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Factors Affecting Car Purchase Intention among Undergraduates in Malaysia

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Abstract

Young graduates made up 15.6% of the overall employment population in Malaysia. Thus, the demand of new car purchase by young graduates in Malaysia constitutes an important market segment for automotive industry within the country. Hence, this research aims to explore the impact of new car purchase factors toward car purchase intention among final year undergraduates from the Faculty of Management (FM), Universiti Teknologi Malaysia. Four main car purchase factors were identified from literature review, which comprising of pricing, aesthetic, features and interpersonal influences. A total of 127 sets of questionnaires were distributed to the final year students from the Accounting, Marketing Management, Technology Management, Psychology and Human Resource Management undergraduate programs within FM, with 81 responded. Data collected were analysed using Multiple Regression analysis. Finding from the study reveals that 44.2% of the variation in car purchase intention among final year undergraduates of FM could be explained by the variation of the four car purchase factors. In addition, findings from the study also suggested that the impact of “aesthetic” toward car purchase intention is the highest among the four factors. The implication of the study is automobile industry shall place “aesthetic” as the marketing focus when dealing with market segment of young graduates.

Keywords: Car Purchase Intention, Price, Aesthetic, Features, Interpersonal Influences.

Introduction

Malaysia’s automotive industry has been recognized as one of the most crucial industries for the nation. Automotive industry has been earmarked as mechanism to transform the nation to a better industrialization process as compared to other industries in the manufacturing sector in order for the country to become a developed nation in near future (Unescap, 2010). According to the data released by the Countrymeters (2017), young graduates working population made up 15.6% of overall employment in Malaysia. In addition, young graduates are having higher purchase power among young working adult, and they are the group of youngster who have higher potential and capable to

own a car once step into the job market. Hence the demand of car by undergraduates or young graduates in Malaysia constituted an important market segment for automotive industry.

Car purchase intention had been studied by number of prior researchers (Dodds et. al. 1991; Schiffman and Kanuk, 2000; Bunnak, 2009; Shaharudin et al. 2011; Fung et al. 2012; Belgiawan et al. 2014; Lee and Govindan, 2014; Leow, & Husin, 2015). However, most of the prior studies that related to car purchase intention were focusing on the general market segmentation, such as based on income and gender of the population. Study that focus on specific population such as young working adults or undergraduates are limited. From the perspective of young working adults or undergraduates, although there are few researches studied on the main factors that influence young adults purchase intention but the studies were focused on products such as apparels, fashion clothing and smartphones usage (Rajput et. al. 2012). Thus, this research is conducted in order to assess the impact of car purchase factors toward car purchase intention among undergraduates, with the focus on the final year undergraduates of the Faculty of Management (FM), Universiti Teknologi Malaysia (UTM). As such, the study aims to address two research objectives (RO);

RO1: To assess the overall impact of car purchase factors toward car purchase intention among final year undergraduates in FM, UTM.

RO2: To evaluate the impact of individual car purchase factor toward car purchase intention among final year undergraduates in FM, UTM.

Purchase Intention

Purchase intention refers to the conscious plans of buying goods or services in the future based on the ability to commit (Warshaw and Davis, 1985). By identifying the intensity of the purchase intention, the likelihood of consumers to buy a product can be predicted, the stronger the purchase intention, the higher the chances of buying the products (Dodds et. al. 1991; Schiffman and Kanuk, 2000).

Factors Affecting Car Purchase Intention

Table 1 summarizes the finding from the literature review of factors affecting car purchase intention. As shown in Table 1, finding from literature review suggested that there are four most common factors proposed by prior researchers (Shaharudin et al. 2011; Fung et al. 2012; Belgiawan et al. 2014; Lee and Govindan, 2014; Leow, & Husin, 2015) as the main factors affecting car purchase intention, which are pricing, aesthetic, features and interpersonal influence.

Table 1: Factors Affecting Car Purchase Intention

	Price	Aesthetic	Features	Interpersonal Influence	Brand	Reliability
Fung et. al. (2012)	√	√	√	√		
Shaharudin et al. (2011)		√	√			
Belgiawan et al. (2014)			√	√		
Lee and Govindan (2014)	√		√			√
Leow, C. S., & Husin, Z. (2015)	√	√	√	√	√	
TOTAL	3	3	5	3	1	1

Pricing

According to Jacob & Olson (1977), pricing is an indication to excite user perceptions prior to the purchase of certain products, hence pricing could affects the psychological reactions of consumers toward the intention of purchase (Fung et. al. 2012). In addition, the study done by Wendy and Fader (2009) also demonstrated that the level of relationship between pricing and purchase intention relies on the appraisal of the product by the consumer. From car purchase perspective, prior researchers (Fung et al. 2012; Lee and Govindan, 2014; Leow, & Husin, 2015) tended to agreed and suggested that pricing plays an essential role toward car purchase intention.

Aesthetic

Aesthetic is associated with how an individual use their five sensory inputs to recognize or make contemplation on a product (Daviid and Glore, 2010). According to Bunnak (2009), the attractiveness of a product design is relying on the physical look configuration and the visual characteristic itself, which namely, is the aesthetic of the product. Within the context of car's aesthetic, the elements of aesthetic should have a sense that could enhance the relevancy in consumption interaction (Bunnak, 2009). It composed of aesthetic and symbolic valuing for consumers to measure the functional attributes and perceived ease to use (Marielle and Jan, 2005; Leow, & Husin, 2015).

Features

Features of a product refers to the functionality of a product that able to perform according to the consumer's needs and expectation, at the meantime leading to the consumers' intention to purchase (Belgiawan et al. 2014). From car feature design perspective, prior studies suggested that the most important car features that expected by consumers consists of three aspects, which are adjustability, visibility and accessibility of the feature design (Zhan and Vrkljan, 2010). Hence, car makers who are competent to design and offering such feature design would be able to gain and sustain competitive advantage in the car market segment (Goldenberg et. al. 2003).

Interpersonal Influence

Interpersonal influence refers the positive effect toward purchase intention that driven by personal opinion (Fung et. al., 2012). Studies by prior researchers suggested that there are three sources of interpersonal influence toward purchase intention, which are influence by the innovator of the car, influence from the market maven and product leader (i.e. lead user) (Friek and Price, 1987).

Interpersonal influence is recognized as the essential factor to give an impact towards the purchase intention of cars (Kasi, 2017). Hence, product information that integrated with expert opinion and positive feedback from lead user will promote higher intention of purchase (Cohen et. al. 2010).

Research Framework

The research framework for this study is developed based on the concept that the four car purchase factors identified in the literature review have direct impacts toward car purchase intention. Figure 1 presents the research framework between price, aesthetic, features and interpersonal influences and purchase intention.

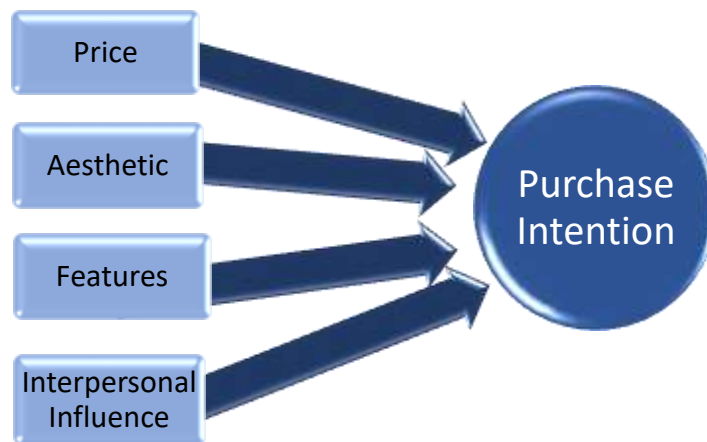


Figure 1: Research Framework

The research hypothesis for this study were developed as below:

H1: At least one of the car purchase factors affects car purchase intention among undergraduates in FM.

Population and Sampling

The target population in this research is the final year undergraduates of Faculty Management in Universiti Teknologi Malaysia, which consist of 127 respondents from Accounting, Marketing Management, Technology Management, Psychology and Human Resource Management undergraduate programs. The research instrument used in this research is self-completion survey. Questionnaire in the form of online survey are distributed to all 127 students.

Data Analysis and Finding

Data collected were analyzed via Statistical Package for Social Science (SPSS) Version 22. A total of 127 questionnaires were distributed with 81 responded which contributed a respond rate of 63.77%. The value of Skewness and Kurtosis of all variables are within -2 and +2 suggested that data collected is normally distributed (Hair et. al. 2010). In addition, in term of reliability test, the Cronbach's Alpha for all the variables are above 0.60 suggests that data collected can be proceed for further analysis (Hair et. al. 2010).

Multiple Regression analysis is applied to address research objective 1 and 2. Table 2 and 3 summarized the analysis result from Multiple Regression analysis that addressing RO1.

Table 2: ANOVA of Multiple Regression

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	10.618	4	2.654	14.574	.000 ^a
Residual	13.842	76	.182		
Total	24.460	80			

a. Predictors: (Constant), AveInterInflu, AveFeatures, AveAesthetic, AvePrice

b. Dependent Variable: Purchase Intention

Table 3: Multiple Regression Model Summaries

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.659 ^a	.434	.404	.42677

Based on the result of the Table 2, all the four factors that influences car purchase intention, i.e. the four predictors of pricing (AvePrice), aesthetic (AveAesthetic), features (AveFeatures) and interpersonal influence (AveInterInflu) are included in the model as predictors for car purchase intention. In addition, the significance level (i.e. sig) of "0" suggested there is sufficient evident to concluded that all the four factors are statistically significant to predict car purchase intention, hence, hypothesis 1 (H1) is supported.

In addition, the R square value of 0.434 in Table 3 suggested that 43.4% of the variation in car purchase intention among final year undergraduates of Faculty of Management, UTM could be explained by the variation of the four car purchase factors, which are pricing, aesthetic, features and personal influences.

Table 4: Multiple Regression Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.681	.428		1.593	.115
Price	.181	.079	.215	2.280	.025
Aesthetic	.295	.082	.331	3.608	.001
Features	.207	.083	.236	2.487	.015
Interpersonal Influence	.187	.066	.257	2.817	.006

a. Dependent Variable: Purchase Intention

Table 4 summarized Multiple Regression result of analysis to address RO2. Base on Table 4, the significant level (i.e. sig) for all predictors (i.e. all car purchase factors) are below 0.05. This suggests that at significant level of 0.05, all predictors are explanatory to car purchase intention. In addition, the standardized beta for Aesthetic is the highest at the level of 0.331, this reveals that Aesthetic makes the strongest unique contribution to explaining the car purchase intention. While standardized beta for pricing is the lowest at the level of 0.215.

The finding from this study is in line with research done by Wayne & Nicola (2011) which stated that aesthetic of car influenced consumer judgment toward the car's quality and desirability. The finding is also in parallel with study conducted by David and Glore (2010) which revealed that aesthetic judgments could impact the perceived usability aspects of a product.

Conclusion

Finding from this study reveals that the overall impact of the four car purchase factors (pricing, aesthetic, features and interpersonal influence) toward car purchase intention are significant. In addition, finding from the study also suggests that final year undergraduates in FM viewed aesthetic, i.e. the physical look configuration or visual characteristic of car as the most important factor that influence car purchase intention. Meantime, finding from the study also reveals that car purchase intention by final year undergraduates is less influenced by the pricing factor. The implication of the study is automobile industry shall place "aesthetic" as the marketing focus when dealing with car marketing strategy for young graduates

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