THE DETERMINANT OF BUYING BEHAVIOUR OF CAR’S BUYERS IN KOTA KINABALU, SABAH: MEDIATING EFFECTS OF ATTITUDE

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THESIS SUBMITTED IN PARTIAL FULFILLMENT FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION

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BORANG PENGESAHAN TESIS

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SABAH: MEDIATING EFFECTS OF ATTITUDE

IJAZAH: MASTER IN BUSINESS ADMINISTRATION

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09th SETPEMBER 2016

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ACKNOWLEDGEMENT

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ABSTRACT

The purpose of this study is to investigate the determinant of buying behavior of car buyers in Kota Kinabalu, Sabah: mediating effects of attitude. Based on University of Southern California (2010), attitudes related with buying behavior of consumer about the belief about, feeling about, and the behavioral intentions towards some object. In term of buying car, consumer have feeling about what type car or brand that they want to buy. Lifestyle is a method for living of people, (families), and social orders, which they show in adapting to their physical, mental, social, and financial situations on an everyday premise. Rainwater, Coleman and Handel (1959), and Havinhurst and Fegebaum (1959) was pointed that lifestyle is significance in understanding, explaining, and predicting consumer buying behavior. Refer to Schiffman and Kanuk, 1995 that mentioned it is intriguing to study, why they purchase a specific item, how they purchase it, when they purchase it, from where do they purchase it and how they react to the marketing stimulus. Marketing stimulus refer to 4P which is product, price, promotion and place. Car buyer's demographic such as age, gender, level of income, etnic or race and educational level are also important factors that influence cars purchased among car buyers, Cyril and Imbarine (2014). The theoretical framework was adopted and adapted from study done by A.C. Pandley and Mithilesh Kumar (2013) which study the Impact of lifestyle on brand preference of buyer behavior to fit with the setting of this research. The research design tries to examine the relative importance of the independent variable of lifestyle with marketing stimulus and buying behavior as dependent variable and attitude as the mediating effect variable. Questionaires using self-constructed using 5-point Likert scale will be used to assess the lifestyle, marketing stimulus, attitude and buying behaviour. Sample will be given to consumers around the city of Kota Kinabalu to represent the cars' buying behaviour population. The data from the study was entered through the use of Statistical Package for Social Science (SLPSS 21) and Smart PLS 2.0. Discussion, limitations and recommendations for the future study are also presented in this study.
ABSTRAK

Penentu Perlakuan Pembelian Kereta oleh Pembeli Di Kota Kinabalu, Sabah: Pengantara Berdasarkan Sikap

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CHAPTER 1

Introduction

1.1 Introduction

The development of Malaysia’s automotive industry has made the country a production center for major automotive component manufacturers. Today, there are more than 690 automotive component manufactures, producing a wide range of components, such as body panels, brake parts, engine parts, transmission and steering parts, rubber parts and electrical and electronic parts. There are many brands of car in Malaysia, for an example Perodua, Proton, Toyota, Honda, Nissan, Mitsubishi, Naza, Suzuki, Isuzu and others. The continuous fascination with the automobile industry and its significant impact on the socio-economic life of mankind illustrated in many studies (see for example Ueno and Muto, 1980; Mutoh, 1998; Smitka, 1991; Law, Well and Rawlinson, 1994).

In fact, Malaysia has long been involved in the development and promotion of the industry with a different emphasis over time. The major thrust of the Malaysia automobile industry is to develop its own automobile industry by upgrading local capability in making parts and components, particularly through small and medium firms (UNIDO, 1991). Malaysia automobile industry is facing competitive challenges. Malaysian automotive market was ASEAN third largest in-terms of annuals sales in 2013 with Total Industry Volume (TIV) of 656,000 units, trailing behind Thailand and Indonesia with TIV of 1.3 million and 1.2 million units respectively (Leow and Zahari, 2015). According to maxime,(2011), attitudes and behavior have a strong influence in terms of buying product.

Based on Dft 2004a, concern for the environment in general and the environmental impacts of cars and the evident does not often translate into behavioral change at an individual.
So that, peoples express concern about the environmental impacts of cars but do not think that is their own responsibility to negate the impact.

1.2 Problem Statement

The Sabah Development Corridor (SDC) was launched on 29 January 2008 to improve the personal satisfaction of the general population by quickening the development of Sabah's economy, advancing provincial adjust and crossing over the country urban gap while guaranteeing reasonable administration of the state's assets. SEDIA (2012) mentioned that the SDC projects are supported by the three key rule that will manage improvement in Sabah in particular the need to catch higher worth monetary exercises, promote adjusted financial development with dissemination, and to ensure economic development by means of natural preservation.

The increasing economic development in Sabah enable guaranteed income population. In this research, the purchase of cars in Sabah assessed in accordance economic growth since Sabah is the 6th highest GDP contributor for Malaysia and has positive GDP growth every year. Sabah also blessed with excellent location, resources, culture and biodiversity.
Figure 1.1: 26 Entry Points Project have been Identified for Sabah Development Corridor by SEDIA (2012)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Entry Point Projects (EPPs)</th>
<th>GNI (RM million)</th>
<th>Jobs (f)</th>
<th>Private Investment (RM million)</th>
<th>Public Investment (RM million)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tourism</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>* Semporna - Borneo’s Marine Paradise</td>
<td>566</td>
<td>2,266</td>
<td>1,700</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>* Coastal Tourism Development</td>
<td>1,750</td>
<td>8,644</td>
<td>11,068</td>
<td>1,200</td>
</tr>
<tr>
<td></td>
<td>* Nature Adventure</td>
<td>1,021</td>
<td>4,978</td>
<td>778</td>
<td>315</td>
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<tr>
<td><strong>Agriculture</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>* Integrated Marine Fish Culture</td>
<td>710</td>
<td>1,861</td>
<td>804</td>
<td>21</td>
</tr>
<tr>
<td></td>
<td>* High Finned Grouper &amp; Barramundi</td>
<td>696</td>
<td>760</td>
<td>118</td>
<td>32</td>
</tr>
<tr>
<td></td>
<td>* Integrated Shrimp Aquaculture</td>
<td>267</td>
<td>3,828</td>
<td>716</td>
<td>48</td>
</tr>
<tr>
<td></td>
<td>* Sea Cucumber &amp; Tiger Grouper</td>
<td>555</td>
<td>930</td>
<td>100</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>* National Seaweed Nucleus</td>
<td>420</td>
<td>13,758</td>
<td>359</td>
<td>182</td>
</tr>
<tr>
<td></td>
<td>* Switfit Commercial Centre (SCC)</td>
<td>405</td>
<td>7,648</td>
<td>167</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>* Sabah Agro Industrial Precinct (SAIP)</td>
<td>195</td>
<td>336</td>
<td>584</td>
<td>94</td>
</tr>
<tr>
<td></td>
<td>* Taman Keila Pengelusanan Makman (TKPM)</td>
<td>35</td>
<td>479</td>
<td>19</td>
<td>47</td>
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<tr>
<td><strong>Palm Oil</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>* Agropolitan Kening and Beluran</td>
<td>92</td>
<td>1,026</td>
<td>228</td>
<td>47</td>
</tr>
<tr>
<td></td>
<td>* Palm Oil Industrial Cluster (FOIC) Lahad Datu + Sandakan</td>
<td>8,668</td>
<td>17,75</td>
<td>22,520</td>
<td>1,382</td>
</tr>
<tr>
<td><strong>Oil, Gas &amp; Energy</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>* SAMUR + MITSUI &amp; SDGIP</td>
<td>3,390</td>
<td>6,320</td>
<td>8,544</td>
<td>400</td>
</tr>
<tr>
<td></td>
<td>* Lahad Datu Regasification Plant</td>
<td>923</td>
<td>3,578</td>
<td>1,200</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>* Gas Separation Plant</td>
<td>51</td>
<td>1,297</td>
<td>275</td>
<td>0</td>
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<tr>
<td></td>
<td>* Kinamas Power Plant</td>
<td>82</td>
<td>2,515</td>
<td>1,000</td>
<td>0</td>
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<tr>
<td></td>
<td>* Lahad Datu Power Plant</td>
<td>82</td>
<td>3,127</td>
<td>1,000</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>* Sabah Oil &amp; Gas Terminal + Sabah Sarawak</td>
<td>6,330</td>
<td>3,200</td>
<td>5,400</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>* Sandakan Gas Pipeline</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>* Pipeline to KKIP</td>
<td>2,000</td>
<td>3,085</td>
<td>340</td>
<td>0</td>
</tr>
<tr>
<td><strong>Manufacturing &amp; Logistics</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>* Kota Kinabalu Industrial Park (KKIP)</td>
<td>1,559</td>
<td>23,032</td>
<td>4,554</td>
<td>132</td>
</tr>
<tr>
<td></td>
<td>* Mainline Operators (MLO) set-up in Sepangar Bay Port</td>
<td>279</td>
<td>439</td>
<td>351</td>
<td>53</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>* Early Childcare Education Centres</td>
<td>148</td>
<td>1,248</td>
<td>69</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>* Hospitality and Tourism Cluster</td>
<td>80</td>
<td>460</td>
<td>43</td>
<td>0.5</td>
</tr>
<tr>
<td></td>
<td>* Private Skills Training Centres</td>
<td>155</td>
<td>1,019</td>
<td>214</td>
<td>115</td>
</tr>
<tr>
<td></td>
<td>* International Marketing</td>
<td>33</td>
<td>225</td>
<td>7</td>
<td>3.5</td>
</tr>
</tbody>
</table>

Above is 26 Entry Points Project have been Identified for Sabah Development Corridor by SEDIA (2012). Based on that, it will provide job opportunities to Sabahan and there will be high employment, the use of vehicles in Sabah will rise and it should be study. According to Department of Statistics Malaysia (2015), estimated 2 cars per person in greater Kota Kinabalu with 637,942 total population in 2020 vs. 875,854 total vehicles in Kota Kinabalu. In this greater number, this research will study about the determinant of buying behavior of cars in Kota Kinabalu, Sabah with mediating effects of attitude. Based on this, the job opportunities will be
increase and the same time the income per person will increase. The problem, what is the buying behavior of car among consumer in Kota Kinabalu?

There are various types of cars in use by drivers registered in Sabah. It is based on consumption and consumer's preferences with the economic situation in Sabah, needs and wants of the consumer and so on. Based on The Worldfolio 2014, it's mentioned that Sabah's packed with potential. Sabah Development Corridor (SDC) looks to transform Malaysia's resource-rich state into an investment and tourism hub, as well as change the lives of citizens. Expected to take 18 years, by the first quarter of 2014, RM128 billion (£24 billion) in investments had been planned and committed to, and of this, some RM38 billion had been realised. Around 900,000 jobs are expected to be created along with a waterfront city, a tourism sub-project and a new railway terminal.

While the initial focus is on enhancing Sabah's liveability index and making it a business friendly location via targeted infrastructure upgrading and by lowering the cost of doing business, in the long term (or by 2025 to be exact), the SDC initiative aims to triple Sabah's gross domestic product (GDP) per capita and increase its GDP by four times.
Figure 1.2 : Projecting The Future, The Vehicles in Sabah Will Reach 2.3 Million Vehicles By 2020 by Sabah Tourism Board (2011)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>VEHICLE NUMBER</th>
<th>% INCREASE</th>
<th>1 YEAR</th>
<th>6 YEARS</th>
</tr>
</thead>
<tbody>
<tr>
<td>YEAR 2015</td>
<td>1,407,371</td>
<td>11%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>YEAR 2016</td>
<td>1,559,317</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>YEAR 2015</td>
<td>1,407,371</td>
<td>67%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>YEAR 2016</td>
<td>2,341,175</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The graph above showed Projecting the Future, The Vehicles in Sabah Will Reach 2.3 Million Vehicles By 2020, Sabah Tourism Board (2011). In year 2006 to 2013, it is static, in year 2014 to 2016 it is increase drastic, and 2014 to 2020 also increase drastic. However, road conditions are still worse in Sabah is among the issues that are often a complaint of people in this country. According to Malaysian Kini 2015, there were dangerous conditions of the Pan-Borneo highway which the highways roads are still not in a good condition and there are many potholes along the uneven roads, In condition of holes, potholes, silt, undulating and patch is not perfect, it would lead to something that is not fun. However, despite geographic barriers, the authorities have prioritized road expansion under the SDC. This was launched in 2008 with the goal of improving the state’s livability index. What are the factors influencing buying behaviour among consumer in Kota Kinabalu?
Due to the issues raise above, the attitude of consumers in Sabah is lack addressed in the literature. Therefore, in this study attempts to investigate the attitude toward buying a car among consumers in Sabah as to fulfill the void. Based on University of Southern California (2010), attitudes related with buying behavior of consumer about the belief about, feeling about, and the behavioral intentions towards some object. In term of buying car, consumer have feeling about what type car or brand that they want to buy. Lifestyle of a buyer will impact on his conduct and obtaining choices, Pinki Rani (2014). It is about. Lifestyle is a method for living of people, (families), and social orders, which they show in adapting to their physical, mental, social, and financial situations on an everyday premise. Refer to Schiffman and Kanuk, 1995 that mentioned it is intriguing to study, why they purchase a specific item, how they purchase it, when they purchase it, from where do they purchase it and how they react to the marketing stimulus. Rainwater, Coleman and Handel (1959), and Havinhurst and Fegebbaum (1959) was pointed that lifestyle is significance in understanding, explaining, and predicting consumer buying behavior. Marketing stimulus refer to 4P which is product, price, promotion and place. Car buyer’s demographic such as age, gender, level of Income, etnic or race and educational level are also important factors that influence cars purchased among car buyers, Cyril and Imbarine (2014).

1.3 Research Questions

Based on the problem that has been identified and objective that we aim to achieve, the questions that will be answered by this study are:

I. Does the lifestyle has a significant positive relationship with buying behaviour of car?
II. Does marketing stimulus has a significant positive direct relationship with buying behaviour of car?
III. Does the lifestyle has a significant positive direct relationship with attitude?
IV. Does marketing stimulus has a significant positive direct relationship with attitude?
V. Does attitude has a significant positive relationship with buying behaviour of car?
VI. Does attitude has a significant mediating effect on relationship between lifestyle and buying behavior of car?
VII. Does attitude has a significant mediating effect on the relationship between marketing stimulus and buying behavior of car?

1.4 Research Objectives

The main objective of this study is to highlight the Factors Influences of Buying Behavior of Cars in Sabah. Below are the objectives;

I. To investigate a significant positive relationship between lifestyle and buying behavior of car.
II. To examine a significant positive relationship between marketing stimulus and buying behavior of car.
III. To explore a significant positive relationship between lifestyle and attitude.
IV. To study a significant positive between marketing stimulus and attitude.
V. To investigate a significant positive between attitude and buying behavior of car.
VI. To investigate a significant mediating effect of attitude on the relationship between lifestyle and buying behavior of car.
VII. To examine a significant mediating effect of attitude on the relationship between marketing stimulus and buying behavior of car.

1.5 Scope of Study

The population of this study consists of all car buyers in Kota Kinabalu, Sabah. The sample consisted of 400 randomly. The sample generally representative of the demographic makeup, sex, age, level of income, ethnic background and level of education. According to the briefing on Planning and Development of Kota Kinabalu City, 2013 found that this city with area 351km square and with 518,000 population based on Statistics Department. The questionnaire were contributed to (Kota Kinabalu area);

- Karambunai
- Sepanggar
- Kuala Menggatal
- Kuala Inanam
1.6 Significance of the Study

The significance of the study are to study the determinant of buying behavior of car’s buyers in Kota Kinabalu, Sabah with mediating effects of attitude. The relationship between two independent variables lifestyle and marketing stimulus and the mediator which attitude and the dependent variable which buying behavior for buying car in Sabah. Lifestyle and marketing stimulus very important in term of buying behavior of car in Sabah.

This study will focus in Kota Kinabalu, Sabah because this city is the highest population in Sabah and many businesses, job, development, and so on and contribute to the highest income in Sabah. In the same time, it will generate more income for automotive industry in Sabah because many consumers need to buy car for the use every day for working, business and as transportation. However, attitude of consumer need to understand for what type cars they want to buy and also the brand of car in term of price, maintenance, quality, and also fuel usage based on consumer’s lifestyle and marketing stimulus.

For this study, it will give benefit to the parties which involve buying and selling of car in Kota Kinabalu such as;

- Car industry players in Kota Kinabalu
- Goverment ; Official Portal of Road Transport Department Malaysia, Royal Malaysian Customs Department
- Consumers
1.7 Terms of Definition

1.7.1 Lifestyle

A.c. Pandey and Mithilesh (2013) mentioned that lifestyle is the person’s pattern of living in the world as expressed such in activities, opinions, and interests. For buying car, consumers buy car based on their needs and want, the functions of the car and the satisfaction follow train.

1.7.2 Marketing Stimulus

Refer to Kotler and Armstrong (2005), marketing is the set of controllable tactical marketing with includes price, product, place, and also promotion.

1.7.3 Attitude

Attitude is the inclination to learn so that behavior will be consistent with dissatisfaction or satisfaction that is expected (Schiffman and Kanuk, 2004).

1.7.4 Buying behavior

Buying behavior means the way in which buyer purchase is critical to advertisers. It includes understanding the arrangement of choices (what, why, when, how much and how frequently) that purchaser sets aside a few minutes (Hoyer 2004). Consumer Buying Behavior means more than exactly how individual purchases items.

1.8 Summary

There are five chapters for this research which consisting of;

- Chapter One : Introduction
- Chapter Two : Literature Review
- Chapter Three : Research Methodology
- Chapter Four : Results
- Chapter Five : Discussion
CHAPTER 2

Literature Review

2.1 Introduction

For this chapter, it will discuss about theoretical framework and literature review of buying behavior of car's buyers in Kota Kinabalu, Sabah which include discussion about consumer buying behavior, attitude, lifestyle, marketing stimulus, the relationship between buying behavior and attitude, the relationship between buying behavior and lifestyle, the relationship between buying and marketing stimulus, relationship between attitude and lifestyle, the relationship between attitude and marketing stimulus, the mediating effect of attitude, consumer buying behavior, attitude, lifestyle, stimulus, the relationship between buying behavior and attitude, the relationship between buying behavior and lifestyle, the relationship between buying and marketing stimulus, the relationship between attitude and lifestyle, the relationship between attitude and marketing stimulus, and the mediating effect of attitude.

2.2 Consumer Buying Behavior

Consumer Buying Behavior is the choice procedures and demonstrations of individuals required in purchasing items. The sorts of purchaser purchasing conduct are dictated by level of association in buy choice which significance and force of enthusiasm for an item in a specific circumstance and purchaser's level of inclusion decides why he is propelled to look for data around a specific items and brands however for all intents and purposes disregards others.

Consumer Buying Behavior means more than exactly how individual purchases items. Showcasing endeavors hence additionally concentrate on purchaser's utilization of administrations, exercises and thoughts. It is essential to know how purchaser responds towards diverse item components, cost, and advertisement, so as to guarantee solid upper hand. Different
occasions and powers in the buyer environment, for example, changing in the economy, innovation, governmental issues, and culture will influence their purchasing impetuses. These diverse jolts are assembled in "the purchasers dark box" (Kotler et al., 2001) and will bring about detectable buyer reactions, for example, decision of item, buy timing and measure of buys. Below show six stages model which is more concentrated on motivational factors that influences consumers decision by Kotler, 2006;

**Figure 2.1: Model Influences Consumers Decision By Kotler, 2006**

![Figure 2.1: Model Influences Consumers Decision By Kotler, 2006](image)

2.1 **Problem Recognition**

The buying decision of car is induced by problem recognition. Its means that purchaser or buyer recognizes a disperancy between the existing and also the wanted situation (Kotler, 2006). For buying car, there can be several buying-triggers. A research of PU Consult (2000) identified several motives about to buy new car which are among others, servicing costs and good value for the old car.
REFERENCES


