.

Table 1.2 The Comparing Price Between Normal and High Calcium Products at Budiman Swalayan Sawahan Padang

Hilo		Anlene		Entراسol	
Normal	High Calcium	Normal	High Calcium	Normal	High Calcium
Hilo Gold 500gr	Hilo Platinum 420gr	Anlene Actifit 570gr	Anlene Gold 570gr	Entراسol Gold 580gr	Entراسol Active 380gr
Rp85.300,00	Rp99.900,00	Rp77.000,00	Rp107.600,00	Rp105.800,00	Rp60.700,00
Per 1 gram Rp171	Per 1 gram Rp238	Per 1 gram Rp135	Per 1 gram Rp188	Per 1 gram Rp182	Per 1 gram Rp160

Source: Researcher (2025)

Based on Table 2, at first glance, the total price of HiLo seems cheaper and more affordable. However, after calculating the price per gram, HiLo is the most expensive product in the table at Rp238/g. HiLo products are indeed more expensive, but they are packaged to appear affordable. The packaging size is smaller (420g-500g), so the total price appears lower. On the other hand, regarding the internal factor, some obstacles would be found, for example, reduced production capacity and delivery delays from the factory to distributors. Some factors were explained before, which could make it difficult for consumers to purchase the Hilo products. Besides that, the company would find it difficult to create consumer value, as marketing concepts are central to its operations. In other hand, consumer satisfaction could make the brand image of Hilo in society decrease.

A purchasing decision is the formation of a reference from several alternatives to form an intention to buy a chosen product. The buyer's response includes product selection, product brand selection, design options, and the timing of purchases. In addition to the quality of products and service, the purchasing decision is also influenced by the price, factor., Priceplays, according to Anggita (2017) is the amountthe of money exchanged for a product or service. Furthermore, price is the value consumers are willing to pay for the benefits they obtain from owning or using a good or service. Price is an important factor in the attention of modern economic consumers. Consumers now also express emotions when forming purchase intentions. According to Nath et al (2025), research has shown that health consciousness and taste preferences emerged as major drivers of consumer purchase behavior, with individuals who prioritized health and enjoyed the taste of dairy products showing a stronger inclination to buy.

In Indonesia, Health consciousness is increasing, with people aiming to choose healthier foods. Some people tend to purchase dairy products to meet their daily needs, and benefit from them. Rational people tend to purchase dairy milk due to health concerns. In recent research by Srinivasan et al. (2024), functional dairy products have gained appeal and become more widely available in daily life. Concerns about consumers' health are fueling the growth of the global market for functional dairy products. Growth is anticipated to be aided by consumers' growing inclination towards nutrient-dense foods, in an effort to achieve higher levels of

nutrition than those found in basic foods. More awareness-oriented measures can be taken to educate the public about the function of dairy products. Special care should be taken in designing health claims, as they primarily attract consumers to purchase functional dairy products. Purchase intention increases with reasons to evaluate; the; the number of more reasons to evaluate, the, the higher the purchase intention. Health consciousness was significantly associated with the purchase of functional dairy products. Those with a heightened awareness of health trends treat lists as part of the resources. In a Nielsen survey conducted in 2016, 58% of Indonesian consumers would rather pay more to buy things labeled "health" and natural." This may be due to differences in ideas among individuals (Nielsen, 2022). Pham et al., for example, defined health consciousness as an individual's willingness to take actions that support their health, such as choosing food and drinks (Pham, T. H., 2018). In addition, Lian emphasized that health consciousness did not only mean knowing the advantages of products, but also being prepared to pay more in order to buy better quality products (Lian, 2017).

In several HiLo purchasing decision factors, the discount price can influence consumers' purchase decisions. Although some markets sell the same product, some consumers still purchase the HiLo product because of its price discount and special pricing. Hindustya (2024) cit Farmayanti (2024) on price attribute, the pricing pattern indicates that HiLo provides a cost-efficient option within the premium health-milk category while still offering significant nutritional value. This conclusion is supported by the utility measurement results, which show that HiLo yields a positive utility value of 0.024, indicating a stronger consumer preference due to its comparatively lower price. In contrast, competing brands demonstrate a negative utility value of 0.024, suggesting reduced price attractiveness. Therefore, HiLo is perceived by consumers as a more economically favorable choice relative to other premium nutritional milk products (Table 2)According to a study, around 45% of consumers in Indonesia tend to buy foods or drinks that are being promoted, even though these products may carry a higher price than their competition without promotion (Kantar, 2021). The research of Nguyen et al reported that effective price promotions can significantly improve consumers' purchasing interest in health products, despite these items having been marked up against comparable traditional

equivalents (Nguyen, T. T., 2019), Even though these products may carry a higher price than their competitors without promotion (Kantar, 2021).

Beside on the health consciousness and the price discounts, a product quality it's perceived of consumer purchasing intentions. Consumers frequently appraise the quality of a product according to attributes such as taste, packaging, and nutritional value. As was pointed out by Dube et al 2014., besides serving as a significant determinant of purchasing intentions, the quality of product is also an factor in consumer trust towards a particular brand. For Hilo itself, high perceived quality may motivate people to opt specifically for this product and not its competitors. According to a data on Mintel's research 2022, shown that "quality" is the primary consideration when choosing food and beverages among 67% of Indonesian consumers.

Product quality is something that must be considered for every company considering the increasing competition between companies, because every company is always trying to improve market share and reach new customers (Arif, 2021). Adequate quality will give the impression that the product or service offered is feasible and in accordance with the needs of potential consumers (Arif, 2020).

Based on Top Brand Award 2014, HiLo had been received an Award through the Calcium powder milk Top Award category. It was received by Marketing and Frontier Consulting Group Magazine, it based on national survey on top eight in grown cities In Indonesia. By involving around 52.000 respondents with the requirement standardized minimum 10% Top Brand Index and entering the top three position for each category. Furthermore in World Branding Award competition (Brand of the Year 2022-2023) HiLo Brand been in the ones national winner which was an achievement on global level that is reached only by a few brands in Indonesia.

However, consumer intentions do not arise solely from one factor; they involve many intertwined factors. Hansen et al, (2018) conducted a study to show that the combination of health consciousness, price promotions, and perceived product quality has a greater effect on purchasing intentions than any of these three factors taken separately (Hansen, T., 2018).

Local cultural factors can also influence consumer perceptions of health products such as milk in Padang City. The preference for dairy products is still quite low in Padang compared with other Indonesian regions. According to Euromonitor's data, dairy product penetration in West Sumatra is only 22%, significantly lower than the 47% achieved in Java. This factor suggests that a more context-sensitive approach to understanding consumer behavior is needed (Euromonitor, 2021).

To show a complete picture, here is a table summarizing data on consumption of milk and health foods in Indonesia:

Table 1.3 Dairy Milk Consumption Data Summarize in Indonesia

Factor	Percentage	Source
Consumers choose “healthy” products	58%	Nielsen (2020)
Consumers buy products with promotions	45%	Kantar (2021)
Penetration of dairy products in West Sumatra	22%	Euromonitor (2021)
The “quality” factor in purchasing intentions	67%	Mintel (2022)

Source: Researcher (2025)

Consumer behavior in selecting dairy milk and healthy products in Indonesia has undergone significant change in recent years. These changes are influenced by increasing health awareness, shifting lifestyles, and growing consumer interest in nutritional products. As demand for healthier alternatives rises, purchase intention is shaped not only by product-related factors such as health consciousness, price discounts, and product quality, but also by psychological and social factors in line with the Theory of Planned Behavior (TPB). According to Ajzen (1991), an individual’s purchase intention is determined by three core predictors: attitude, subjective norm, and perceived behavioral control. Integrating these constructs helps explain why consumers ultimately decide to purchase or avoid certain products such as dairy milk.

Based on Bytiqy *et al.* (2020) research, it shown that health consciousness and taste preferences significantly influence consumer purchase behavior, indicating

that individuals who prioritize their well-being or enjoy nutrient-rich products show stronger buying intentions. However, the study also found that attitude, despite being positive, did not reach statistical significance. Suggesting that attitude alone may not be a sufficient predictor unless supported by social influence and perceived control as suggested by TPB.

One of the primary factors influencing purchase intention is the rising level of health consciousness among Indonesian consumers. A New York Times report noted that 58% of Indonesian shoppers in 2020 chose products simply because the word "healthy" or "natural" appeared on the packaging. This shift shows that consumers increasingly evaluate products through the lens of health benefits. HiLo emphasizes high calcium, low fat, and overall nutritional value, leveraging this growing health-conscious market segment. TPB emphasizes that even if consumers are aware of health benefits, this does not automatically translate into buying behavior, especially in regions with lower income levels, such as Padang City, where price sensitivity remains high.

Price discount also has a strong impact on the purchase behavior of consumers interested in dairy products. Data from Kantar (2021), shows that around 45% of Indonesian consumers choose food and beverage products primarily when discounts are offered. Such promotions create a psychological perception of greater value and increase consumer satisfaction. For a premium-positioned product such as HiLo, price discounts can help reduce barriers to trial purchases in more price-sensitive markets like Padang City. However, TPB suggests that while price discounts may influence **attitude** positively, purchase intention will be stronger when supported by subjective norms and perceived behavioral control.

The quality of the product also plays a crucial role in consumers purchasing intentions. Mintel (2022) reported that 67% of Indonesian consumers consider quality the most important factor when selecting food and beverage items (Mintel, 2022). In the context of Hilo milk product, factors such as taste, nutritional content, packaging, and brand credibility shape consumer perceptions and contribute to forming a favorable attitude. High-quality perceptions help maintain consumer loyalty, particularly in Padang, where trust in established brands strongly influences buying decisions.

Despite these supporting factors, dairy product consumption remains low in Padang only 22% according to Euromonitor (2021). Local consumption habits still favor lower-cost alternatives or non-dairy products. TPB explains that low purchase intention may occur when consumers lack favorable attitudes, when social environments do not reinforce dairy product consumption, or when perceived behavioral control such as affordability or accessibility is low. Therefore, marketing strategies for Hilo must not only highlight health benefits but also build social influence and enhance consumers' perceived capabilities to purchase.

The data therefore points out that a more comprehensive grasp of factors influencing consumer purchase intentions locally in places such as Padang City is vital. Against this backdrop, the research will mainly focus on **The Effect of Health Consciousness, Theory of Planned Behavior, Price Discounts, and Product Quality on Consumer Purchasing Intentions toward Hilo Platinum Milk Products in Padang City.**

1.2 Statement of Problem

Based on the previously provided description, the researcher formulates the problems that are the focus of this study as follows:

1. How does health consciousness affect on customers' purchase intentions for Hilo products among consumers in Padang City?
2. How does attitude affect on customers' purchase intentions for Hilo products among consumers in Padang City?
3. How does subjective norm affect on customers' purchase intentions for Hilo products among consumers in Padang City?
4. How does perceive behavioral control affect on customers' purchase intentions for Hilo products among consumers in Padang City?
5. How does price discount affect on consumers' purchase intentions for Hilo products among consumers in Padang City?
6. How does product quality affect on customers purchase intentions for Hilo products among consumers in Padang City?

1.3 Research Objectives

The researcher aims to achieve the results in this research by referring to the problem formulation that has been described previously, and this aim can be interpreted as follows.

1. To investigate the effect of health consciousness on the purchase decision of Hilo products among customers in Padang City.
2. To investigate the effect of attitude on purchase intentions for Hilo products among customers in Padang City.
3. To investigate the effect of subjective norm on purchase intentions for Hilo products among customers in Padang City.
4. To investigate the effect of perceived behavioral control on purchase intentions for Hilo products among customers in Padang City.
5. To investigate the effect of price discounts on purchase intentions for Hilo products among customers in Padang City.
6. To investigate the effect of product quality on the purchase decision for Hilo products among customers in Padang City.

1.4 Contribution of the Research

The purpose of this research is provide valuable contributions to various parties. Thus, the following are some of the benefits expected from the results of this study:

1.4.1 Theoretically Benefits

The research is expected to expand understanding and knowledge of marketing management. This study contributes to the literature as a few studies examine the influence of health consciousness, product quality and price discount on purchasing intentions for Hilo products in Padang City. The analysis is comprehensively and cohesively detailed, drawing on prior research to provide a framework that supports the development of preliminary conclusions.

1. Practical Academic
 - a. For the Hilo Brand

The results of this research are expected to benefit PT Nutrifood Indonesia's marketing management and other healthy industries by identifying the most effective and efficient marketing strategies for improving purchasing

intentions. Additionally, this research aims to provide valuable insight for PT Nutrifood Indonesia in developing its business both now and in the future.

b. For the General Public

This research can serve as a source of information for the public to comprehend about how the HILO brand develops its marketing strategies for consumers and as a reference for purchasing intentions.

c. For the Researcher

Through this research, the authors are expected to gain experience and new knowledge about marketing theory. The authors also hope to be able to apply the theories in this research to the world of work.

1.5 Scope of The Research

In conducting this research, the researcher limits the problem to focus more on the problem to be studied. This research discussion focuses on the effect of health consciousness, attitude, subjective norm, perceive behavioral control, price discount, and product quality on customer purchase intention for Hilo Product in Padang City. This discussion is going to complete and integrated manner by previous research, which is used as a guide in research so that conclusions can be drawn according to temporary presumptions.

1.6 Outline of Research

In general, the systematics of this writing consists of five chapters with the following systematics:

CHAPTER I : INTRODUCTION

This chapter contains the background of the problem, problem formulation, research objectives, research significance, and systematic writing.

CHAPTER II : LITERATURE REVIEW

This chapter contains literature related to the research topic. This chapter also contains a framework of thought and an analytical model that underlies the researcher.

CHAPTER III : RESEARCH METHOD

This chapter describes the approach used in the research, the type or type of research, data collection techniques used, and researcher instruments.

CHAPTER IV : RESULT AND DISCUSSION

This chapter contain the analysis of the data obtained from in depthinterviews, which are processed with guidance on related theories to obtain answers to the questions written in Chapter I.

CHAPTER V : CONCLUSIONS

This chapter contain a conclusions, a implications, the limitation of the research, and suggestions from the analysis conducted, analyzing was conducted as an answer to the questions in the study.

