



UNIVERSITI TEKNIKAL MALAYSIA MELAKA

**FACTORS INFLUENCING THE PURCHASE DECISION OF NON-NATIONAL
CARS IN MALACCA**

This report is submitted in accordance with the requirement of the
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DEDICATION

I would like to dedicate the appreciation to beloved parents who supported me from spiritually and financially. A special thanks to my supervisor and panel who guided me throughout this research and thanks to my friends that helped and assisted me through the journey of research.



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ABSTRACT

The automotive industry in Malaysia is regarded as one of the most important in the manufacturing sector. The automobile sector has been used to accelerate the development process since it accelerates the industrialization process, allowing Malaysia to reach its objective of becoming a developed country by 2020. Automobiles also play an important role in everyone's life, making them a topic of study in a variety of academic areas. However, customers in a developing country choose non-national automobile brands because they are associated with better prestige. Non-national brands have a greater prestige since they are more expensive and scarce in contrast to national brands. This study examines the influencing factors for the usage of non-national cars in Melaka. Five variables that is economic situation, subjective norms, travel distance, salient features and after-sales service will be measured to examine their influence on purchase decision of non-national cars. This research will undertake quantitative research method in order to answer the research questions understudy. A set of questionnaire will be distributed to the randomly selected respondents who are the residents of Ayer Keroh, Melaka. This research is expected to analyse the most significant factors that affect purchase decision of non-national cars in Melaka. In addition, researchers distributed a questionnaire to 360 respondents through Google Form. The results of the study were analysed and interpreted through SPSS version 26. The findings in this research had suggested that the salient features could be going to impact the purchase decision of non-national car in Malacca positively. The automobile industry needs to make utilize and improve this edge in order to produce products and services that can really persuade customers that they are beneficial. For instance, a buyer may believe that purchasing a non-national car is more convenient than a national car. In order to assist its clients in making a decision to purchase a car, the automobile industry must then make their services as simple as feasible.

Keywords: Non-National Cars, Purchase Decision, Theory of Planned Behavior, Malaysia

ABSTRAK

Industri automotif di Malaysia dianggap sebagai salah satu yang terpenting dalam sektor pembuatan. Sektor automobil telah digunakan untuk mempercepatkan proses pembangunan sejak ia mempercepatkan proses perindustrian, membolehkan Malaysia mencapai objektifnya untuk menjadi sebuah negara maju menjelang 2020. Automobil juga memainkan peranan penting dalam kehidupan setiap orang, menjadikannya topik kajian dalam sesebuah pelbagai bidang akademik. Walau bagaimanapun, pelanggan di negara membangun memilih jenama kereta bukan nasional kerana ia dikaitkan dengan prestij yang lebih baik. Jenama bukan nasional mempunyai prestij yang lebih tinggi kerana ia lebih mahal dan terhad berbanding jenama nasional. Kajian ini mengkaji faktor-faktor yang mempengaruhi penggunaan kereta bukan nasional di Melaka. Lima pembolehubah iaitu keadaan ekonomi, norma subjektif, jarak perjalanan, ciri penting dan perkhidmatan selepas jualan akan diukur untuk mengkaji pengaruhnya terhadap keputusan pembelian kereta bukan nasional. Penyelidikan ini akan menggunakan kaedah kajian kuantitatif bagi menjawab persoalan kajian yang dikaji. Satu set soal selidik akan diedarkan kepada responden yang dipilih secara rawak iaitu penduduk Ayer Keroh, Melaka. Penyelidikan ini diharap dapat menganalisis faktor paling signifikan yang mempengaruhi keputusan pembelian kereta bukan nasional di Melaka. Selain itu, penyelidik mengedarkan borang soal selidik kepada 360 responden melalui Borang Google. Hasil kajian telah dianalisis dan ditafsirkan melalui SPSS versi 26. Dapatan kajian ini menunjukkan bahawa ciri-ciri penting boleh memberi kesan positif kepada keputusan pembelian kereta bukan nasional di Melaka. Industri automobil perlu memanfaatkan dan menambah baik kelebihan ini untuk menghasilkan produk dan perkhidmatan yang benar-benar boleh meyakinkan pelanggan bahawa ia bermanfaat. Sebagai contoh, pembeli mungkin percaya bahawa membeli kereta bukan nasional adalah lebih mudah daripada kereta nasional. Untuk membantu pelanggannya membuat keputusan untuk membeli kereta, industri automobil mesti menjadikan perkhidmatan mereka semudah yang mungkin.

Kata kunci: Kereta Bukan Nasional, Keputusan Pembelian, Teori Tingkah Laku Terancang, Malaysia

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CHAPTER 1

1.0 INTRODUCTION

This study aims to find out what factors influence the decision to purchase non-national cars in Malacca. This research covers locals who often buy non-national cars and what makes them interested in such vehicles.

1.1 Background of Study

The automotive industry in Malaysia is regarded as one of the most important in the manufacturing sector. The automobile sector has been used to accelerate the development process since it accelerates the industrialization process, allowing Malaysia to reach its objective of becoming a developed country by 2020. Automobiles also play an important role in everyone's life, making them a topic of study in a variety of academic areas. Customers have made their own choices and decisions based on their personal preferences and requirements, and the challenge for dealers and manufacturers is to identify the elements that customers want in such selected models.

Malaysia is a growing country that has established itself as a recognised hub for worldwide corporate development. It is critical for non-national and domestic vehicle manufacturers to maintain their competitiveness in order to attract clients to buy their products in Malaysia. Customers seek better autos that can fulfil their desires as their quality of life improves and their infinite requests for goods increase as a result of technological advancement. It has given international firms the opportunity to enter the Malaysian market

with new and higher-quality products, making Malaysian autos more reliable. Furthermore, a small number of producers are finding it difficult to meet customer demand in terms of assessing a product's quality requirements, which complicates determining client expectations. Typically, the automobile sector is the most actively involved, employing techniques such as continuous improvement, low manufacturing costs, quality effort, activities, advanced technological adaptability, and supply chain development. Non-national cars have become more popular in Malaysia over the years due to their high technology, hybrid mileage (both petrol and gas), ease of driving, and comforts.

The economic situation is crucial since purchasing a car serves as a key image function and provides car owners with a positive social status. According to the percentage, the relationship between car drivers and customers in the car during long distance drives is that the system appears to have to provide the best satisfaction in terms of comfort, user friendliness, relaxation, simplicity, and comfort, as well as influence the physical and psychological well-being of the driver. Customers always want the best combination of features, but some simply want to pay for what they need. Customers in a developing country choose non-national automobile brands because they are associated with better prestige.

In comparison to national brands, non-national brands have a better status due to their higher price and relative scarcity. Furthermore, choosing non-national brands enhances a customer's self-image, which is different in terms of mobility, trendy sensations, and modern society living. Customers in advanced countries are also compelled to buy things made in their own country. Customers in emerging and less developed countries, on the other hand, are motivated to acquire imported products because they believe that most locally created products are inferior to imported manufactured products. In this context, the current study aims to identify the characteristics that have the greatest impact on purchase decision of non-national car. The study will also look into the reasons for people wanting to move from buying automobiles made in the Malaysia to buying cars made in other countries.

1.2 Problem Statement

In the current era of globalization, human beings according to the pace of the passage of time that is rapidly developing, moreover the increasing income of the population creates a group of buyers who can afford to choose a vehicle brand that suits their tastes and income factors. A problem statement is a claim made in research that summarizes the issues addressed by the investigation. The problem statement enumerates the difficulties that will be addressed in the study. The problem that will be faced by the researcher is to conduct a study on the current situation of the issue under study. The economic situation which is the main issue that has a positive influence on this study.

According to Ahmad et al. (2014), the relation between car drivers and customers in car during long distance drive is that the system apparently must give the best satisfaction towards comfort, userfriendly, relaxing, simple, comfortable, and influence driver's physical and psychological wellbeing. Customers in a developing country choose non-national automobile brands because they are associated with better prestige. Non-national brands have a greater prestige since they are more expensive and scarce in contrast to national brands. Furthermore, purchasing non-national brands increases the customer's self-image, which is different in mobility, trendy sentiments, and current society living. Customers in sophisticated nations are also compelled to purchase locally created goods. Customers in emerging and less developed nations, on the other hand, are driven to acquire imported items because they believe that most local created products are inferior to imported manufactured ones.

There are various drawbacks to national cars that may contribute to consumer preference for non-national vehicles. According to (K. Jayaranam 2018) the bad quality is one of the downsides, although the price difference between non-national and national cars is minimal. According to (K. Jayaranam 2018) the less appealing design of national vehicle products is another reason why purchasers prefer non-national cars.

However, most of the prior studies that related to car purchase decision were focusing on the general market segmentation, such as based on income and gender of the population, Kowang (2018). However, such studies have been poorly studied due to lack of interest in vehicle -related studies. This study should be continued to find out the various actions taken by companies to increase their vehicle sales from time to time.

Therefore, it is necessary to understand the current situation that occurs in non - national car sales. This study will help to determine the factors influencing the purchase decision of non-national cars in Malacca. Next, to investigate the most significant factors influencing the purchase decision of non-national cars in Malacca.



1.3 Research Question

- I. What are the factors influencing customer purchase decision of non-national cars?
- II. What is the most significant factor influencing customer decision to purchase non-national car?

1.4 Research Objective

1. To determine the factors influencing the purchase decision of non-national cars in Malacca.
2. To investigate the most significant factors influencing the purchase decision of non-national cars in Malacca.

1.5 Scope of the Study

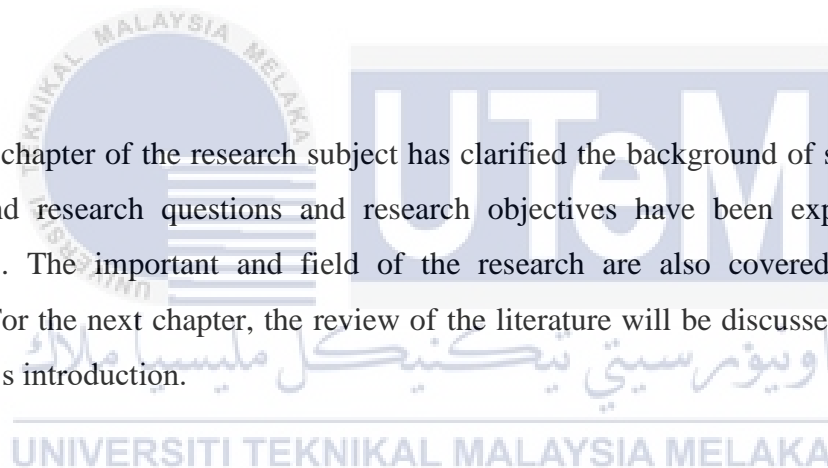
This research paper focuses on the effectiveness of after-sales service having a positive influence on Non-National Car Purchase Decisions. To narrow the scope of the findings, the researcher will conduct this study in the state of Malacca, Malaysia. The researcher will target the buyer as the main respondent of the study. The targeted respondents to be selected have at least made a purchase of a non-national car where it will facilitate the researcher to obtain the results of the study. The research was conducted through the distribution of questionnaires to respondents focused on respondents who have experience in purchasing non-national cars. Therefore, the selection of respondents must be accurate to obtain accurate and correct results.

1.6 Significant of Study

This research study can provide information on the factors influence the purchase decision of non-national car in Malacca. This study also aims to understand the effectiveness of independent variables having a positive influence on Non -National Car Purchase Decisions. This study will benefit sellers and buyers in making a decision before making the purchase of the vehicle they want. Some consumers are unable to buy their dream vehicle due to insufficient budget, so they will do various ways in order to improve their finances well. The results of this study will increase the knowledge of the factors influence the purchase decision of non -national car to buyers.

1.7 Summary

In this chapter of the research subject has clarified the background of study, problem statements, and research questions and research objectives have been explained in the research topic. The important and field of the research are also covered in this topic additionally. For the next chapter, the review of the literature will be discussed based on the research topic's introduction.



CHAPTER 2

LITERATURE REVIEW

2.0 INTRODUCTION

The literature review begins with a summary of a relevant study on automobile purchase decision, followed by variables that influence a customer's decision to buy a car. The present study found that the customer's economic condition, subjective norms, travel distance, salient features, and after-sales service are predictors of car purchase decision based on an extensive literature analysis. The Theory of Reasoned Action (TRA) and, as a result, the Theory of Planned Behaviour (TPB) created by Ajzen support the proposed conceptual framework in this study. Attitude, subjective norm, and perceived behavioural control are three determining elements that determine Purchase Decision, according to the theory of planned action.

2.1 Economic Situation

The economic condition of the customer influences the purchasing behaviour of any product. Customers intend to purchase more expensive products if the income is high and have more savings (Jisana 2014). This suggests that objective customers, average customers, intense store customers, and personal advice seekers are the four main classifications and economic conditions are behind these classifications. Most customers will make a very

simple decision when they have a high income which will make them feel proud of what they have earned. They make non-national car purchases because of the best car quality and renowned car brands across the country.

2.2 Subjective Norms

Subjective Norm is the factor that influences friends, neighbours and relatives to buy non-national cars (Mashahadi & Mohayidin, 2015). The presence of normative views and a desire to follow determines subjective norms. Subjective norms are influenced by the other person's views and motivations. Parents, spouses, intimate friends, co-workers, and more are among those present. Subjective norms are a person's perceptions of others' opinions that impact whether or not they conduct the action in question. A referent or giver of reference is a person who serves as a point of reference for directing action. Referrers can include relatives, friends, spouses, lecturers, and practitioners, among others.


2.3 Travel Distance

Apart from safety, quality, and reliability, fuel economy is a major and important consideration in a customer's vehicle choosing. In the last few years, two new technologies have developed the expansion and implementation of Hybrid Electric Vehicles (HEVs) and lately the Plug-in Hybrid Electric Vehicles (PHEVs) (Lee & Govindan, 2014). According to research conducted by Razak et al. (2014), the benefits gained by using the hybrid car is because of its smaller size engine. Smaller engines have a smaller amount of cylinder movement, which helps the vehicle run more efficiently and prevents the vehicle from consuming more fuel while driving. When it comes to fuel economy, hybrid cars use less gasoline than conventional cars, especially over long distances, because the hybrid car uses some electricity/gas and thus uses less fuel. Because of the cost savings, many customers choose such automobiles.

2.4 Salient Features

Based on a study of Hanaysha et al. (2014), product improvement happens when a manufacturer makes something unique that creates competitors hard duplicate such as technological features attached with a creation to enhance its value. Performance, safety, compliance, dependability, durability, and serviceability are the fundamental foundations that cover product features. Customers have come to believe that every company that makes such products is meeting their wants because of these attributes. The company's decision to deliver cutting-edge technologies over time was a wise move to match the tastes of their clients. As a result, manufacturers should play a significant role in increasing consumer satisfaction on a regular basis. Customers will also feel as if their desired needs are being met as a result of the manufacture of the automobile they desire.

2.5 After-sales Service



After-sales service guarantees that clients will receive services after the product has been sold and delivered to them. According to Saidin et al. (2015), in the automotive industry, after sales service is the greatest platform for structure the relationship as the free warranty service period agreed by the car manufacturers allow for continuous interpersonal dealings between customer and service provider. After-sales service is proven to be a significant element, and as a result, it can be used to predict non-national car market share. In addition, after-sales service is viewed as a tool for increasing customer value and generating commercial prospects for the corporation. This service provides clients with peace of mind when something goes wrong with the vehicle they purchased, and it is a free service.

2.6 Research Framework

The study model consists of five independent variables (Economic Condition, Social Norm, Travel Distance, Salient Features, After-sales Service) and the relationship with the dependent variable (Purchase Decision of Non-National cars) with the moderating variable is

shown in Figure 1. The framework is built on numerous studies from highly indexed, published and unpublished data, and based on practical experience and different e-learning concepts. A direct relationships with independent and dependent variables and indirect relationships with moderating variables are part of the study model.

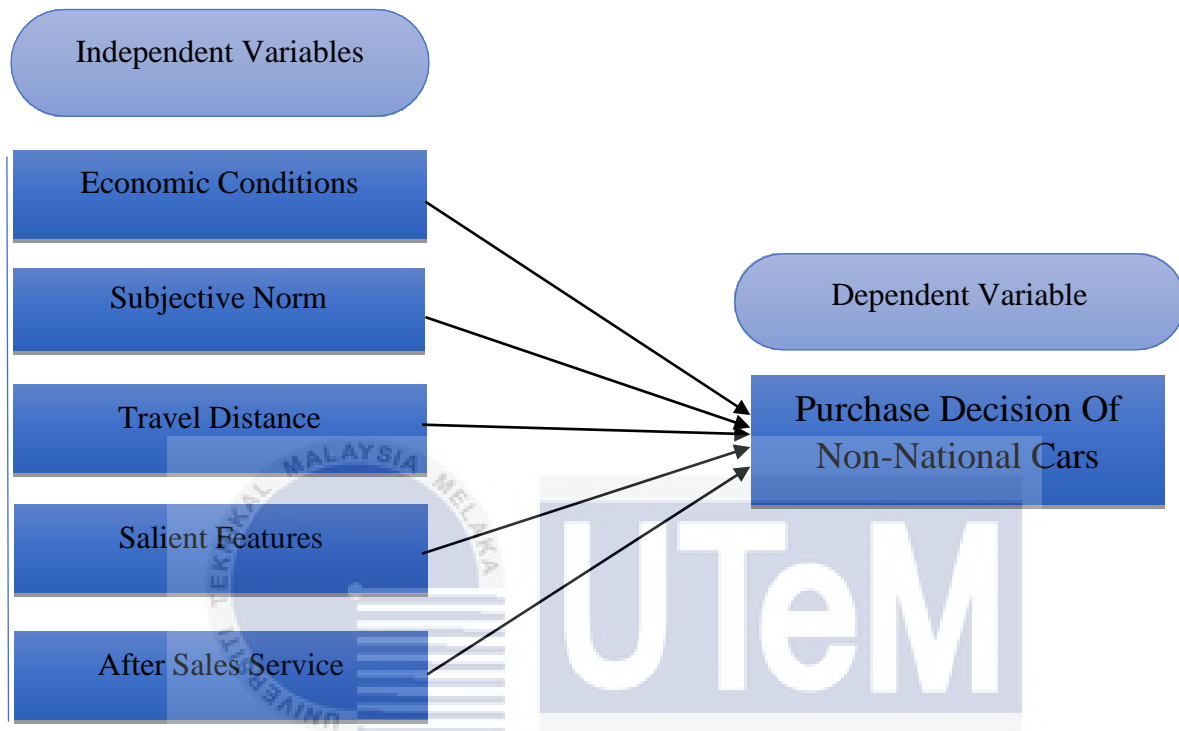


Figure 1: Conceptual Framework for the Purchase Decision of Non-National cars

2.7 Research Hypothesis

The hypothesis is the relationship between the variables that will be tested in this research. This hypothesis would test whether it answer the research questions and achieve the research objectives. As listed below, there are seven hypotheses are illustrated based on the studies.

I. Economic Condition

H0: There is no positive relationship between Economic Condition and Purchase Decision of Non-National Cars

H1: Economic Conditions have positive influence on the Purchase Decision of Non-National Cars

II. Social Norm

H0: There is no positive relationship between Social Norm and Purchase Decision of Non-National Cars

H2: Subjective norms have positive influence on the Purchase Decision of Non-National Cars

III. Travel Distance

H0: There is no positive relationship between Travel Distance and Purchase Decision of Non-National Cars

H3: Travel Distance has positive influence on the Purchase Decision of Non-National Cars

IV. Salient Features

H0: There is no positive relationship between Salient Features and Purchase Decision of Non-National Cars

H4: Salient features have positive influence on the Purchase Decision of Non-National Cars

V. After-sales Service

H0: There is no positive relationship between After-sales Service and Purchase Decision of Non-National Cars

H5: After sales service has positive influence on the Purchase Decision of Non-National Cars

2.8 Summary

In summary, this chapter basically cover in this research topic is about Economic Condition, Social Norm, Travel Distance, Salient Features, and After-sales Service. In addition, the theoretical framework and hypotheses are conducted after the researcher review all the online research. There are five independent variable (IV) and external factor are positive influence on the dependent variable (DV) which is positive influence on the Purchase Decision of Non-National cars.



CHAPTER 3

RESEARCH METHODOLOGY

3.0 Introduction

Researchers discussed in this chapter about the research methods appropriate to the study and the methods used to respond to the problem statement outlined in Chapter 1. The study's method of analysis is demonstrated in this chapter. All data obtained will be documented to guarantee that this work is completely explained and correct on the subject. The researcher devised additional procedures for conducting the research investigation. The method of study design and the method of data collecting are two more forms of research methodology. The researcher employed a quantitative technique as a research strategy. This chapter will explain the resignation that was submitted, how the data was collected, and the technique for conducting the data analysis and interpretation for this study.

3.1 Research Design

The research design is a broad outline of how the researcher attempted to respond to the study questions. It is impossible to overstate the importance of research questions (K. Jayaraman 2018). The research design will include a defined purpose drawn from the research questions, as well as a list of the sources used by the researcher to collect data. It

also includes a list of the sources used by the researcher to acquire data. It also contains the data collection and analysis methodologies that have been proposed.

Exploratory studies, descriptive studies, explanatory studies, evaluative studies, and combination studies are all examples of research. Based on the nature of the investigation, the researcher can select one of them as the research design. This research included an explanation study in order to produce correct data. Explanatory research is concerned with examining a scenario or an issue in order to determine the cause of a link between two variables. 'Who', 'what', 'where', 'when', and 'how' will most likely be included in the data gathering to get description of an event, person, or circumstance.

Respondents must use a Likert scale to answer the question. The statistical package for social science (SPSS) software was used to analyse the data. It is a widely used statistical programme that provides results and can predict the link between variables. SPSS assists in the generation of data for graphing statistical, correlation, and other types of graphs.

3.2 Methodological Choices

In the current study, the questionnaire is divided into three pieces. Section A contains demographic information on the respondents, such as ethnicity, gender, age, marital status, academic level, employment level, and personal income. Section B contains information on the independent variable, economic conditions, subjective norms, travel distance, salient features, and after-sales service in relation to non-national car purchase decisions, and section C is about the dependent variable, purchase decision of non-national cars. The literature review provided the majority of the question items. All variables' question items are graded on a 5-point Likert scale. The survey took place between December 2021 and January 2022. Purposive sampling was used to identify users of non-national vehicles.

The hypothesis testing approach was utilised to examine the five independent variables and a mediating variable discovered in the previous literature in relation to the