

‘This report is submitted to the Faculty of Technology Management and Technopreneurship of UTeM as a partial fulfillment of the requirements for the degree of Bachelor of Technology Management (Technology Innvovation).’

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THE PERCEPTION PROCESS OF
CIMB ISLAMIC DALI EQUITY GROWTH FUND:
FROM SENSATION TO INVESTMENT RISK ACCEPTANCE

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Report submitted in
fulfilment of the requirement for the
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“I hereby declare that this report entitled “The Perception Process of CIMB Islamic DALI (Dana Al-Ihsan) Equity Growth Fund: From Sensation to Investment Risk Acceptance” is the result of my own research except as cited in the references.”

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Name : QURRATU AIN BINTI IMAN

Date : 28th June 2013.

I dedicated this research for my lovely mama, Intan Zahrah Binti Ibrahim and also my lovely abah Iman Bin Arbaen who always gives me support, motivation, spirit and constantly pray for my successful. I really love both of you.

Not forget to my sibling that always help when I needed during throughout of this research. Not forgotten for those who involved directly or indirectly that give cooperation, support and opinion while finishing my research.

I also praise to Allah that give me chance to finish up my research even though need to undergo the obstacle. Alhamdulillah

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ABSTRACT

This study aims to determine factors that influence perception among CIMB Islamic DALI Equity Growth Fund investor and to investigate the perception process that affect perception risk acceptance of CIMB Islamic DALI (Dana Al-Ihsan) Equity Growth Fund. This research designed under qualitative approach. Data processed by content analysis. Triangulation conducted to test the validity of data. Data collecting for this research are in-depth interviews with several key informants and experts informants, outside observations and related documentation. The finding of this study is pattern of perception to accept investment risk. This pattern can be used in decision making to accept the investment risk especially CIMB Islamic DALI Equity Growth Fund and also improve the financial consultant method and skill to attract investor.

Key-words: perception process, investment risk acceptance, CIMB Islamic DALI Equity Growth Fund, content analysis.

ABSTRAK

Matlamat kajian ini adalah untuk mengenal pasti faktor yang mempengaruhi persepsi dalam kalangan pelabur CIMB Islamic DALI Equity Growth Fund and mengkaji proses persepsi terhadap penerimaan risiko CIMB Islamic DALI Equity Growth Fund. Reka bentuk kajian ini di bawah pendekatan *qualitative*. Data akan diolah melalui *content analysis*. Triangulation digunakan untuk menguji kesahihan data. Pengumpulan data bagi kajian ini adalah dengan melakukan temu bual secara mendalam bersama beberapa orang pemberi maklumat dan pemberi maklumat yang pakar, melakukan pemerhatian dari luar dan dan mengambil dokumen yang berkaitan. Hasil bagi kajian ini ialah paten bagi persepsi penerimaan risiko pelaburan. Paten ini boleh digunakan untuk membuat keputusan dalam menerima risiko pelaburan terutamanya CIMB Islamic DALI equity Growth Fund dan juga mempertingkatkan cara dan kemahiran perunding kewangan untuk menarik pelabur.

Kata-kunci: proses persepsi, penerimaan risiko pelaburan, CIMB Islamic DALI Equity Growth Fund, content analysis

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LIST OF ABBREVIATION

CEO	Chief Executive Officer
CIMB	Commerce International Merchant Bankers Berhad
CWA	CIMB Wealth Advisors Berhad
DALI	Dana AL-Ihsan
EPF	Employees Provident Fund
GDP	Gross Domestic Product
KLCI	Kuala Lumpur Composite Index
NYSE	New York Stock Exchange
U.S.A	United State of America

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CHAPTER 1

INTRODUCTION

1.1 Introduction/Background of the study

Nowadays, we can see many funds are offered in the market. The banking institutions also do not miss to offer the funds that give profit to the investor and the bank as well. Usually the investor will get as much information before they accept the investment risk. For instance, the investor will look and find out the information in the internet, magazine, signboard, flyer, brochure, newspaper and advertisement. These are the source or channel that can be used by investor to get more information about the investment that attract them. Besides, they also can get the true information from expert people in the investment field such as financial consultant or wealth advisor.

New investor can get information about investment that they are interested from magazine like smart investor. From reading and observation at this particular media, new investor not only knows about the benefit and profit of the investment but they also will know about the awards that they can get by the investment. Moreover, while watching news at televisions especially Biz World at TV3 and BizMalaysia at TV1 we can see the board slot. Not only that, they also can look at the investment performance on the board of Kuala Lumpur Composite Index (KLCI) the up and down or fluctuation in investment. New investor also can observe the investment performance through newspaper. This will expose them to the investment world before they enter the real investment. It is important for the investor especially the

new investor because a lot of information will help them to make the right decision in the right time before investing in the investment that get high return. Other than profit and benefit, institution or company that offer the investment also affect the acceptance of the new investor to invest. It is because the company name represents the condition of that company such as the strength in business. When this happened, it will give good impression for new investor to invest in the investment or fund that is offered by that company. This shows that perception process plays a big role to accept the investment risk.

So, let us move to the definition section. Shiffman, Kanuk and Hansen (2008:168) states that perception is process which an individual selects, organises and interprets stimuli a meaningful and coherent picture of the world. Then, investment is the purchase of assets such as securities, deposits and so on with a primary view to their financial return either as income or capital gain (Oxford, 2005:221). For the risk it can be defined as the possibility of something bad happening at some time in the future, a situation that could be dangerous or have a bad result (Oxford, 2000:1018). In addition, Oxford (2005:357) mentions that risk is the possibility loss in absolute terms or relative expectations. And last but not least, acceptance is the act of agreeing with something and approving of it (Oxford, 2000:6). Oxford (2005:2) also argues that acceptance is the agreement to accept the terms of an offer.

The reason why this research topic is chosen is because to investigate the factor that influence consumer especially investor perception to CIMB Islamic DALI (Dana Al-Ihsan) Equity Growth Fund risk before they invest in this equity (Shariah). Besides, this research also will focus to the perception process that effect the perception to accept CIMB Islamic DALI Equity Growth. This research is important to look at the stimuli that effect the consumer perception to CIMB Islamic DALI Equity Growth Fund. In addition, the way on how the consumer such as potential investor process of their perception is essential for this research. From this way it can make the researcher know and learn about what factor that influence and attract the consumer to accept the investment risk. In order to make this research achieve their research objective, qualitative research approach is needed in this study. It is because perception factor and perception process is something that cannot be seen by our

eyes and it is also something that is subjective. Method that will be used in this study is in-depth interview, outside observation and related documentation. This methods will make the evidence stronger because the researcher not only get the answer about the factor that attract them to invest and the perception process to accept CIMB Islamic DALI Equity Growth Fund but also can learn more about their way to respond to the question given. From this the researcher can learn and conclude their way in order to answer the question with their body language and gesture that happen while interviewing session take place. Furthermore, the perception of consumer especially potential investor is important to make them accept the investment risk which is CIMB Islamic DALI Equity Growth Fund.

1.2 Statement of the Problem/Research Question

- 1.2.1 What are the factors of sensation that influence perception among CIMB Islamic DALI Equity Growth Fund investor?
- 1.2.2 How the perception process can affect the acceptance of CIMB Islamic DALI Equity Growth Fund?

1.3 Objectives

- 1.3.1 To determine sensation factors that influence perception among CIMB Islamic DALI Equity Growth Fund investor
- 1.3.2 To investigate the perception process that affect perception risk acceptance of CIMB Islamic DALI Equity Growth Fund

1.4 Scope, Limitations and Key Assumptions of the project

The scope for this study will concentrate on the factor that influence perception risk acceptance of CIMB Islamic DALI Equity Growth Fund. Besides, this research also focuses on the perception process that affects the acceptance of CIMB DALI Equity Growth Fund risk acceptance. This study will be focus on the investor of CIMB Islamic DALI Equity Growth Fund in Melaka.

1.5 Importance of the Project

The significance of this study is to make the Financial Advisor know how to attract the consumer to invest. On the other hand, the benefit of this study is the Financial Advisor can plan the strategies in order to encourage consumer to invest in individual fund that is offered by CIMB Bank. So, they can select the best and also quality consumer that suit to invest in CIMB Principal Asset Management.

Besides, this study also can be used for academic field that learn about marketing and consumer behaviour. Last but not least, this study can give benefit and value added to the student as a reference.

CHAPTER 2

LITERATURE REVIEW

In this chapter, the topic that will be discussed is about literature review. Based on the (Cooper and Schindler, 2001) literature review is the section that examine recent (historically significant) research studies, company data or industry report that act as a basis for the proper study. Then, this part of analysing the data is important as to make sure all the important data that is related to the research topic is usable. On the other hand, do not forget all the information that answer the research topic, research question and research objective. Briefly, the quality information about this research on how to influence the perception of CIMB Islamic DALI Equity Growth Fund is needed.

2.1 Sensation

Solomon (2009:52) defines that sensation refers to immediate response of our sensory (eyes, ears, nose, mouth, fingers) to basic stimuli such as light, colour sound, odour and texture.

2.1.1 Sensory Stimuli

There are five main senses that enable us to make sense of the world. These are sight or vision, hearing, touch, smell and taste. The perceptual process will begin when the inputs of our five senses detect it. The input detected by our sense also known as raw data. It is the unique sensory quality of a product which can play an important role in helping it to stand out for the competition, especially to the brand that creates a unique association with the sensation (Solomon, 2009:53).

There are several sensory stimuli that are being used in this research, which are sight or vision, sounds, smell, touch and taste.

2.1.1.1 Vision

Marketers rely heavily on visual elements in advertising, store design and packaging (Solomon, 2009:56). They also communicate meanings on the visual channel through the product colour, size and style. Vision is important sensory stimuli in order to make the investor accept the investment risk through their perception. It is also probably the most developed sense in human followed by hearing (Wright, 2006:113). Then, it seems to be a major way on how human comes to know and understand the world. For this research, the figure of fund performance and return that was got by other investor is important to influence the perception of investment risk acceptance of CIMB Islamic DALI Equity Growth Fund.

In addition, some of the information will have been genetically programmed and brought to the world by human while other information need to be seen and understood in some way through the perception, learning and experience process (Wright, 2006:113). The perception of investment risk acceptance of the Islamic equity not only happened through the figure that is shown, but the acceptance of investment risk can happen from their experience and also information that they get from the strong reference.

2.1.1.2 Sounds

Nowadays, usually people use language to transfer their message. Along with sight, marketers, marketing agencies and sales person constantly use language to talk (and listen) to customers and other stakeholders about corporate and product benefit (Wright, 2006:120). It is important for them to give full and factual information about the CIMB Islamic DALI Equity Growth Fund as to influence the consumer perception in order to accept this investment risk.

Communication is an intricate part of marketing from talking to (an observing)the potential and the existing customers about the present and future benefits wanted through the use of complex method of marketing research (Wright, 2006:120). So, communication and promoting the CIMB Islamic DALI Equity Growth Fund benefit is to make the satisfactory purchases sustain. When promoting this Islamic equity, present and future benefits that will get by the potential customer are needed in order to influence their perception to accept the investment risk of CIMB Islamic DALI Equity Growth Fund.

2.1.1.3 Smell

Odours can stir emotions or have a calming affects (Solomon, 2009:58). It can invoke the memories or relieve the stress. In addition Solomon (2009:58) mentioned that some of our responses to scents result from early associations that call up good or bad feelings and that explains why business nowadays exploring connections among smell, memory and mood. This means that smell from the marketing person play a big role to attract the consumer especially potential investor of CIMB Islamic DALI Equity Growth Fund.

Like other senses, smell produces physiological and emotional responses. Some of our most basic emotions are also linked to smell. Hoyer and MacInnis (2010:83) mentioned that research has found that providing a pleasant-smelling environment can have a positive effect. This shows that the environment of the place

must be pleasant-smelling because it can affect the perception of consumer in order to accept the CIMB Islamic DALI Equity Growth Fund. On the other hand, Wright (2006:128) also argued that evidence seems to suggest that good or bad feelings generated by smells in human are more associated with upbringing, culture, learning, emotion and even psychology.

2.1.1.4 Touch

Common observation tells that touch sensory channel is important although scientists have done relatively little research on the effects of tactile stimulation on consumer behaviour (Solomon, 2009:61).

Indeed, researchers are starting to identify the important role (touch) sense play in consumer behaviour (Solomon, 2009:61). Solomon (2009:61) also add some information which mentioned that haptic sense appear to moderate relationship between product experience and judgment confidence, confirming the common sense notion that about what we have perceived when touch it. This shows that the elements that were mentioned earlier like product experience gives a big import to the consumer's touch especially investor. Their experience gives the perception for them to accept the CIMB Islamic DALI Equity Growth Fund or not.

2.1.1.5 Taste

Hoyer and MacInnis (2010:82) mentioned that what tastes good to one person may not taste good to another. It is because consumers from different cultural background may have different taste preferences. Moreover, our taste obviously contributes to our experience. For this research, taste can be defines about the taste of investor when they get the news about their investment performance. It can be sweet to the investor if their investment performance is good. But, if the investment is in bad performance the taste can change into bitter.

2.1.2 Sensory Receptors

Sensory receptors are a part of a sensory neuron or cell (and possibly associated cells) that receives information from the world and relates it to nervous systems (Tamarkin, 2011).

There are several sensory receptors that relate with previous section that is sensory stimuli. Sensory receptors that will be discussed deeply in this part are eyes, ears, nose, skin and mouth.

2.1.2.1 Eyes

Eye is an organ that detects light and sends signals along the optic nerve to the brain. (Bedinghaus, 2012). It is a valuable sense organ that gives us the ability to see. The ability of eye is it can differentiate the colours and depth and also allows for light perception and vision. Compatible with vision section, the information that is shown must be valuable and meaningful to influence the consumer perception of CIMB Islamic DALI Equity Growth Fund risk acceptance.

2.1.2.2 Ears

Moreover, ear is the organ of hearing and equilibrium in vertebrates. In human it consists of an external ear that gathers sound vibrations, a middle ear in which the vibrations resonate against the tympanic membrane and a fluid-filled internal ear that maintains balance and conducts the tympanic vibrations to the auditory nerve, which transmits them as impulse to the brain (Dictionary.com, 2012). The powerful information is important to make the consumer trust the benefit of CIMB Islamic DALI Equity Growth Fund. The repetition of this Islamic equity and their advantages also important to make sure the consumer remembers about it.

2.1.2.3 Nose

Nose is one of our sensory receptors. TheFreeDictionary (2012) states that nose is a sense of smell and Dictionary.com (2012) defines that nose are the part of organ of smell. This means the smell give impulse to the brain to interpret the meaning. Nose is used to smell the odour from the marketing person or from the environment. It is because smell that was received from the nose can give impact to the perception of the consumer especially potential investor to accept the CIMB Islamic DALI Equity Growth Fund.

2.1.2.4 Skin

Skin the external membranous integument of the body (biology online, 2009). From this statement, external that can be defined to this research is the investment performance. The investment performance can be shown in the graph. The performance can give big impact to the perception when they see the graph is in the smooth mode or I the fluctuation mode. It is important because it can give the perception and also picture about the investment whether or not the potential investor can accept the CIMB Islamic DALI Equity Growth Fund.

2.1.2.5 Mouth

Last but not least, mouth also is one of our sensory receptors. Merriam-Webster (2012) argue that mouth is the natural opening through which food passes into the body of an animal and which in vertebrates is typically bounded externally by the pharynx and encloses the tongue, gums and teeth. When we see the definition earlier, investment can be as a mouth because of the natural opening. This means usually something that open will be close too. It can be shown when the investment increase or decrease. For example when the investment of CIMB Islamic DALI

Equity Growth Fund is increased it is like the mouth when it opens. Normally, increasing in investment is like receiving capital gain and dividend.

2.2 Perceptual Process/Perception Process

2.2.1 Exposure

The third step of perceptual process is exposure. Exposure is the degree to which people notice a stimulus that is within range of their sensory receptor (Solomon, Bamossy, Askegaard and Hogg, 2006:47). Consumer will concentrate on certain stimuli, unaware to the others and also ignore some messages. In addition, consumer also can choose whether or not to deal with the stimulus. Then, information must be first placed in a situation where consumers will be exposed to it (Webb, 2010:67).

These are the several important concepts concerning perception such as selective exposure and selective retention.

2.2.1.1 Selective Exposure

Experience is one of the selective exposure factors. It is the result of stimulation. It is also factor that determines how much a person accepts the exposure to a particular stimulus (Solomon, Bamossy, Askegaard and Hogg, 2006:47). On the other hand the perceptual filters based on past experience that influence what consumers decide to process. Normally past experience give a big impact to someone personality. For example, the consumer will be aware with the equity fund if they face the problem like fluctuation in fund performance and also uncertainty in return of previous investment and vice versa. Experience that faces by someone has pros and cons depend on the situation that happened.