# Exploring Factors Attracting Purchase Intention of Imported Automobile among Consumers' in Malaysia

**Arwidah Ali, Affendy Abu Hassim, Mohd Farid Shamsudin**

**Abstract:** Nowadays, the level of market competition in Malaysia automobile keeps on increasing, especially when they need to compete with foreign brand. Thus, this is important for Malaysia automobile industry to understand consumer intention for which factors that might be can influence consumer purchase in order to increase their market share. Therefore, this study seeks to explore factors affecting purchase intention of imported automobile among Malaysian consumers. On that point are four independent variables such as perceived quality, perceived cost, brand image and country-of-origin. While dependent variable as purchase intention will be examined in this study. A survey was carried out with 300 respondents and the data was collected by using closed-ended. The questionnaire was constructed based on several journals that are read in order to acquire information interrelated, based on the topic of the study. Besides that, this study conducted by using Statistical Package for Social Science (SPSS) software version 22.0. This software was used to analyze the quantitative data and generate results. Finding of this study illustrated that perceived quality, perceived price and brand image have a positive significant effect towards purchase intention of imported automobile among Malaysian consumers.

**Keywords:** Purchase Intention, Perceived Price, Perceive Quality, Brand Image

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## 1. INTRODUCTION

In the era of competitive business environment, automobile manufacturer and assemblers need to be proactive in order to assure that consumers have higher aims to buy their wares. This research focus on the levels of purchase intention among consumers that need to be enhanced as companies will enjoy strong growth and profitability and increased in market share through higher sales. Moreover, customers that have purchasing power can be changed to other royalty brand. Therefore, the better they understand the factors underlying consumer behavior the better they are able in developing effective marketing systems to meet consumer needs (Assael, 1998). Around the globe, there were some 68.69 million numbers of car sold worldwide on the road in 2013 were increased from 50.71 million on 2010 (Statisca, 2014), and ASEAN is one of the biggest cars sold in the worldwide followed by North America and Europe.

This scenario shows that automobile is a primary mode of transportation around the world.

Nowadays, we have always seen that most developed countries become a dominated in the world especially for automobile market. These developed countries were struggling to commit to their own local market first before trying to launch and expand their market to the other foreign countries. For example, currently China becomes the one of the world biggest sale of movement in automobile industry. Malaysian car industry started in the 1960s. The purpose of using this car, it's either for personal use or business function. Which means that their purchase, their own car for own purpose or for the company purpose. In 1985, Malaysian started to launch their own national car which is called PROTON that stand for Perusahaan Otomobile National Berhad. Malaysia has also taken the opportunity for the developed country such as Japanese auto manufacturers to form a joint venture in 1994 and at the same time launched the second national car which called PERODUA (Perusahaan Otomobile Kedua Sdn. Bhd).

However, beginning in year 1st January 2010, Malaysia will be completely effective on free trade area with the elimination of duties on over 2,000 tariff lines. This is according due to the proclamation that made by the Ministry of International Trade and Industry in 23rd AFTA Council Meeting, in parliamentary procedure to encourage greater economic and efficient for productivity and competitiveness (Ministry of International Trade and Industry (MITI), 2009). From AFTA policy, Malaysia has committed to eliminate import duties on 2123 products, which including 238 tariff lines in vehicles. Of the 'Big Three' markets, Malaysia with the first-half sales of 251,092 units outperformed Indonesia and Thailand to become the largest ASEAN vehicle market (Mark, 2009). This makes Malaysia become an attractive proposition and many foreign car makers intend to access into Malaysia market. Moreover, after the implementing of AFTA policy, this will give the impact for the ASEAN exporter especially from the neighboring countries where the elimination of trade barriers will give the effect of falling car price and Malaysian automobile car maker need to increase their competitiveness with among the ASEAN nations.

In other words, to remain competitive in the Malaysian automotive industry, all the car makers should know what is the Malaysia consumers' buying behavior when trying to make a decision especially after the announcement of the implementation of new AFTA policy. So, by executing this research also will help the car manufacturers understand whether decreasing in car costs will change Malaysia consumers' purchase intention or whether will behave the same direction as before and after implementation of new AFTA policy. Therefore, this study is carried on to occupy in the gap in literature that has been analyzed extensively and it is important to survey what are the most significant factor that will attract Malaysian consumers to fix the purchase decision and when their concern on perceived character, perceived cost, brand icon as well as a factor for country origin when they require to buy an imported car.

## 2.0 Literature Review
### 2.1 Purchase intention

Purchase intention is explained as the likelihood that consumer acquires a special product in a certain purchasing situation (Crosno, Freling& Skinner, 2009; Whitlark, Geurts& Swenson, 1993). From the consumer behavior standpoint, purchase intention is an important construct for consumer's attitude (Kotler and Armstrong, 2003). Normally, most of the consumer will consider element, such as price and quality in their buying decision (Alfred, 2013). Moreover, consumer are likely to purchase a new product that is suited to their cultural background. This is supported from previous research which indicates that several variables such as age, social class and gender is an important factor in explaining the relation between expressive product and its function (Henry, 2002). In addition, these roles may continuously change in accordance with changes in environmental and economic development that may lead to an alteration process of real structure in making decision. While Henry (2002) justified that a criteria of female genders in purchasing a less functional criteria as compared to males. Factors such as cultural, economic, social and environmental elements have largely influenced the consumers' need for consumption. Therefore, an analysis perspective of lifestyle could serve in understanding the concept and approach for consumer needs and wants (Michman and Mazze, 2009).

## 2.2 Perceived Quality

Quality is a trait which is very hard to define, because it is a very subjective term. Quality is a multifaceted concept based on several dimension which a consumer cannot evaluate all. Perceived quality also as perception of a consumer about a product's excellence. Research shows that most consumers perceive international brands to be of higher quality and greater prestige (Nguyen, Barrett and Miller 2005; Steenkamp, Batra and Alden 2003). The consumer tends to compare the quality with regards to price within a category. Same goes to Iglesias and Guillen (2004), consumers pass five phases of the purchase process where the first stage described how the consumer perceives the product as thoughtfulness in term of its accessibility, price, quality, and the marketing activities. Thus, consumers will draw a contrast judgement whether to purchase or not between the brands and other alternatives to determine the decision on buying process. Some previous researcher support a positive direct effect of perceived quality on purchase intentions, Garretson and Clow (1999) suggested that perceived quality has effected for consumer purchase intention. Hence, a hypothesis have been proposed as below:

*H1:* There is a significant influence between the perceived quality (Q) and factors of purchasing the imported automobile among the Malaysian consumer.

## 2.3 Perceived Price

Kotler and Amstrong (2010) and Hanif et al. (2010) has indicated the definition of price as the amount of money charged for a particular product or service. It is the total values that the customer is willing to exchange for the benefits of owning or utilize the product or service. This is due to consumer perspective in the perceiving level of praise as an established image. Thus, the price level is found to be positively effected on behavioral intention (Aaker, 1991). In Malaysian case, the local car usually received a lower price compare to imported car. Consequently, It is risky where consumer perceives a lower quality of the local itself than imported car. A study researching from Bolton et al. (2003) has verified that the mentality of consumers in deciding the exact cost that may be charged in a particular product or services. This judgment is critical, especially in a situation where the seller has lack knowledge or absence of other comparative. Thus, a hypothesis have been proposed as below:

*H2*: There is a significant influence between the perceived price (P) and factors of purchasing the imported automobile among the Malaysian consumer.

## 2.4 Brand image

According to Srinivasan and Till (2002), brand image is valuable property where the brands itself communicate with correspond in term of its quality and defined the suggested price in associated with the prescribed structure of the brand knowledge. On the other hand, Aaker (1991) identified brand image is a valuable assets that help to differentiate product in the market. An established brand that has embedded in consumer mind will strongly influence and motivated them to purchase the specific brand. In other words, it is known as brand loyalty (Dibb et al., 2001). Timmerman (2001) defines a brand as attributes of preference and brand evaluates which evoke in the consumer mind. Brand attitude will influence purchasing intention. Hence, brand name is those traits which have a direct relationship with buying behavior (Frazen and Berg, 2002). So, purchasing a new car is counted a big investment and the final determination is normally reached after careful consideration. This is because, brand names act to express information its reputation, tradition and status especially in the automobile industry. Therefore, a hypothesis have been proposed as below:

*H3*: There is a significant influence between the brand image (BI) and factors of purchasing the imported automobile among the Malaysian consumer.

## 2.5 Country-of-origin

The Brand's Country of origin also plays important role in the consumer buying process, stereotypes consumer are prejudice to particular products. For example, "Japanese electronics are reliable", "German cars are excellent". Many consumers believe that a *"Made in..."* Or *"manufactured in..."* label means a product is "superior" or "inferior" depending on their perception of the country (Nagashima, 1977). Nowadays, most manufacturers are rapidly competing among them, especially for automobile manufacturers to gain consumer intention to buy their brands. Furthermore, country of origin has a strong dimension to attract the consumer about the product and brand once the consumer believes the ability and the background of the foreign country in economic development. For intense, the consumer is generally known and have a stereotypical belief of the particular country and the attributes

of those products (Srikatanyoo and Gnoth, 2002). Therefore, since the consumers have their own perception of particular country of origin, the other industry for automobile manufacture should provide another strategy in order to compete and attract consumer perception to purchase their brand.-Thus, a hypothesis have been proposed as below:

*H4:* There is a significant influence between the country of origin (COO) and factors of purchasing the imported automobile among the Malaysian consumer.

## 3.0    Method

This research employed quantitative research as it examined the relationship between variable by measuring it numerically and analyzing it using statistical methods. This research conducted a formal survey to get data from structured questionnaire. This research used descriptive research as it will determine the factor affecting consumer purchase intention of imported automobile. The target population for this research will comprise of consumer residing in Kuala Lumpur area. Kuala Lumpur cities are selected because it is the central hub attracting resident from all other states in Malaysia and concentrated among working people in Malaysia that have greater capabilities and purchasing power in parliamentary procedure to purchase something that valuable. This study was conducted among Malaysian consumer consisting of the main ethnic groups Malay (Muslim), Chinese and Indian aged 25 years above and working are the demographic characteristics of simple selected for this study. This survey was conducted among consumer who is working because imported products associated with a high price so the selected sample should have a "purchasing power" because the elements that determine their purchase intention might be different with unemployment respondents. This survey takes a total of 320 respondents as the sample size for the subject area of this project paper in order to furnish an equal degree of confidentiality of subject area.

Statistical Package for Social Science (SPSS) software version 22.0 was used to analyze the quantitative data in this study. It can help to categorize information and interpreted quickly in a visual way. In this study, reliability analysis was used to identify the criteria listed in the research questionnaire according to the value showed by the Cronbach's alpha index. Moreover, this study will employ multiple regression analysis to determine the strongest determinant that influences consumer's purchase intention towards the imported automobile. This analysis will calculate a statistic for each variable called standardized beta or beta weight where the higher the beta weight value the greater influence a variable has in explaining in the intention to purchase the imported automobile.

## 4.0    Finding and Discussion

A total of 320 questionnaires were distributed by hand out survey based on the convenience sampling method. However, at the end of final collection, only 300 were filled out and gave back. It shows that the overall response rate is 93.75%. All the 300 questionnaires were complete and can be used for the study. Descriptive analysis is the discipline that describes the main characteristics of a collection data. Out of 300 respondents, male respondents contributed 51% to a total of 153 respondents, while female respondent contributed 49%, with a sum of 147 respondents. Most respondent majority come from a group of Malay, with 79.3%. Chinese respondent followed with 11% and minority of respondents which represented by Indian 6% and others 3.7%. Besides that, as expected, half of the amount of total respondent comes from the age group below than 30 years at the same time most of them hold a bachelor degree and the result showed that half of the respondents also prefers working in a private sector. Furthermore, the finding of this research illustrated the majority of the respondents have fallen in the monthly income range of RM2001-RM3000 which consist of out 37.75% respondents

Reliability test result show from the table 5.1 that include all the independent variable and dependent variable with the score of over 0.7 which implies that the variable have high internal consistency. Referring to the multiple regression analysis conducted, the result showed that R square equal to 0.527 ($R^2$ = 0.527) which implies that 52.7% of the variation in the purchase intention of imported automobile among consumer in Malaysia. In addition, it can be explained that the independent variable such as perceived quality, perceived price and brand image have a positive relationship in exploring factor attracting purchase intention of imported automobile among Malaysian consumer. Meanwhile, there is only one significant negative relationship between country-of-origin image and purchase intention which is the significant value is 0.265 > 0.05.

Moreover, when looking for the higher effect on purchase intention, it can be seen through the perceived quality with beta weight is 0.441 followed by perceived price by beta weight is 0.278. The last two beta weight is brand image with 0.257 and last country-of-origin with -0.43 of beta weights.

Based on the result, we can see the relationship all of the dependent and independent variables explained through the regression equation as formulated below: Multiple regression equation:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \ldots\ldots + \beta_k X_k + c$$
$$PI = \beta_0 + \beta_1(Q) + \beta_2(P) + \beta_3(BI) + \beta_4(COO) + c$$

Purchase intention = 0. 209 + 0.441 *(perceived quality)* + 0.278 *(perceived price)* + 0.257 *(brand image)* - 0.043 *(country-of-origin)*

Thus, the multiple regression analysis can conclude that H1, H2, H3, are supported while only H4 is not tolerated. For hypothesis testing, the direction and strength of correlation can be observed based on the data where the significance level to accept the hypothesis is set at sig<0.05. By testing hypothesis, fulfillment of research objective will be achieved.

## 4.1 Hypotheses 1

This survey indicates that perceived quality plays an important character to influence Malaysian consumers to buy an imported car. This result can be seen through SPPS that the Beta shows the highest among the all other variable with is 0.441 which means that the perceived quality has the most significant impact on attracting purchase intention of imported automobile among Malaysian consumer. This means that, from this research, we can find out through multiple regression analysis that indicates layers of significance perceived quality is 0.000, which is less than 0.05, indicating that perceived quality is important in explaining purchase intention toward imported automobile among Malaysian consumers. Thus, this can conclude that the majority of customers will tend to consider the quality of the automobile when they make the purchase decision. This result is supported by Dae and Joon (2009); Hoch and Banerji (1993), is indicated that have a positive significant for perceived quality and purchase decision.

## 4.2 Hypotheses 2

Regarding this research shows that perceived price plays a second important factor to attract Malaysian consumer in decision behavior. As we know that, although quality leads the main factor in this study, but some consumer belief products with higher quality are more expensive than, then lesser quality always tends to be a cheaper product. Multiple regression analysis indicates that there is substantial value in explaining purchase intention of imported automobile among Malaysian consumers. The coefficient result showed that P-value of perceived price is more than significant level of 0.05 which is 0.000 expressed that H2 is supported. In conclusion, to gain a better quality will lead to a higher monetary sacrifice and must be made based on consumer perception and willing to buy. The beta weight of perceived price is 0.278, meaning that perceived price is relatively important in affecting purchase intention. Since the price and quality have a direct relationship among each other, So this will lead us know that quality and price are tied. Consumers should take into consideration before making a purchase decision because prices always play a vital role to influence purchase intention that for those who have a strong in financial ability. This result is supported by a previous study which indicated that effective pricing strategy plays an important role because price is one type of monetary value and cue to stimulate consumer perception in their buying decision (Nagel and Holden, 2012).

## 4.3 Hypotheses 3

Nowadays, consumers can get many brands of the car to choose. Based on this research shows that brand image has been useful while predicting in purchase intent, especially in the area of highly competitive marketplace. Multiple regression analysis in this study shows the level of significance is 0.000, which is less than 0.05, indicating that brand image is significantly in explaining purchase intention of imported automobile among Malaysian consumers. Moreover, the beta value of brand image is 0.257, meaning that when brand image increase by 0.257 units, purchase intention will increase by one unit. Therefore, there is a positive significant effect between brand image and consumer purchase intention, which is expressed that H3 is supported. This result consist with the previous studies that a firm with a high brand equity achieve high perception of the brand by the customers also will lead to a greater loyalty by the customers buy less  price sensitive from the customers while comes to decision making to purchase (Keller, 2008).

## 4.4 Hypotheses 4

Multiple regression analysis shows that they're significant negative value in explaining purchase intention of imported automobile among Malaysian consumers. The coefficient result showed that P-value of perceived price is less than significant level of 0.05 which is 0.265 tends to express that H4 is rejected. Country-of-origin is not related to purchase intention of imported automobile due to the Malaysian consumer perception didn't play a major role in influencing a choice of a product. For automobile they tend to look more on quality and brand rather than made-in especially when comes to decision making to purchase. Other than that, we can go through to the result of beta weight for country-of-origin image which is -0.043, meaning that there is negative significant effect between country-of-origin image and consumer purchase intention of imported automobile. So, H4 is not supported.

## 5.0    Conclusion

First and foremost, convenience sampling was utilized in this research, where they might be some prejudice on the result to be non-generalizable. This is because these researches are conducted in an area of Kuala Lumpur only and not represent the entire of population, which is not generalizable to the global consumers with other geographical area. Second, current survey only managed to gather 300 respondents, which is relatively small and not cover a large number of populations currently in Malaysia. Therefore, larger sample size would be more generalizable. Third, questionnaire survey that used in this study has also become one of the limitations because of the closed-ended questionnaire tends to limit the respondents to express their true feeling and believe due to answer on the scales that provided to them. As noted previously, this can help to avoid bias in this study even though there is also have disadvantages such as a risk for extensive closing a larger item nonresponse. Moreover, there is a limitation on independent variables. This is because the four variable used in this current study is able to explain only 52.7% from the $R^2$ result which represent of factor affecting purchase intention of imported automobile among consumers in Malaysia based on this study, rather than the remaining 47.3% are explained by another factor which are not included in this study. Thus, those factors that not included in this research might be influential predictors of purchase intention among Malaysian consumers.

The purpose of this study to examine the intention to purchase imported automobile towards Malaysian consumers. The result of this finding shows that all consumers are looking for the high technical quality car including appearance and safety as an important part for purchasing a car. Thus, the marketer should need to understand more on the factor that can attract and influence consumer when they have a desire to purchase a product. This will make them a strong and a long relationship with the customer. This survey found that the potential consumers who have higher intentions to buy an imported automobile based in Kuala Lumpur area. A sum of 300 questionnaires was collected and the data collected were processed and analyzed using SPSS 22. The data were analyzed using descriptive analysis, multiple regression analysis and reliability test. The results show that perceived quality, perceived price and brand image are significant in explaining purchase intention of imported automobile, while county-of-origin has negative significant impact on purchase intention of imported automobile. Furthermore, impressive growth and development of world class manufacturing give the impact on consumer perception regarding the quality, price as well as brand image. Therefore, it is important to begin to clearly understand consumer perceptions towards imported automobiles, especially when the product involvement originating from others countries. This is because, based on data analysis derived from this study is that the average Malaysian consumer does not consider the county-origin aspect to be high on their list in deciding to purchase imported car. So, marketers can take advantage from the other perspective to attract based on consumer perception. In other words, nowadays the demand of automotive is rapidly increasing due to the current technology trend and evaluation. So here, it is important for the automotive players understand their customer needs and want, especially for automotive players to know what are the current market trends and factor affecting to attract intention for Malaysian consumer to purchase. By understanding customers' needs and wants like use an appropriate method for specifying affecting factor on purchasing an imported car would be helpful to manufacture and dealers, at the same times would give a great opportunity for marketer to gain a better understanding while launching their marketing strategy for global competitiveness.

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