



MEASURING CONSUMPTION BEHAVIOUR OF
SHOPPING PRODUCTS AMONG YOUNG MALAYSIAN
CONSUMERS: A THEORY OF PLANNED BEHAVIOUR
APPROACH USING STRUCTURAL EQUATION
MODELING

BY

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ABSTRACT

Since the evolution of human being from caves to the modern era of faster innovation, the consumption remains constant, but the trend and predictors of consumption have been noticed as a drastic and ever changing phenomena. Due to this volatile and ever evolving demand for consuming any product, it is of dire concern for companies to predict the factors influencing echo boomers' behaviour ahead of its occurrence. Today, it has been challenging for business entities to explore about fickle behaviour of young consumers. Those who fail to go along with this challenge often collapse and eliminate from the screen of cut throat competition. Taking into account technological and communication breakthrough, the coin of globalization has been replaced with the newly emerged concept of Glocalization. It refers to a concept describing individual, product or service that reflects not only global standard but also local one. In this regard, multinational companies strive to monitor local demands in alien markets for their potential consumers. Malaysia is one of those developed countries, whose economy is bombarded with foreign outlets. However, not to forget that majority of Malaysian population is comprised of young generation with high tendency of consumption. Although research on culture and sub cultural norms have been conducted thoroughly to investigate relation to consumer behaviour, yet factors to modify this behaviour has received only slight attention in the marketing literature. However, this study focuses on variety of variables who predict the behaviour of young consumers of Malaysia. Theory of Planned Behaviour (TPB) is thought as one of the best theories to predict any behaviour. Due to versatile implication of Theory of Planned Behaviour, it has been chosen as underpinning theory for this research. Based on the theory, the three independent variables namely Money Attitudes, Socialization and Perceived Behavioural Control (PBC) have been rigorously studied and carefully gone through the literature, which has given variety of perspectives of these variables in different parts of the world. The mentioned variables have been explored while considering Intentions as a mediating variable and finally, the direct and indirect effect of these IVs on Consumption Behaviour. Data has been collected from Malaysian Young Consumers from different states and coded in SPSS for further analysis. Initially factor analysis has been conducted for items from all the variables, as items were adopted/adapted from different cultures. Once factor analysis done, reliability has been checked. Finally, Structural Equation Modeling has been used to conclude the best-fit model. The best-fit model shows that Money Attitudes and Socialization affects Consumption Behaviour after double mediation of Perceived Behavioural Control (PBC) and Intentions. In addition to this, it is clearly indicated that there is no difference of Consumption Behaviour between male and female. Working Young Malaysians and Malaysian Young Consumers who are students have shown the same Consumption Behaviour. However, Malay, Chinese and Indians have shown distinct Consumption Behaviour. The mentioned results lead towards the finding that Money Attitudes and Socialization plays a significant role in shaping up the Consumption Behaviour of Malaysian Young Consumers. The findings of this study are food for thought for academicians who can see that how variety of variables play strong role in giving dimension to the Consumption Behaviour of Malaysian Young Consumers. Additionally, marketers and industrialists can also get full benefit from the research by strategizing their advertising campaigns, marketing of their products and in the design and presentation of their goods and services.

ملخص البحث

رغم ان الإنسان قد تطور من عصر الكهوف إلى العصر الحديث, عصر الابتكار و الابداع السريع, يبقى الاستهلاك ثابتا, ولكن هنا لوحظ ان الاتجاهات و التنبؤات في صدد الاستهلاك ظاهرة متغيرة من زمان الى زمان. وهذا الطلب المتقلب والمتغير في كل وقت في استهلاك أي منتج يبعث الشركات على التنبؤ للعوامل المؤثرة في سلوك المستهلك قبل وقوعه. اليوم, فقد صار هذا تحديا للشركات التجارية لاستكشاف حول سلوك متقلب بين المستهلكين الشباب. و الشركات التي تفشل في سبيل هذا التحدي غالبا تنهار أو يقضى عليه وتغيب من المنافسة تماما. مع الأخذ في الاعتبار التقدم التكنولوجي والاتصالات, تم استبدال وجهة العولمة الى مفهوم آخر ظهر حديثا هو الإبقاء على المسحة المحلية. وهذا يشير إلى مفهوم الفردية, المنتج أو الخدمة التي لا تعكس فقط معيار عالمي ولكن أيضا تأخذ المعيار المحلي في عين الاعتبار. في هذا الصدد, والشركات العالمية تسعى إلى رصد المطالب المحلية في الأسواق الأجنبية للمستهلكين المحتملين. و إن ماليزيا هي واحدة من تلك الدول المتقدمة, التي تشهد اقتصادها وابلًا من المنافذ الخارجية. ومع ذلك, لا ننسى أن غالبية سكان الماليزية تتألف من جيل الشباب مع ميل مرتفع نحو الاستهلاك. على الرغم من أن هذا البحث عن الثقافة و المعايير الثقافية أجري بدقة لتحقيق علاقة بسلوك المستهلك, ولكن العوامل لتعديل هذا السلوك قد حظيت باهتمام غير ملحوظ في ادب التسويق. ومع ذلك, تركز هذه الدراسة على مجموعة من المتغيرات الذين تنبؤ سلوك المستهلكين الشباب في ماليزيا. ويعتقد أن نظرية السلوك المخطط (Theory of Planned Behaviour) باعتبارها واحدة من أفضل النظريات للتنبؤ أي سلوك. ونظرا لوجود تنوعا من نظرية السلوك المخطط, تم اختيار بأنها تقوم عليها نظرية لهذا البحث. واستنادا إلى هذه النظرية, والمتغيرات المستقلة الثلاثة وهي المواقف و المال والتنشئة الاجتماعية والتحكم السلوكي (Perceived Behavioural Control) قد درست بدقة وبعناية باللغة من خلال الأدب, والتي أعطت وجهات النظر المتنوعة من هذه المتغيرات في أجزاء مختلفة من العالم. و تم استكشاف المتغيرات المذكورة مع مراعاة النوايا كمتغير التوسط وأخيرا, فإن تأثيرا مباشرا وغير مباشر على سلوك الاستهلاك. وقد تم جمع البيانات من المستهلكين الشباب الماليزيين من ولايات مختلفة وضعت في SPSS لمزيد من التحليل. في البداية تم إجراء التحليل العاملي للبنود من جميع المتغيرات, كما تم اعتماد البنود / اقتباس من ثقافات مختلفة. حينما تم تحليل عامل القيام به, وقد تم التحقق من موثوقية. وأخيرا, تم استخدام النمذجة المعادلة الهيكلية لإبرام النموذج الأكثر تناسبا. تبين أن النموذج الافضل - تناسبا - أن المواقف المال والتنشئة الاجتماعية تؤثر على سلوك الاستهلاك بعد وساطة مزدوجة من التحكم السلوكي المدركة (PBC) والنوايا. وبالإضافة إلى ذلك, وقد اتضح هنا أن ليس هناك فرق السلوك الاستهلاكي بين الذكر والأنثى و الشباب العاملين الماليزيين والمستهلكين الشباب الماليزيين. و خصوصا الطلاب اظهروا نفس السلوك الاستهلاكي. ومع ذلك, الملايو والصينيين والهنود وقد أظهرت سلوك الاستهلاك المختلف عن بعضهم البعض. و إن النتائج الحاصلة تؤيدنا الى أن المواقف و المال والتنشئة الاجتماعية تلعب دورا هاما في تشكيل السلوك الاستهلاكي بين المستهلكين الشباب الماليزيين. ونتمنى ان نتائج هذه الدراسة تكون غذاء فكريا للأكاديميين الذين يمكن لهم ان يروا أن مجموعة من هذه المتغيرات تلعب دورا قويا في إعطاء بعد آخر لسلوك المستهلكين الشباب الماليزيين. بالإضافة إلى ذلك, يمكن للمنتجين والصناعيين أيضا الحصول على الاستفادة الكاملة من البحث في طريق وضع استراتيجيات الحملات الإعلانية الخاصة بهم, وتسويق منتجاتها وفي تصميم وعرض سلعهم وخدماتهم.

APPROVAL PAGE

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DECLARATION

I hereby declare that this dissertation is the result of my own investigation, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degree at IIUM or other institutions.

Asif Khurshid

Signature.....

Date.....

INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA

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This thesis is dedicated to my family and other well-wishers for their support in its entire ramifications toward making my dream of acquiring a Ph.D. degree a reality.

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CHAPTER ONE

INTRODUCTION

1.0. BACKGROUND OF THE STUDY

According to market trend analysis of Euromonitor International (2012) total personal consumption in 2011 in Asia Pacific was US \$ 10,146 billion (more than 10 trillion). This consumption is number three in the world followed by North America and Western Europe. Personal consumption by the consumers is really challenging as they have infinite demands, which has to be fulfilled with scarce resources.

The word “consumption” is synonymic with “spending” or “expenditure”. Keeping in view the above mentioned figure, understanding consumption behaviour of consumers helps marketers to plan strategically to attract the target market.

As young consumers, who are almost 17% of total world population, are going to become a mature consumer, understanding these cohorts will help the marketers to secure future market. In order to understand the consumption behaviour of young consumer, definition of the consumption, its types and the factors influencing such behaviour will be discussed.

Consumption remained a focal point for economic world not only in past but in present and future scenario too. Moreover, that consumption in return focuses on primary marketing concern where repurchase a product regardless of its type is priority (Peter & Olson, 1990). Though consumption traces back to the evolution of human being, it has passed through different modes in different phases yet in today’s world the repurchase of items is the core priority of sellers. The products range from

necessity item to luxury product. Every company tried its level best that a consumer should make repetitive purchase of its product.

As defined by Peter and Olson (1990), consumption is “use of product.” Peter and Olson (1990) argued that it is not easy to define or comprehend the meaning of consumption, as there is a vast difference in the nature of various products and services. Even at the present era of Information Technology and Globalization, the meaning of product (goods and services) varies from culture to culture and country to country.

1.1. CONSUMER CONSUMPTION: WORLD STATISTICS

The following Table 1 provides the figures of personal consumption in different regions of the world in 2011 as per Euromonitor International 2012.

Table 1.1 World Personal Consumption 2011

Rank	Regions	Consumer Consumption in US \$ (in Billions)
1	North America	11,425
2	Western Europe	10,336
3	Asia Pacific	10,146
4	Latin America	3,502
6	Eastern Europe	1,975
5	Middle East and Africa	1,983
7	Australasia	896
	Total	40,263

Source: Euromonitor International 2012

Euromonitor International (2012) defined consumer expenditure as “*personal expenditure on goods - durable, semi-durable and non-durable - and on services in the domestic market, including the imputed rent of owner-occupied dwellings, the*

administrative costs of general insurance and of life assurance and superannuation schemes.”

As per figures provided in Table 1, the total world personal consumption is US \$ 40,263 billion in 2011. Such a huge spending is almost eleven times higher than the USA's total budget of the same year, which was 3.6 trillion (<http://www.whitehouse.gov>, 2012). Based on the information stated in Table 1, personal consumption in Asia Pacific is the third highest. Countries in Asia Pacific can be seen in Appendix A.

According to Schiffman and Kanuk (2007), there are two types of consumption, as discussed below:

1.2. TYPES OF CONSUMPTION

Schiffman and Kanuk (2007) claimed that there are two different types of consuming entities, which deal with the consumption behaviour.

The first kind of consumption is *personal consumption*, which is defined as when goods or services are bought for personal use, for household consumption or to exchange it with someone in shape of a gift.

The second category of consumers is termed as *organizational consumption*. It includes purchases made by profit and non-profit businesses, government agencies, and institutions, all of which must buy products, equipment and services in order to run their organizations.

Although both mentioned categories of consumption are of great importance, but the scope of this study is limited to the personal consumption only. As depicted by Consumption by Schiffman and Kanuk, 2007, end user is the most pervasive of all

types of consumer behaviour as it involves every individual, of every age and background, in the role of either customer or user or both

1.3. ANTECEDENT OF CONSUMPTION BEHAVIOUR OF YOUNG CONSUMERS

It is evident from prior studies of (Robert & Jones, 2001; Durvasula & Lysonski, 2010; Palan. Morrow, Trapp, II & Blackburn, 2011; Bouzaglo and Moschis, 2010) that individuals consume in a specific way and that particular consumption behaviour is in practice due to certain factors like life style, self-image, upbringing and Parents (Martin & Bush, 2000; Penman & McNeill, 2008). In case of young consumers, factors that influence the consumption behaviour can be parents and grandparents (McNeal & Yeh, 1997), parents' income (Page & Ridgway, 2001) and parents' decision-making style (Rolfe J., 2005; Bravo, Fraj & Martinez, 2007). These factors highlighted the pivotal role of parents. While, the role of brands (Page & Ridgway, 2001; Doston & Hyatt, 2005; Baca, Holguin Jr & Stratemeyer, 2005), consumer socialization (Kamaruddin & Mokhlis, 2003; Gil, 2007; Grønhøj, 2007) and advertising (Spero & Stone, 2004) should also be taken into consideration while studying the consumption behaviour of young consumers.

1.4. YOUNG CONSUMER'S AGE BRACKET

There is difference of opinion among authors from different regions regarding age bracket of Young Consumers. In the following section, young consumer's age bracket will be discussed from different perspectives.

1.4.1. Young Consumers - American and Canadian Perspective

Children who are born within the span of 1977 to 1994, fall under the category of Young Consumers. They are also known as Generation Y, Echo Boomers or Millennial. In United States of America population of young consumers is around 71-80 million (Gronbach, 2000; Martin and Turley, 2004).

Xu (2008) from America stated that young consumers are those who fall between the age brackets of 18 to 24 years. He also mentioned that they represent the wealthiest group and like to spend cash as quickly as they acquire it.

Feltham (1998) mentioned the same age bracket as Xu, 2008, for young adults but with slight modification in starting age. He added that the minimum age is 16 years and maximum age is 24 years, which seems to be the same as above.

1.4.2. Young Consumers - European Perspective

The UK based author Spero and Stone (2004) mentioned that people who are above 16 years of age fall under the category of young consumers.

Meanwhile, Spanish authors Gil, Andres; Salinas (2007) in one of their publication defined the age bracket of young consumers, as those between 18 to 35 years.

Grønhøj, (2007) from Denmark, mentioned that young consumers fall within age bracket between 17 to 25 years, which shows his distinctive perspective.

1.4.3. Young Consumers - Asia Pacific Perspective

Li, Jiang, An, Shen and Jin, (2009) have some similar opinion as of the American and Canadian authors, with a slight change in the upper limit of the age. They mentioned that most of the Chinese young consumers fall within the age of 18 to 23.

In addition, Penman and McNeill (2008) from New Zealand, have written a paper entitled “Spending their way to adulthood; consumption outside the nest” using qualitative methodology. They have conducted research using two focus groups consisted of respondents in the age bracket of 18 to 25 years. They called these respondents as young consumers.

Table 1.2 Young Consumer’s Age Bracket by Authors

Perspective	Author	Young Consumer’s Age Bracket
American and Canadian Perspective	Feltham (1998)	16-24 years
	Gronbach, (2000); Martin and Turley (2004)	17-34 years
	Xu (2008)	18-24 years
European Perspective	Spero and Stone (2004)	Above 16 years
	Gil, Andres, Salinas (2007)	18-35 years
	Grønhøj. (2007)	17-25 years
	Saraneva and Saaksjarvi	12-25 years
Asian Perspective	Li, Jiang, An, Shen and Jin, (2009)	18-23 years
	Penman and McNeill (2008)	18-25 years

Summarizing the discussion, it can be concluded that authors argue that common age bracket for young consumers is between 18 to 24 years. So the focus of this study will be young consumers who are within the age bracket of 18-24 years.

1.4.4. World population by Age

Based on Table 3 below, total world population estimated by Euromonitor International (2012) is around 6.9 billion in 2011. From the Euromonitor International (2012) it is also mentioned that 17 percent of the total world population falls within the age bracket of 15-24 years, which is second highest. This age group is full of

potential and has the capacity to perform tremendously if they are appropriately channelized and properly managed.

Table 1.3 World Population 2011

Age	Population	Percentage
0-14	1,794,082,200	26
15-24	1,174,830,600	17
25-34	1,054,130,600	15
35-44	956,698,600	14
45-54	801,494,200	12
55-64	590,672,800	9
65 & above	558,613,400	8
Total	6,931,230,598	

Euromonitor International (2012)

Therefore, this study will focus on young consumers who fall within the age bracket of 18-24 years.

1.4.6. Young Malaysian Consumers

Ghazali (2011) mentioned that young Malaysian consumers have rapidly come to represent one of the most lucrative market segments.

As per Euromonitor International (2012), Malaysian young consumer's population is over 5 million, which is almost 19 percent of the total population.

These young consumers are mostly students (Li, Jiang, An, Shen & Jin, 2009; Komarraju, Karau & Ramayah, 2007; Penman & McNeill, 2008; Feltham, 1998). Ahmed, Ghingold and Zainurin (2007). In their study, focus was on the Malaysian young consumers' attitude towards shopping malls. The authors noted that Malaysian young consumers spent a significant proportion of their monthly expenditures at

shopping malls. The source of young consumers' income as reported by Ahmed et al. (2007) are scholarship or study loan, parents-sponsored, self-sponsored and others.

Ghazali (2011) stated that Malaysian young females consult their peers on consumption more frequently as compared to Malaysian males. However, the author concluded that regardless of gender, the role of peers to determine the consumption of Malaysian young consumers is quite important. Ghazali (2011) also noted that the influence of parents is primary during early stages of life. Once a child makes the transition to a social network such as school, college or university, the influence of parents may decline and peers emerge as a significant agent. At the same time, media such as television also plays a significant role, which is also considered as another integral variable that affects Malaysian young consumer's consumption (Ghazali, 2011; Kamaruddin & Mokhlis, 2003).

1.5. PRELIMINARY DELINEATION PROBLEM

Euromonitor International (2012) affirms that young consumers which makes about 17 percent of the world population (falling within the age bracket of 15-24 years), have spent over US dollars one billion worldwide in the year 2011. Interestingly, alone in Asian Pacific the spending of young consumers in 2011 touched a mark of US Dollars Six Hundred and Forty million.

With the increasing globalization, consumers and consumer behaviour has changed dramatically. The young consumers are rather different from their predecessors when it comes to shopping. For the reasons, as they have been brought up in an era where shopping has become multifaceted because of the choices available as well as they take shopping as entertainment or experimental experience (Bakewell and Mitchell, 2003). The fast ever-increasing number of young consumers not only in

Asia Pacific but across the globe attract the attentions of academicians, marketers, industrialists and product providers to address their fast changing their tastes. From Mobile phones to Laptops, craze of networking, high-speed internet, branded clothes and shoes, watches, perfumes etc always tried to be the best among friend and different in the social class to whom they are associated.

But despite above mentioned facts, the consumption behaviour of Young Malaysian Consumers is under-researched. This study will employ Theory of Planned Behaviour (TPB) to explore the mentioned behaviour. Further details of previous studies and importance of mentioned research is discussed in the following chapter under the heading of problem statement.

Although few studies like Ghazali (2011), Fikry and Jamil (2010), Ahmed (2007) have discussed demographic profiles as moderator while studying consumption behaviour, still there is a research dearth in the area of consumption behaviour while employing TPB with moderators like gender, ethnicity and employment status. The mentioned issue will also be undertaken in the study.

1.6. RESEARCH QUESTIONS

RQ. 1. How the Theory of Planned Behaviour affects consumption behaviour of young Malaysian consumers with respect to shopping products?

RQ. 2. What are the important predictors that affect consumption behaviour of Young Malaysian Consumers with respect to shopping products?

RQ. 3. What is the difference among gender, ethnicities and employment status of Young Consumers regarding Consumption Behaviour of shopping products?

1.7. RESEARCH OBJECTIVES

The study will address consumption behaviour of Young Malaysian Consumers with respect to shopping products. The specific objectives of the study are as follows:

1. To confirm the implication of Theory of Planned Behaviour consumption behaviour on Young Malaysian consumers with respect to shopping products.
2. To determine the important predictors that affect consumption behaviour of young Malaysian consumers with respect to shopping products.
3. To study the difference among gender, ethnicities and employment status of Young Consumers regarding Consumption Behaviour of shopping products.

1.8. DELIMITATION OF THE STUDY

Lee, Murphy and Swilley (2009) mentioned that Theory of Planned Behaviour could be applied on any discipline. Theory of Planned Behaviour is much appreciated by Teo and Lee (2010), Lee, Murphy and Swilley (2009), McEachan, Conner, Taylor, and Lawton (2011) and Lu, Hou, Dzwo, Wu, Andrews, Weng, Lin, Lu (2010) in different areas. Theory of planned behaviour is also employed in the current study. Money Attitude Scale (MAS) will measure attitudes whereas Socialization agents (Parents, peers and mass media) will measure Beliefs. Perceived Behavioural Control (PBC) will be measured by self-efficacy. The impact of MAS, Socialization and PBC will be measured upon intention followed by consumption.

1.9. SIGNIFICANCE OF THE STUDY

According to Euromonitor International (2012), more than 17 percent of total world population falls within the age bracket of 15-24 years. Malaysian Department of Statistics (2011) revealed that the number of population among this age bracket is about 5 million, equals to 20 percent of the total population in Malaysia. This particular group has more disposable income (Hongjun, 2006; XU, 2008; Henrie & Taylor, 2009) as compared to their parents and grandparents. Simultaneously they have less saving spirit as compared to Generation X (older generation) (Xu, 2008). Based on the findings, young consumer's consumption behaviour with regard to the shopping products captures the attention, as they are potential customers who are growing to become adult consumers.

1.10. DEFINITION OF OPERATIONAL VARIABLES

1.10.1. Money Attitude

Traditionally, money carries only economic aspect but among various other implications it has a social meaning as well that allows consumers to emulate each other in their choice and use of consumer goods (Durvasula & Lysonski, 2010). Money Attitude deals with psychological aspects of money (Yamauchi & Templer, 1982). The questions pertaining to Money Attitude Scale (MAS) has been taken from the article title "The Development of a money attitude Scale" by Yamauchi and Templer published in the Journal of personality assessment in 1982. The Money Attitude Scale (MAS) will be measured by three dimensions, which are power prestige, distrust and anxiety. Power prestige has a question such as "*I use money to influence other people.*" Distrust will be measured by questions such as "*I complain*