

**CONSUMERS PREFERENCES OF PURCHASING A CAR
AMONG YOUTH AT MELAKA**

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**Laporan ini dikemukakan sebagai
memenuhi sebahagian daripada syarat penganugerahan
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PENGAKUAN

“Saya akui laporan ini adalah hasil kerja saya sendiri kecuali ringkasan dan petikan yang tiap-tiap satunya saya telah jelaskan sumbernya”

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ABSTRAK

Pada masa kini, industri automotif adalah salah satu sektor yang paling pesat berkembang di dunia. Pelbagai jenis kereta yang dikeluarkan, dimana permintaan yang tinggi ke atas pasaran automotif disebabkan kereta menjadi satu keperluan dalam kehidupan seharian kita. Ia adalah penting untuk menilai prospek dan pilihan pengguna yang menyediakan ciri-ciri yang membuat pengguna membuat keputusan lebih mudah. Kajian ini bertujuan untuk menyiasat tingkah laku remaja (Melaka) bagi pemilihan pembelian kereta di Malaysia. Kaedah soal selidik digunakan sebagai instrumen utama untuk mengumpul data dalam kajian ini. Data seterusnya yang diperolehi dianalisis dengan menggunakan kekerapan, peratusan dan sebagainya analisis min. Kajian ini memberi tumpuan kepada belia di Melaka. Kira-kira 100 set soal selidik akan diedarkan kepada responden yang memberi tumpuan kepada pengguna belia. Kajian ini akan disasarkan kepada belia yang berusia antara 17 tahun hingga 25 tahun. Terdapat, tiga pembolehubah bebas yang telah dikenal pasti dalam projek kajian ini untuk memahami faktor-faktor yang boleh menjejaskan (belia) pilihan pengguna membeli kereta. Objektif utama kajian ini adalah untuk menyiasat tingkah laku tingkah laku pembelian kereta dan faktor-faktor yang mempengaruhi pemilihan kereta di kalangan belia. Kajian ini juga dapat menyumbang kepada kelakuan tingkahlaku pembelian kereta untuk perniagaan dan juga untuk pemasar.

ABSTRACT

Nowadays, the automotive industry is one of the fastest growing sectors in the world. Various types of cars manufactured and production, there is an increase in the car has a strategic meaning for our daily lives and making more competition in strategic management. It is important to assess prospects and the consumer preference provides features that make the user make the decision easier. This research aims to investigate the behavior of youth (Melaka) for the selection of car purchases in Malaysia. The questionnaire method is used as the main instrument to collect data in this study. Next data obtained were analyzed using frequencies, percentages and so on mean analysis. This study focused on the youth at Melaka. About 100 sets of questionnaire will be distributed to the respondents which focus on the youth consumers only. This research will be targeted at youth, with the age ranging from 17 to 25. Three independent variable that had been identified in this research project to understand the factors which that could affect the (youth) consumer preferences of purchasing a car. The main objective of this study is to investigate the behavior of the car purchase behavior and factors that influence the selection of cars among the youth. This research is also carried out to determine the significance of contributing the youth purchasing behavior of a car to the business and also to the marketer.

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CHAPTER 1

INTRODUCTION

1.1 Background of Study

The car is one kind of automotive technology wheeled vehicles that can be driven faster and carry more passengers than the motor. Automotive reflects an evolution that makes a great industry, which sparked a phenomenon F1 and more than 100,000 patents created the modern automotive history (Department of the Prime Minister, 2005). In the world there are now several kinds of famous car brand of Toyota, Honda, Mitsubishi, BMW, Mercedes, Proton, Hyundai, Volvo, Nissan, Mazda, Perodua, and Citroen. Automotive market is changing rapidly owing to the intense competition between leading edge technologies. Therefore, it requires automotive manufactures and car dealers to understand the consumer preferences at the time and take immediate action to reflect market changes quickly. So, it will be very interesting to know fast changing priorities in the passenger automotive market and how customers make the decision making process.

In the psychological aspect, consumers really care about their satisfaction in terms of car selection. During the process of car buying decision making among consumers, there are many factors that will affect it. The selection process is one of the procedures in purchase activity by comparing something with something else to make a decision. Selection ethical means voluntary decision taken between two alternatives that are labelled as good and bad. Mandeep Kaur and Sadhu (2006) tried to find out the important features of the current customers are going to purchase the car. Respondents see that safety and comfort are the most important features in a car purchase. Therefore, manufacturers must design products give maximum wattage to these factors. Chidambaran and Alfred (2007) assumed that there are certain factors that influence customer brand preference. In this framework, the research shows that customers give more importance to fuel efficiency than other factors. They believe that the brand tells them something about the quality products, utilities, technology, and they prefer to buy a passenger car that offers higher fuel efficiency, good quality, technology, durability and reasonable price.

Malaysia is also great in the automotive industry members, of which there are two associations active in the automobile industry the Malaysian Automotive Association (MAA) and the association of vehicle importers and traders Malays of Malaysia (PEKEMA). MAA established blend of Malaysian Motor Traders Association (MMTA) and the Association of Motor Vehicle Assemblers Malaysia (MMVAA) and was officially launched on January 26, 2000. MAA become a familiar representation to government agencies on issues involving the vehicle industry as well as to communicate with the public through various media about the issues, the position of the vehicle industry in Malaysia (<http://www.maa.org.my/#>). While PEKEMA is an association made up of Malay vehicle operators who wish to develop and enhance the economic status of the Malays through commercial vehicles particularly overseas branded imported cars (<http://www.pekema.org.my/>). Both of these associations have established to encourage, promote and protect the interests of the auto industry in Malaysia. In addition also to consider and endorse or oppose any proposed legislation or measures for the purpose of advancing or protecting the interests of the Automotive Industry. With

this association, we are able to know the rate of car sales that have occurred in Malaysia, regardless of local car or train abroad.

The car industry in Malaysia is increasing, based on the Malaysian Automotive Association (MAA), a total of 313.488 vehicles sold from January to June this year, compared to 301.269 for the same period in 2012. Than 313.488 vehicles, passenger vehicles and 275.991 are remaining commercial vehicles. Sales overall industry volume (TIV) in Malaysia car for the first half of 2013 recorded an increase of 4.1 per cent compared to the same period in 2012. According to MAA president Datuk Aishah Ahmad expects sales for the second half of this year will continue to be strengthened through the introduction of several new models, improving market sentiment and robust domestic demand. From January to June, Perodua recorded sales of most cars with 96.873 units, followed by 64.782 Proton, Toyota (43.747), Nissan (26.268) and Honda (21.869).

Table 1.1: SUMMARY OF NEW PASSENGER & COMMERCIAL
VEHICLES REGISTERED IN MALAYSIA FOR 2005 TO YTD June 2013.

Year	Passenger Cars	Commercial vehicles	4 X 4 vehicles	Total vehicles
2005	416,692	97,820	37,804	552,316
2006	366,738	90,471	33,559	490,768
2007	442,885	44,291	-	487,176
2008	497,459	50,656	-	548,115
2009	486,342	50,563	-	536,905
2010	543,594	61,562	-	605,156
2011	535,113	65,010	-	600,123

2012	552,189	75,564	-	627,753
YTD JUNE2013	275,991	37,497	-	313,488

Table 1.2: SUMMARY OF PASSENGER & COMMERCIAL VEHICLES PRODUCED and assembled in MALAYSIA FOR 2005 TO YTD June 2013

Year	Passenger Cars	Commercial vehicles	4 X 4 vehicles	Total vehicles
2005	422,225	95,662	45,623	563,510
2006	377,952	96,545	28,551	503,048
2007	403,245	38,433	-	441,678
2008	484,512	46,298	-	530,810
2009	447,002	42,267	-	489,269
2010	522,568	45,147	-	567,715
2011	488,261	45,254	-	533,515
2012	509,621	59,999	-	569,620
YTD JUNE2013	264,487	29,024	-	293,511

(Sources: http://www.maa.org.my/info_summary.htm)

1.2 Problem Statements/Research Questions

In this study, the focus is to determine the criteria for car purchase behavior by students (university) at the Technical University of Malaysia Malacca and how these criteria affect the purchase. So, that was built as a research question:

1. What are the importance of brand and criteria that consumer prefer to purchase a car?
2. How level of safety affects the consumer in the purchase decision?
3. What is the relationship between financial issues against the purchase of a car model?

1.3 Research Objectives

In this study, the objectives to be achieved are:

- 1.3.1 To identify the importance of brand and criteria that consumer prefer in purchase a car.
- 1.3.2 To analyses how level of a vehicle's safety impact on car purchase decision.
- 1.3.3 To investigate the relationship between financial issues against the purchase of a car model.

1.4 Scope of the Study

This study focuses on the criteria that contribute to the consumer (youth) at the Melaka in car purchase decisions, various kinds of brand issued to consumers, how the customizable security levels the financial relationship between the car and the decision of buying a car valued.

1.5 Significance of the Study/Importance of the Study

The importance of this project is to identify the criteria that affect the decision to purchase a car. This is because of consumer interest of the criteria which have been able to help consumer make wise decisions in purchasing and avoid the consumer of making mistakes and regret when a car purchase has been made. The growth of technologies in the production of various type of high-tech car will make it difficult in the consumer to make a decision in the purchasing of a car. However, the car purchase decision must be commensurate with the ability and will of its own consumer. This study can also serve as a reference for future undertakings in the car purchase decision in due to having a car. Then, also can give contribution to the customer, car manufacturer and marketer. Make it precise and clear. For instance, this research can give the info especially to the car manufacturer or marketer to develop and give better offer to their prospect customer.

CHAPTER 2

LITERATURE REVIEW

2.0 Background of Study

At present, the car industry in Malaysia has shown a growth rate from year to year in collaboration with other countries in order to produce a better product by using all the technological advances in the automobile industry. Growth in Malaysia shows that Malaysia's economy has been facing market growth through industrial production automobiles. Recently in the Malaysian automobile industry has maintained steady growth, which as we know, the car industry is increasing in Malaysia has many economic benefits to the country.

2.1 Malaysia of Industry Automobile

Investment in the automotive industry in Malaysia is one of the moves towards industrialization. Establishment National Automobile (PROTON) in 1983 paved the way for Malaysia as a leading country in the global automotive industry and at the same time improving the country's industrial strength. Since PROTON has demonstrated the ability to operate in the production and sale of cars made. PROTON car sales have increased year by year due to favorable local market support. Trends in the auto market PROTON continued to soar year after year, from 11 % in 1985 to 73 % in 1988. The market remained robust in the following year and reached to the level of 74 % in 1993. The progress made by PROTON has prompted the Malaysian government set up a national car company that Perodua in 1992. Currently, the two companies are trying to capture a large part of the car market.

In the open market, cost plays an important role in determining brand loyalty for a car manufacturer. Competition exists in all aspects of the manufacturing and services that may be offered by the car manufacturer especially those involving the selling price of the car, the quality of cars produced after-sales service and customer friendly. Percentage market shares are captured by PROTON and PERODUA is due to car prices are relatively lower compared to non-national passenger car brand in the same chamber capacity. In addition, most of the country's success in developing the local automotive industry has been driven by policies that support local vehicle manufacturers particularly the National Automotive Policy. Nevertheless, the most important criteria in determining the competitiveness of a car manufacturer are the ability to control and steer the car industry in Malaysia.

[Jurnal Ekonomi Malaysia 46(1)]

From research opinion, I can conclude that PROTON and PERODUA Proton and Perodua are the hallmarks of excellence in Malaysia's success in the automotive industry. PROTON successfully issued the first Proton car in Malaysia on July 9, 1985. This achievement indicates that Malaysia is capable of producing its own cars comparable foreign cars. While Perodua, the car produced include Kancil, Kenari,

Kelisa, Myvi, Viva and others. The heavy technologies industries are produced by Malaysians allow national car exported to other countries such as Australia, Singapore, United Kingdom and so on. The national car exports contributed significantly in national income.

2.2 Choice of References Towards in Car.

Definition of consumer behavior given by Blackwell, Miniard and Engel is that consumer behavior involves people doing when obtaining, retrieving, and disposing of products and services (Consumer Behaviour, 9th Edition, p. 6). So in this section and the behavior of the forces that influence can be analyzed. The basic purpose of this analysis is to determine how potential customers behave or react to the advertising and marketing different. In order to achieve the goal of successful marketing and advertising to promote the company's Unique Selling Point for potential customers. So to understand the behavior of consumers is very necessary to achieve this goal. Consumer behaviour also refers to the activities in which people acquire, consume and dispose products and services according to (Blackwell et al., 2001). Owing to the proliferation of brands in the recent decades, there are growing numbers of researches conducted in the field of consumer buying behaviour. However, most of them concentrate on a single country study, regardless of the importance of cross-country comparisons which will inspire innovative ideas for understanding the fast-changing consumer habits. This research is going to investigate the relationship between how the prospect consideration factors and customers behaviour toward purchasing car.

A successful marketing campaign will include all the factors that ultimately influence consumer behavior. There was a time when marketers are able to understand the behavior of their customers every day of the sale. But this scenario is very different and complex now. The market has evolved and consumers have also grown.

Furthermore, competition in the market has become fierce. So now companies spend a lot of money to understand the behavior of their users.

Kotler (2000) describes Consumer Buyer Behavior model. First, the characteristics of the buyer affect how she feels and reacts to stimuli. Second, the buyers decision process itself affects the behavior of buyers (Principles of Marketing 2nd edition, p. 230). So, marketers should look into consumer behavior that is very deep. According to this model of consumer buyer behavior Kotler has two parts. First are the characteristics of the user or the ability of users to view messages that have been delivered by the company for certain products or services. Second, buyers make decisions also impact consumer behaviour. According to the model described by Kotler, there are several factors that affect consumers' purchasing behaviour. These factors include those factors cultural, social, psychological and personal.

Psychologists have said that one of the strongest variables in determining the strength of a norm is the amount of reinforcement received by an individual (Berkman and Gilson, 1981). According to the Law of Effect Thorndik, when a matter is followed by a state of complacency, its strength will increase and the possibility of the repeat is large. On the other hand, it is also when a matter is accompanied by unfavourable by state nucleon and weak strength. This law cans be Associated with the practice of Buying a car. When the first car brand to satisfy the consumer purchased the likelihood or probability of re-election article is great.

Seen from the point of manufacturing a car, the manufacturer / industry must maintain the products and services based on quality standards for user satisfaction. Meanwhile, the need to develop a good design and quality in order to attract consumers to buy imported cars, manufacturing must improve the quality of the car on the same design and has unique physical image in the eyes of buyers.

Additionally, due to advances in technology, the manufacturer has been producing fast cars, where to take the initiative to understand consumer preferences in the future. Meanwhile, in a marketing perspective which focused on the needs of customers is based on how a deep understanding of consumer behavior. It can be a very

interesting topic to find out what alternatives can we learn about consumer choices today. In this chapter, the literatures concerning on consideration factors that student will highlight when buying a laptop so as to provide a theoretical framework for the analysis. According to Willkie (1994, P.14) stated that “consumer behaviour is the mental, emotional, and physical activities that people engage in when selecting, purchasing, using, and disposing of products and services so as to satisfy needs and desires”. There are several references towards the consumer behaviour in purchasing car, which are:

- i. Brand
- ii. Financial
- iii. Safety
- iv. Psychological Perspectives
- v. Cultural Influences

2.2.1 Brands

According to O'Malley (1991), definition for a brand has been offered in the Journal of Marketing Management by Professor Peter Doyle of Warwick University: “A name, symbol, design, or some combination which identifies the product of a particular organization as having a substantial, differentiated advantage”. Another definition by Kapferer (2004) says that a brand is a set of mental associations, held by the customer, which add to the perceived value of a product or service. These associations should be unique (exclusive), strong (salient), and positive (desirable). To many, a brand suggests the best choice, while others see a brand as something the customer knows and will react to. Despite the formal definition, the purpose of branding is essentially to build the product's image (Cleary, 1981). This image will influence the perceived worth of the product and will increase the brand's value to the customer, leading to brand loyalty.

2.2.2 Financial

As the present research aims to analyse the financial crisis effects on consumer behaviour it can be suggested that the in depth scrutiny which the current examination would establish could transform into a valuable source of marketing direction. In other words, the present dissertation is likely to transform into a valuable source of marketing comprehensiveness as it would reveal knowledge on the likely changes in buying behaviour which the current financial and economic downturn is causing and thus provide commercial organisations with a piece of research that could stimulate greater appropriateness and integrity in companies' business performance during a volatile period (Churchill and Peter, 1998; Iacobucci and Calder, 2003).

Today's financial crisis, which has resulted in an economic downturn, could be recognised as a major challenge for the profitability and even survival of many global companies. The financial crisis, which was the result of the sub-prime mortgage crisis in the USA, has transmitted internationally and caused disturbances in a wide range of powerful economies. Many countries are seen to be on the brink of recession if not already plunged into it (Deutsche Welle, 2008).

2.2.3 Safety

This paper investigates the pricing of reliability and safety in the new automobile market to determine how well that market works under imperfect information. This study utilizes actual transaction prices for new automobiles and overcomes, through the use of principal components, some of the multicollinearity problems present in earlier studies. The purpose of this study is to test whether prices of new automobiles reflect their varying degrees of safety and reliability, controlling for other characteristics. Hedonic price analysis (Rosen 1974) is employed and produces estimates of the prices (or the contributions toward the total price) for each characteristic. The characteristics