

**THE INFLUENCE OF MARKETING MIXES COMPETENCY ON THE  
PURCHASING BUYING BEHAVIOR OF THE CAR BUYERS IN MALAYSIA**

**Cyril Supain @ Christopher**

**Research report in partial fulfillment of the requirements for the degree of MBA**

**2008**

**THE INFLUENCE OF MARKETING MIXES  
COMPETENCY ON THE PURCHASING BUYING  
BEHAVIOR OF THE CAR BUYERS IN MALAYSIA**

**CYRIL SUPAIN @ CHRISTOPHER**

**UNIVERSITI SAINS MALAYSIA**

**2008**

## **ACKNOWLEDGEMENTS**

First of all, I would like to thank the School of Management for incorporating thesis writing as partial requirement for completing Master of Business Administration program and thus providing a chance for the students to learn the skills and styles of writing a good management paper.

A tip of the hat goes to my supervisor, En. Mohd Shafie Ariffin for his precious time in reviewing as well as adding invaluable opinions and comments to this thesis. Special thanks to Associate Professor K.J. Raman for his kind help and advices in generating SPSS output and data analysis.

In addition, I would like to thank my colleagues, friends and family members for their assistance and effort in distributing and collecting back the survey questionnaires. Their contribution in data collection was crucial in achieving the required sample size.

Last, but certainly not least, I truly appreciate my wife, Faridah Jahiku, my parents, Supain Lakasa and Wuh Kui Eng for their unending patience, support and encouragement. It was their supports that enabled me to overcome many obstacles and complete the thesis finally.

## **TABLE OF CONTENTS**

	Page
<b>ACKNOWLEDGEMENTS</b>	i
<b>TABLE OF CONTENTS</b>	ii-iv
<b>LIST OF TABLES</b>	v
<b>LIST OF FIGURES</b>	vi
<b>ABSTRAK</b>	vii
<b>ABSTRACT</b>	viii

### **Chapter 1 INTRODUCTION**

1.1. Introduction	1
1.2. Background	1-4
1.3. Problem Statement	4
1.4. Research Objectives	4-5
1.5. Research Questions	5
1.6. Definition of Key Terms	5-6
1.7. Significance of the Study	6-7
1.8. Organization of Remaining Chapters	7-8

### **Chapter 2 LITERATURE REVIEW**

2.1 Introduction	9-12
2.2 Review of the literature	12-21
2.3 Theoretical Framework and Hypotheses	22-23
2.4 Summary	24

### **Chapter 3     METHODOLOGY**

3.1	Introduction	25
3.2	Research Design	25
3.3	Variables	25-27
3.4	Population / Sample	27
3.5	Procedure	27-28
3.6	Measures	28-29
3.7	Data Analyses	29-30

### **Chapter 4     RESULTS**

4.1	Profile of Respondents	31-32
4.2	Goodness of Measures	32-33
4.3	Descriptive Analyses	34-36
4.4	Hypothesis Testing	37-40

### **Chapter 5     DISCUSSIONS AND CONCLUSIONS**

5.1	Recapitulation of the Study Findings	41
5.2	Discussion (Interpretation)	41-43
5.3	Implications	44
5.4	Limitations	44-45
5.5	Future Research	45

5.6	Conclusion	45
<b>REFERENCES</b>		46-50
<b>APPENDIX A- QUESTIONNAIRE</b>		51-55
<b>APPENDIX B- PROFILE OF RESPONDENTS</b>		56-62
<b>APPENDIX C- GOODNESS OF MEASURE</b>		63-67
<b>APPENDIX D- INFERENTIAL STATISTICS</b>		68-71

## LIST OF TABLE

<u>Table</u>	<u>Description</u>	<u>Page</u>
Table 1.1	Summary of Sales and Production Data	2-3
Table 1.2	Definition of Key Terms	5-6
Table 2.1	Proposed Hypotheses	23-24
Table 3.1	Variables used in the study	26
Table 3.2	Variables and its Operational Dimensions	27
Table 4.1	The Profile of Responding Car Buyers (N=300)	31
Table 4.2	Factor and Reliability Analyses on Car Purchased Marketing Competency	33
Table 4.3	The Model Summary showing the Correlation Coefficient.	35
Table 4.4	Model Summary on Car value with Moderator.	36
Table 4.5	Summary Results of Hypotheses Testing	37-38

## LIST OF FIGURES

<u>Table</u>	<u>Description</u>	<u>Page</u>
Figure 2.1	By Kotler (2005): Model of Buyer Behavior .	14
Figure 2.3	Framework of family decision making as it relates to the Purchase of a family home.	19
Figure 2.4	Theoretical framework	21



## **ABSTRAK (MALAY)**

Industri automotif merupakan sektor penting di dalam menjana ekonomi Malaysia. Keadaan dunia perniagaan yang penuh dengan cabaran memerlukan industri automotif untuk menilai semula kebolehan persaingan yang ada pada mereka untuk menghadapi persaingan, cabaran liberalisasi dan globalisasi pada masa kini. Kajian ini di buat untuk mengetahui corak dan tahap pembelian kereta di Malaysia. Selain itu, kajian ini juga bertujuan untuk mengenal pasti fungsi kebolehan pemasaran yang mana satu kah yang mempengaruhi gelagat pembelian kereta di Malaysia. Rangka kerja teori di ambil daripada model proses pembelian oleh Kotler dan Armstrong (2005). Kajian ini berbentuk kuantitatif dengan menggunakan borang soal selidik untuk mendapatkan data yang diperlukan. Analisis faktor dan analisis regresi dilakukan untuk menguji hipotesis dan rangka kerja teori yang dicadangkan. Dapatan kajian menunjukkan bahawa jantina, tahap pendapatan, tahap pendidikan dan umur memberi kesan terhadap corak pembelian kereta. Hipotesis yang diterima menunjukkan bahawa produk, harga dan kecekapan promosi kereta mempengaruhi nilai kereta yang di beli. Manakala hipotesis yang ditolak menunjukkan bahawa tiada perhubungan diantara pembolehubah tak bersandar dan pembolehubah bersandar. Hasil kajian ini juga menyokong hipotesis bahawa ahli keluarga mempunyai pengaruh di dalam proses pembelian kereta. Hasil kajian ini di harap mampu memberi sumbangan meningkatkan kefahaman terhadap pasaran kereta di Malaysia. Selain itu ia akan memanfaatkan golongan akademik, pengeluar dan penjual kereta di dalam mengetahui kesan faktor luaran ke atas corak pembelian kereta dan di kalangan pembeli kereta, dan juga kepentingan pengaruh ahli keluarga ke atas gelagat pembelian kereta oleh pembeli kereta di Malaysia.

## **ABSTRACT**

The automotive sector is a key industry in the Malaysian economy. Given the significant challenges facing the automotive industry, in particular globalization, liberalization and increasing competition, there is a need to review the strategic direction and the competitive advantage for the domestic automotive sector. This study undertakes to explore the current level and patterns of car purchase and to investigate which marketing mixes competency influence the purchasing buying behavior in Malaysia. The theoretical framework is adapted from Kotler and Armstrong (2005) buying decision process model. Quantitative research design with a survey questionnaire is used to obtain data for descriptive data analysis. Factor analysis and hierarchical regression analysis are used to validate the theoretical model and to test the proposed hypotheses in the study. The findings showed that gender, level of income, level of education and age have impact on car buying pattern. These hypotheses are accepted: product, price and promotion competency have significant influence on the cars purchased. This hypothesis is rejected there were insufficient evidence to support the relationship of the independent and dependent variables. Besides that the family member has significant moderating effect on the independent and dependent variables. The major contribution of this study is towards better understanding of current car market in Malaysia would benefit the academicians, manufacturers and car sellers in knowing the impacts of external factors on car buyer buying pattern and the importance of family member in influencing cars purchases.

## **Chapter 1**

### **INTRODUCTION**

#### **1.1. Introduction**

The automotive sector is a key industry in the Malaysian economy. The economic contribution of this sector is enormous, with significant linkages to the manufacturing and services sectors. The automotive sector began with importation of vehicles which then progressed to assembly operations and the establishment of a wide network of automotive components and parts manufacturers. The establishment of Proton in 1985 and consequently Perodua in 1993 acted as catalysts to the development of the automotive sector. The automotive components and parts industry also grew in unison. This signaled a new phase for the Malaysian automotive sector whereby indigenous technology and local capabilities were developed in line with the Industrial Master Plans of the Government. In this context, Malaysia is proud to be the only non developed country in the world to have its own full automotive design and engineering capabilities.

#### **1.2. Background**

Given the significant challenges facing the automotive industry, in particular globalization, liberalization and increasing competition, there is a need to review the strategic direction and the competitive advantage for the domestic automotive sector. This is crucial to maintain the competitiveness of participants in the automotive sector, in order for them to be viable in the long term. In this respect, the government will maintain existing measures which are considered necessary and moving forward, institute new measures to replace existing

measures which no longer serve national interest, in order to continuously support the development and viability of the automotive sector.

Table 1.1

*Summary of Sales and Production Data*

Summary of New Passenger Vehicles, Commercial Vehicles and 4x4 Vehicles <u>REGISTERED</u> In Malaysia for the Year 1980 to YTD June 2007				
Year	Passenger Vehicles	Commercial Vehicles	4x4 Vehicles	Total Vehicles
1980	80420	16842	-	97,262
1981	86444	14491	-	100,935
1982	86245	15588	614	102,447
1983	90251	15691	2372	108,314
1984	86810	19856	3249	109,915
1985	63857	26742	4400	94,999
1986	47028	18294	2525	67,847
1987	35265	12269	1462	48,996
1988	53532	15638	2422	71,592
1989	73793	31124	4440	109,357
1990	106,454	51,420	7,987	165,861
1991	121,660	49,683	10,534	181,877
1992	109,432	29,399	6,253	145,084
1993	128,600	31,283	8,045	167,928
1994	155,765	33,974	10,696	200,435
1995	224,991	47,235	13,566	285,792
1996	275,615	69,444	19,729	364,788
1997	307,907	70,334	26,596	404,837
1998	137,691	17,641	8,519	163,851
1999	239,647	26,171	22,729	288,547
2000	282,103	33,732	27,338	343,173
2001	327,447	37,623	31,311	396,381
2002	359,934	42,727	32,293	434,954
2003	320,524	50,882	34,339	405,745
2004	380,568	70,948	36,089	487,605

2005		416,692	97,820	37,804	552,316
2006		366,738	90,471	33,559	490,768
YTD 2007	June	200,454	20,285	-	220,739
Note:					
(i) Passenger Vehicle industry reclassified in January 2007 and includes all passenger carrying vehicles i.e. Passenger Cars, 4WD/SUV, Window Van and MPV models.					
(ii) Commercial Vehicles also reclassified on 1 January 2007 and includes Trucks, Prime Movers, Pick-up, Panel Vans, Bus & Others					

Source: [http://www.maa.org.my/info\\_summary.htm](http://www.maa.org.my/info_summary.htm)

The total industry volume (TIV) of motor vehicles sold in Malaysia in the first six months of year 2007 registered 220,739 units against 251,340 units registered in the corresponding period of 2006. This is a drop of 12% in the total industry volume over year-to-date June 2006. Passenger vehicle (PV) sales totaled 200,454 units in the first six months of 2007 which represents 91% share of the total motor vehicle market in 2006 at 228,323 units. This also a drop of 12% on total passenger vehicles sales compared to same period last year. Overall total production volume in the half of 2007 registered a drop of 25% to reach a total of 207,826 units compared to 278,644 units in the same period last year. Production of passenger vehicle in the first half of 2007 registered a drop of 26% to each a total of 189,336 units as compared to 256,630 units in the same period last year.

In this research I will consider a few elements in marketing competency. As I mentioned above, our country automobile industry is facing competitive challenges. In order to survive in the market place the company should consider the entire business environment. Not only the business environment itself but the company should consider the customer wants and needs. In this industry we know those customers are very sensitive in a few things in the product offered by the company. Automobile sales and production in half of the year 2007 period showed to us a

decrease in sales and production. Because of this it is important to find out what factors contributed to this figure.

### 1.3 Problem Statement

This research will determine and focusing which marketing mixes competency influence on purchasing buying behavior among the car buyers in Malaysia. Marketing mixes competency are such as price, product, promotion and placement. Besides that this study investigated the role of family members as a moderating variable to influence the relationship between independent and dependent variables. This study also interested to understand the level and pattern of car purchase by car buyers in Malaysia.

#### 1.4.1 Research Objectives

The purpose of this study is to test the hypotheses which according to Sekaran (2006) hypotheses testing usually explain the nature of certain relationships, or establish the differences among groups or the independence of two or more factors in situation. There are many studies about competitive advantage but research focusing on marketing competency in automobile industry in Malaysia is not many. Therefore I really interested in this study in order to give further details and explanation about the role of marketing competency in organization to influence car buying behavior. In this study i will consider product, price, promotion and placement as independent variables and car purchase as the dependent variable. This study will examine descriptively the marketing mix ability to influence the car buying behavior in our country. Besides that this study intends to understand the current level of car purchase by car buyers, to find the pattern of car purchase with car buyer's demographics and to investigate family member's role as a moderator.

Specifically, this study aimed to achieve the following objectives:

1. To understand the current level of car purchase by car buyers in Malaysia.
2. To see the pattern of car purchase with car buyer's demographics.
3. To investigate marketing mixes competency such as product, price, promotion, and place that influence car buyer's buying in Malaysia.
4. To investigate family member's role as a moderator in influencing car buyer's buying decision.

#### 1.4.2 Research Questions

In this study I will come up with major questions as follow:

1. What is the level of car purchase by the car buyers in Malaysia?
2. What is the pattern of car purchase in accordance or in relation to the car buyer's demographics?
3. What are the impacts of price competency influencing car purchase?
4. What are the impacts of promotion competency influencing car purchase?
5. What are the impacts of product competency influencing car purchase?
6. What are the impacts of placement competency influencing car purchase?
7. Doe's the family member's role moderate the factors influencing car purchase in Malaysia?

#### 1.4.3 Definition of Key Terms

The definitions of key terms in use are listed in table 1.2 below.

Table 1.2

### *Definition of Key Terms*

<b>Terms</b>	<b>Definition</b>
Marketing Mixes Competency	The ability and effort of the management in terms of their product, price, promotion and placement to attract customer in the market.
Cars	Local and foreign passenger cars offered in the market.
Product	The physical of the car.
Price	The selling price of the car.
Promotions	The marketing effort by the car seller and/or manufacturer to encourage selling the car.
Place	The car dealer or sales service counter located in Malaysia.
Respondents	Individuals who have responded to the survey questionnaires.
Car buyer	All the individuals who have intention to purchase car and currently have a car.
Buying behavior	

#### 1.4.4 Significance of the Study

In this dynamic, turbulent environment the car manufacturers or automotive industry in Malaysia need to use fully integrated sources of competitive advantage in order to survive. Customer buying behavior is not fixed it is changing from time to time. As I mentioned before this study is focused on marketing mix competency as the company competitive advantage. Nowadays buyers are really sensitive in terms of what the company marketed. Price, product, place and distribution are the elements that play an important role in the marketing competency. Generally, if the seller not carefully put or give right thing to the customer it will affect the company sale, market share and profit.



There were very few studies conducted on which marketing mixes competency influence the car buyer's buying behavior decision in Malaysia. Therefore it is great to conduct a research to provide understanding and insight on the factors that influencing car purchase. The finding from this study hopefully will help the car buyers to understand more on the marketing competency effort which can help them in their car purchase.

Manufacturer and car seller, with better understanding of the car buyer's buying behavior, may help them in setting and offering a competence product, better price, great promotion and placement in the market.

The findings also will help the sellers or buyers to concern about the family member's role and the differences in the car buyer's demographic in setting their product, price, promotion and placement strategy which actually can help them to compete in the market.

#### 1.4.5 Organization of Remaining Chapters

This study is organized into five chapters. The first chapter is all about the introduction and background to car purchase in Malaysia, defines the problem statement of the study, sets the objectives of the study, outlines the research questions, define the key terms and highlights the significance of the study.

The second chapter reviews literature of previous studies on the core competency, consumer buying behavior, car's purchase, marketing mixes competency included product, price, place, and promotion, and the family member's as an influencer on car purchase buying decision. A proposed theoretical framework is constructed at the end of the second chapter.

The third chapter discusses the research methodology in this study which covering research design, variables, sample, procedure, measures, data analyses and summary.

The fourth chapter discusses and presents the profile of respondents, goodness of measures, descriptive analyses, hypotheses testing summary of the results.

Finally chapter five, concludes with the recapitulation of the study findings, discussions, implications from this study, limitations in this study and suggestion for future research.

## **Chapter 2**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

To begin this study, it is better to concern this question. What is a core competence? A core competence comprises three fundamental properties. First, it allows the organization to evaluate a wide variety of markets. For example, a competence in display systems would enable a company to participate in such diverse businesses as calculator, miniature TV sets, monitors for laptop computers and automotive dashboards. Second a core competence should make a significant contribution to the perceived customer benefits and thirdly a core competence should be difficult for the competitors to imitate Hamel & Prahalad (1990b).

There are numerous ways to categorize core competencies; however (Prahalad & Hamel, 1994a) have found it useful to distinguish among three broad types. The three broad types are market access competencies: skills that help place a firm in close familiarity to its customers. For example management of brand, sales and marketing, distribution and logistics, technical support. The second one is the integrity-related competencies: skills that allow a company to do things much more quickly, with greater flexibility or with a higher caliber or reliability than competitors. The third broad types of core competence found by Prahalad & Hamel (1994b) is functionality-related competencies: skills which enable the company to invest its services or products with unique functionality, which invest the product with distinctive customer benefits, rather than merely making it incrementally better.

In other research (Kandampully, 2002a) identified innovation as the core competency of a service organization. In this research service, core competences, innovation and networks

are used as keywords. In this study technology, knowledge and network play a positive role to innovation creation. This study examined the factors underlying the growth of services, and emerging views on what constitutes a resource for service organizations. In this study the roles of technology, knowledge and network were examined as interdependent factors. (Kandampully, 2002b, p.20) described that “technology facilitates the maintenance of networks with customers and partners inside and outside the firm”. The network of relationships renders the firm’s capabilities “amorphous” in nature. This study suggest that this “amorphous” or unstructured knowledge represents the true resource in a service firm, and ultimately provides the creative potential for innovation called core competency. However in this study, innovation does not benefit the firm unless it manifests superior value in the customer-driven marketplace. Moreover, this study argued that service innovation results only when a firm is able to focus its entire energies to think on behalf of the customer. “While service quality has proved an essential ingredient in convincing customers to choose one organization over another, many organizations have realized that maintaining excellence on a consistent basis is imperative if they are to gain customer loyalty” (Kandampully & Duddy, 1999a, p.53). In this study the author argued that firms were required not only to improve, but to innovate products and services and anticipate customer needs on a continuous basis. This study also highlighted that to maintain a long-term relationship with the customer, firms need to demonstrate their ability to think for the customer, and consider and implement new ways to serve them better. Moreover this study suggested that to develop and maintain customer relationships, an organization needs the assistance and partnership of their respective stakeholders. Employees, supplier and distributors (Kandampully & Duddy, 1999b)

Competency is used in wide area of organization and management. In one research done by Maria et al. (2007), “Competency management in support of organizational change”, they divide the organization competency in five area. The areas are interpersonal excellence, project operations management, business sense decision making, sales management and people management. In defining the general concept of competency, interpersonal excellence competency is the ability to develop or maintains networks both within the organization and with clients; demonstrates communication co-operation abilities. Project operations management competency demonstrates competencies of planning, organizing, co-coordinating monitoring resources and process operations. In business sense decision making competency, this research found that it’s about the ability or willingness to make decisions, based on profound knowledge of business environment, strategic needs, bank’s processes, product service. Sales management competency demonstrates competencies in organizing promoting sales based on market awareness, customer relationship management. The final competency area found by the researcher in this organization is people management which demonstrates competencies of planning and guiding developing human resources. In this research they found that the organizational core competencies required for a business to compete successfully in the banking sector. Besides that the right mix of skills and behaviors that the individuals would need to possess in order to produce and support those core competencies.

Meanwhile, Ingrid Bonn (2001) study that lack of strategic thinking by senior managers has been identified as a major shortcoming in organizations. In this study he found that strategic thinking needs to be addressed at two different, but interrelated levels: the individual level (holistic understanding of the organization and its environment, creativity and vision) and organizational level (create structures, processes and systems that foster

ongoing strategic dialogue among the top team and take advantage of the skills and creativity of every individual employees). From this, organizations that successfully integrate strategic thinking at these two levels will create a critical core competency that forms the basis of an enduring competitive advantage. Vic Gilgeous & Kaussar Parveen (2001), in their research “Core competency requirements for manufacturing effectiveness”, identified that core competencies are built on individual intangible or groups of intangible assets that constitute and embody the organization’s capabilities, skills, knowledge, experience, people, resources and intellectual property. In this study a postal survey to manufacturing managers in six different industry sectors was conducted to ascertain their views on core competencies. From this study the author found that the manufacturing managers need to increase their knowledge and understanding of core competencies. To be more competitive they need to operate more in an outward strategy driven way and develop a strategic architecture to enable their organization to develop the necessary core competencies. Of the six manufacturing industries surveyed the machinery producers emerged as the strongest advocates for core competence development with the food industry having the least orientation towards their development. Gilgeous & Kaussar Parveen (2001) it is found that in overall the analysis shows the industries were weak at addressing the issues of strategic intent, organizational citizenship, strategic architecture and distinct capabilities. It is important to note that the need for strategic intent and strategic architecture is fundamental to the cultivation and administration of achieving core competencies.

To give further explanation about this research, here I use the model of buyer behavior proposed by Kotler. From this model we can see that there are two stimuli or factors, marketing stimuli and other stimuli that can influence buyer’s black box there are buyer characteristics and buyer decision process. After the buyer makes a decision they will

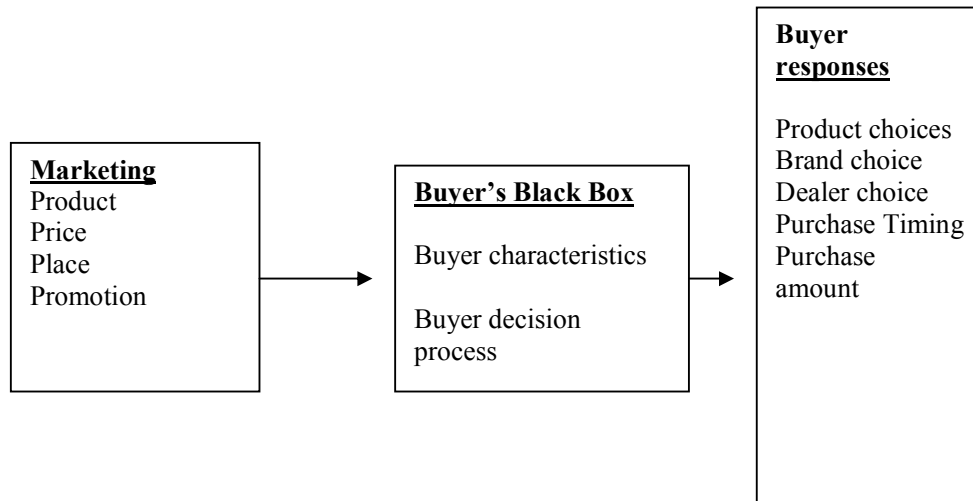
responses to product choices, brand choices, dealer choices, purchase timing and purchase amount. For this research I will concentrate focusing on the marketing mix stimuli, product, price, placement and promotion as an independent variables and car purchase as a dependent variable. To explain more about my research topic, firstly I will explain about consumer buying behavior. Secondly I will explain about the consumer's car purchase timing, thirdly the marketing mix and after that the four "P" product, price, placement and promotions. In this research I will use the family member as a moderator to the independent variables and the dependent variable.

## 2.2 Review of the literature

### 2.2.1 Consumer buying behavior

In world of business it show a varieties of consumer behavior. According to Kotler (2006) a consumer's buying behavior is influenced by cultural, social, and personal factors. From the three factors stated above cultural factors contribute broadest and deepest influence. In this study, I believe that car buyers are also got their own behavior to buy their personal car. Consumer buyer behavior refers to the buying behavior of end users or final consumers Kotler (2006). In this study I use the buyer behavior model which developed by Kotler to illustrate how consumers respond to various marketing efforts. Much of marketing literature bypasses decision making models by focusing on the effects of changes of one 'input' marketing variable (i. e., Price, Product, promotion, distribution) on the purchase choices ("output") made by consumers. The decision process is ordinarily left as a "black box".

*Figure 2.1* By Kotler (2005): Model of Buyer Behavior



This figure showing us the stimulus and the response of buyer behavior. Kotler (2005) believe that marketing and other stimuli will enter the consumer's "black box" and produce certain responses. The responses are such as product choices, brand choice, dealer choice, purchase timing and purchase amount. Most research in the consumer behavior literature both in the form of empirical inquiries and conceptual development, has effort to understand why consumers purchase. Major research thrusts have been directed toward increasing of deal knowledge (Aradha Krishna 1994), attitudinal (Elizabeth C. Hirschman 1979), psychological reactance (Mona A and Robert 1980), price perceptions (Donald, Nancy, and Richard 1993), promotional activity perceptions (Aradhna, Imran and Robert 1991), and foreign branding (France, Bernd and Laurette 1994) influences on purchasing behavior.

### 2.2.2 Consumer's car purchase timing

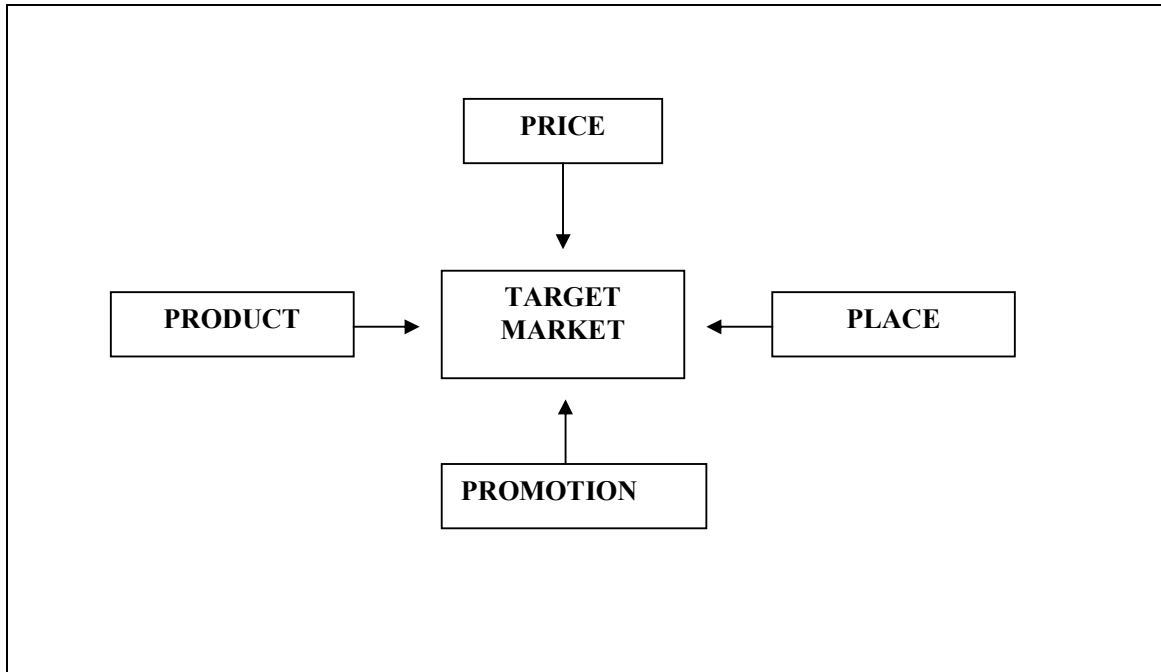


Research on consumer decision making has traditionally dealt with adult consumer behavior (George P and Roy L 1979). Although some studies have examined variables relevant to decision making car purchase, research in this area has primarily been descriptive, fragmented and based on little theory. Focusing on the marketing mix competency as the influencer to the purchase timing among the car buyer, i will explain the process descriptively.

### 2.2.3 Marketing mix competency

The concept of the marketing mix was reportedly introduced by Neil Borden in his presidential address in 1953 (Walter Van Waterchoot and Christophe van 1992). According to Kotler (2005) marketing mix is the set of controllable tactical marketing tools-product, price, place and promotion-that the firm blends to produce the response it wants in the target market. The marketing mixes consist of everything the firm can do to influence the demand for its product.

*Figure 2.2* Applying the marketing mix to a target market by Harvard Business School



#### 2.2.4 Product

According to Kotler (2005) product is something or anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need.

In this research I am focusing the passenger car as a product offered in the automobiles industry in Malaysia. Customers are really concern on quality of the product. In this study automobile's product physical distinctions include the following:

- i. Form- car size, shape, physical structure
- ii. Performance quality- the level at which the car primary characteristics function.

- iii. Conformance quality- the degree to which all the units of the product perform equally.
- iv. Durability- the car's expected operating life under natural or stressful conditions.
- v. Reliability- the probability that the car won't malfunction or fail.
- vi. Reparability- the ease with which the car can be fixed or repair if it malfunctions.
- vii. Style- the car's look and feel
- viii. Design- the way the foregoing qualities work together (it's easy to use, looks nice, and lasts a long time)

Besides that, we can also differentiate the car (product) competency offered in the market by identify the car manufacturer service before, during and after the sales which can influence the purchasing buying behavior among the car buyer. The service distinctions include the following:

- i. Ordering ease- how easy it is for customer to buy the product
- ii. Delivery- how quickly and accurately the product is delivered
- iii. Installation- how well the work is done to make the product usable in its intended location
- iv. Customer training- whether the company offers to train customers in using the product
- v. Customer consulting- whether the company offers advice or research services to buyers
- vi. Maintenance and repair- how well the company helps customers keep the product in good working order.

### 2.2.5 Price

The other element in the marketing mix is the pricing elements. Price is the amount of money charged for a product or service, or the sum of the values that consumers exchange for the benefits of having or using the product or service Kotler (2005). In any market, price plays a central role in the exchange process. Besides that, price also may thus be a very important initial signal of what quality to expect (Geoffrey Randall 2001). Another potential interface between reactance theory and consumer behavior is that of consumer reaction to product price (Mona A and Robert A 1980). Consider a consumer who has habitually bought a certain product, and is suddenly faced with a steep increase in its price. In microeconomic utility theory would predict that, all else being equal, the price increase would constitute a decrease in the product's utility, and sales of the product would fall (Keat Young 2006). It also has been found that buyer's purchase behavior can be influenced not only by the current price of a product, but also by what prices they expect in the future (Aradha krishna 1994). In this research, price decision includes list price, discounts, payments period, and term of payments. All this price decision made by the car producer will influence the purchasing buying behavior.

### 2.2.6 Place

Every manufacturer needs to distribute its product to customers. Therefore they need intermediaries and we call it as a supply chain. They may be one or more levels between the manufacturer and customer. (Geoffrey Randall 2001) explaining that the economic reason for the existence of intermediaries is that it is more efficient. According to Kotler (2005) distribution channel is a set of interdependent in the process of making a product or service available for use or consumption by the consumer or business user. The Harvard Business

School in their published book (2006) described place as point of sale and the distribution of the product or service. Place may be retail store, a national distributor network, an e-commerce web site, or direct mail catalog. In this research place may be the salesperson, middleman, car dealers, sales and service centre and the web site. Many company have market channel through which they meet customers; the more numerous and effective these channels are, the greater the opportunities to make sales (Kotler, 2005).

#### 2.2.7 Promotion

According to Kotler (2006) promotion means activities that communicate the merits of the product and persuade target customers to buy it. Today's consumer faces richer information environments than ever before. Whether it is the 13,798 mutual funds quicken's web site or the 1,057 PDAs on Amazon's web site, it is clear that today's consumers have many choices (Nicholas H, 2004). Promotion also as a marketing tool to give information to customer about their product offered in the market. More than a billion dollars is spent annually on generic commodity promotion, with spending in some individual product categories exceeding \$100 million (Mitav c and Chris J, 2004). In this study promotion means that all the communicative activities that the car producer made to ensure that customer in the market know about their offerings, have a favorable impression of them, and actually make a transaction. These activities include car advertising, car catalog, contests, public relations, and personal selling. Within these categories we have TV, radio, and print ads, billboard, sponsorship of public TV, customer loyalty programs, telemarketing, direct mail sales and door to door solicitation.

#### 2.2.8 Family member

Family members may have different roles to play in making decisions within the family. They may initiate demand or contribute information, and they may decide on where to buy, which brand and style to buy, how to pay for the product, how to consume the product, what benefit to expect from the product, and how to share in maintaining the product (Sidin et al., 2004).

In this research I use family member as a moderator variable for the independent variable and the dependent variable. A family is defined as “a group of two or more persons related by blood, marriage or adoption, and residing together as a household” (Lawson et al., 1996). In the research done by George J, Arlen K and Aaron T (1979) entitled “Family Member Influence in Household Decision Making”, it shown that family member contribute positively influence the decision making among the buyer. “There is a positive relationship between the frequency of family communication about consumption and the extent to which an adolescent uses prices in product evaluation” this hypothesizes come from the research done by George P and Roy L (1979). Similarly Moore and Stephens (1975) show that overall parent-adolescent communication about consumption predicts fairly well a child’s knowledge of prices of selected product. These findings suggest that parents may encourage their youngsters to use price as a criterion in evaluating products.

Figure 2.3 Framework of family decision making as it relates to the purchase of a family home.

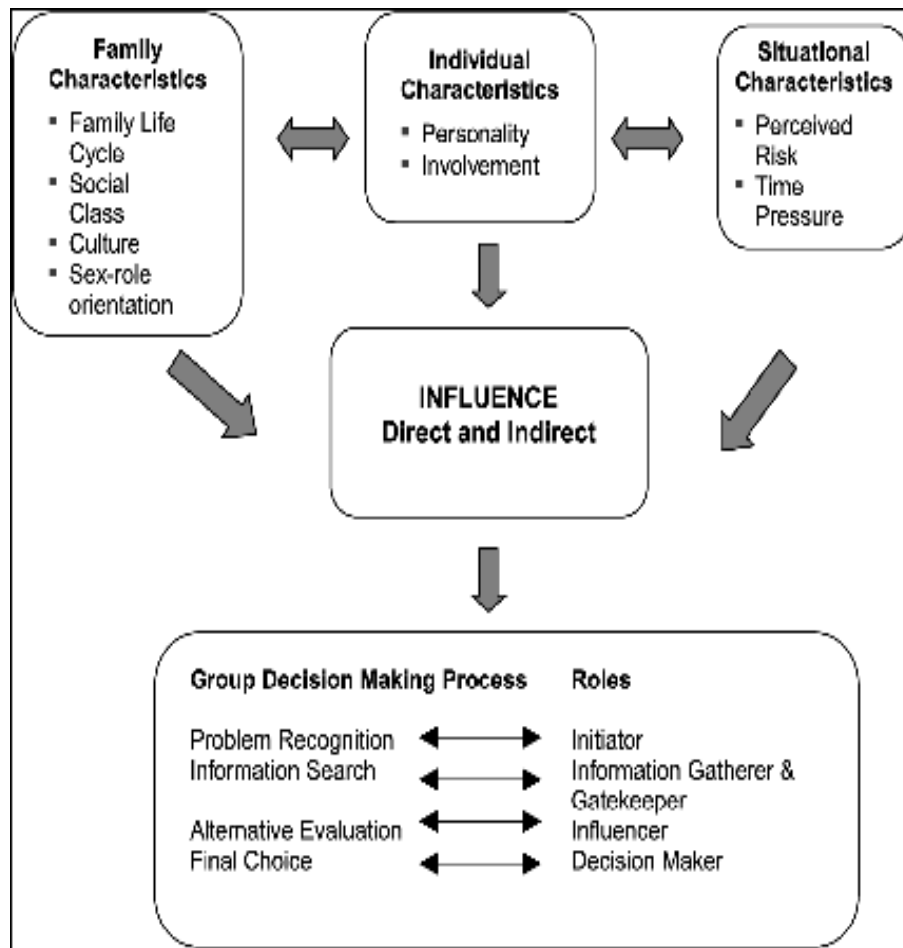


Figure 2.3 (adapted from Lee and levy, 2004) presents a conceptual framework of family decision making as it relates to the purchase of a family home. Brief descriptions of the characteristics identified in this framework are set out below:

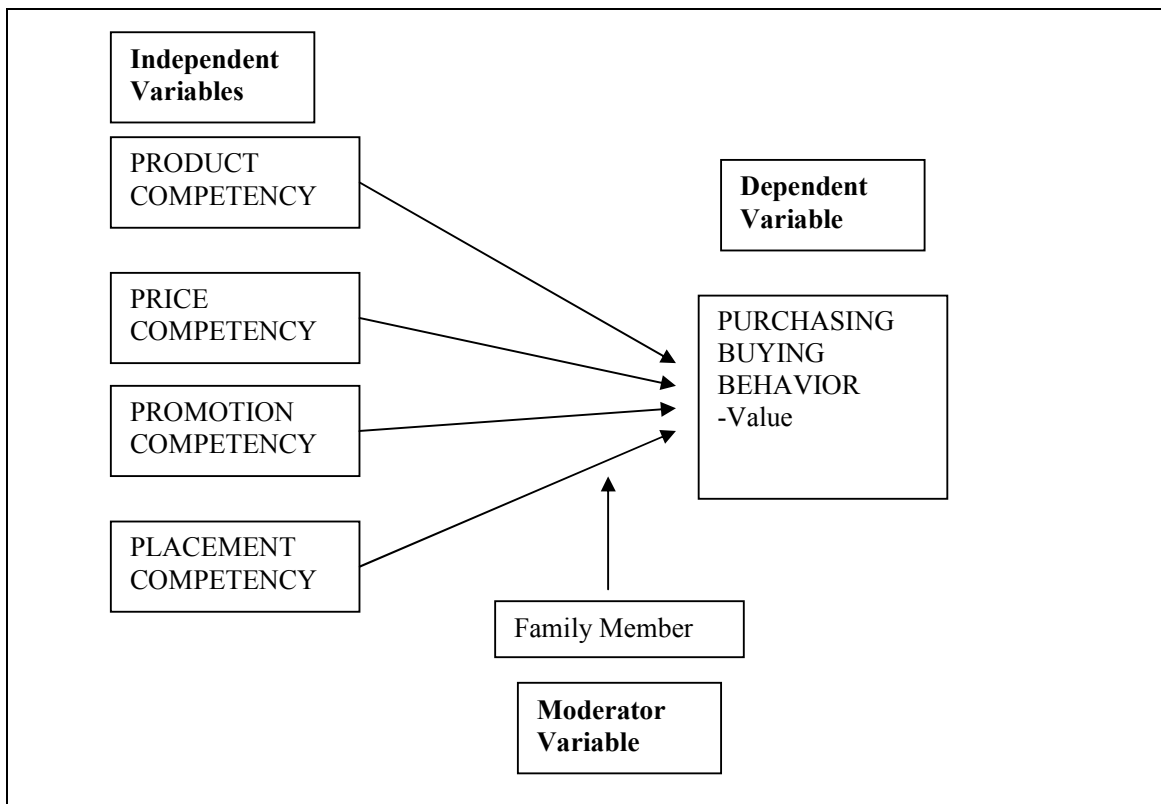
- 1) Family characteristics. This include the family life cycle, social class, sex-role orientation and culture.
- 2) Situational characteristics. This includes the concept of perceived risk and how it relates to time pressure. Spiro (1983) suggest that the higher the risk perceived in a particular purchase

decision the more likely it is for the decision to be joint. But, the greater the time pressure on a family to make a decision the more likely it is for the decision to be an individual decision.

3) Individual characteristics. Many consumer purchasing decisions are made within a family unit comprising a small group of individuals, who have different personalities, preferences, interests, and tastes.

### 2.3 Theoretical Framework and Hypotheses

Figure 2.4 Theoretical framework



Giving time constraints, this research will adapt the model of buyer decision process from Kotler (2005), and focus only on studying the marketing inputs and the moderator( family member) as major factors influencing car buyer's buying behavior as shown in the figure 2.1.



From the theoretical framework above here i can make an assumption that the physical product of the car positively influences buyer's car purchase in Malaysia. The physical product of the car are such as the car design either interior or the exterior of the car. Besides that the car size, colors are also the elements inside the physical of the product.

Price of the car also will influence the buying behavior of the car buyer. Price is the amount of money charged for a product or service, or the sum of the values that consumers exchange for the benefits of having or using the product or service Kotler (2005). In any market, price plays a central role in the exchange process. Besides that, price also may thus be a very important initial signal of what quality to expect (Geoffrey Randall 2001). Therefore in my hypotheses price will affect the purchasing buying behavior of the car buyers. In this price competency we can see how the price strategies such as price discount and other price setting by the company will influence the purchase buying behavior of the car buyer.

In other assumptions promotion also can influence the purchasing buying behavior among the car buyer in Malaysia. In this study promotion means that all the communicative activities that the car producer made to ensure that customer in the market know about their offerings, have a favorable impression of them, and actually make a transaction. These activities include car advertising, car catalog, contests, public relations, and personal selling. Within these categories we have TV, radio, and print ads, billboard, sponsorship of public TV, customer loyalty programs, telemarketing, direct mail sales and door to door solicitation.

Place may be retail store, a national distributor network, an e-commerce web site, or direct mail catalog. In this research place may be the salesperson, middleman, car dealers, sales and service centre and the web site. Many company have market channel through which

they meet customers; the more numerous and effective these channels are, the greater the opportunities to make sales (Kotler, 2005).

Besides the four elements in the marketing mix competency, I also will use the family member as the moderator of the marketing competency between the purchasing buying behaviors. From the hypotheses I can make an assumption that the family members will influence the decision making among the car buyer. The knowledge of the family member such as the deals knowledge, and the price knowledge for example will moderate the independent variables and the dependent variable.

Table 2.1

*Proposed Hypotheses*

H1: The <b>product competency</b> of the car positively influences buyer's car purchase in Malaysia.
H1a: The attractive car layout of the car positively influences buyer's car purchase in Malaysia.
H1b: The attractive car design of the car positively influences buyer's car purchase in Malaysia.
H1c: The attractive car size of the car positively influences buyer's car purchase in Malaysia.
H1d: The durability of the car positively influences buyer's car purchase in Malaysia.
H1e: The attractive car shape of the car positively influences buyer's car purchase in Malaysia.
H1f: The proven quality performance of the car positively influences buyer's car purchase in Malaysia.
H1g: When the car buyer perceive the value is worth the money spent this will positively influence buyer's car purchase in Malaysia.
H1i: The reparability of the car positively influences buyer's car purchase in Malaysia
H2: The <b>price competency</b> of the car positively influences buyer's car purchase in Malaysia.
H2a: The high price of the car reduces buyer's car purchase in Malaysia.
H2b: The affordable car price to car buyer budget positively influences buyer's car purchase in Malaysia.
H2c: The reasonable car price to car buyer budget positively influences buyer's car purchase in Malaysia.