

# Purchase behaviour of malaysians



The previous chapter has highlighted the objective and also the importance of this study. This chapter will cover previous literature of each topic area. Literature review are known as the secondary sources obtained from published work such as journals, books, master's thesis, articles, conference proceedings and other reports. It is vital in supporting the hypotheses that will be discussed the next chapter.

The changes in Malaysia have been acknowledged by its admirers and critics alike. Two decades of uninterrupted economic growth and political stability have managed to guarantee nearly-full employment and a constant rise in living standards for the population (Noor, 1996). The rise of this consumerist culture would not have been possible had it not been for the loyal support of Malaysia's youth, for it is they who are both the patrons and targets of this youth-oriented consumerism (Noor, 1996). The study conducted by Singhapakdi, et., al. (1999) compared Malaysia and the US in terms of their perceptions of marketing situations, their attitudes toward business and salespeople, and their personal moral philosophies. The survey results reveal some significant differences between the consumers from these two countries. It indicated that Malaysia is more oriented towards cultural leanings than that of the United States. Self-image, product image and their combination, self-congruity, are important concepts in consumer behaviour. They have been hypothesised and found to affect significantly product choice and purchase intention. Questern, Karunaratna and Goh (2000) studied two samples (Australia and Malaysia) from contrasting cultural backgrounds are compared in relation to the importance of self-congruity with respect to four brands of two products categories of contrasting

involvement levels. Unexpectedly, samples from Australia and Malaysia were found to use differently actual vs ideal self-image in their product evaluation. This confirms overall the role of self-congruence in consumer's choice and points to the need for further investigation of this concept in a cross-cultural context.

## **2. 2 Independent Variable**

### **2. 2. 1 Purchasing Behavior**

Determining the definite reasons that influence consumers and their purchasing attitudes that directly linked to consumer decision making has become a significant focus of consumer research. Thus, a large number of studies have examined how individual consumers learn what to purchase (Keillor et al., 1996; Moschis and Churchill, 1978; Ward, 1974). According to Sproles and Kendall (1986, Pg. 268), a consumer's decision making style is “a mental orientation characterising a consumer's approach to making choices”. To conceptualize these styles a model which composed of eight mental orientations of consumer's decision making behaviour was established by Sproles and Kendall (1986). The 8 characteristics are:

Perfectionism/Quality conscious – decision style that is concerned Shoppers with this decision making style will not settle with products grade as “good with perfection. enough”

Brand conscious – decision style that is concerned with getting luxurious, renowned brand. Consumers with this style believe that the higher the price of a goods, the better the quality. These consumers also aware of a brand as

a distinct product separate from others as it is related to image and perception

Novelty fashion conscious – decision style for seeking out new things. The behaviour reflects a taste of innovative products and a motivation to keep up to date with new styles and fashion trends.

Habitual and Brand Loyalty – Decision style for shopping at the same stores and tendency to buy the same brands each time.

Recreational shopping conscious – decision style that view shopping as being enjoyable. Buyers with this trait enjoy the stimulation of looking for and choosing products.

Price and value conscious – decision style that is concerned with getting lower price. It also suggests that the consumer is conscious of sale prices and intends to get the best value for their money.

Impulsive and careless tendencies – decision style that describes a shopper who does not plan their shopping and appears unconcerned with how much he or she spends. Consumers with this style might regret their decision later.

Confused by over choice – decision style that reflects a lack of confidence and lack of ability to deal with the number of choices available. Consumers with this trait experience information overload.

The eight features describe the most basic mental characteristics of a consumer's decision making, which are directly associated to consumer purchase behaviour. Such knowledge is also essential in identifying

segments of consumers sharing similar attitudes to shopping (Lyonski et al., 1996). Besides the eight-factor consumer decision-making orientation model, work by Sproles (1985) and Sproles and Kendall (1986) developed the Consumer Style Inventory (CSI) which is used to evaluate consumer decision-making styles on the basis of a sample of United States (U. S.) teenagers. This method has been applied to different societies in eight different countries, including the U. S. (Sproles, 1985, Sproles and Kendall, 1986, Lyonski et al., 1996), New Zealand (Durvasula et al., 1993, Lyonski et al., 1996), United Kingdom (Mitchell and Bates, 1998), South Korea (Hafstorm et al., 1992), Greece, India (Lyonski et al., 1996), Germany (Walsh et al., 2001) and China (Fan and Xiao, 1998, Hui et al., 1999, Hui et al., 2000).

By using 210 university student samples in New Zealand, there were eight characteristics, same as Sproles (1986) findings, identified in Durvasula's (1993) research. However, in Lyonski's (1996) New Zealand study the factor of "price and value consciousness" was not found. The three consumer decision-making orientations; brand consciousness, novelty-fashion consciousness and habitual and brand loyalty are commonly found in two developed countries (USA and New Zealand) and two developing countries (Greece and India), identified by Lyonski (1996). The influences of the market environment, in particular the economic environment and market structure on consumer decision-making styles were suggested in the study.

Walsh (2001) and Mitchell (1998) and had also applied the CSI in his study in the German and UK consumers respectively. Out of these eight styles, only six were identified in the study for Germans which are brand consciousness, perfectionism, recreational shopping conscious, confused by over choice,

careless and impulsive and novelty-fashion consciousness. In addition to these, variety seeking was new style that found in Walsh's (2001) Germany study. Besides to Sproles's (1986) eight styles structure, Mitchell (1998) suggested that two others styles which are time-energy conserving and store loyal consumers were identified with UK consumers. The CSI has also been administered to the consumers of South Korea and China, in addition to the studies conducted in the western countries. However, varied results were shown in Fan's (1998) and Hui's (1999 & 2000) studies on China's consumers and only five styles were found in South Korea.

Furthermore, as results of various researches relating to consumer behavior; an explanation of diverse purchasing behavior models is extended. The EKB model; a relatively clear, inclusive, and organized theory model concerning consumer behavior by three scholars, Engel, Kollat and Blackwell (EKB), was first presented in 1968. The model assumes that a consumer's decision processing is a consecutive processing which leads to solving problems, and which features considering decision processing as the center of merging relations of relevant outside and inside elements.

The EKB model has three advantages (Yang, 2001), which consist of:

It is process oriented: The EKB model has rather relevant variables, which are collected with signs, are easier for researchers to confirm the relationship of variables, and also benefit hypothesis development and research result interpretation.

Thoroughness/attention to detail: The EKB model contains rather complete variables, which are capable of explaining entire processing of consumer behavior.

The dynamic feature: The EKB model combines many scholars and experts' opinions towards consumer behavior and performs many revisions; therefore, is considered as a fairly thorough consumer behavior model. The EKB model contains four major parts, which include: information involvement; information processing; decision processing; and variables of decision processing.

Consequently, based on the EKB concept; Engel et al. (1993) report that, the center concept of the model indicates consumer purchase decision processing, which is also problem-solving processing to consumer decision processing, consist of five stages. The five stages are: demand confirmation, search for information, and evaluation of alternatives, purchasing, and purchasing result. Basically, researches on consumer decision-making issues were mainly focused on the decision-making process.

However, consumers may sometimes usually rely on simple approach, rather than going through a series of steps or processes rationally when they made purchase decisions, argues Bettman (1979). Consumer may simply emphasize or evaluate some typical dimensions or characteristics that are obvious and being conscious of (Sproles, 1985). In this regard, Sproles and Kendall (1986) pioneered to examine consumer decision-making processes by profiling consumers into diverse decision-making styles. In Wickliffe's (1998) study, such styles have recently been found to be highly correlated

with some product characteristics, for example; price, country of origin and brand.

A consumer behavior model, Wheel of Consumer Analysis, was created by J. Paul Peter and Jerry C. Olson (1994) as a basis for explaining car buying behavior. According to the American Marketing Association, consumer behavior is defined as the dynamic interaction of affect and cognition, behavior, and environmental events by which human beings conduct the exchange aspects of their lives. (Olson & Peter, 1994). Marketers can analyze any consumer behavior situation according to the three elements using the Wheel of Consumer Analysis the environment, behavior, and affect/cognition (see Figure 1). However, because these three factors interact and

influence each other, no one factor can be isolated from the other. To understand consumer behavior, marketers must pay close attention to all three elements, each of which is discussed below

### Affect and Cognition

Both affect and cognition are important for understanding consumer behavior, because affect and cognition refer to the internal and psychological reactions that consumers may have in response to objects in the external environment i. e., marketing stimuli, or to their own behavior. In other words, affect concerns feelings, while cognition involves thinking. Affective feelings can be positive and favorable, or negative and unfavorable. Whether positive or negative, they will affect the decisions of consumers.



The Chinese consumer presents a good example of this. When Chinese consumers go to car dealers to purchase a car, their emphasis is on the services, including the attitude of sales people and option packages. An important factor for the Chinese is that dealers are sincere when conducting business rather than focusing solely on the price. Many international companies have experience when dealing with the Chinese and they understand that the Chinese like to negotiate, especially on price and service.

### Behavior

The second important component is behavior or the overt acts of consumers. While affect and cognition are concerned with what customers feel and think, behavior deals with what customers actually do. Examples of consumer behavior include watching a TV commercial, visiting a store, or purchasing a product. Chinese

consumers typically pay more attention to the informational content than entertainment features of the advertisements. One study found that Chinese customers considered themselves to be sophisticated and knowledgeable in their purchasing choices. (Shen & Zhao, 1995)

### Environment

The last component of consumer behavior concerns the environment. The environment refers to all the physical and social characteristics of the consumers' external worlds on both a macro and a micro level. Marketers need to know which level of environmental analysis is relevant for the

marketing problem and choose or design strategies appropriately. The macro environment includes general environmental factors such as, the climate, demographics, economic conditions, and political system. The micro-environment includes face-to-face social interactions among smaller groups of people such as families and reference groups. (Olson & Peter, 1994) Both environments could include the objects, places, or other people who influence consumers' affect/ recognition, and behavior. In the Chinese society, friends are good reference providers, particularly in the case of large, durable goods purchases. While the environment in which marketers operate is largely uncontrollable, marketers can influence certain aspects of the environment. Therefore, every marketing strategy needs to change or at least adapt to some aspect of the social and physical environments. While attempting to influence consumers' affect/cognition and their behaviors, marketing strategies must often be altered to fit the social and physical environments such as, designing cars without ashtrays, reflecting shifting social patterns of reduced smoking

## **2. 2 Literature of Variable**

### **2. 2. 1 Price**

Prices range widely and an executive sedan may cost more than ten times the price of a small car (White, 2004, 2006). Various studies have applied hedonic price modeling to show that price variation among new cars can be explained by differences in key product characteristics such as horsepower, engine capacity, speed, and safety features (e. g. Couton et al., 1996; Andersson, 2005; Reis and Santos Silva, 2006) Price is probably the most important consideration for the average consumer according to Cadogan and <https://assignbuster.com/purchase-behaviour-of-malaysians/>

Foster (2000). Price plays an important role in affecting consumers' decision towards purchasing a product. The effect of price has been studied extensively for many years.

Consumers view price as an important element when purchasing and it has a large influence on consumers' satisfaction judgments (Hermann, Xia, Monroe & Huber, 2007). Price is an important factor of customer satisfaction since whenever consumers the value of an acquired product or service, they usually always think price (Zeithaml, 1998). Price is more likely used by consumers as a cue in forming product expectations when they are faced with performance or quality uncertainty (Urbany, 1997). Customers who view a firm's pricing practices as unfair, are most likely to respond negatively. These include immediate attitudinal and affective responses such as dissatisfaction and lower purchase intentions (Oliver & Swan, 1989). Consumers have the perception of high price giving high quality products and a number of academic works have shown that low prices are associated with low quality (Huang, 2004).

According to the range theory, people use the range of remembered price experiences to set lower and upper bounds on price expectations, such that the attractiveness of a market price is a function of its position within this range (Janiszewski and Lichtenstein, 1999). Consumer have a strong belief in the price and value of their brands so much that they would compare and evaluate prices with alternative brands (Evans et al., 1996; Keller, 2003).

According to Helegeson and Beatty, (1985), consumers rely on various information cues or product attributes in their decisionmaking including

price. The general consensus in research is that price is one of the most important reasons in purchasing decision factor.

According to Bucklin et al. (1998), price significantly influences consumer choice and incidence of purchase. He emphasized that discount pricing makes

households switch brands and buy products earlier than needed. Price is described

as the quantity of payment or compensation for something. It indicates price as an

exchange ratio between goods that pay for each other. Price also communicates to

the market the company's intended value positioning of its product or brand.

Price

consciousness is defined as finding the best value, buying at sale prices or the

lowest price choice (Sproles and Kendall, 1986). Additionally, consumers generally

evaluated market price against an internal reference price, before they decide on

the attractiveness of the retail price.

## 2. 2. 2 Brand

According to Bhimrao M. Ghodeswar (2008), brand is defined as a distinguishing name or symbol such as logo, trademark, or package design that intended to identify the goods or services of either one seller or a group of sellers, and to differentiate those goods or services from those of competitors. Consumer brand-knowledge

can be defined in terms of the personal meaning about a brand stored in consumer memory, that is, all descriptive and evaluative brand-related information(Keller 2003). A brand act as signals to the customer the source of the product, and protects both the customer and the producer from competitors who would attempt to provide products that appear to be identical (Aaker, 1991).

Brands provide the basis upon which consumers can identify and bond with a product or service or a group of products or services (Weilbacher, 1995)Consumer decisions about brand choices follow a certain sequence (Bettman, 1979). A brand can be defined as the total accumulation of all his/her experiences, and is built at all points of contact with the customer from the customer's point of view (Kapferer, 2004)The way consumers perceive brand is a key determinant of long-term business-consumer relationship (Fournier, 1998).

Consumer attitude towards a brand is an extension of the psychological assessment of the brand in terms of favoritism and is about positive or negative predisposition held towards a product (Churchill & Iacobucci, 2005). The way consumers perceive brand is a key determinant of long-term

business-consumer relationship (Fournier, 1998). Consumers have been found to be more willing to pay extra for a symbolic brand or a brand with symbolic value (Wu & Shing, 2006). Mithall (1989) establishes that when it comes to purchasing, customers care about brands, perception on brand differences, importance of brand choice and feeling concerned about brand decision. As consumers become more familiar with a brand, their knowledge structure about the brand changes so and their uncertainty about the brand decreases. Brands have been perceived as providing a greater security and a higher level of performance while eliminating alternatives by providing a better overall customization of perceived preferences (Jiang, 2004).

Gardner & Levy (2005) found that consumers were not just looking for product functionality, but also brand status or the symbolic meaning or property of the brand. Brand status depends largely on the consumer's perception of the brand's association with symbolism and prestige (Baht & Reddy, 1998). The modern day consumer has also started to build emotional bonds with brands, becoming friends with them and are even said to be seduced to look like, eat like and be alike (Klein, 2000).

Famous brand names can disseminate product benefits and lead to higher recall of advertised benefits than non-famous brand names (Keller, 2003). There are many unfamiliar brand names and alternatives available in the market place. Consumers

may prefer to trust major famous brand names. These prestigious brand names and

their images attract consumers to purchase the brand and bring about repeat

purchasing behaviour and reduce price related switching behaviours

(Cadogan and Foster, 2000). Furthermore, brand personality provides links to

the brand's emotional and self-expressive benefits for differentiation. This is

important for brands which have only minor physical differences and are consumed

in a social setting where the brand can create a visible image about the consumer

itself.

Consumers are usually able to evaluate each of International Journal of Economics and Management the products and brand name attributes (Keller, 2003). It is noteworthy that this information is essential for marketing managers to make informed decisions concerning product positioning, repositioning and differential advantages. According to Kohli and Thakor (1997), brand name is the creation of an image or the development of a brand identity and is an expensive and time consuming process. The development of a brand name is an essential part of the process since the name is the basis of a brand's image. Brand name is important for the firm to attract customers to purchase the product and influence repeat purchasing

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behaviour. Consumers tend to perceive the products from an overall perspective, associating with the brand name all the attributes and satisfaction experienced by the purchase and use of the product.

### 2. 2. 3 Appearance

Appearance is defined by HunterLab(2008) as a combination of its chromatic attributes(color) and geometric attributes(shape, texture, shininess, haze and translucency)and both types of these attributes should be measured and accounted for when making visual or instrumental assessments appearance. Appearance is the foremost and most impressive product message because when customers have a choice and all other factors are equal, they buy what looks best(HunterLab 2008). Also according to HunterLab, buyers will expect uniformity of appearance within any group of the same product and when customers see a difference between them on display, they will associated the difference with poor quality.

Product design has been recognized as an opportunity for differential advantage in the market place and the appearance of a product influences consumer product choice in several ways(Marielle and Jan, 2005). The appearance of the product influences consumer perception of aspects such as ease of operation, weight, and stability, which affect the perceived ease of use of a product(Marielle and Jan, 2005). Consumers may use product appearance for categorization (Bloch, 1995; Veryzer, 1995). According to Yamamoto and Lambert(1994) , even for industrial products, appearance has an influence on product preference.



A product's appearance communicates messages (Murdoch and Flurscheim, 1983), as it may look cheerful, boring, friendly, expensive, rude, or childish. Furthermore, the product or package appearance can reinforce the image of a brand, as the identity of a brand is expressed visually in the appearance of products (Schmitt and Simonson, 1997). The aesthetic value of a product pertains to the pleasure derived from seeing the product, without consideration of utility (Holbrook, 1980).

Car manufacturers often try to keep different car models recognizable as belonging to the same brand. The distinctive radiator grill of BMW automobiles is an example of a recognizable design element. The linking of brand meaning to elements of the product appearance will be easier when the associations these elements engender by themselves because they are innate or are determined by culture correspond to the desired brand image. Color preferences differ between cultures and in time (Whitfield and Wiltshire, 1983).

Garber (1995) defined visual typicality as the look or appearance that most consumers would associate with a product category, and by which they identify brands that belong to the category. For example, use of bright colors and a large size, which is associated with aggression (Murdoch and Flurscheim, 1983), will make it easier to position a car brand as aggressive. In addition, personal factors, such as design acumen, prior experience, and personality influence the design taste of consumers (Bloch, 1995)

#### 2. 2. 4 Safety

According to BBC Science article, moving cars have kinetic energy and energy cannot be created or destroyed. When the car brakes this energy will transfer to the surroundings and this happen during the car collisions. The safety feature were design to absorb this kind of energy at the same time avoiding serious injury. The typical features were seat belts, air bags and crumple zones. The modern safety features in new automobiles including Anti-lock braking system(ABS), traction control, safety cage, electric windows, cruise control, paddle shift controls and adjustable seats.

In 2003, The Dohring Company which is the North America's largest provider of custom market research has conducted a random survey of 7. 995 American drivers intending to purchase a new vehicle in the near future. The result of this survey stated that 83% of the participants reported that vehicle safety would be an important or very important consideration when purchasing their next vehicle(The Dohring Company, 2003). Based on the Safety Advisory Committe I(SARAC I 2001) reviewed on incidental consumer survey in Europe, United States and Australia, safety had become an important attribute when purchasing a new vehicle (Zeidler, Kullgren, Fildres, Morris & O'Neill, 2001) .

According to the research of SARAC II(2005), one of the main aims of the research was to determine how important the vehicle safety in new vehicle purchase process in Sweden and Spain. The research finding indicate that while vehicle safety has become increasingly important to new consumer , it is not the primary consideration in the vehicles purchase decision. However when the participant were ask to rate and select the importance vehicles

factors from the list, most participants select the vehicle safety as the most important factor.

In similar cases when the participants of this research were asked to select the vehicle features, most of the participants selected the safety-related features, for example air bag and advanced braking system. Overall, the participants from both countries were most likely to select safety-related factors and safety-related features from the list of factors and features as their highest priorities in the new vehicle process. The Swedish new private vehicle consumer significantly more concerned with vehicle safety features compared to the Spanish new private vehicle consumer.

According to the Roy Morgan Research Centre (MUARC, 1992) on the consumers' willingness to pay for vehicle safety features, consumers who purchased more expensive vehicles tended to be more willing to pay for the safety packages and however the author noted that the willingness to pay was still quite high for consumers who purchased vehicles from the lowest price range. In the summary, most private vehicle purchasers would be willing to pay the best estimate retail price or more for both the airbag and non-airbag package. The factors were influenced by age, gender, parents, household income, size of car and cost of the vehicle.

According to the European Road Safety Observatory, the design of the vehicle are the most important and basic criteria to a safe traffic system that requires safe interaction between users, vehicles and the road environment. Vehicle design, which takes account of the behavioural and physical limitations of road users, can address a range of risk factors and help to

reduce exposure to risk, crash involvement and crash injury severity. Up until now, vehicle engineering for improved safety has usually been directed towards modifying and designing a vehicle in order to help the driver avoid a crash, or to protect the passenger inside the vehicle during a crash.

Recently, attention in Europe has been given to crash protective design for those outside the vehicle

Key system risk factors

Human

Vehicles and equipments

Road

Exposure

traffic system use

too early access to driving or riding a motor vehicle

availability of high performance motor vehicles

poor land-use planning, user mix

Pre-crash

crash occurrence

speeding, impairment

poor lighting, braking, handling, speed management

poor road design or layout, absence of speed limits and pedestrian facilities

Crash

injury during the crash

non-use of restraints or helmets

poor crash protective design

absence of forgiving roadside (e. g. crash barriers)

Post-crash

post crash injury

poor access to care

poor evacuation

absence of rescue facility

European Road Safety Observation on the vehicle design contribution

Based on Broughton, J. et al. (2000) research on a review of the effectiveness of casualty reduction measures in the United Kingdom between 1980 and 1996. The Author found that the greatest contribution to casualty reduction was secondary safety or crash protection in vehicles. This accounted for around 15% of the reduction, compared with 11% for drink-drive measures and 6.5% for road safety engineering measures.