AN EXPLORATORY STUDY ON MALAYSIAN CONSUMER’S PURCHASE INTENTION: BRAND, QUALITY AND PRICE PERSPECTIVE

Muhammad Sabbir Rahman
Lecturer, Faculty of Management
Multimedia University, Cyberjaya Campus
Jalan Multimedia, 63100 Cyberjaya,
Selangor, Malaysia.

Ahasanul Haque
Faculty of Economics and Management Science
International Islamic University Malaysia
Box-10, 50728, Kuala Lumpur

ABSTRACT

The purpose of this paper is to find out the important determinants that are influencing consumers’ purchase intention under the perspective of brand, quality and price. This study also highlighted some propositions to guide future empirical research. The survey instruments were employed on 300 multiethnic (Malay, Chinese, and Indian) customers’ from Klang Valley area in Malaysia by following convenience sampling method. To test the hypothesis for the proposed model Multiple Regression were applied. Except price the coefficients of all explanatory variables are statistically significant and exhibit their expected signs. It was found that the Malaysian customer’s purchase the products that are in high brand name and quality category. It is hoped that the findings of this study may assist the national and multinational companies in terms of production and promotion of their goods and services. So the national or multinational companies can minimize the chances of losing existing and potential customers’ which will help them for achieving competitive advantage in the market place. This research used convenience sampling procedure which is the main limitation of this research. Future research has suggested using stratified random sampling procedure with more samples. The added value of this paper is to link between theory and practice by exploring the significant factors that are influencing Malaysian customers’ perception to choice any products from the marketplace.

Keywords: Malaysian Consumers’, Brand, Price, Quality.
Introduction:

Malaysia is classified as an upper-middle income country. The proportion of middle-income households earning is between RM1, 200 to RM3, 499 per month, and it has increased from 47.7% in 1999 to 47.9% in 2002. At the same time, rural incomes are likely to be higher due to the large multiplier impact induced by higher commodity prices (Department of Statistics, Malaysia). In fact, Malaysia’s population has increased from 20.1 million in 1995 to 27 million in 2008 (International Financial Statistic, 2009). According to Edward (1997) in 1994 over 36% of the total population was under 15 years, and over 47% among them were in the 16-44 year age group. From this statistics it has reflected that for the marketer’s point of view Malaysia is a country of opportunity in terms of both size and potential. Several studies on consumer attitudes towards local and foreign goods are limited to consumers from developed countries such as U.K, U.S and China (Beardoin et al., 2000; Wang et al., 2004). Moreover, Malaysian consumers are becoming more westernized, sophisticated, and cosmopolitan. With increasing availability of foreign goods in most of the shopping mall, the country of origin cue has become more important as consumers’ often evaluate imported goods differently than they do competing domestic products (Bilkey & Nes, 1982).

This study aims to understand which of the factors (brand name, price of a good or services and quality) has a significant influence on Malaysian consumer’s perception in terms of purchasing goods. The result of this study will help marketers to make a better marketing decision. It is hoped that this research will provide an important input to the marketers, product managers or brand managers to streamline their marketing plan and strategies. The overall objective of this study is to investigate the factors that are influencing Malaysian consumers’ purchasing behavior. Specifically, there are three specific objectives of this study as well. Firstly, to determine what types of aspect Malaysian consumers’ observe when they are deciding to purchase any product. Finally, this study will also find out the country of which its product is preferred among Malaysian.

Literature Review:

According to Solomon (2009) consumer behavior is the process where individuals or groups select, purchase, use or dispose of products, services, ideas or experiences to satisfy needs and desires. Prior to choice of any products or services consumers place a number of attributes in their choice set. Among these attributes are price and quality (Dodds et al., 1991; Ott, 2004). However, studies also revealed that besides price and quality, other signals that are also considered as more important to assess the product’s worth are brand, store name, past experience, attitude and product information (Curry & Riesz, 1988; Zeithaml, 1988; Tellis & Geath, 1990; Dodds, et al., 1991). Past empirical studies also revealed that the reference price also affects the consumers’ buying behavior (Winer, 1986; Lattin & Bucklin, 1983; Kalvani et al., 1990; Ramani & Frank, 1988). On the other hand, Lattin and Bucklin (1989) did one of the studies that apparently not supportive the reference price effects.

Brand name, for example, often signals as a cue or as a surrogate of product quality used by consumers in their evaluation of goods or services before they decide to purchase. Researchers argued that the effect of price tends to be stronger when it is presented alone as compared when it is combined together with brand name (Dodds, et al., 1991). Bistow, et al. (2002) contended that if consumers believed that there are differences among brands, then the brand name becomes the center piece of information in the purchase decision or purchase intention. In fact, consumers also use brands to create or communicate their self-image or status (O’Cass & Frost, 2002; Escalas & Bettman, 2003). Consumers sometimes associate themselves to a given brand when they make brand choice, and also make their brand choice based on associations with manufacturer’s brand name (Fugate, 1986; Aaker, 1997). Besides, brand names contribute value to the consumer’s image, as well as the economic success of the businesses (Ailene, & Settle, 1999; Ataman & Ulenin, 2003).
Service Quality:

Customer perceptions of the quality of a service are traditionally measured immediately after the person has consumed the service. In fact, a consumer’s perception of service quality at the time he or she next decides whether or not to buy the service may better explain repeat buying behavior (Flamer & O’Neill, 2003). Consumers prefer service quality when the price and other cost elements of a goods and services are held in constant (Boyer & Hult, 2005). According to Leisen and Vance (2001), service quality is an effective differentiating factor which helped to achieve competitive advantage.

So a company needs to ensure high quality of service for establishing and maintaining loyal and profitable customers (Leisen & Vance, 2001). According to Johnson and Sirikit (2002) had given importance to service delivery systems. According to them efficient service delivery system can allow managers of a company to identify the real customers feedback and satisfaction on their products or services. According to Wang and Lo (2002), quality often depends on the level of product attributes. Wal et al. (2002) indicated service quality of a goods and services should reflects the extent to which a product or service meets or exceeds consumers’ expectations. Crosby et al. (2003) noted understanding of quality was not necessarily something that was perceived, let alone established, in the mind of the consumer upon the first impression.

Price:

Trebing (2001) mentioned that there are three sets of strategies for pricing behavior. The first is price entry pricing, which is used for protection of the market position of the firm; second is the high access charges for new entrants and the third one are tier-in sales to write off old plants or standard investment against captive customers. Price plays a vital role in telecommunication market especially for the mobile telecommunication service providers (Kollmann, 2000). The level of acceptance of a consumer can, thus, be defined as the maximum price that a buyer is prepared to pay for the product (Monroe, 1990). Research efforts have isolated several factors that influence consumers’ price unfairness perceptions as well as potential consequences of these perceptions (Belton et al. 2003; Vaidyanathan & Aggarwal, 2003; Xia et al. 2004). Price fairness is the important thing to make customer satisfy. Research in marketing and psychology has shown that satisfaction is positively correlated with fairness perceptions (Bowman & Narayandas, 2001; Huffman & Cain, 2001). According to Kollmann (2000), income from the number of call minutes determine the basic commercial success for the network providers. He also added that the success of the telecommunication sector in a market place largely depends on continuing usage and pricing policies, which need to be considered on several levels. Draganska and Jain (2003) stated that a common strategy for a company extending their product or service is to differentiate their offerings vertically.

Brand Image:

In marketing and consumer behavior, perceptions are reality, so that brand images are of primary concern to marketers even in mobile phone operators. A brand image is a mental representation that the brand evokes in the consumers mind. So, brand image is “a unique set of associations within the minds of target customers which represent what the brand currently stands for and implies the current promise to customers” (All About Brands Index, 2005). Four product quality signals that have received the greatest attention in the marketing and economics literature: branding, pricing, physical features, retailer reputation (Brucks & Zeithaml, 1991, Enis & Stafford, 1969; Milgrom & Roberts, 1986). Hsieh and Kai Li (2008) argued that consumers’ perception of an organization’s PR practice is an antecedent of loyalty. Foxall and Goldsmith (1994) argued that branding and brand perceptions affect the consumer’s perceptions of products characteristics and attributes.
Research Conceptual Framework and Hypothesis:

This study used brand image, quality and price variables to predict the factors that influence consumers’ choice behavior to purchase goods. Based on the above discussion, the following theoretical framework has proposed:

![Diagram of conceptual framework]

**Figure 1: Theoretical Frame for the Proposed Framework**

H1a: There is a relationship between brand attribute importance and purchase intention towards goods.
H1b: There is a relationship between product quality attribute and purchase intention towards goods.
H1c: There is a relationship between price attribute importance and purchase intention towards goods.

Research Methods:

The study aims to investigate the factors that influence Malaysian consumers’ in purchasing goods. The questionnaires were distributed randomly to approximately 450 participants of various shopping malls in the Klang Valley area. The area has chosen because the Klang Valley area has population of about two million people, and it is the center of commerce and business in Malaysia. The questionnaire was distributed conveniently by following mall intercept procedure. The respondents were selected came from diverse background, and they worked in different sectors. Out of the 400 questionnaires only 300 were retained and used for further data analysis.

In order to address the research questions and objectives, a set of structured questionnaire was prepared consisting of three sections; namely section A, B and C. Section A represented respondents personal information regarding their gender, age, marital status, race, religion, education, employment sector, income and family size. Section B highlighted the general shopping behavior of Malaysian consumers which was consisted of 8 items using a 5-point Likert Scale anchored with “1” as strongly disagreed and “5” as strongly agree. Finally, section C consisted with the question on the purchase intention of Malaysian consumers which consisted of 15 items using a 5-point Likert Scale anchored with “1” as strongly disagreed and “5” as strongly agree. The dimensions included with brand (5 items), quality (5 items) and price (5 items).

Analysis Procedure:

The data was analyzed using Statistical Package for Social Sciences (SPSS) version 12.0. Descriptive statistics such as mean and standard deviation were generated to provide an overview of the data. The standardized multiple regression analysis was used to examine the linear relationship between the explanatory variables (brand, quality, and price) and the criterion variable (product information). Correlation coefficient test and significant levels were conducted to check the strength of the linear
relationships between pairs of variables. The determinant of correlation matrix was generated to provide the information on the multicollinearity. The model is analyzed using common techniques, namely Ordinary Least Square (OLS) parametric estimation. The econometric model can be specified by the following general equation:

\[ Y = \alpha + \beta_1 B + \beta_2 Q + \beta_3 P + \varepsilon \]  

\( Y \) = Consumer’s Purchase Intention  
\( B \) = Brand  
\( Q \) = Quality  
\( P \) = Price  
\( \varepsilon \) = the error term.

Research Findings:

Respondent’s Profile:

The research findings revealed that 65% of the respondents were male and 35% were female. The research also indicated that 65% of the respondents were young people aged between 20 to 29 years and most of them (55%) earned an average monthly household income between RM2000 to RM2999. Most of the respondents, 45% of them had degree and higher level of education. Essentially, the majority of the respondents were single (54%) followed by 46% of them were married. On average most of the respondents were religious people, that is, 80% of them stating that their strength of religious orientation. The majority of them were Muslims 45% followed by others 25%, Buddha 20%, Hindu 5% and Christian 5%. In conclusion, most of the respondents were working at private sector 80% instead of government sector 20%.

Opinion of Malaysian Consumers:

In this analysis, the researchers seek to understand the general opinion of Malaysians consumers’ on country of origin information regarding choosing any products or services. The result in Table 2 shows that, out of eight statements, six of the questionnaires have a mean score above 3.50 which indicate that generally most of the respondents do agree with each of the statements. The highest mean score, which is 3.94, comes from statement number one which respondents agreeing that when they buy expensive items, they are always find out which country’s the product is made in.

The second highest mean score is 3.86 which come from statement number four. The respondents were look at the quality of product or brand based on what country’s of the product is made. From both the high mean scores of statement one and statement four, it is clear that there is a direct or positive relationship between the price of an item and its country of origin information. The more expensive a product is the more significance consumers will attach to its country of origin. The statement with the lowest mean score of 3.47 is statement number six which states that it is less important to look for country origin when buying low-priced goods. The mean score for this statement is quite close to the midpoint of the Likert scale which indicated that the respondents are more impartial to this statement as compared to other statements in the list. To conclude, this study concluded that the Malaysian consumers moderately agree that it is important for them to look for country of origin information in purchasing goods.
Table 2: Opinion of Malaysian Consumers on Country of Origin Information

<table>
<thead>
<tr>
<th>Statement</th>
<th>N</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. When buying an expensive product such as furniture, TV or car, I always seek what country the product was made.</td>
<td>154</td>
<td>3.94</td>
</tr>
<tr>
<td>2. When I am buying new product, the country is the first piece of information I consider.</td>
<td>154</td>
<td>3.49</td>
</tr>
<tr>
<td>3. I search for country origin of the product made to help me to make a more information decision.</td>
<td>154</td>
<td>3.66</td>
</tr>
<tr>
<td>4. To make sure I get the highest quality of the product or brand, I look to see what country the product was made.</td>
<td>154</td>
<td>3.86</td>
</tr>
<tr>
<td>5. The country origin is importance when deciding which product to buy.</td>
<td>154</td>
<td>3.66</td>
</tr>
<tr>
<td>6. It less importance to look for country origin when buying less expensive goods such as t-shirt.</td>
<td>154</td>
<td>3.47</td>
</tr>
<tr>
<td>7. I look for country origin information to choose the best product available in a product class.</td>
<td>154</td>
<td>3.71</td>
</tr>
<tr>
<td>8. The quality of the product can be determined by it country origin.</td>
<td>154</td>
<td>3.78</td>
</tr>
</tbody>
</table>

Rank of Countries:

Respondents were also asked to rank the various listed countries in order of having the highest product quality. Respondents ranked the countries in a decreasing order of product quality, by choosing the country they consider to be synonymous with the highest quality first and assigning the number one to it, while at the other end, the country considered to be synonymous with the lowest quality is assigned the rank of ten. In the data analysis, the percentage of each country had calculated. Since the respondents were listed number one and number ten to be of the highest and lowest ranks respectively, the study had arranged the percentage of each country by the highest percentage to be the highest rank and the lowest percentage to be of the lowest rank. The result is condensed in Table 3 below:

Table 3: Ranking of Countries in Order of Having Highest Product Quality

<table>
<thead>
<tr>
<th>Country</th>
<th>N</th>
<th>Percent</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>300</td>
<td>39.0</td>
<td>1</td>
</tr>
<tr>
<td>United States</td>
<td>300</td>
<td>29.9</td>
<td>2</td>
</tr>
<tr>
<td>Malaysia</td>
<td>300</td>
<td>9.7</td>
<td>3</td>
</tr>
<tr>
<td>China</td>
<td>300</td>
<td>5.8</td>
<td>4</td>
</tr>
<tr>
<td>Australia</td>
<td>300</td>
<td>4.5</td>
<td>5</td>
</tr>
<tr>
<td>Indonesia</td>
<td>300</td>
<td>3.9</td>
<td>6</td>
</tr>
<tr>
<td>Korea</td>
<td>300</td>
<td>2.6</td>
<td>7</td>
</tr>
<tr>
<td>Taiwan</td>
<td>300</td>
<td>1.9</td>
<td>8</td>
</tr>
<tr>
<td>Thailand</td>
<td>300</td>
<td>1.3</td>
<td>9</td>
</tr>
<tr>
<td>Mexico</td>
<td>300</td>
<td>1.3</td>
<td>9</td>
</tr>
</tbody>
</table>

From the table, the respondents had listed Japan as the number one country that has the highest product quality by having 39.0 percent. The respondents had ranked the United States of America to be number two. Respondents ranked the Malaysia three and China fourth in their ranking. In this ranking
exercise, Australia managed in number five, Indonesia is listed in six, Korea in seventh, Taiwan in eight, and, finally Thailand and Mexico in number ninth by both having the same percentage of 1.3.

From these findings, Japan, and the United States of America are deemed by Malaysian consumers to be countries which produce high quality products. Interestingly, Japan is top of the ranks even though it is not a Western country. Malaysian products are still regarded with skepticism by the local consumer, though they are believed to be of a higher quality than those produced by countries such as China, Australia, Indonesia, Korea, Taiwan, Thailand, and Mexico.

Table 4 presents descriptive statistics of the variables used in this study. The highest mean score, which is 3.96, comes from the product quality which respondents were agreed that, when consumers buy any products that have the best quality. The second highest mean score is 3.70 which come from product information. The respondents agreed that when they buy an expensive item, they are always finding out what country the product is made in. The third mean score of 3.65 come from the product price with majority of the respondents agreed that they are carefully watch how much they spend on goods. The lowest mean score of 3.56 was product brand which stated that it is less important to look for the brand when buying well-known goods.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>Maximum</th>
<th>Minimum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Information</td>
<td>3.70</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Brand</td>
<td>3.56</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Quality</td>
<td>3.96</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Price</td>
<td>3.65</td>
<td>5</td>
<td>2</td>
</tr>
</tbody>
</table>

Multiple Regression Analysis:

The coefficients of all explanatory variables are statistically significant and exhibit their expected signs, except for the price. Holding other independent variables constant, a 1% increases in product brand increases the consumers’ purchase intention by 0.413%. The result also indicates that product quality is significant at 5 percent level and has a positive impact on consumers’ purchase intention. The results of Table 6 show that an increase of one unit of product quality will increase the consumer’s purchase intention by 0.170%. Finally, an increase 1% of product price decreases the consumer’s purchase intention by 0.009%. Looking at the interactions among the brand, quality and prices towards consumer’s purchase intention it shows that, the variation in dependent variable (consumer’s purchase intention) explains only 35% of the variation in the independent variables.

Table 4: Model Summary (b)

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.694(a)</td>
<td>.451</td>
<td>.432</td>
<td>.74977</td>
</tr>
</tbody>
</table>

a Predictors: (Constant), quality, brand, price
b Dependent Variable: consumers’ perception purchase intention
Table 5: ANOVA (b)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>35.838</td>
<td>3</td>
<td>11.312</td>
<td>18.052</td>
<td>.000(a)</td>
</tr>
<tr>
<td>Residual</td>
<td>68.878</td>
<td>92</td>
<td>.622</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>108.716</td>
<td>95</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a Predictors: (Constant), quality, brand, price
b Dependent Variable: consumers’ perception purchase intention

Table 6: Coefficient matrix

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
<th>Co linearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>B (Constant)</td>
<td>-.790</td>
<td>.500</td>
<td>-1.355</td>
<td>.131</td>
<td></td>
</tr>
<tr>
<td>Brand</td>
<td>.577</td>
<td>.144</td>
<td>.413</td>
<td>4.105</td>
<td>.000</td>
</tr>
<tr>
<td>Quality</td>
<td>.391</td>
<td>.138</td>
<td>.170</td>
<td>2.122</td>
<td>.000</td>
</tr>
<tr>
<td>Price</td>
<td>.253</td>
<td>.112</td>
<td>.009</td>
<td>2.354</td>
<td>.070</td>
</tr>
</tbody>
</table>

a Predictors: (Constant), quality, brand, price
b Dependent Variable: consumers’ perception purchase intention
Note: Figures in parenthesis are t-statistics.

Conclusion and Managerial Implication:

Based on the data analysis Malaysian consumers’ purchase the product those have good country of origin. Furthermore, Malaysian products do not rank as high in the mind of the average local consumers. They still believe that the local made-in Malaysia product is not of higher quality. This clearly indicates that there is no particular bias on purchasing local or foreign product, as this study has shown that, when a country becomes more developed economically, the products that it produces are perceived to be of a higher and better quality. This conclusion confirms findings by earlier researchers in this field, as pointed out by Dodds et al. (1991) and Ofr (2004). This research also concluded that Malaysian consumer’s does not only consider the country of origin aspect but also other dimensions like quality of the products, brand name. Interestingly Malaysian consumer’s put high weight on quality over price. In general, it is important for marketers to emphasize more on product dimensions such as the product quality and invest huge amount of money to uplift its brand name and image to attract the existing Malaysian consumers’. This study was undertaken to examine and understand the consumers’ behavioral perceptions and choices in selecting of goods and services. Brand image and quality of any goods and service are the important factors which are considered by most of the Malay consumers’.

The study also contains few limitations. The first limitation was based on the sample area for the study which is confined to west Malaysia. Second, this study used convenient sampling procedure to collect the data. Third, this study was also unable to perform analysis on three races (Malay, Chinese, and Indian) separately; rather, this study reflected combined perception of all three races. The outcome of this research shows a comprehensively integrated framework in which to understand the vibrant relationships among several dimensions of quality, price, and brand image to have a handful idea on the consumers’
perceptions on their purchase intention. However, further research is needed to examine these factors in Malaysia with additional samples before generalizations can be made.

References:


