CONSUMPTION PATTERN MODEL OF MALAYSIAN CONSUMERS: HOW IT LOOK ALIKE?

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Abstract
The Malaysian consumers’ consumption pattern has changed markedly since 2005 as shown by several indicators such as the consumer price index (CPI), per capita income and inflation rate. The consumption pattern in Malaysia changed due to the inflation rate hikes at the end of 2016 and early 2017. This study attempts to examine the factors contributing to a consumption model for Malaysian consumers in rural and urban areas. From the literature, eight antecedents of the Malaysian consumption pattern were identified. Consumer lifestyle, consumer value, consumer motive, consumer preference, and marketing mix of price, product, place, and advertising were measured using 7-point Likert scales. From the 1400 questionnaires distributed to households, 851 were returned representing 61 percent response rate. Using Structural Equation Modeling (SEM) of SMARTPLS 2.0 technique, it was found that advertising is not a predictor for consumer motive for both models, rural and urban. Apart from that, the reason of price hikes has been discussed. The finding implies that Malaysian government need to continue campaigning for consumers about the implementation of GST and its consequences for consumers. In addition, the instability of economic changed the consumption pattern throughout their lifestyle, value, motive and preferences.

Keywords: Consumption pattern, consumer lifestyle, consumer value, consumer motive, consumer preference, marketing mix

Introduction
The consumption pattern of Malaysian consumers is changing drastically in recent years from the consumer price index, which indicates a steady rise from 95.4% in year 2000 to 119.6% in 2017. The objective of this research is to construct a consumption model for Malaysian customers. The consumption pattern of Malaysian consumers has changed markedly since 2005 as shown by several indicators such as the consumer price index (CPI), per capita income and inflation rate. Consumers should pay a higher price for purchase of consumer products nowadays. In addition, the government intends to impose Goods and Services Tax (GST) in 2015 as another burden on consumers. The rising cost of living and the stagnant of the annual salary of Malaysian contributes to the main cause why consumers buy less. Provided previous study in Malaysia setting focused on food consumption (Karim, et al., 2008; Izzah, et al., 2012; Bharumshah & Mohamed, 2002) and energy consumption (Ong, Mahlia & Masjuki, 2012; Mahlia, 2002; Park & Yoo, 2014) only, there is a need to study in modelling consumption pattern of Malaysian and formulate the best strategy and policy for consumer consumption pattern. Next, research questions is how do the specified predictor variables explain consumer consumption pattern, how to formulate the best strategy and policy for consumer consumption pattern.
pattern? The main objective of specific factors (consumer lifestyle, consumer value, consumer motive, consumer preference, marketing mix (4Ps), price, product, place, promotion) on consumer consumption pattern in rural and urban areas.

Literature review

A. Consumer Consumption Pattern

Consumption is simply defined as the household expenditure on goods and services such as clothing, food, entertainment, health services and the acquisition of assets and others. This definition describes the function of the relationship between consumption and disposable income (Frank and Bernanke, 2001). Consumption can occur either immediately or delayed. It happens based on how satisfied of consumers with the purchases and how they are to buy a certain product or brand in the future (Blackwell R. D., Mansard P.W., & Engel J.F., 2006). Alternatively, Allayed (2009) define consumption patterns as an estimate of consumption of household within one-week period. Past studies have shown scarcity in the development of a model in consumption pattern for Malaysian consumers (Monogamy & Hood, 2008; Hawkins, Rope and Coney, 1981; Vienna, Kist maker, Lowie & Hulshof 1995). Only two studies have modelled a consumption pattern model which was conducted in United States and Holland (Hawkins, Rope and Coney, 1981; Vienna et al., 1995). Hence, this study intends to solicit the perceptions of consumers on the price increased of important products and services.

B. Antecedents of Consumer Consumption Pattern

The direct predictors of consumption pattern are consumer lifestyle (Hawkins et. al, 1981; Vienna et al., 1995; Suleiman et al, 2017), uses situations, customers face (Hawkins et. al, 1981), degree of urbanization, personal and family situation, weekdays, socio economic status, nutritional knowledge, quality conscious, health conscious, weight conscious and curious customer (Vienna et al., 1995). The indirect factors of predominate consumption pattern are predominantly valued, motive, preference system, physical landscape, and psychological landscape (Hawkins et. al, 1981). Finally, the antecedents of consumer motive are price, product, place and advertising (Monogamy & Hoo, 2008).

C. Consumer Lifestyle

A lifestyle can be identified as a variety of activities, interests and opinions. According to Ye et. al. (2011), in the field of marketing, many studies have shown that lifestyle is a better predictor rather than demographic information on consumers’ purchasing behaviour. The lifestyle constructs are used to describe one’s personality, the unity of the personality, about oneself opinion, about common problems and the whole attitude of people’s life (Ansbacher, 1967). Consumer lifestyle refers to a way of living that influences and is reflected by one’s consumption behaviour (Bin & Dowlatabadi, 2005). Yuan Zhou (2004) believes that consumer behaviour that influenced by lifestyle has been identified as a different mode of consumption activities. The analysis of consumer lifestyles, that’s called psychographics is an important factor in deciding
how consumers make their decisions. Previous studies in consumer lifestyle and consumption pattern prevailed the consistent significant relationship. A case study done by Hogback, et al., (2007) exposed that the significant economic and lifestyle changes that have been taking place in China, have led Chinese to require more and better quality of energy for their consumption. The pioneer study in consumer behaviour by Hawkins, et al., (1981) examined consumer lifestyle influence consumption pattern of the consumer in different geographical area. Consistent with Hawkins, et al., (1981), a study done by Sun and Wu (2004) revealed that 5584 Chinese consumers have significant differences in their consumption based on their lifestyle.

D. Consumer Value

The concept of value has seen as a key-element in the marketing. Marketing managers are encouraged to adopt strategies related to the value expected by the consumer to promote and increases the long-term success (Gale, 1994; Hamel and Prahalad, 1994; Woodruff, 1997; Flint et al., 2002). Consumer value is defined as a low price, whatever he or she wants in a product, the quality he or she gets for the price they pay, and what he or she gets for what they give (Zeithaml, 1988). Kahle (1996) recommends that consumer value refers to peoples’ experiences and learning process. The products, service and value that are provided by the company for their customers have the effect on the customers’ perception, whether customers are satisfied or not satisfied with this product or service and whether they will prefer to buy products and services belonging to this company again (Kotler, 2000).

E. Consumer Motive

A motive can be defined as a drive or desire of any individual to obtain satisfaction (Stanton, 1995). Consumer motive contributes to the behavior that bring consumers to the convenience store (Duncan, 2005). Kim and Jin (2001) argued that consumer motive is to be the drivers of behavior that led consumers to the retail store since the internal impulse and the external environment interacts and cause in psychological motivation to meet consumers need and wants. Based on previous studies, the consumer motive can be categorized into four perspectives. Firstly, the impact of social on consumer motives such as culture, sub-culture, social class, reference groups and family (Peter & Donnell, 2007). Secondly, situation influence on the consumer motive such as physical characteristics, social characteristics, time, task characteristics and the current situation (Belk, 1975). Third, the impact of psychological on consumer motive includes product knowledge and product involvement (Peter & Olson, 2005). Lastly, the marketing mix affecting consumer motive such as product, price, promotion and place (Peter & Donnell, 2007).

F. Consumer Preference

Consumer preference is defined as improved information flows enable organizations to respond more efficiently to shift in consumer preferences, and to customize their products and services to their needs. Pushpavathani, and Kumaradeepan, (2013) said that when analyzing the purchase of any product, consumer perception and preference must be considered. The preference of the
consumer is the result of their behaviour they show during searching, purchasing and disposing the products (Rajpurohit & Vasita, 2011). According to Guleria and Parmar (2015), this definition supposes that consumers rank goods or services by the amount of satisfaction, or utility, afforded.

G. Marketing Mix (4Ps)

Kotler and Armstrong (2006) defined marketing mix as 4P’s namely the price, product, place, promotion (advertising). Marketing mix is designed to influence consumer decision-making and lead to profitable exchanges (Peter & Donnelly, 2007). Most of the studies stated that marketing mix series of marketing tools that work together to influence the market place to achieve specific goals of the company (Prusku, 2015; Sereikienė-Abromaitytė, 2013; Kotler and Keller, 2012; Shankar and Chin, 2011; Go, 2009; Suleiman et al, 2017).

H. Price

According to Campbell (2009), the definition of price can be divided into two: from the marketing manager’s perspective and from the consumer’s perspective. From the marketing manager’s perspective, the price is what the consumer is willing to pay for the value of the bundle of attributes offered and is what produces the resources that cover all the other activities of the firm. In contrast, from the consumer’s perspective, the price represents what the consumer must sacrifice to gain the value of the bundle of attributes in the product offering. Price is an important element in marketing with great potential for the organization. However, despite the attention devoted by the literature on the basics of value-based pricing, there are few empirical studies provide guidelines on how to adopt this approach, and empirical comparison between the market price and the real value for customers.

I. Product

Kotler and Armstrong (2006) define a product as anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need. In other words, product can be refers as about quality, design, features, brand name, sizes, logo and packaging various products. (Pushpavathani and Kumaradeeepan, 2013; Borden, 1984; Jousted, et. al., 2012). Singh (2016) stated that the product as a physical product or service that offered to the customer who which willing to pay. Besides that, Mohammad an and Abebi (2012) mention that products can be defined generally to include physical objects, persons, places, events, organizations, ideas or mixes of these entities. Product also a primary decision that can influence to satisfy consumer needs. Meldrum and McDonald (2007) indicates that organizations should always ask themselves if the product they offer provide relevant and desired benefits for its consumers’ needs.

J. Place

The place can be defined as a set of interdependent organizations involved in the process of making a product available for use or consumption by consumers (Kotler & Armstrong, 2006).
good place can attract many consumers to change their spending habits and purchase behaviour (Tjiptono, 2000). A previous research also explains about some marketing channels and put the marketing mix with the greatest distribution of services for many travel agencies. Martin (2014) states that a place that is also called the distribution is defined as the process and methods by which products or services reach customers is also an important element of marketing.

K. Promotion (Advertising)

Promotion is defined as sales promotion, advertising, personal selling, public relations and direct marketing (Borden, 1984). Previous studies by Jaded. Meal, and Gupta (1999) considers the effect of advertising and promotion of the brand for packaged goods. On the other hand, definition of promotion is the way business is to create awareness about its product offerings to the target user (Drummond & Ensor, 2005). Isolate (2016) further expressed that promotion is a tool in the marketing mix to help in disseminating information, while encouraging the purchase and affect the buying decision process.

Methodology

This study adopts the quantitative research design and approached the respondents in two specific geographic segments i.e. rural and urban segments (Hawkins, Rope, & Coney, 1981). The 85 statements measurements of the variables are adapted from past instruments (price, product, place, advertising, consumer value, consumer motive, consumer preference, consumer lifestyle, and consumption pattern), using 7-point Liker scale. A total sample size of 1400, 7 state in Malaysia where each state was 200 respondents and 851 responses was collected. The data were analyzed using (SPSS) version 20.0 and structural equation modelling (SEM) using partial least square (SMARTPLS) version 2.0.

Findings

The factor loadings of the construct achieved satisfactory value where for consumption pattern, the result ranged from 0.660 to 0.829, consumer lifestyle ranged between 0.726 and 0.801, consumer value ranged between 0.762 and 0.840, and consumer motive ranged between 0.760 and 0.859. Meanwhile, the measurement items for price, product, place and promotion constructs achieved satisfactory loadings above 0.6. The measurement model for consumption pattern as illustrated in Figure 1 indicate each variable maintains an acceptable level of Cranach’s alpha reliability and composite reliability of above 0.8 (Table I). Hence the measurement scale utilized has a high level of scale consistency. The result of Average Variance extracted (AVE) also indicates the absence of multi-co linearity. (Table I).
Fig 1. Measurement model for consumption pattern

Table I

Descriptive statistics and reliability of the construct

(n= 851)

<table>
<thead>
<tr>
<th>Constructs</th>
<th>No of items</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>Composite Reliability</th>
<th>AVE Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption Pattern</td>
<td>9</td>
<td>4.956</td>
<td>0.937</td>
<td>0.926</td>
<td>0.583</td>
</tr>
<tr>
<td>Consumer Lifestyle</td>
<td>9</td>
<td>4.925</td>
<td>0.917</td>
<td>0.929</td>
<td>0.593</td>
</tr>
<tr>
<td>Consumer Value</td>
<td>10</td>
<td>4.955</td>
<td>0.893</td>
<td>0.948</td>
<td>0.648</td>
</tr>
<tr>
<td>Consumer Motive</td>
<td>8</td>
<td>5.127</td>
<td>0.907</td>
<td>0.946</td>
<td>0.687</td>
</tr>
<tr>
<td>Consumer Preference</td>
<td>13</td>
<td>4.882</td>
<td>0.852</td>
<td>0.941</td>
<td>0.549</td>
</tr>
</tbody>
</table>
Bold diagonal elements are the square root of AVE (Average Variance Extracted, which should exceed the off-diagonal inter-construct correlations for adequate discriminate validity.

The hypothesis testing indicated by the direct standardized beta coefficients produced five significant paths. Consumer lifestyle has a positive significant and direct predictor of consumption pattern ($\beta=0.693$, $t=32.390$, $p=0.000$). Next, consumer value ($\beta=0.430$, $t=12.376$, $p=0.000$), consumer motive ($\beta=0.297$, $t=8.226$, $p=0.000$) and consumer preference ($\beta=0.161$, $t=4.267$, $p=0.000$) have a positively significant on consumer lifestyle. In addition, marketing mix has mixed results on consumer value. Price ($\beta=0.135$, $t=3.068$, $p=0.012$), product ($\beta=0.304$, $t=6.722$, $p=0.000$), place ($\beta=0.130$, $t=2.739$, $p=0.009$) and promotion ($\beta=0.295$, $t=5.362$, $p=0.000$) was a positive and direct predictor of consumer value. Besides, the price ($\beta=0.145$, $t=2.769$, $p=0.000$), product ($\beta=0.254$, $t=5.366$, $p=0.000$) and place ($\beta=0.399$, $t=10.219$, $p=0.000$) have a positively significant and direct predictor of consumer motive. However, promotion ($\beta=0.066$, $t=1.300$, $p>0.000$) did not significant with consumer motive. All the predictor of the marketing mix was positively significant with customer preference where, price ($\beta=0.165$, $t=3.472$, $p=0.000$), product ($\beta=0.383$, $t=7.597$, $p=0.000$), place ($\beta=0.079$, $t=1.679$, $p<0.050$) and promotion ($\beta=0.215$, $t=3.721$, $p=0.000$). (Table II).

The final model also shows that the variables explain 48.1 % variance in consumption pattern, 60.1% variance in consumer lifestyle, 58.3% variance in consumer value, 58.7% variance in consumer motive and 57.5 % variance in consumer preference. These readings indicate an acceptable explanatory level for behavioural model study.

The mediating results indicate that all relationships are significant. The findings indicated consumer value, consumer motive and consumer preference mediate the relationship marketing mix (price, product, place and promotion), consumer lifestyle and consumption pattern. Therefore, we accept all the hypotheses. (TABLE III).

**TABLE II**

DIRECT PATH COEFFICIENTS
## TABLE III
### MEDIATING EFFECTS RESULTS

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Relationship Path</th>
<th>Std. Error</th>
<th>T-value</th>
<th>Sig Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>HI</td>
<td>CL → CONP</td>
<td>0.693</td>
<td>0.021</td>
<td>32.390***</td>
</tr>
<tr>
<td>H2</td>
<td>CV → CL</td>
<td>0.430</td>
<td>0.035</td>
<td>12.376***</td>
</tr>
<tr>
<td>H3</td>
<td>CM → CL</td>
<td>0.297</td>
<td>0.036</td>
<td>8.226***</td>
</tr>
<tr>
<td>H4</td>
<td>CP → CL</td>
<td>0.161</td>
<td>0.038</td>
<td>4.267***</td>
</tr>
<tr>
<td>H5a</td>
<td>PR → CV</td>
<td>0.135</td>
<td>0.044</td>
<td>3.068***</td>
</tr>
<tr>
<td>H5b</td>
<td>PD → CV</td>
<td>0.304</td>
<td>0.045</td>
<td>6.722***</td>
</tr>
<tr>
<td>H5c</td>
<td>PL → CV</td>
<td>0.130</td>
<td>0.047</td>
<td>2.739***</td>
</tr>
<tr>
<td>H5d</td>
<td>PRO → CV</td>
<td>0.295</td>
<td>0.055</td>
<td>5.362***</td>
</tr>
<tr>
<td>H6a</td>
<td>PR → CM</td>
<td>0.145</td>
<td>0.052</td>
<td>2.769***</td>
</tr>
<tr>
<td>H6b</td>
<td>PD → CM</td>
<td>0.254</td>
<td>0.047</td>
<td>5.366***</td>
</tr>
<tr>
<td>H6c</td>
<td>PL → CM</td>
<td>0.399</td>
<td>0.039</td>
<td>10.219***</td>
</tr>
<tr>
<td>H6d</td>
<td>PRO → CM</td>
<td>0.066</td>
<td>0.051</td>
<td>1.300</td>
</tr>
<tr>
<td>H7a</td>
<td>PR → CP</td>
<td>0.165</td>
<td>0.047</td>
<td>3.472***</td>
</tr>
<tr>
<td>H7b</td>
<td>PD → CP</td>
<td>0.383</td>
<td>0.050</td>
<td>7.597***</td>
</tr>
<tr>
<td>H7c</td>
<td>PL → CP</td>
<td>0.079</td>
<td>0.047</td>
<td>1.679*</td>
</tr>
<tr>
<td>H7d</td>
<td>PRO → CP</td>
<td>0.226</td>
<td>0.047</td>
<td>4.768***</td>
</tr>
</tbody>
</table>
## Discussion and Recommendation

The Nielsen survey reported that ten major concerns of Malaysian consumers in their spending include economy, increased food prices, political stability, employment, debt, work life balance, increased in utility bills and fuel prices, health and crimes. In addition, the anaemic wage growth also contributed to consumption pattern changed among Malaysian consumer. Along with the oil price hikes, the implementation of GST added why the increases of prices. It would be expected that there could be some behavioural changes by consumers. (Gelada, 2013). Findings as discussed in previous chapter postulates consumer lifestyles, consumer value, consumer motive and consumer preference were determinants of consumption pattern in urban area and rural area.
that are consistent with previous studies (Gonzalez, 2000; Levers, et al., 1986; Hawkins, et al., 1981; Sun & Wu, 2004; Kim & Ann, 2015; Thogersen, 2016; Ding, et al., 2017). The new consumption model for Malaysian consumer proved that advertising is not a predictor for consumer motive.

Low cost retail stores like Tesco, Giant and My din should be increased in rural areas. While helping consumers minimize the cost of their spending, it will accelerate the growth of the economy especially in rural areas. Although GST was implemented in 2015, the level of awareness among Malaysian consumers should be increased. Therefore, government should take proactive way in promoting GST for Malaysian consumers. Since the price of commodity influenced from the price hikes in fuel, wise usage of fuel can be minimized by using public transportation or sharing transports.

Conclusion

This study attempts to achieve five objectives. The first objective is to identify reason consumption pattern changes among Malaysian consumers. Ten major concerns which changed the consumption patterns are the economy, the increased price in foods, fuel and utility, political stability, work life balance, debt, health, high employment rate and increased rate of crimes.

Meanwhile, the second objective is to investigate the price hikes. The volatile in global oil price affected the economic stability. The implementation of GST in 2015 added the burdened faced by Malaysian consumers. Third objective was achieved through the consistent findings with the previous studies. The fourth and final objectives, suggested the recommendation to policy makers.

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