# CONSUMERS BEHAVIOUR IN KOTA KINABALU: FACTORS DETERMINING THEIR PERCEPTIONS, HABITS AND ACTIONS

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## Abstract

*Consumers in Sabah frequently perceive that their cost of living is generally much higher than in most of the other Malaysian states. This often led to the perception that Sabah consumers are often neglected. In turn it has made Sabah one of the poorest states in Malaysia with higher cost of living and lower level of living standard.  It is often used as effective ammunitions in elections for the state and even federal seats, if not even for more autonomy. Some of the other factors perceive to cause Sabah consumers to believe they are being short changed include low quality of working life, less developed state, rampant low quality products and services, harder to acquire good services and products as well as ineffective enforcements and lack of laws to protect consumers. This study aims at discovering the truth of the perceptions and its impact toward consumer behaviour in Sabah and how they compare themselves to fellow consumers in the other Malaysian states. Also to determine what the Sabah consumers desire in regard to enhancing their living standard and life quality. Generally, the study showed that they perceived that the cost of living in Sabah, especially in Kota Kinabalu is among the highest in Malaysia. This, they feel affected their living standard and quality of life experience by Sabah consumers. As a result consumer issues can be easily politicised. It is even believed that it can be one of the winning Sabah consumers want the Government to ensure that their wellbeing are adequately enhanced and protected and that their quality of life is as good as the consumers in the other Malaysian state. The study propose that the current state and federal government look at this issue urgently and give it the urgent attention that it deserve if they want to stay in power.*

**Key Words:** Consumers' behaviour, cost of living, media, perceptions, and quality of life.

**Abstrak**

*Pengguna di Sabah sering menyedari bahawa kos sara hidup mereka lebih tinggi daripada kebanyakan negara di Malaysia. Ini sering membawa kepada persepsi bahawa pengguna Sabah sering diabaikan. Sebaliknya, ia menjadikan Sabah salah satu daripada negeri termiskin di Malaysia dengan kos sara hidup yang lebih tinggi dan tahap taraf hidup yang lebih rendah. Ia sering digunakan sebagai peluru berkesan dalam pilihan raya untuk negeri dan juga kerusi persekutuan, jika tidak walaupun untuk lebih banyak autonomi. Beberapa faktor lain yang dilihat sebagai menyebabkan pengguna Sabah percaya bahawa mereka mengubah secara ringkas termasuk kualiti hidup yang rendah, keadaan kurang maju, produk dan perkhidmatan berkualiti rendah yang meluas, sukar mendapatkan perkhidmatan dan produk yang baik dan penguatkuasaan yang tidak berkesan dan kekurangan perundangan untuk melindungi pengguna. Kajian ini bertujuan untuk mengetahui persepsi dan kesan sebenar terhadap tingkah laku pengguna di Sabah dan bagaimana mereka membandingkan diri mereka dengan rakan-rakan pengguna di negara-negara lain di Malaysia. Juga untuk menentukan apa yang pengguna mahu Sabah untuk meningkatkan kualiti hidup dan kualiti kehidupan mereka. Umumnya, kajian menunjukkan bahawa mereka berpendapat bahawa kos sara hidup di Sabah, terutama di Kota Kinabalu adalah antara yang tertinggi di Malaysia. Ini, mereka merasa terpengaruh dengan taraf hidup dan kualiti pengalaman hidup mereka oleh pengguna Sabah. Oleh itu, isu-isu pengguna boleh dipolitikkan dengan mudah. Ia juga dipercayai bahawa ia boleh menjadi salah satu pemenang di Sabah yang mahu Kerajaan memastikan bahawa kesejahteraan mereka dipertingkatkan secukupnya dan dilindungi secukupnya dan kualiti hidup mereka adalah sama seperti di negara-negara lain di Malaysia. Kajian ini menunjukkan bahawa kerajaan negeri dan persekutuan sedang mengkaji isu ini dengan serta-merta dan memberi perhatian dengan serta-merta bahawa ia dapat dilaksanakan jika mereka mahu berkuasa.*

***Kata kunci:*** *Tabii pengguna, kos hidup, media, persepsi dan kualiti hidup.*

## Introduction

Study of consumer behaviour in Sabah is almost none accessible or at best not easily available. This is either for business or academic objectives. Thus, this research is a preliminary study of consumer behaviour in Sabah as the needs to know their buying habits and the processes involve become increasingly useful for those in businesses and even for researchers in research institutions in the state, especially in Kota Kinabalu the state capital.

For this study, Kota Kinabalu is chosen not only for its state capital of Sabah status, but also as its economic centre and business hub. Kota Kinabalu is also considered as one of the major industrial and commercial centres of East Malaysia (Sabah and Sarawak). Further, Kota Kinabalu is noted as the major tourist destination and a popular gateway for visitors to Sabah and Borneo. This makes it one of the fastest growing cities in Malaysia. According to the Population and Housing Census of Malaysia 2010, the city population numbered 262,963 and Greater Kota Kinabalu with an estimated 900,000 people. The Malaysian Department of Statistics in 2015 estimated that the population of Kota Kinabalu will reach nearly one million by 2020 with an estimated growth rate of 2.42%. Like nearly all Malaysian cities the majority of Kota Kinabalu population are Chinese with the outskirts populated by Kadazans, Dusuns, Bruneis, Bajaus and people from Philippines and Indonesia, legal or illegal.

Despite the fact that Sabah is considered as the second poorest state, *after Kelantan,* in Malaysia, the writer observations revealed that the many shopping complexes in Kota Kinabalu are nearly always crowded whether at the end or earlier parts of the month and even in the middle. The same with the agriculture market or call *tamu* in Sabah and the night market that is always almost filled with consumers.

Consumer behaviour is hard to predict, even for its experts. Research in consumer behaviour has proven it almost all the time. However, it can be useful for many other objectives like knowing who are the target consumers, their favourite media, their buying processes and habits plus many more.

For the purpose of this study, consumer refer to those who buys for their own or family use or to be given as gifts and not for resale or business. This definition is the rephrasing of the Malaysia Consumer Protection Act 1999 (Act 599). According to this Act: "Consumer means a person who – (a) acquires or uses goods or services of a kind ordinarily acquired for personal, domestic or household purpose, use or consumption; and (b) does not acquire or use the goods or services, or hold himself out as acquiring or using the goods or services primarily for the purpose of – (i) resupplying them in trade ..." Thus, in this context consumer refers to personal consumer who buys goods and services for own uses, for uses of household or as gifts or friends. The products and services are purchase for final use by individuals who are referred to as end users or ultimate consumers.

Also, for the purpose of this study, consumer behaviour refers to why, when, where and how individuals choose, buy and use goods and services to satisfy their needs, desires or wants. Thus, this refers to consumers actions in the marketplace and their underlying objectives for the actions. This statement is based on one of the official definitions of consumer behaviour: "The study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society." Also, it is based on consumer buying behaviour with the individual playing three distinct roles of user, payer and buyer.

Further, in the context of this study, consumer interest refers to individual inclinations towards particular products and services and the willingness to purchase according to their taste and needs base on their financial abilities.

This study will investigate the respondents as consumers such as their demographics and behavioural variables in order to understand their behaviour as consumers in Sabah. Also, the study will try to assess influences or impacts upon consumers from groups such as family, friends, reference groups and society in general. As this study involves individuals as consumers within the Sabah society it will use the sociological model of consumer behaviour. Thus, it is assume that consumer behaviour will be influence by all groups that they have relationship or come into contact including their buying habits. Primary groups such as family, friends, close associates and reference groups are expected to exert strong influence on individual consumer behaviour. For example, a consumer can be a member of an influential political party where the dress norms are different. This can result that this consumer dress requirements has to conform to the group requirements and lifestyles.

**Objectives, Method and Locations of Study**

Objectives of this study include discovering the truth of perceptions in Sabah regarding significant factors that can affect the people confidence on the government ability to protect the people of Sabah as consumers. These perceptions include: (1) Low quality of products and services in Sabah; (2) Harder to seek quality products and services in Sabah; (3) Authorities consumer protection and enforcement in Sabah ineffective; (4) Consumers problems and issues usually get to be politicized; (5) Higher cost of living in Sabah; and (6) Consumer associations in Sabah is weak or ineffective.

This study also aims to know how the people in Sabah, especially in Kota Kinabalu, perceive themselves as consumers, their purchasing habits, factors influencing them as consumers and how they compare themselves as consumers with those of the other states in Malaysia.

The study further seeks to discover what mass media the people in Sabah use and how it has affected their behaviour as consumers.

It is hope that the study findings can assist policy makers in relevant government authorities to enhance the quality of life in Sabah through effective consumer protection policies, legislations, enforcements as well as consumer education.

The method use for this study is random survey with prepared questionnaires. This survey is conducted by the final year mass communication students taking the Consumer Behaviour subject taught by the writer during the month of November 2016. Altogether 1,110 respondents were interviewed face to face using standardised questionnaires comprising of 52.8% (586 respondents) of women and 47.2% men (524% respondents). See table 1.

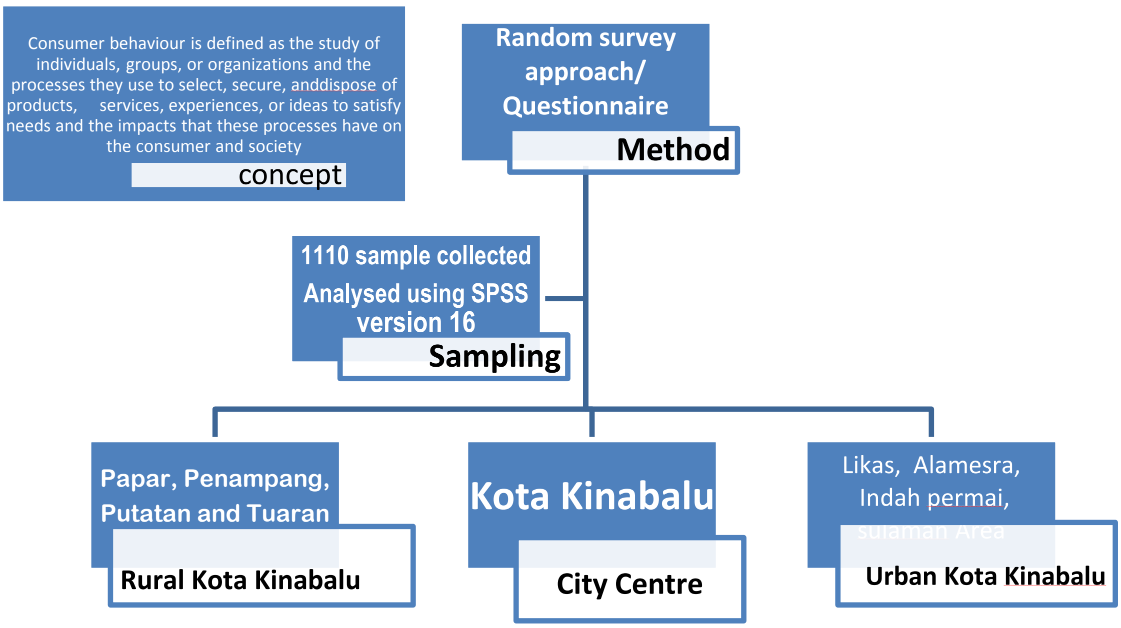


**Table 1: Concepts, Methodology & Demography**
**Source: Mohd Hamdan & Fazli A. Hamid**

Locations for this study are the Greater Kota Kinabalu areas comprising of Kota Kinabalu City Centre, Sub Urban Kota Kinabalu (Likas, Alam Mesra, Indah Permai and Sulaman Area) and Rural Kota Kinabalu (Papar, Penampang, Putatan and Tuaran).

**Consumer Behaviour Theory and Model**

For this study the Model of Goal Directed Behaviour is utilise. This model is selected because it provides a composite view of decision making. In this model, desire is contended to be a more significant predictor of intention than attitudes, subjective norms or perceived behavioural control. Explaining application of the model in practical levels Erasmus et al. (2001) explain that markets need to study primary desires of their target customer segment so that product and services can be developed. This is to satisfy this desire or give the perception of satisfaction of the desire. Also, to ensure that products and services are developed according to consumers needs, desires and taste.

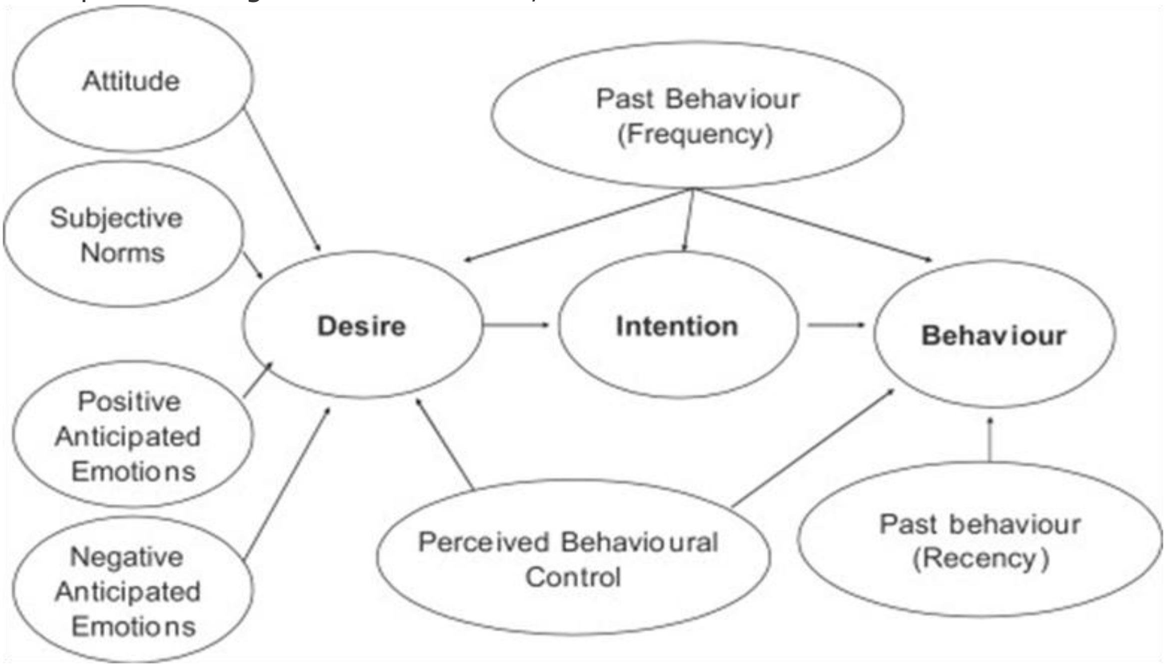


**Table 2: Consumer Model of Goal Directed Behaviour**
**Source: Erasmus, A. C., Boshoff, E. and Rousseau, G.G. (2001).**

The Model of Goal Directed Behaviour draws heavily on the Theory of Planned Behaviour, with each of its constructs being represented. This model "views the fundamental components of the theory of planned behaviour with respect to goals rather than behaviours" (Hagger and Chatzisarantis, 2009, p.36). However, it differs firstly in the addition of the variables of past behaviour (both frequency and recency) and emotions (both positive and negative), and in the structure of behavioural causality passing through desire and onto intention which itself is now seen as only one of a possible four variables that are influencing behaviour (Perugini and Bagozzi 2001).

The model of goal directed behaviour provides a composite view of decision making. It is said to be consistent with recent research in developmental, animal and social psychology (Leone, Perugini et al. 2004). Comparing to the better established consumer behaviour models and theories, it has been found that the model of goal directed behaviour holds greater predictive ability. One shortcoming might, however, be that the model is more complex requiring more sophisticated data gathering techniques (Leone, Perugini et al. 2004).

**Demographic of Study**

In terms of age, the majority respondents are from the younger age group. Those within the age of 19 to 30 make up 75.1% and below 18 consist 4.9% of the respondents. Respondents ranging from 31 years old to 45 comprised 14.7% and 46 years to 60 made up 5.9% while 60 years and above only .2%. The deliberate concentrations on younger consumers are to reflect that they are more active in terms of being buyers.

Educationally, more than half of respondents possessed their first university degrees, with 57.9%. This is followed by the secondary school certificate holders' respondents with 22.4% and followed with diploma holders' with 14.7%. Respondents finishing only primary school education are at 4.9% and those who just claimed with other education qualifications at 1.5% only. The rationale for more educated respondents is that they can provide more information and are better informed. Also, they are the more active consumers for now and the future. However, it is conceded that it could affect the representativeness of respondents.

Reflecting the younger respondents, 61.4% claimed to be students. For the rest, 15.9% claimed to be working in the government, 12.3% in the private sector and only 8.6% self-employed. The younger respondents are also reflected in their income. Those earning below RM1000 is at 57.7%. Those earning between RM1001 to RM3000 are 21.9%, RM3001 to RM4000 are 16.4%, RM4001 to RM5000 at 3.3%, RM5001 to RM10000 at 0.5% and above RM10000 at only 0.1%. The percentages in income categories can also reflect the educational background of the respondents.

**Consumer Media Habits**

In term of newspapers reading habit in Kota Kinabalu, it is the highest as news source with 38.8% claiming so. As such, in Sabah the newspapers still maintain their pole position as the chief source of news for the consumers. Further, 24.30% read newspapers for knowledge and 15.40% for entertainment with 21.5% not responding. See Table 2.

For acquiring knowledge, the Internet or the new media has the highest user with 36.5% claiming it usage. This is not surprising as the majority of the respondents are students who use the Internet or the new media as their main source for their assignments. It is the second highest for entertainment with 38.4% for the media categories as a whole and tops the media usage. However, only 10.3% respondents use it for news. Sadly, 14.8% did not provide any information. See Table 3.

For entertainment, radio has the highest usage by respondents with 65.3% and rather low for news and knowledge with 10.8% and 8.4% respectively. It is not surprising that radio has the highest usage for entertainment as it has captive listeners when drivers are driving and with today almost all vehicles have radios. Unfortunately, 15.5% respondents did not provide their input. See Table 3.

Television is rated at number two in terms of entertainment with 48.7% respondents saying it is their main source. Those saying television as their main source of news is 23.9% while 14.2% chose it as their main source for knowledge. Sadly, 25.4% gave no response to this category. See Table 3.

As for reading magazines only 32.9% read it for entertainment. Only 20% read it for knowledge and 10.3% for news. Sadly the days of printed magazines are numbered as its cost has significantly increased. Further, the price of magazines in Sabah is more expensive than in Peninsular Malaysia or even Sarawak. However, despite the very challenging times a number of magazines still persist in Sabah. Nevertheless, we could expect to see more online magazines. Sadly 36.8% of the respondents did not respond and by far the highest of no response in this study. See Table 3.

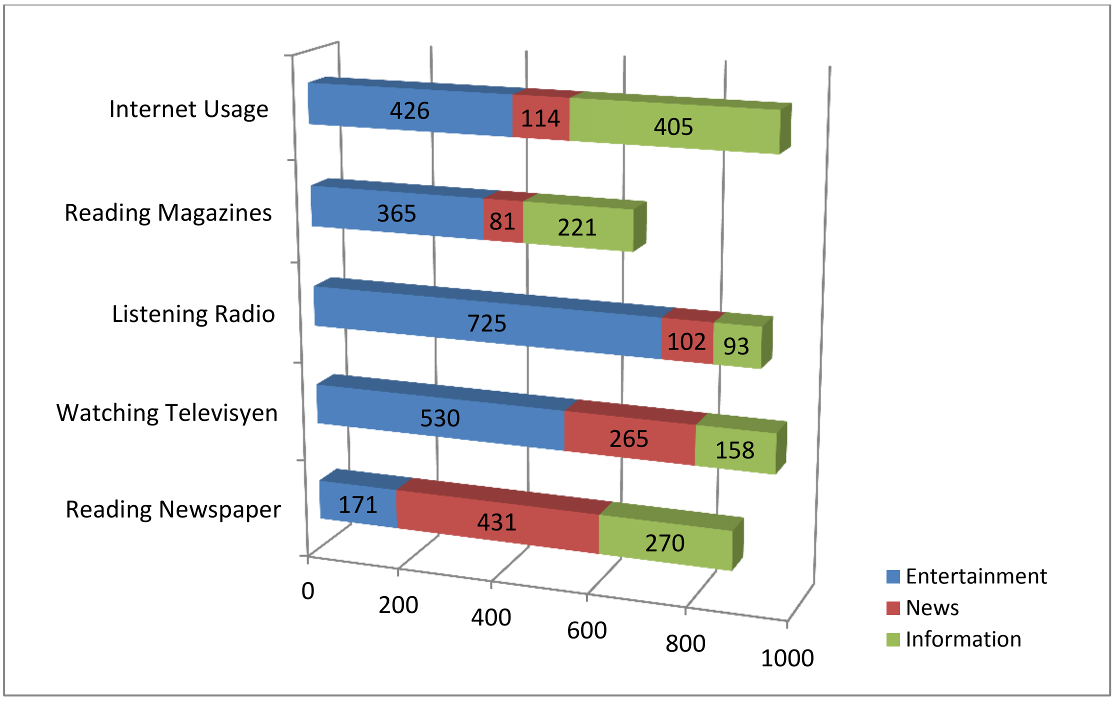


**Table 3: Media As Source & Information**
**Source:** Mohd Hamdan Adnan & Fazli A. Hamid

The higher number of non-response by respondents can be an indicator that the consumers in Sabah have not fully embraced the media. Thus, family as well as friends influences can still be strong as revealed in this study. It also revealed a higher dependence on emotional ties and decision making. Also, this denotes the traditional ways of making choices or selections where family members and friends play a critical role in decision making. However, it must be noted that the new media are increasingly making its presence felt to consumers in Sabah with the growing online businesses and purchases.

Using news as an indicator for credibility, the newspapers is the highest with 38.8% and magazines the lowest at 10.3%. However, it can be said that magazines cannot be the main source of news as it is not current or timely. What the finding also revealed is that the credibility of the mass media generally today is not as high as it used to be. Nevertheless, consumers do still utilise all the mass media for consumer information and education. As the mass channels generally depends on advertising to survive these findings showed that the usage of ads in the media has the potential to be sustainable. See Table 3.

In term of the top sources for consumer information it is the family with 21.5% and close second by the Internet with 21%. It is interesting to note that the new media or Internet has gained significantly in a short period of time to become the second source of consumer information. This is reflected by the increasing number of consumers, especially among the youth to be involved in online purchasing. It also reflects that the new media has become more users friendly and more industries are doing business online, including in Sabah.

This is followed by friends with 17%, advertising with 12.3% and the mass media with 12.2%. Consumers own experience as an essential source for purchasing decision is admitted by 8.7% of the respondents followed by promotional materials at 4.2% and others not specified at 3.1%. See Table 4.

The family being the top source of information should be expected as in most cases decisions to buy or not is normally from one own family like parents or own siblings advices from childhood days. As such, right from an early age consumers depend on their parents or their own siblings on what they select, buy or use. This is especially during the early period before consumers earn their own income. Some of the consumers behaviour learned during their stay with their parents tend to linger on when they have their own family if their future experiences as consumers are not too different from their childhood days. However, in today's new media world or the Internet living the differences between the current consumers and the past consumers living or life styles are increasingly becoming starkly varied.

One own spouses is also the top information source as purchases are normally to please the other half or for the family. Thus, consumers believed that it would be wiser to consult their other half instead of buying without consultation of them. In Sabah where traditional ways are still strong and upheld and the media influences still not too powerful it is only logical that family and especially spouses are consulted on consumer affairs.

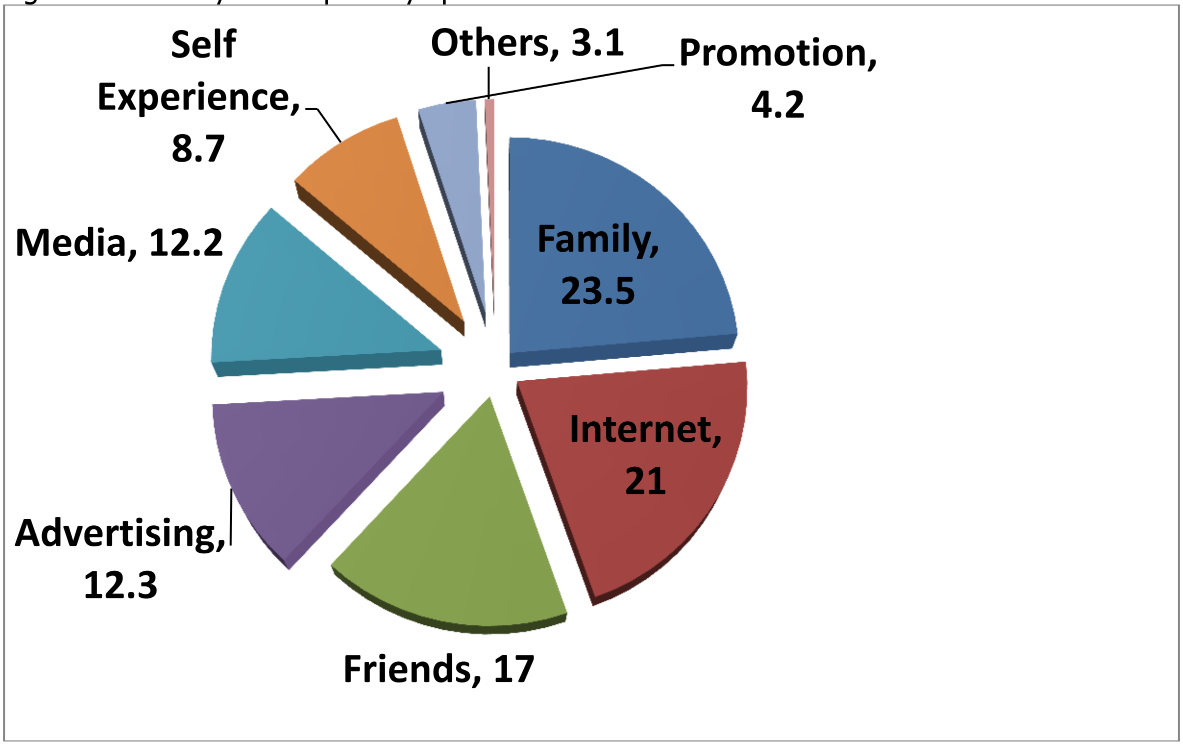


**Table 4: Consumers information sources before purchasing.**
**Source:** Mohd Hamdan Adnan & Fazli Abdul Hamid, 2016)

**Favourite Purchasing Period**

The first category of consumers said that their top priority period to shop is just after pay day. It is usually, at the end or earlier part of the month, as mentioned by 46% of the respondents. The chief reasons given are that it is easy for budgeting purposes. However, they admitted that they have to learn how to brave the big crowd and be careful of pickpockets. A number of respondents said that they enjoyed the fiesta atmosphere of the large number of consumers buying at the same time. See Table 5.

The second category of consumers' priority period is during sales and promotional seasons. Reason given for selecting this period is that it contributed to good savings. Nearly three quarter of respondents claimed that they can save up to 30% and it really adds value to their purchasing. This group of respondents also admitted they have to get use to large numbers of consumers purchasing at the same time. Like the first group a majority of the respondents said that they actually enjoyed the festive environment or atmosphere. However, they admitted that they have to be careful of pickpockets and snatchers. See Table 5.

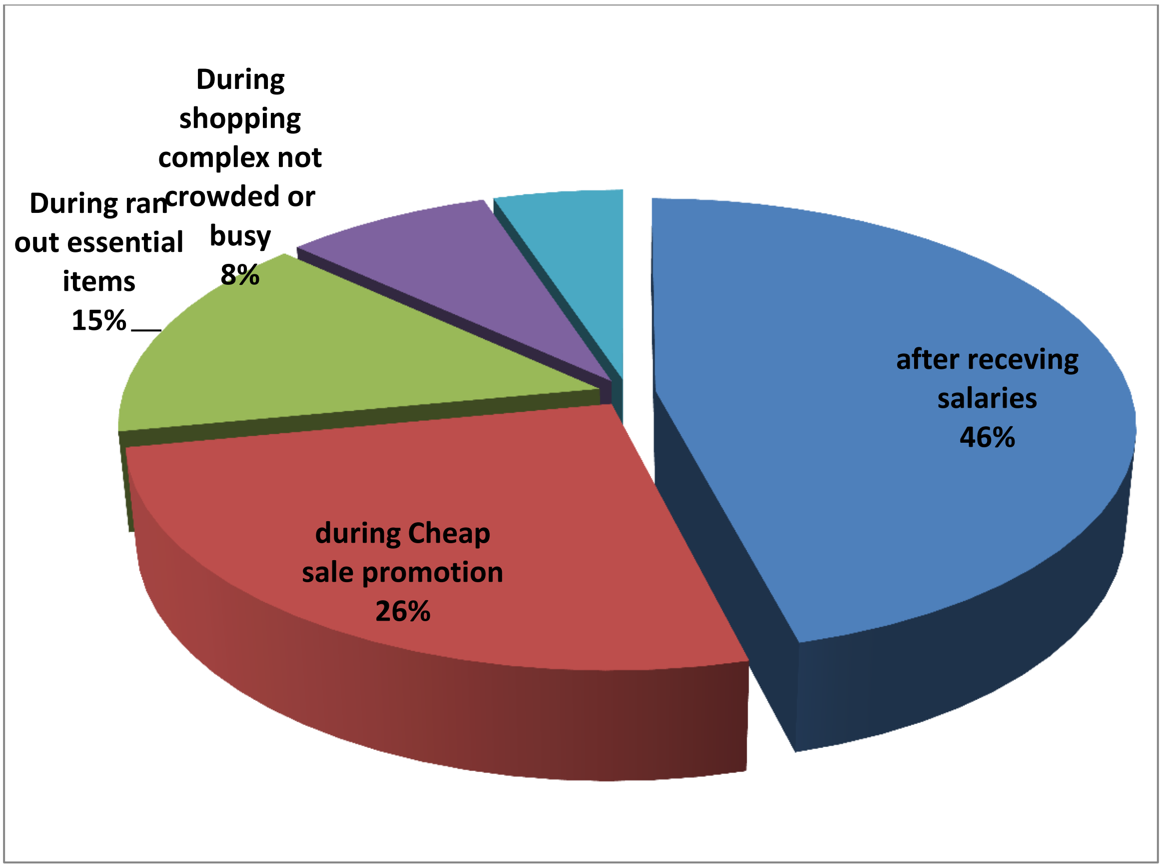


**Table 5: Favourite Shopping Period**
**Source:** Mohd Hamdan Adnan & Fazli A. Hamid

The third categories of consumers said that their priority period for buying is when their essential goods run out of stock with 14.8% admitting so. Reasons they gave for doing so is that they are normally too busy with their daily work or activities. However, when their essential goods are exhausted they have no choice but to go shopping. Normally, when they go shopping they will have shopping list so that all their requirements are met at one go. This third category of consumers usually is tighter or thrifty in their spending. They believe that buying in bulk is cheaper than in acquiring in bits and pieces. Also, they can save time and effort by bulk as they need not go shopping too often. See Table 5.

The fourth categories of shoppers said that their priority period for shopping is during the time the shopping complexes or supermarkets are relatively free of consumers, 8.1% of the consumers admitted it. They admitted that they enjoyed shopping during this period because they not only can just relax or take their time or shop leisurely but the sales people also generally are friendlier and have more time to entertain them. Sometime according to them they can bargain for better prices. Also, they said they will usually make sure all the essential items are bought during the less crowded period at the shopping complexes or supermarkets. See Table 5.

The fifth categories of shoppers responded that their priority period to go shopping is during their own free time irregardles of whether the shopping complexes or the supermarkets are fully crowded or absence of large numbers of consumers as responded by 5.1% of the respondents. This is because their free period is rather difficult to plan and it is tied to their busy schedule in their office or in accordance to their professions. Most of these respondents comprised of professionals or senior officers in the civil service. They also said they like to go shopping in privacy and not seen by their subordinates or even their fellow officers. See Table 5.

**Accessibility, Quality Plus Prices of Products and Services**

In terms of acquiring products and services in Sabah 69.3 of the respondents believed that it can be done with ease while 23.1% of them felt that it is not that easy. Only 4.3% of the respondents said it is difficult and the remaining 3.3% providing no response.

This finding proves that generally the perception of consumers in Sabah is that it is rather easy to acquire goods and services in Sabah as only 3.3% thinks it is difficult to obtain products and services. This is further substantiated by the rapid growth of shopping complexes in Kota Kinabalu which is well patronised, especially during weekends and immediate after pay weeks. It must also be said that the standard of the shopping complexes are comparable to the other big towns and cities in Malaysia. See Table 6.

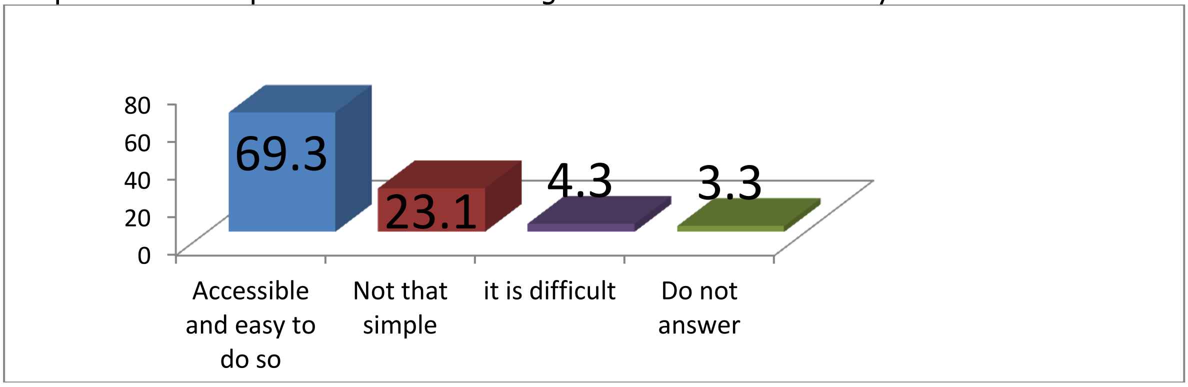


**Table 6: Accessibility of Consumer Goods & Services**
**Source:** Mohd Hamdan Adnan and Fazli Abdul Hamid

However, numbers of items are perceived as either more difficult or easier to acquire in Sabah when compared to the other Malaysian states. As for the "wet" essential items 90% of the respondents believed there are easier to get in Sabah while 10% said it is harder. For the dry essential goods 41% felt that it is easy to acquire while 59% perceived it difficult to get. For clothing 29% of the respondents perceived it as easy to get while 71% felt it is hard to acquire. For electrical goods 87% of the respondents perceived it as difficult to get while the rest felt it is easy to get. For vehicles spare parts 84% perceived it is difficult to get while the rest felt otherwise. For communications and computer products 78% perceived it hard to get while the rest thought it is easy. For household items and furniture 88% of respondents perceived it as hard to acquire while the rest felt it is easy to get. For construction materials 87% perceived it as hard to get while the rest believed it as easy to acquire. For health products 76% of the respondents perceived it as difficult to acquire while the rest felt it is easy to get. Academic books are perceived as the hardest to acquire in Sabah with 97.5% saying so and the rest feeling it is easy. Based on the findings it can be concluded that the general perceptions are that certain items are definitely more expensive in Sabah and that the situation needs to be rectified soonest. See Table 7.

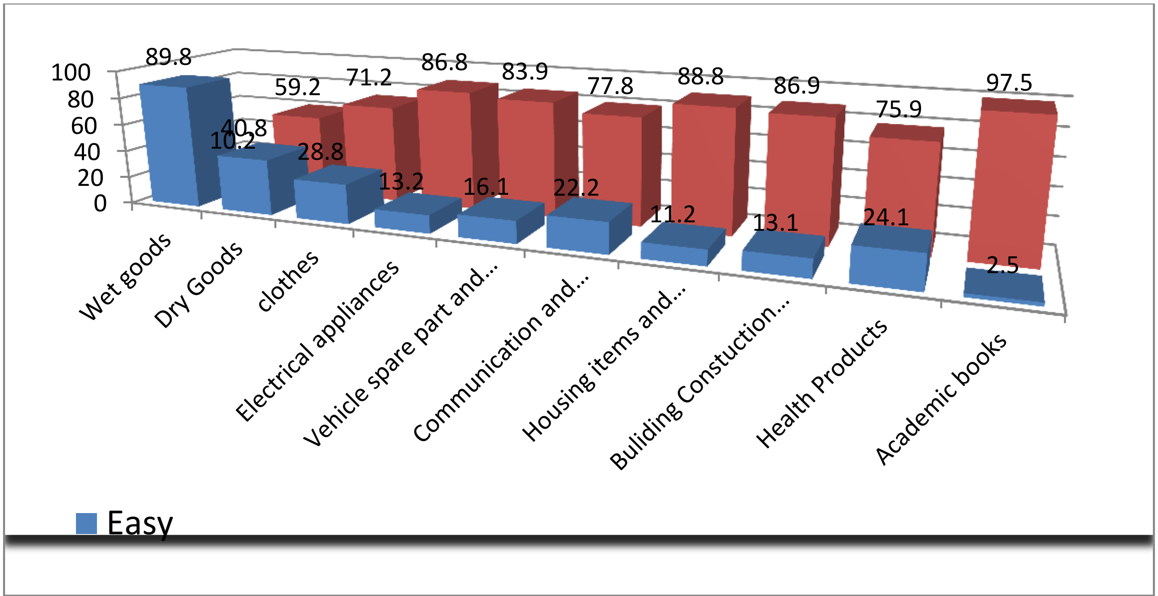


**Table 7: Accessibility for Types of Goods & Services.**
**Source:** Mohd Hamdan Adnan &Fazli Abdul Hamid

Further, the findings showed that a number of goods are perceived by consumers as relatively more expensive in Sabah than the other Malaysian states. The goods that are considered as more expensive by a very high percentage of consumers in Sabah are essential items for dry goods with 91% lamenting it. The second highest numbers of respondents feel that clothing as more expensive in Sabah with 75% complaining it. The third highest numbers of respondents believed that vehicles spare parts are more expensive in Sabah with 69% stating it. The fourth highest numbers of respondents perceived that electrical items are more expensive in Sabah with 61% saying so. The fifth highest number of respondents perceived that wet essential items are more expensive in Sabah with 58% believing it. The sixth highest numbers of respondents perceived that communication and computer products are more expensive in Sabah with 49% thinking it. The seventh highest numbers of respondents perceived that constructions material are more expensive in Sabah with 29% saying so. See Table 7.

The eight highest numbers of respondents perceived that health products are more expensive in Sabah with 27% thinking it. The ninth highest numbers of respondents perceived that household items and furniture are more expensive in Sabah with 24% feeling so. Thus, the perceptions that numerous items are more expensive in Sabah are proven to be general feelings. Nearly all the respondents said that their perceptions are based on their own experiences or their families or friends relating their sad experiences to the respondents. See Table 6. Thus, the impact of the mass media including the internet has minimal influence in creating the consumers in Sabah general impressions.

The highest numbers of respondents with 44.4% perceived that for essential items Sabah is relatively the most expensive place to buy it in Malaysia. Essential items include food stuff, clothes, housing, construction materials, and electrical items. The price of houses is said to be particularly high in Kota Kinabalu and comparable to the prices in Klang Valley.

Respondents are also unhappy that the costs of construction materials are very high in Sabah making affordable homes not so affordable. The second highest numbers of respondents with 39% of them perceived that the prices of essential items in Sabah are the same as in the other Malaysian states. Interestingly 11.8% of respondents perceived that essential items are the cheapest in Sabah. These respondents are actually referring to the prices of fish and vegetables that have become relatively cheaper in Sabah as compared to the other states in the nation. The number of respondents not responding to this question is 4.5%.

In general, with regards to prices of goods and services in Sabah compared to the other states in Malaysia, 44.4% (493 respondents) believed it to be the most expensive place in the nation. The more expensive products are usually the imported goods where the costs of transportations have contributed to its higher prices. It included for the made in Malaysia vehicles frequently terms as Malaysia cars which cost more in Sabah as compared for the peninsular Malaysia consumers. This for sometimes have been a sore point for both Sabah and Sarawak consumers as they feel the prices of the Malaysian vehicles should be the same for the whole nation.

On the other hand, 39% of the respondents felt that the prices of goods and services are similar when compared to the other Malaysian states. They feel that prices of goods and services in Sabah over the years have generally become comparable to the other Malaysian states. In fact, according to them some goods have over the years become cheaper. For example, they said the cost of eating out in Sabah have now become similar with some of the other Malaysia states. In fact for sea food, Sabah has become a paradise for those loving it, not only for international tourists but also for domestic ones. Further, many married couples who are both having full time jobs claimed they prefer to eat out which is more economical than going home and cook. They claimed they only cook at home during weekends and public holidays.

Meanwhile, 11.8% of the respondents were of the opinion that some goods and services were the cheapest in Malaysia. Basically, they were referring to aqua products and vegetables. The remaining 4.5% did not response. Also, the minimum wage provision by government is lower than the peninsular Malaysia. Further, the presence of large numbers of illegal workers from neighbouring countries in Sabah helped to moderate the prices of goods and services in the state.

The mix response to the prices of goods and services reflect that certain items were cheaper in Sabah compared to the other states in Malaysia. The announcements of the 2018 national budget showed that efforts are being made to ensure equitable prices in the country showed that it is an issue that need to be urgently addressed. See Table 8.

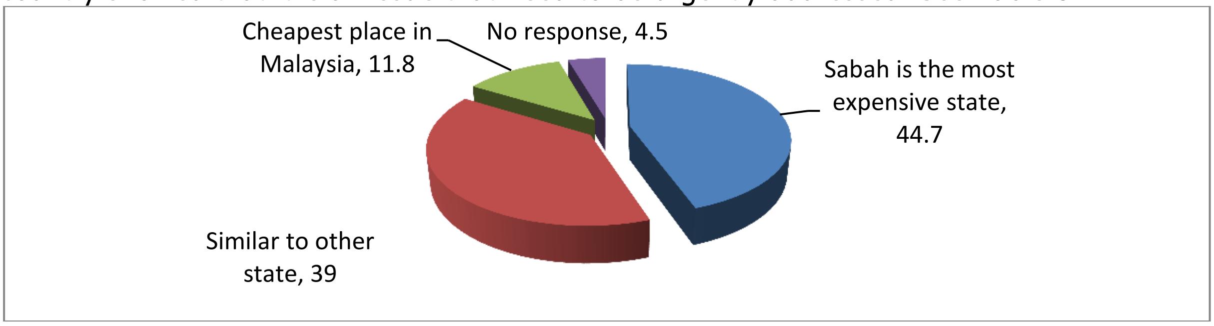


**Table 8: Price comparisons between Sabah & the Other Malaysian States**
**Source**: Mohd Hamdan & Fazli Abdul Hamid, 2016

Products that are thought to be relatively costlier in Sabah compared to other Malaysian states include basic goods, clothing, electrical goods, vehicle spare parts and accessories, communication and computer alliances, housing items and furniture, construction materials and health related products like medicines and supplements. See Table 9.

Numerous reasons were offered as to why essential goods were relatively higher. The problems relating to taxes were offered by 31% or the respondents. This perception is false as taxes for goods and services for all the states in Malaysia are uniform with the exception of the free port status of Labuan and Langkawi.

Another 28% of the respondents attributed it to high cost of transportations; another 22.7% perceived it was because of the lack or no enforcements, another 10.9% perceived that it was because of monopoly and unscrupulous business people taking advantages of limited goods. Another 5% perceived that it is because of weak consumer laws and no uniformity in pricing and with 2.3% claiming that the relatively higher prices of essential items in Sabah is due to its difficult geographical nature. The remaining respondents offered no reasons or excuses for their believed that essential goods are relatively costlier in Sabah. See Table 9.

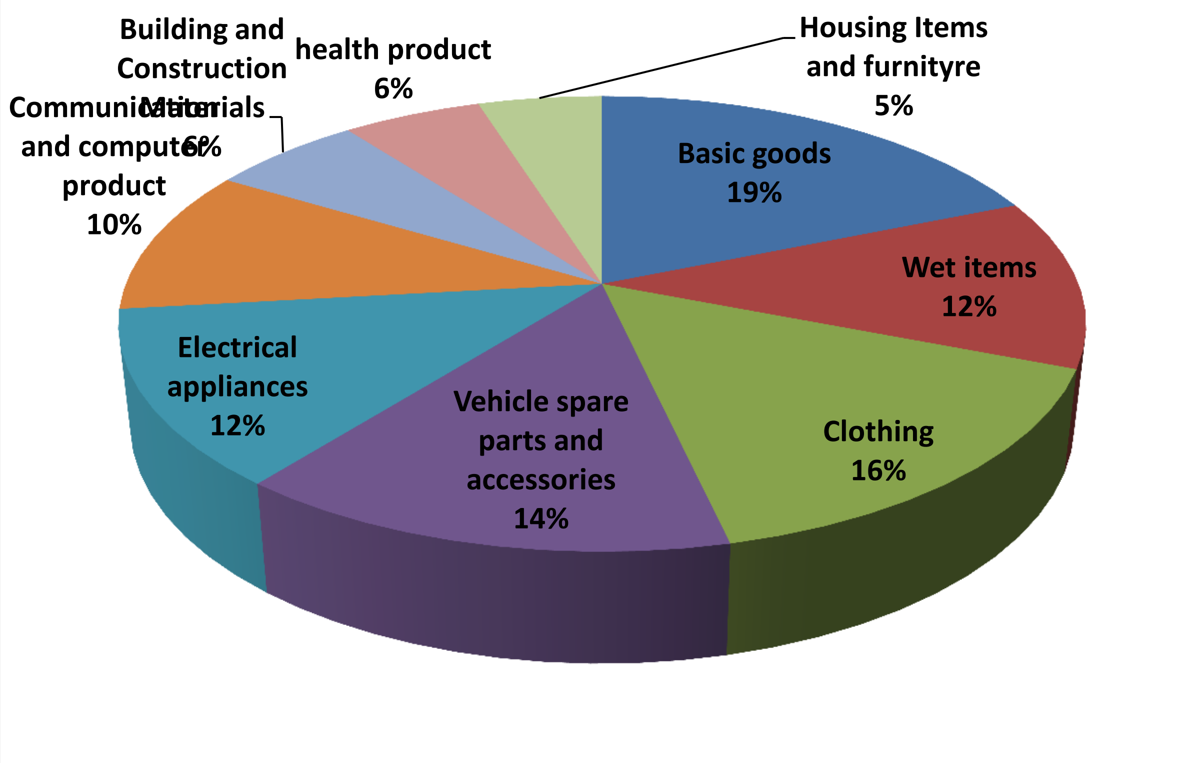


**Table 9: Products Thought To Be More Expensive**
**Source**: Mohd Hamdan & Fazli Abdul Hamid, 2016

In terms of the quality of products in Sabah as compared to the other Malaysian states 61.3% of the respondents are unsure, 20.5% said they never consider it or never thought about it, 10.1% claimed that it is of lower quality, 5.3% believed it is of higher quality and 2.9% did not respond. Thus, in relations to the perception that products in Sabah are generally inferior a majority of the respondents are unsure of it while 5.3% claimed that it is of good or higher quality. With 61.3% of respondents unclear about the quality of Sabah products and 10.1% thought of it as low in quality it clearly denote a negative perception. Clearly this negative perception needs to be urgently corrected. If not, than even consumers in Sabah would not buy the products. See Table 10.

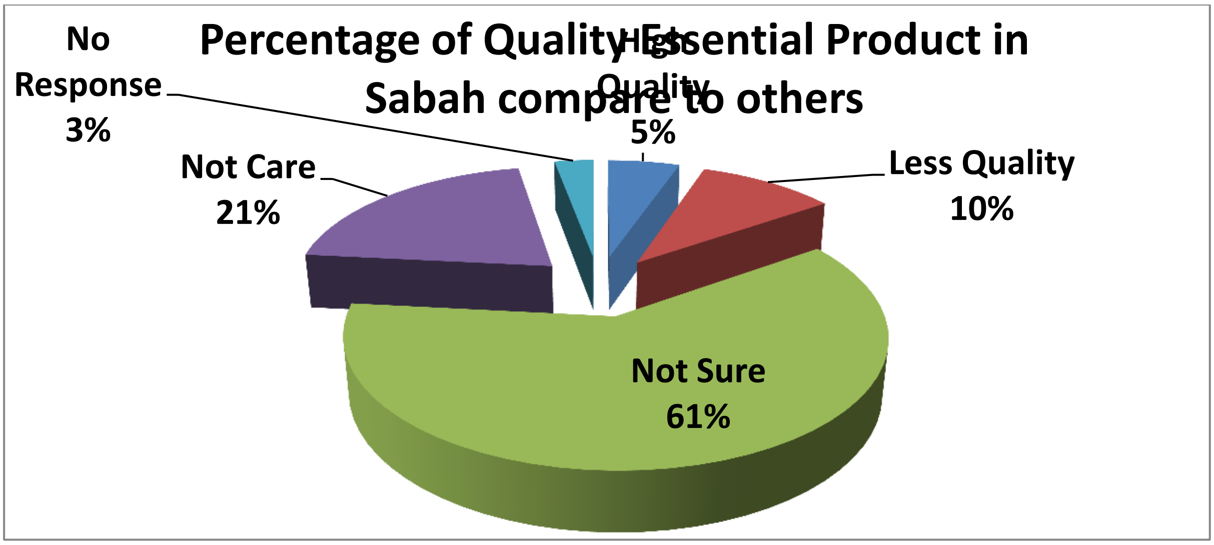


**Table 10: Products Quality in Sabah Compared to Other Malaysian States**
**Source**: Mohd Hamdan Adnan &Fazli A. Hamid

### Criteria for Selecting A Place to Shop

The most popular place to shop by respondents in Sabah is the supermarket amounting to 50.2% of them selecting it. Six reasons were given for selecting supermarket as their first choice: 1. Plenty of choices; 2. Complete range of essential items available; 3. Assurance of quality guaranteed; 4. Attractive display of products; 5. Conducive and comfortable environment; and 6. Essential facilities generally complete. A number of the respondents also believed that the prices were generally lower. This is especially during promotions when prices were lower and there are prizes to be won.

The second popular place to shop in Sabah is the agriculture market or in Sabah it is called *tamu* of which can be weekly, twice weekly or even thrice weekly. The *tamu* is normally sold by the farmers themselves and prices are usually lower without the middle persons trying to make their own profits. In Sabah the FAMA (Food and Agriculture Marketing Authority) is also active to reduce the middle person impact that normally push prices upward. Altogether 19.4% of the respondents said they frequented the *tamu* or the FAMA market. Seven reasons were given as to their shopping at the *tamu* or FAMA market: 1. Prices are usually cheaper than at other places; 2. Can bargain or negotiate; 3. Prices are normally cheaper; 4. Convenient and cheaper to buy in bulk; 5. More local products sold; 6. Can buy products that are not on sale in other places; and 7. Products are fresher as they come directly from the farm.

Retail shops came third as popular shopping place with 7.4% respondents mentioning it. Five reasons were given as to why it is a favourite: 1. Close to consumers' residents or homes; 2. Sometime can buy on informal credit; 3. Can bargain or negotiate; 4. Transactions is simple and fast; and 5. Relationships between buyers and sellers usually friendly because the business is normally manage by the owners themselves. Below the retail shops is the local shops as mentioned by 7.4% of the respondents and the five same reasons were given for its being a favourite for them.

According to the study the least popular shopping place is the wet or dry market with only 4.2% respondents choosing it as their favourite. The reasons given for choosing the wet or dry market are similar to those for local and retail shops. This outcome can be because the majority of the respondents were more of the younger and better educated who were more inclined to select the supermarket or convenient stores because of their lack of time or more prone towards modern choices. Can this mean the future of the wet market may not be too bright or bleak and that finally there will be no wet market for lack of customers? The possibility is very real as super or hyper market is getting more sophisticated than over that buying online can be the order of the day in the near future. Respondents not responding to this question are 3.1%.

**Amount of Income Allocated to Basic Needs**

Clearly, as expected those respondents with income less than RM1000 monthly spend more money on basic needs. The study found that 23% of them allocating between 20% to 40% of their income for basic needs and essential item. This is followed by 43% of them spending between 41% to 60% of their income on basic needs, 31% of them between 61% to 80% and the rest ranging from 81% to even 100%.

For those earning RM1001 to RM3000, 14% of the respondents claimed to be allocating 20% to 40% for essential items. This is followed by 42% of them between 41 to 60%, 38% ranging from 61% to 80% and the remaining 5% claiming to spend around 81% to 100% for basic needs.

Of the respondents earning RM3001 to RM4000, 18% said that they allocated 20% to 40% of their income to essential items. This is followed by 29% of them spending between 41% to 60% on basic items, 51% of them between 61% to 80% and 2% ranging from 81% to even 100%. Clearly, those respondents earning less than RM4000 found it very difficult to the extent that 7% of them claimed to spend almost their whole monthly income of essentials.

Respondents earning between RM4001 to RM5000, 21% of them claimed that they allocated their monthly income between 20% to 40% for essential items, 27% for 41% to 60% of their income, 49% for 61% to 80% of their income, and 2% allocated from 81% to 100% of their monthly income for essential goods. It is difficult to see a clear pattern with regards to allocating for essential items as lifestyles can determine allocations for essential items. This findings revealed that a significant number of consumers in Sabah generally spend their monthly income of essential goods and services.

With regards to allocation of monthly income based on professions or work categories no significant differences can be identified between them. For students monthly income allocated to essential items revealed that 22% of them spend 20% to 40% on them, 43% spend in between 41% to 60%, 31% spend between 61% to 80% and 5% spend between 81% to 100%. For respondents in the civil service, 14% allocated 20% to 40% for essential items, 46% in between 41% to 60%, 36% in between 61% to 80% and 4% in between 81% to 100%.

On essential items expenditure, 28% of private sector respondents allocated 20% to 40% upon it. This is followed by 32% in between 41% to 60%, 41% in between 61% to 80% and 4% in between 81% to 100%. For the self employed respondents, 19% allocated 20% to 40% of their earnings for essential items, 45% ranging from 41% to 60%, 33% in between 61% to 80% and 3% in between 81% to 100%. For this question, .02% or 21 respondents did not response to it.

Generally respondents earning RM5000 and below spend more than 50% of their income on essential items monthly. The study found that the lower the respondents income the more they spend their money on essential items. Those earning RM1000 and less are the hardest hit when prices of essential items increased. The perception that prices of numerous essential items are highest in Sabah is a reality making low earning consumers life more difficult than those in the peninsular states or even Sarawak.

**Persistent Sabah Consumer Issues**

The Cabbotage Policy of giving some form of protection to local ship owners has long been blamed for the higher cost of living in Sabah and Sarawak with the federal government being blamed for it. For example, the cost of construction in Sabah is estimated to be approximately 20% higher than in peninsular Malaysia due to raw materials costing more to ship over. In fact, 31% of the respondents felt so. Also, 28% of the respondents felt that the Cabbotage Policy has added to the cost of transporting goods to Sabah. As such the

Cabbotage Policy had become a popular issue in Sabah by opposition groups every time there was an election, general or by to win extra votes.

However, when the Cabbotage Policy was rescinded in 2017 the impact of it is still to be felt. Prices of goods in Sabah are still generally higher compared to the other Malaysian states. This means that the transport factor is very dominant in determining prices in Sabah and Sarawak. It is not only a challenge for the sea transport but also for the land.

The good and services tax or more known as GST is mentioned by Sabah consumers as making prices of most things in the state as more expensive. This is despite the fact that the GST rate is the same for the whole nation with 6% and a significant number of essential items or goods are being exempted from it. However, it does reflect the disappointment of consumers in Sabah with the introduction of the GST as there were generally from the lower income people who now have to pay taxes despite their hardships. How their disappointment will be reflected in the incoming general election is yet to be seen.

Further, 10.9% of the respondents believed the existent of monopoly or cartel practices in Sabah have contributed to higher costs of certain goods in Sabah. For example, certain products are barred to be imported from Peninsular Malaysia to protect certain industries. A case mentioned is that chicken products are not allowed to be imported even from the Peninsular to protect the poultry industry. This resulted in the price of chicken in Sabah being one of the most expensive in Malaysia.

The poor Sabah infrastructures are also mentioned by respondents as contributing to the higher cost of services and goods. Respondents felt that the poor road systems and maintenance contributed to essential items to be more expensive in the rural areas where most of the low income and less educated consumers are located.

However, 82% of the respondents conceded that the geography of Sabah and the difficult terrains have made the transportations of goods very challenging and thus contributing to its higher costs. Also, they agreed that it had made building road infrastructure not only costly but difficult. In addition, it also made maintenance and repairs costly and difficult and most of the time took some time to remedy. All these will add to the cost of bring goods and services to the rural and isolated areas as well as the affected places. Even though this study was conducted in Kota Kinabalu most of the respondents can be reflected to have rural roots.

Further, 22.7% of respondents believed that the enforcement agencies are not doing enough to solve consumer problems and ensuring profiteering do not become rampant or normal practices. A number of them also felt that corruptions have led to higher prices and inefficient public and private services. Some even mentioned inferior products and low quality works as consequences of widespread corruption.

**Conclusion and Recommendations**

In conclusion we can say that this study of 1110 consumers in and around Kota Kinabalu revealed the level of consumer awareness, skills and sophistication is still unsatisfactory and might even be below the average Malaysian consumers in the other states. Also, that the prices of goods and services in Kota Kinabalu specifically and generally in Sabah are higher than the other Malaysian states. This is despite the growing number of shopping complexes in Kota Kinabalu that are filled with goods from around the globe and increasingly patronised. Thus, the situation in the other parts of Sabah can only be described as worse.

Thus, in term of higher cost of living in Kota Kinabalu and in Sabah general the perception is true with majority of the respondents claiming so. More efforts must be put in place to ensure the cost of living and the quality of life in the state is comparable to the other Malaysian states. There is no doubt that Kota Kinabalu is one of the most beautiful cities in Malaysia but more effort is required to make it affordable and liveable not only for the tourists but also for the locals.

Regarding prices, it is apparent that consumers in Sabah, particularly those in Kota Kinabalu really feel the pinch. In fact, more than 40% of the respondents declared that Sabah in general is the most expensive place in Malaysia.

Further, more than 60% of the respondents complained that the cost of housing in Sabah and in Kota Kinabalu particularly is very expensive. They claimed maybe costlier than in the Kelang Valley. Also, they complained the cost of construction materials in Sabah is very expensive and more so for the rural areas where the transportation cost can be exorbitant because of the very challenging roads. They also complained about the quality of the building materials that will make their houses subject to heavy maintenance cost.

There is truth to the problem of low quality products and services in Sabah. However, it is not that much different from the other places in Malaysia. Further, it is not that much harder to seek quality products and services in Sabah as in the other locations in the country.

Clearly the road and transportation systems in Sabah are in urgent need of upgrading. Without good roads and coverage as well as an efficient transport system it would be very difficult to make prices of goods uniform not only for the whole nation but also for the states itself. Thus, adequate financial allocations should be given to Sabah to improve its road and transportation system.

The respondents also pointed out that while the cost of living is highest in Sabah the minimum wage for the state is lowest in Malaysia. According to 40% of the respondents in certain areas of Sabah the cost of living can be up to 30% higher while the quality of life can be considered similar or even lower. They demanded that this situation be resolved. Also, they wanted the minimum wage to be adjusted to the cost of living in Sabah and not what the employers feel that they can afford.

The promise to make the prices of goods and services in Sabah to be similar with Sarawak and the Peninsular was made since the 1990s but to date the study and to nobody surprise found it to be still generally higher than the other Malaysian states. The Prime Minister in his 2018 national budget presentation also promised to make prices of goods and services uniform across the nation. Consumers in Sabah are still hopeful that this can happened. However, even if policies are in place, its enforcements need to be more effective and consistent. The level of corruptions needs to be greatly reduced. Even thou the government claimed it to be minimal the general public perception is the opposite. Finally, the negative perception when not corrected can bring down any government.

Also, this study concludes that generally consumers in Kota Kinabalu still do not have adequate information about the goods and services they purchase or use. This is likely to reflect consumers in the other parts of Sabah. It is further noted that respondents were generally not actively seeking adequate information about goods and services they wanted. Here, it is recommended that consumer education be introduced at all levels of the education system plus in the lifelong education which have increasingly been practiced today.

It is further recommended that the new media or the Internet be used for consumer information and education. This is in the light the online business and the buying online activities are increasingly becoming more active in Sabah. Also, recommended is that the telecommunication companies or Telco further improved their coverage and penetration as well as their services so that rural consumers can also benefits from the new media. Many of the respondents complained that their internet service is very erratic as well as slow.

The respondents are generally not familiar with agencies task with consumer protection in Sabah. Usually, they regard these agencies as ineffective or incompetent. Very few have any dealings with them. They cannot specifically name agencies that are supposed to take care of consumer interest in Sabah. Almost none of them have heard of consumers associations in Sabah. A few have heard of FOMCA (Federation of Malaysia Consumers Association) and a few even think it is not operating anymore. Also, there were a number of respondents who felt that the consumers association of Sabah is not functioning anymore. Thus, the perception that consumers' protection in Sabah is weak hold true.

Thus, it is recommended that the state and federal government assist all non-governmental organisations or NGOs involved in consumer protection and education to be more effective in their activities. The assistance can be in the form of finance, expertise and cooperation with the relevant bodies. To date, this study discovers that not many respondents knew the existence or presence of consumer protection bodies in Sabah. Thus, they need to make their presence felt by doing activities they claimed to be championing.

It also recommended that all government agencies should be more consumers friendly since all of them are establish to serve the interest of the people. They should established special departments or units to serve the people more effectively. It can be under their public affairs or public relations department. Also, they should hire trained and experience professionals to manage this special department and not promote their chief clerks or personal assistants to this position. This department should promote their services and have special hotlines to handle all consumers' complaints.

Nearly all the consumers demanded that consumer protection laws be standardised in all the Malaysian states. This is particularly so with regard to the housing laws of which the Federal Housing Development Act is said to be not used in Sabah and thus buying affordable and quality homes in the state very challenging.

The perception that consumers issues are often exploited for political gains also hold true. As it concerns bread and butter issues as well as cost of living and quality of life it is usually quickly politicised for political gains by the oppositions and the non-governmental organisations.

Hence, it can be said that consumer issues are increasingly providing political mileage for those championing it. In the future in can even be the winning factors to capture political seats leading to the formation of a new government. This is not simply because the opposition political parties keep harping on it. It is more so because it is seen as gross neglect by those in power that tremendously affect the welfare of the people.

The consumers in Kota Kinabalu do not compare themselves too favourably with consumers in the other places in Malaysia. They believe that their positions are more or less similar. In fact, some respondents felt that their positions as consumers are better.

In some way the media do have an impact on their consumer behaviour. This is more so by the social media or internet even though it is a new media for most consumers in Sabah. However, it is noted that friends and families still heavily influence their consumer behaviour and characters.

This study has utilised the Model of Goal Directed Behaviour as it provides a composite view of decision making and that desire is argued to be a more significant predictor of intention than attitudes, subjective norms or perceived behavioural control. Clearly, this study shows that desire is a strong motivating factor in determining consumer behaviour. Consumers in this study are strongly motivated to aspire for certain things and their choices including their actions are determined by their desires.

By studying consumers' desire we can predict their actions and choices. This is especially in developing areas where relationship and exposure as well as education can determine the consumers' desires. In Sabah it is clear that the respondents wish for a better life in terms of living standard and quality of life. However, exposure to social media or internet as well as their income level can affect their desires and choices.

It is stated that this study is just a preliminary study. A more in-depth study need to be done to predict the desire and the direction of consumers in Sabah. Knowing it would assist the government to formulate consumer education programs to enhance consumer interest and protection in Sabah.

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