Purchase Intention on Cars among Malaysian in the Central Region of Malaysia

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ABSTRACT

Profits are necessary for the survival of every business in the world. However, this could be challenging if the company is unable to bring in new clients or satisfy their requirements, which is especially problematic in a competitive market dominated by enterprises related to vehicles that may be dependent on monthly sales in order to remain in business. Therefore, it is of the utmost importance to establish the factors that influence the intention to purchase a car for transportation. To achieve this goal, a quantitative methodology was applied to this research, and residents living in the central region of Malaysia were given questionnaires to fill out. They collected 381 questionnaires, which were then given out to the respondents when they were successfully gathered. Analyses were performed using Statistical Package for the Social Sciences (SPSS) software and Smart Partial Least Square (PLS) software. The measurement and structural model were tested with the use of SPSS and Smart PLS during the demographic analysis that was carried out. Various variables were analysed, including customers’ belief, product quality, brand information, and customers’ perception, that might influence purchase intention. According to the findings of the study, a considerable positive association exists between purchase intention and customers’ beliefs, information regarding brands, and perceptions of those brands. The explanation of the current research provides important theoretical and practical value, as well as recommendations for expanding the number of customers who purchase vehicles from car companies.

Keywords: Brand Information, Customers’ Belief, Customers’ Perception, Product Quality, Purchase Intention

1. INTRODUCTION

Cars are essential for individual mobility in the modern age. Due to the development of vehicle manufacturing technology, there are several brands, and each brand produces a unique type of car. Their behaviour and intent determine customers’ selection of a specific car brand. Moreover, purchasing a vehicle is likely one of the most significant transactions a customer has ever made, second only to purchasing a home (D’Allegro, 2022; Suhud & Willson, 2019; Tanwir & Hamzah, 2020). Their car is consequently comparable to a house. In times of necessity, customers can sell it for a lower price and use the money to purchase something beneficial; they will exchange it for something with significantly more traits, benefits, and aesthetic appeal (D’Allegro, 2022; Suhud

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Consequently, car manufacturer will have more difficulties due to continued fast expansion of the transportation industry. Additionally, Malaysia has witnessed enormous development over the past five years, as indicated by a rise in registered vehicles from 26,301,952 in 2015 to 31,214,842 in 2019, an increase of about 5 million vehicles (18.7%) (Road Safety Department of Malaysia, 2020). Compared to motorcycles (45.88%), taxis (0.29%), buses (0.20%), rental cars (0.10%), business vehicles (4.15%), and other vehicles (2.25%), according to the Road Safety Department of Malaysia (2020), 47.15 % of registered vehicles in Malaysia are cars. However, the issue arises as to which factors improve a customer’s intention to acquire a car. This is due to the fact that customer’s intent to purchase a particular brand or product fluctuates, particularly following the COVID-19 crisis, which caused many individuals to experience financial difficulties due to loss sources of income (Mundel & Yang, 2021; D’Allegro, 2022). Therefore, the intention of the current research was to understand the factors affecting the purchase intention among central region citizens on the purchase intentions of car transportation users. It is due to the people over 20 years from the central region of Malaysia are the key users of car transportation today. They are more likely than the elderly to upgrade their vehicles.

2. LITERATURE REVIEW

2.1 Purchase Intention

Purchase intention can be defined as a tendency or willingness of customers to purchase goods and services (Arifani & Haryanto, 2019). The intention is the main force behind a person’s daily actions, but in this context, it relates to customers’ decisions to achieve their satisfaction by buying any brand they desire. A customer’s purchase intention may determine by cultural, social, personal, and psychological aspects, lifestyles as well as their age, income, education level, and tastes, which influence how customers utilise goods and services (Bhatti & Ur Rehman, 2020; Mahmoud, 2018).

The focus in this study is to determine the purchase intention towards cars. It is because the use of a car symbolises a person lifestyle, which make it interesting because lifestyle is a way of life that includes activities, passions, and perspectives. A person's spending habits on various things or brands are reflective of their lifestyle (Bhatti & Ur Rehman, 2020). It is difficult for marketers to produce stimuli that would please customers due to the fact that their lifestyles differ (Bhatti & Ur Rehman, 2020).

Therefore, by focusing on a certain factor that can improving customers’ tendency to acquire any desired brand is highly recommended for car manufacturer (Mahmoud, 2018). It will result, where a customer may obtain the product in the future, despite their strong intention to do so. Furthermore, a customer’s intention to purchase is associated with their loyalty to the brand or product (Ma’ady & Wardhani, 2022). Establishing a customer’s loyalty is vital to increase their intent to purchase. Loyalty may be increased by the quality of the brand’s previous products, but the reviews of previous buyers can reduce the customer's loyalty (Ma’ady & Wardhani, 2022).

2.2 Customers' Belief

Customers’ belief may be described as an individual’s trust in particular products and brands (Perner, 2018). Belief is crucial for buyers, as it may be favourable or harmful for a particular brand. This factor is unique since it represents the forces linked to individual trust that affect customers’ reactions to brands and products. Customers’ perceptions of brands are always influenced by their beliefs (Perner, 2018).
Various factors influence a customer belief, but word-of-mouth from family and friends is the most influential (Minar & Safitri, 2017; Baik, 2019). In this circumstance, people’s opinions must be considered, but the choice to purchase any product or brand rests solely with the owner (Minar & Safitri, 2017). Therefore, a company’s ability to establish marketing tactics that target a specific demographic will be facilitated by appreciating customers’ beliefs regarding car purchasing.

2.3 Product Quality

Product quality may be defined as the collection of a product's qualities and characteristics that contribute to its ability to fulfil the demands and expectations of the consumer (Minar & Safitri, 2017). Product quality can satisfy what the customer desires and considers valuable because it can influence a customer's intent to purchase since their judgement on the quality determines the effectiveness (Dwivedi et al., 2018).

In addition, product quality will assist the company attract more prospective customers and boost the brand loyalty of existing ones. According to (Dwivedi et al., 2018) stated company might leverage their brand as a market signal when customers are unclear about the quality characteristics of the original product. Quality control is one of the company's most significant responsibilities since it affects the product's reputation. According to (Mirabi et al., 2015) product quality plays a significant part in purchase intention, and it is a continual process to enhance the product, boost its performance, and meet the expectations of the consumer. The rivalry in the car industry is not as straightforward as it may appear due to the fact that the majority of brands, such as Toyota, Hyundai, and others, have penetrated several countries across the globe. According to (Minar & Safitri, 2017) stated that product quality is the overall characteristic of a product based on its capability or outcome to meet the specified demands. According to Minar and Safitri (2017), the product's quality will only be evaluated as being the correct level if it meets the requirements. However, the majority of buyers have their own opinions regarding the product’s quality. Customers tend to draw several conclusions based on the product attributes, including the product quality, from the product's aesthetic appeal (Rizan et al., 2017; Dwivedi et al., 2018; Mirabi et al., 2015).

According to Minar and Safitri (2017), the quality of a product is determined by other factors, such as the product's durability, which refers to how long customers can use the product and how frequently it can be used in everyday life before it must be replaced. The next factor is the product's dependability, which is the possibility that it will continue to function for a certain amount of time; the less likely the possibility of damage, the more dependable the product. The last factor is the features, which are the characteristics of the product's design that enhance its functionality and customer interest in it.

2.4 Brand Information

Brand information may be defined as a name, word, design, symbol, or any other characteristic that distinguishes one seller's product or service as imbuing goods and services with the power of a brand (Marion, 2022). Before making a purchase, every buyer must acquire brand information regarding its qualities and specifications (Dwivedi et al., 2018).

Customers may obtain brand information from other sources, including the media and brand promoters. However, some customers obtain information from personal such as friends and family, which are more reputable sources than commercial ones since they involve experience (Dwivedi et al., 2018). The reason to collect as much information as possible is that it can save money by preventing the customer from experiencing regret in the future (Burhanudin, 2022).
According to Audrin et al. (2017) there are two distinct types of customers that refer to brand information in a different manner. The first type of customer is the materialistic type that prefers brand information collected to be exhibited with luxury brand features instead of non-luxury brand features. The second consists of non-materialistic customers that do not appear to care about brand information. Instead, they are just concerned with the price of the brand, and the lower, the better. In conclusion, the trustworthiness of the information on any brand is essential for determining how customers would respond to or accept the brand in the market, especially given the intense competition in the industry.

2.5 Customers' Perception

The marketing principle of customers' perception can be described as a customer impression, awareness, and consciousness about a company or its brand (Rana, 2021). Customers' perception is essential to its influence on the company and maintaining a positive relationship with new and existing customers (Servera-Francés & Piqueras-Tomás, 2019). Any company can offer its products most attractively, but it is crucial to comprehend how customers perceive the products. (Schnurr et al., 2017). However, there are situations in which a product is heavily advertised, but the result is an unfavorable customer perception owing to the company's use of religiosity and racism. Several variables, including physical testimonials, brand image, and online reviews, might favorably affect customer perception (Minar & Safitri, 2017; Stec, 2021). Physical testimonials may be used to promote a brand and have led to more favorable perceptions of product quality (Sect, 2021). It has been demonstrated that physical testimonials may attract more customers since they can experience the brand's quality. Therefore, physical testimonials in marketing function as outward indicators that influence customers' perceptions of the brand's quality. On the other hand, brand image equals public perception of company identity (Minar & Safitri, 2017). Brand image may influence customer perception depending on what customers observe (Ceyhan, 2019). In this instance, brand image is the consumers' view of the brand as a whole, not simply to determine the quality of the brand's name; it is also one of the company's strategies for introducing the product so that customers will remember it and develop a perception about it (Ceyhan, 2019). Lastly, in the twenty-first century, the power of viral is astonishingly effective since every social media user shares all intriguing or unique content. Therefore, word-of-mouth easily influences customer perception through online reviews, tweets, and Facebook (Sect, 2021). In conclusion, many customers’ perceptions of the brand they wish to purchase are highly reliant on their personal goals or levels of satisfaction (Ceyhan, 2019). Any negative perception can diminish the brand's impact and the company's reputation and ability to compete in its industry (Arli et al., 2019). Positive perception may improve a company's sales or increase a brand's reputation (Arli et al., 2019).

3. RESEARCH FRAMEWORK
This study uses Black Box Theory and SERVQUAL Theory to determine the independent variables. Therefore, Figure 1 demonstrates that customers' belief, product quality, brand information and customers' perception are independent variables, where purchase intention is dependent variable. Therefore, the purpose of this study is to establish the correlation between the independent variables and the dependent variable.

4. METHODOLOGY

Quantitative methods were employed since these are more applicable to the larger populations included in the research (Saunders et al., 2012). Comparatively, qualitative methods need limited surveys and time-consuming interviews. There are two types of software to analyses data in this study (Saunders et al., 2012). SPSS was used to analyse demographic data and the third version of Smart PLS was used to analyses the data in this research. Demographic analysis was executed by using SPSS and Smart PLS was executed to test the measurement and structural model. The study utilises multistage sampling techniques due to the study's geographical scope, which includes the central area of Malaysia, making it difficult to acquire a representative sample using only one of the available methods (Sedgwig, 2015). Therefore, this study was able to collect data from 381 respondents aged 20 and older who reside in Malaysia's central region by using questionnaire.

5. FINDINGS

5.1. Demographic of Respondents

The demographic information of the respondents includes their gender, age, marital status, ethnicity, place of residence, occupation, and type of car. The findings indicate that 54.1% of respondents are female and 45.9% are male. Regarding age, 63.8% were between the ages of 20 to 29, while 15.5% were between the 30 - 40 and above 41 years old is 20.7%. Regarding marital status, 65.1% of respondents are single and 34.9% are married. In terms of ethnicity, 73.2% is Malay, where the others are 14.7%, 7.1% and 5.0% were Chinese, Indian and another ethnicity, respectively. Place of residence consist of Selangor (58.5%), W.P. Kuala Lumpur (27.3%) and W.P. Putrajaya (14.2%). Moreover, in term of occupation, 39.4% consists of self-employed, 34.9% is private and 31.2% is government. Lastly, 60.6% of respondents used national car and 39.4% used foreign car.

<table>
<thead>
<tr>
<th>Table 1 Respondent's Demographic</th>
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<tr>
<td><strong>Profile</strong></td>
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<tr>
<td>Gender</td>
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<td>Age</td>
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<tr>
<td></td>
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<tr>
<td>Marital Status</td>
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<tr>
<td>Ethnicity</td>
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</tbody>
</table>
5.2 Assessment Measurement Model

This section provides the PLS-SEM findings for the two assessments specified by Hair et al. (2018), namely the measurement model and structural model assessments. The first phase is the measurement model’s evaluation, which includes measuring items regarding reliability and validity.

Figure 2 PLS Measurement Model

Figure 2 shows 4 latent variables, including customer belief, product quality, brand information and customer perception as independent variable and purchase intention as the dependent variable. The values included within the yellow box indicate the item's loadings. Table 2 displays the findings of assessing the outer loadings, composite reliability, and AVE for each construct in order to establish their construct validity. Each loading more than 0.70 is acceptable, since the composite reliability and AVE values greater than 0.70 are deemed satisfactory (Hair et al., 2018). Since the composite reliability and AVE values were adequate, the external loading values are required.
According to Hair et al. (2018) stated that the higher reliability numbers frequently suggested acceptable levels of reliability. For instance, reliability numbers between 0.60 and 0.70 are defined as ‘adequate’ for research purposes, but values between 0.70 and 0.90 are classified as ‘acceptable to good’. Greater than 0.95 is unpreferable since it shows that the components are redundant, which will decrease the construct validity. In addition, reliability numbers of 0.95 or higher indicate the presence of unacceptable response patterns (e.g., straight lines) that result in exaggerated correlations between the error components of the indicators (Hair et al., 2018). Based on Table 2, the composite reliability coefficients for all components in this study are greater than 0.80 and less than 0.95, showing good reliability for all constructs.

The final step in assessing a measurement model is by calculating the discriminant validity of the measurement model. (Fornell & Larcker, 1981) developed the method for assessing discriminant validity by comparing the square root of each construct’s AVE and its respective relationships. As demonstrated in Table 3, the calculation of the square root of AVE for each construct was higher than the intercorrelations of each construct, confirming discriminant validity. Hence, the measures are regarded as reliable.
5.3 Assessment of Structural Model

After evaluating the measurement model, the second step of the PLS is to assess the structural model, also known as the inner model. The objective of the structural model is to establish hypothesized relationships between variables in the research framework (Hair et al., 2018). The structural model was assessed based on the set of component collinearity, variance explained ($R^2$), the significance of path coefficients, effect size ($f^2$), and predictive value ($Q^2$) (Hair et al., 2018). Tables 4 and 5 summaries the specific findings.

In order to assess the structural model, it is necessary to determine the amount of collinearity between each variable. According to Hair et al. (2018), a variance inflation factor (VIF) value of more than 5 indicates a collinearity problem; however, collinearity problems can also arise at VIF levels between 3-5. VIF values should preferably be less than or equal to 3. According to Table 4, the VIF values for all variables were close to or less than 3, indicating that multicollinearity did not pose a problem in estimating the parameters in this study.

Table 4 Collinearity Assessment

<table>
<thead>
<tr>
<th>CONSTRUCT</th>
<th>VIF</th>
</tr>
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<tbody>
<tr>
<td>Brand Information</td>
<td>2.785</td>
</tr>
<tr>
<td>Customers' Belief</td>
<td>2.450</td>
</tr>
<tr>
<td>Customers' Perception</td>
<td>2.690</td>
</tr>
<tr>
<td>Product Quality</td>
<td>2.550</td>
</tr>
<tr>
<td>Purchase Intention</td>
<td>2.480</td>
</tr>
</tbody>
</table>

As mentioned by Hair et al. (2018) bootstrapping procedures were employed to evaluate the relevance of hypothesised linkages in Figure 3.

Figure 3. PLS Structure Model
The findings of the hypothesis test for the direct relationship highlighted in this study are presented in Table 5. Specifically, purchase intention is positively significant relationship with customer behaviour ($\beta = 0.208$, $t = 2.785$), brand information ($\beta = 0.182$, $t = 2.447$), and customer impression ($\beta = 0.295$, $t = 2.670$). However, only product quality ($\beta = 0.098$, $t = 0.978$) does not have any significant relationship with purchase intention.

According to Table 5, all factors accounted for 67.2% ($R^2$) of the variation in purchase intention and were assessed to have a higher level of prediction accuracy (Hair et al., 2018). In addition, the data revealed that all route coefficients have a modest impact size, however the $Q^2$ value ($Q^2 = 0.463$) suggested a medium predictive importance of the direct approach on the purchase intention.

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Path</th>
<th>$\beta$ (Beta)</th>
<th>T - Value</th>
<th>$R^2$</th>
<th>$f^2$</th>
<th>$Q^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>CB $\rightarrow$ PI</td>
<td>0.208</td>
<td>2.785</td>
<td>0.242</td>
<td>0.242</td>
<td>0.463</td>
</tr>
<tr>
<td>2</td>
<td>PQ $\rightarrow$ PI</td>
<td>0.098</td>
<td>0.978</td>
<td>0.010</td>
<td>0.010</td>
<td>0.463</td>
</tr>
<tr>
<td>3</td>
<td>BI $\rightarrow$ PI</td>
<td>0.182</td>
<td>2.447</td>
<td>0.672</td>
<td>0.230</td>
<td>0.463</td>
</tr>
<tr>
<td>4</td>
<td>CP $\rightarrow$ PI</td>
<td>0.295</td>
<td>2.670</td>
<td>0.124</td>
<td>0.124</td>
<td>0.463</td>
</tr>
</tbody>
</table>

Note: CB = Customers’ Belief, PQ = Product Quality, BI = Brand Information, CP = Customers’ Perception, PI = Purchase Intention

6. DISCUSSIONS

This study aimed to examine whether customers’ belief, product quality, brand information and customers’ perception are significantly associated with purchase intention. The current study reveals that customers’ belief has a substantial positive relationship with purchase intention, and it is supported by (Chakraborty et al., 2022). Any customer’s choice to purchase a product, in this case, a car, is predicated on their belief in any particular brand (Perner, 2018). In other words, before a customer believes in a car brand, belief plays a crucial part since belief in any brand may alter the perception of the brand product. Hence, any car manufacturer or company will gain a substantial competitive advantage if they can instil customer belief in their brand, as this can affect their buying intention. Therefore, the first hypothesis is supported.

In contrast, this study’s findings imply that product quality has no significant relationship with purchase intention. Although some customers focus on the quality of a brand or product without regard to its cost, most customers constantly consider the price (Dwivedi et al., 2018). Due to limited financial capabilities, customers would select more affordable products or brands, regardless of their preference for quality. Consequently, it has been demonstrated that product quality does not impact purchase intention, rejecting the second hypothesis.

In this study, brand information significantly positive impacts purchase intention. The current finding is supported by (Hien et al., 2020). Whenever a customer decides to purchase any brand, information is an essential factor. It is crucial for each customer to get as much information as possible. According to Dwivedi et al. (2018), even though every customer receives identical brand information, it might be interpreted differently due to the customer difference. For instance, specific customers would like to listen to information that makes them feel luxurious and prestigious since their primary motivation for purchasing a car is the brand itself. However, some customers desire a car that fits their needs and comfortable but at a low price. Depending on the information available, customers will process the information differently and value it differently depending on their preference. Hence, this demonstrates that brand information affects purchase intention. Therefore, hypothesis three is supported.
This study indicates a significant relationship between customers’ perception and purchase intention and the findings have been supported by (Alalwan, 2018). Customers who are unfamiliar with a brand or product are always attracted by the product's physical appearance (Schnurr et al., 2017). Due to the principle of first impression, it is vital for a company to boost the product's attractiveness since this will increase the customers' perception of the product's quality, hence influencing their purchase intention (Wang & Hsu, 2019). This will occur if the customers are unfamiliar with the product or brand. External factors like social media trends and viral content can influence customer perception. Even if buyers have a positive perception of a product or brand, a negative review may alter that perception if it goes viral or becomes famous. This is because buyers tend to be cautious when selecting a product or brand. Therefore, it is typical for buyers to adjust their perceptions if they hear either favourable or unfavourable rumours about the product (Wang & Hsu, 2019; Alalwan, 2018). Consequently, this demonstrates that brand information influences purchase intent and supports hypothesis four.

The relationship between customers’ belief, brand information, and customers’ perception related to purchase intention has been found, proving the research hypothesis. These relationships suggest that hypotheses 1, 3, and 4 were accepted. Only the product quality variable was shown to have no significant relationship with purchase intention; hence hypothesis 2 is rejected.

Thus, in term of theoretical contribution, this study gives benefit to the existing literature by concentrating on a wider variety of customers in the central region of Malaysia. Previous research in Malaysia has focused on other variables, such as brand loyalty and product price (Lew & Sulaiman, 2014). Therefore, this study integrates several concepts of factors that influence purchase intention, such as customer belief, product quality, brand information, and customer perception of purchase intention. This study obtained information from the perspectives of respondents aged 20 and older who reside in Malaysia’s central region. In term of practical contribution of this study is that this study demonstrates that customer belief, brand information, and customer perception are the most influential elements that influence the purchase intention of Malaysians residing in the central region. This study also aids the car company in understanding the aspects that influence purchase intention and enticing as many people as possible to purchase the product. Moreover, each car company may recognise the significance of attracting consumers by gaining their trust and favourable reviews. This may improve the number of purchase intentions, allowing the company to realise its vision, purpose, and goals effectively.

7. CONCLUSION

In the theoretical aspect, this study enhances our understanding of the relationship between customers’ belief, product quality, brand information, and customers’ perception as all variables are related to purchase intention. Knowing how to engage customer intention will have a big impact on a company’s ability to compete in a highly competitive industry such as the automobile industry. Four major variables were identified for research in this study. Utilising a questionnaire to collect data, this study achieved its major objectives by validating the hypothesis. In the practical aspect, many companies in the automobile industry may alter their approach to potential customers by focusing on their intentions. Future scholars can completely utilise this study’s findings as references. Thus, this study exposes the factors that influence purchase intention.

In term of limitation, there are a few limitations in this study that might be valuable for future research, even though this study examines the elements that lead to the purchase intention for car transportation among the citizen of the central region of Malaysia. The first constraint is that the conclusions may be skewed, as the collected data may not accurately represent the entire number of consumers residing in the central region of Malaysia. The samples were restricted to
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the centre of Malaysia. Therefore, the limited geographical area and the sample size are one of the limitations of this research study, as it primarily focused on citizens in the central region and could not obtain the opinions of respondents from other states in Malaysia. Consequently, the results of this study are unlikely to be sufficiently accurate and consistent.

Another limitation is that questionnaires may only be used for survey purposes. A subset of respondents may be uninterested in the questions, so they may select an answer randomly to finish the form. The responders did not devote much time to the subject posed. The questionnaire exam is frequently quite evaluative, and various individuals will form diverse conclusions based on their interpretation. All of these factors might impact the precision and precision of the results.

As for the future research, few recommendations will be made to solve the limitations of this study, as outlined in the preceding section, and to enhance the future of researchers. First, it is advised that work be conducted with larger sample size and that all Malaysian states be included, as this will increase the test's reliability and precision based on the gathered data. Including all states in the study is also preferable since this helps narrow the demographic difference between residents who may hold divergent views on the factors that influence purchase intention.

In addition, a qualitative method can be utilised in the future because its open-ended questions in the interview might significantly improve the outcomes of future studies. The open-ended questions could enable the researcher to gain a clearer understanding and more information from respondents about the factors that influence their purchase intention, as well as a better understanding of respondents’ true feelings regarding the customers' purchase intention.

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