

FACTORS AFFECTING THE ACCEPTANCE OF THE NATIONAL CAR AMONG PRIVATE HIGHER EDUCATION INSTITUTION STAFF

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Abstract

Once known as the king of the road, the national car maker has seen its fortunes dwindle due to growing competition from local and foreign competitors as Malaysia opens up its auto market. According to Malaysian Automotive Association (“MAA”) (2013), Malaysia is the largest Southeast Asia's passenger car market with 497,459 vehicles sold in the year 2008. Malaysia's auto market is dominated by its national cars which in year 2000 accounted for market share of roughly 90% of the vehicles sold annually. But compare with last year, market share of the national car makers has declined to roughly 58%. In 2000, the national car maker conquered 63.4% market share and it has eroded to 24.1% in year 2013. This study is aimed to identify factors that contribute to the acceptance of the Proton car among one of the Private Higher Education Institution (“PHEI”) staff in the East Coast. It also identified the most significant factor that contributes to the acceptance of the national car among the PHEI staff. The theoretical framework is adapted from Kotler and Armstrong (2010) on consumer buying behaviour model using quantitative research design. A survey questionnaire is used to obtain data for descriptive data analysis. The findings showed that the factors that contributes to the acceptance of the national car among PHEI staff are price, product quality, promotion, family, fuel efficiency, safety, and psychological. While the most significant factor that contributes to the acceptance of the national car among PHEI staff is price. The national car maker has shown many improvements recently, however, it has yet to strongly improve the consumers' perception towards the brand. It is hope that with the recommendations, it can help to enhance further its effort in strengthening its brand image and values.

Keywords : National Car Maker, Consumer Buying Behaviour Model

1.0 Introduction

It all began in 1979. Malaysia's Father of Modernization, Tun Mahathir Mohamad, (then the Deputy Prime Minister of Malaysia), mooted the idea of establishing an automotive assembling and manufacturing industry in our country. It was Tun Mahathir's dream to accelerate Malaysia's industrialization capabilities to match those of developed nations. His dream became one step closer to reality when the Cabinet approved the National Car Project in 1982. The dream was fulfilled when the company was officially incorporated on May 7, 1983. The first small sedan was commercially launched on July 9, 1985. In 1986, the company celebrated the official rollout of the 10,000th unit. The first new market for the sedan is Singapore, right across the Straits of Johor. By then, over 50,000 units had been produced and

sold in Bangladesh, Brunei, New Zealand, Malta and Sri Lanka. Soon after, the cars were distributed in the United Kingdom.

In 1988, the company debuted at the British International Motor show, walking away successfully with three prestigious awards for quality, coachwork and ergonomics. In their quest to upgrade their technological prowess, a Transmission Assembly Plant was also set up in Shah Alam. In 1996, the company produced their one millionth cars. This achievement was buoyed by several significant new model launches, in addition to their existing line-up. In the same year, the company acquired a controlling stake in one of the automotive icon group in Norwich, United Kingdom.

In 1992, the company was public listed on the Kuala Lumpur Stock Exchange (KLSE). In 2000, it launched the first car to feature a majority of body parts and components which were designed in-house. Although certain key features such as the various engines in the early models were outsourced, the car is still best known as the first Malaysian-designed car.

Even as the new millennium dawned, the company showed no signs of slowing down. In 2000, it unveiled prototype engine at the U.K. factory in Norwich. The engine is aimed to show the company's ability to produce engines with good power output and meet newer emission standards.

The company further cemented its success with the introduction of its first MPV, in 2009. The MPV is widely accepted domestically and also in Thailand where the model was recognized in the "Top 10 Vehicles in Thailand" by Bangkok Post newspaper.

In 2008, it collaborates with Mitsubishi Motors Corporation to gain the rights to rebadge the 2007 Mitsubishi Lancer to be sold exclusively in the Malaysian market. The premium model then launched as the result of the collaboration.

In 2012, the company introduced the turbo variant of the engine; the all-new 1.6-litre fuel efficient engine with performance comparable to that of a 2-litre engine. The engine was first introduced in the MPV model. With the determination to capture international market, the company introduced the new model dubbed as it's first global car in 2012. The car is a naturally aspirated engine, while achieving better fuel efficiency and reduced greenhouse emissions. In February 2013, the car went on to achieve a 5 Star Australasian New Car Assessment Program (ANCAP) Safety Rating, a historical first for the company.

In 2012, the company entered a new phase from a Government-Linked Company, the national car maker is now a private entity following its takeover by the Malaysia's largest automotive manufacturer and assembler conglomerate. To reiterate the company's commitment, the company successfully launched its global car in Australia, Thailand and Brunei within months after the official launch in April 2012.

On August 17, 2013, the company has launched the hatch-back global car. It became the second five-star Australasian New Car Assessment Program (ANCAP) rated the company and the first to offer extensive standard safety features in its domestic market. In line with the Government's aspirations to reduce car prices to ease the burden of the consumer, the company has recently launched its lowered price model which is priced at RM5,000 less than the full specification model. In fact, this model is the most affordable B-segment sedan in Southeast Asian region. Today, the company is constantly seeking progress that drives the brand that encompasses not only making the best quality cars, but embracing the values that comes with it.

The PHEI is owned by the Malaysia's largest automotive manufacturer and assembler conglomerate. With the approval from The Ministry of Higher Education, the institution was established on April 2, 2010. It is operating in a 42 acres campus which is located in east coast. The college has a staff population of 147 (academic and non-academic). The PHEI is committed to produce a cadre of skilled professionals to join the workforce in the automotive sector. It also serves as an institution which enables the companies in the Group workers to

continuously upgrade their skills and knowledge. Complementing the automotive industry through sustainable development of human capital is the primary goal of the college establishment.

From the observation, it is found that not many of the PHEI staff is using national car brand. It could be due to the price factor, product quality factor, promotion factor, fuel efficiency factor, safety factor, psychological factor or family factor. In this study, we will identify the factors that contribute to the acceptance of the national car among the PHEI staff and the most significant factor that contributes to the acceptance of the national car among the PHEI staff.

2.0 Background of the Study

The national car maker has seen its fortunes dwindle due to growing competition from local and a foreign competitor as Malaysia opens up its auto market. Malaysia is Southeast Asia's largest passenger car market with 497,459 vehicles sold in the year 2008. Malaysia's auto market is dominated by its national cars, which in year 2000 accounted for market share of roughly 90% of the vehicles sold annually. Some 25 other manufacturers compete for the remaining 10%. But compare with last year, market share of the national car makers has declined to roughly 58%. During year 2000, the National Car maker conquered 63.4% market share. It has eroded to 24.1% in year 2013. The market share has declined by an overall 1.5% between 2012 and 2013 (MAA, 2013). Based on the sales of national car passenger vehicles in Malaysia from 1985 to 2013, it grew at a stable rate in the first decade, but plunged in 1998 due to the 1997 Asian financial crisis. Nonetheless, the national car maker bounced back and recorded its highest ever sales volume in 2002 at 214,373 units (MAA, 2013). Sales gradually decreased in the following five years due to cheaper and more competitive offerings from the second national car. The national car sales have recovered slightly since 2008, but their market share is in a current state of decline.

The National Automotive Policy 2014 (NAP 2014) was unveiled on 20 January 2014 by the International Trade and Industry Minister, Datuk Seri Mustapa Mohamed. The NAP 2014 aims to promote a competitive and sustainable domestic automotive industry in Malaysia. The Ministry of International Trade and Industry ("MITI") has developed a car price reduction framework to fulfil the promise of lowering car prices by 20% to 30% by the end of 2018. The framework has a number of measures, but the main thing is the opening up of the Malaysia automotive market. The opening up of the Malaysia market will significantly increase the competitiveness of Malaysia automotive industry as the price of import cars from ASEAN Free Trade Area (AFTA) member countries will be significantly decrease as well. Other than the challenges brought by the possible import car price cut down, the emerging of china and India automotive manufacturer yet possibly double the challenges in Malaysia automotive market. This will be great challenges toward automotive manufacturers and dealers in Malaysia especially local manufacturers. Thus, national car maker must have sufficient preparations to face the upcoming challenges.

Although the national has granted with returning of national car maker's partners technology and alliance in developing new car model in order to increase its competitive advantages to face future challenges within Malaysia automotive industry, it is crucial for national car maker to understand what are the factors that affecting consumer buying behavior while purchasing national car. It is important for national car maker to determine its products are competitive enough to compete in future challenging domestic automotive market.

Based on the issues faced by the national car maker, one of the private higher education institutions ("PHEI") in East Coast conducted a survey to ascertain several factors such as price factor, product quality factor, promotion factor, fuel efficiency factor, safety factor, psychological factor or family factor. The PHEI was officially established on April 2, 2010

with a staff population of 147 (academic and non-academic). In the PHEI, it is found that only some of the staff is using the national cars. It could be due to several factors enumerated earlier. In this study, the factors that contribute to the acceptance of the national car among PHEI staff and the most significant factor that contributes to the acceptance of the national car among PHEI staff will be identified.

The significant of this study is to provide an understanding to the national car maker about the consumer buying behavior which is one of the key elements in their marketing strategies. It is very crucial for national car maker to understand better factors affecting consumer buying decisions and this also will helps them to examine if their current strategies which alliance with international car maker in developing new car model is working well in attracting consumer. The identification of the factors which affecting the consumer purchasing decision in this study also will help the national car maker to develop best strategies in future competitive environments. Other than this, through this study, the national car maker will be able to offer the best product based on the market wants and needs.

3.0 Research Method

Due to the restriction of time and resources, the data collection was confined to PHEI staff only. There are 86 of academic staff and 61 of non-academic staff. A total of 45 samples (30% of population) will be selected in this research. The samples are selected from the population by using the simple random sample technique. A simple random sample is selected from the population in such a way that each item has the same chance of being selected as a sample. The sample is drawn randomly from sampling frame (list of individual or items from which the sample can be obtained). A simple random sample technique is easy to apply and the results can be projected on population. The data will be collected by using direct questionnaire method. In this method, the researcher will greet respondents and explain briefly his intention before giving the questionnaires to the respondents. The researcher will wait for the respondents to complete the questionnaire.

Out of 45 respondents to the questionnaires, 53% is female and 47% is male. The highest respondents are those in the 26-29 age group (36%) and the lowest respondents are those in the 34-37 age group (4%). The 22-25 age groups represents 24%, 30-33 is 18%, 18-21 and >38 age group is 9%. Majority of the respondents are single (60%) are below 30 years of age and married respondent is at 40%. More than half of the respondents have 0–2 years working experience (53%). Only 4% of respondents have more than 10 years working experience. 31% of respondents have 3-5 years working experience, 7% of respondents have 6-8 years working experience while 5% of respondents have 9-10 years working experience. In this study, we divided the occupation to two groups – Academic and Non-Academic. Majority of the respondents are academic staff (56%) while the non-academic staff is 44%. Majority of the respondents have high level of qualification. 45% of respondents have Bachelor Degree, 31% of respondents have Master, 22% of respondents have Diploma, 2% of respondents have SPM/STPM and none of the respondents have PhD and Certificate. The highest percentage of income is RM1,501-RM3,000 (40%), followed by RM3,001-RM4,500 (29%), less than RM1,500 (22%), RM4,501-RM6,000 (7%) and the lowest is above RM6,000.00. Majority of the respondents possess their own vehicle (78%) and only 22% of respondents do not possess their own vehicle.

With regards to the national car ownership, 51% owned national car, while the respondents who own non-national car is 49%. In the questionnaire, the percentage of factors make PHEI staff purchase the national car as follows; price factor (35%), fuel efficiency 16%, promotion factor 13%, product quality and safety factor 11%, family factor is 8% and the lowest percentage is psychological factor (6%). The result showed that the price factor

influence the decision making of purchasing the national car. The Figure 1 describes the distribution of the factors made PHEI staff purchase the national car.

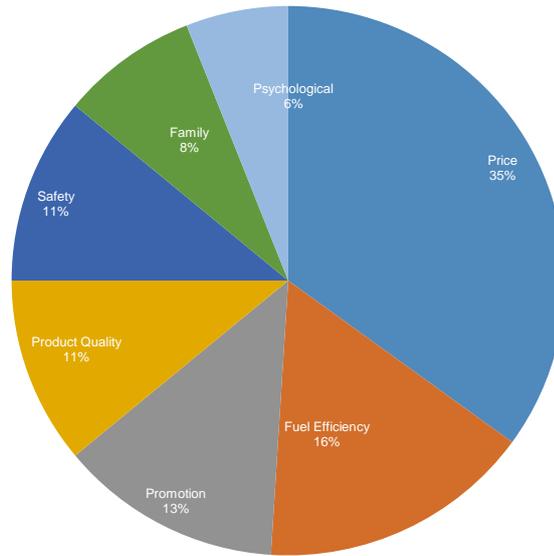
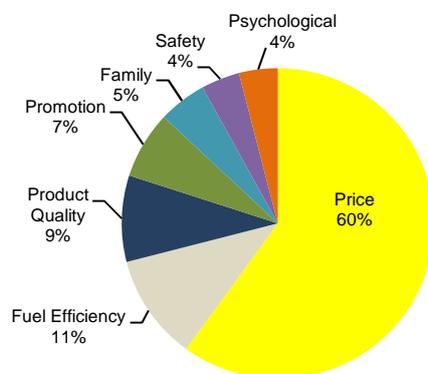


Figure 1 : Factors made PHEI staff purchased national car

The most significance factors make PHEI staff purchase national are as follows; price factor (60%) and the lowest percentage is psychological and safety factor (4%). Fuel efficiency factor contributes to 11%, product quality is 9%, promotion factor is 7%, and family factor is 5%. This showed that the price is the most significance factor made PHEI staff purchased the national car.

Figure 2 : The most significant factors made PHEI staff purchased national car



4.0 CONCLUSION

The national car maker as the first Malaysian car manufacturer has established a very strong identification in the Malaysia automotive market. However, the consumers perceived that it has not delivered what is promised and expected. As a result, the company is unable to create positive response in the head and heart of its consumers. The company still has tremendous potential and capacity to perform better in offering its customers products and services of premier quality.

Based on its recent performance, the company has indeed working very hard to live up its working philosophy of producing the right car at the right time, for the right market and at the right price. Based on this study and data analysis, we can be concluded that:

1. The factors that contributes to the acceptance of the national car among the college staff are price, product quality, promotion, family, fuel efficiency, safety, and psychological.
2. The most significant factor that contributes to the acceptance of the national car among the college staff is price.

The national car maker has shown many improvements recently, however, it has yet to strongly improve the consumers' perception towards the brand. It is hope that with our recommendations, it can help to enhance further its effort in strengthening its brand image and values. Recommendations to improve performance will be focused on the product attributes and benefits with the aims to enhance driving experience and build brand personality. The following recommendations are mainly based on feedbacks and response from our respondents. The critical parts are engine, interior fittings and exterior design. Engine is the major or critical part of the car. To produce a car with premier quality, priority must be given to its engine. The company has to seriously invest in R&D and technology, and expedite its effort in developing more fuel efficient engine which is reliable and technologically advanced. It also has to enhance the quality of interior fittings and instrument panels such as seat, dashboard and accessories in the car. Throughout the years, there is not much improvement in this area which can be a significant factor of its offering. Interior design with aesthetic features and good sound protection will make a driver feels joy and excited. In fact, all these features will help to create driving experience. Exterior design and fittings is also the key product attribute that plays an important role in enhancing the overall product brand image. The company has to look into more stylish design and sophisticated. Under the National Automotive Policy (NAP) 2014, a car price reduction framework has been developed to reduce the car price ranging 20% to 30% over the next five years. More new car models and variants will be introduced at competitive prices this year. The company strength lies in its competitively priced product. Therefore, the company should continue its competitive pricing strategy to provide lower priced and better quality products to domestic consumers and improve the industry's competitiveness in export markets.

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