

THE INTERNATIONAL JOURNAL OF HUMANITIES & SOCIAL STUDIES

Malaysian Consumer Spending Patterns during Festive Season

Nuraini Abdullah

Ph.D. Student, Department of Resource Management & Consumer Studies,
Faculty of Human Ecology, Universiti Putra Malaysia, Selangor, Malaysia

Mohamad Fazli Sabriis

Associate Professor, Department of Resource Management & Consumer Studies,
Faculty of Human Ecology, Universiti Putra Malaysia, UPM Serdang, Selangor, Malaysia

Abstract:

Malaysia was recognized as a unique country where multitude of festival and events were celebrated due to multicultural community. One of the prominent festivals was EidulFitr whereby literally all Malaysian will celebrate it together. However, despite the happy celebration, some of the consumer might be with too much debt or installment as a result from excessive spending during festive seasons. Therefore, the study attempts to examine the characteristic of consumer spending pattern during EidulFitr so that precautions step can be proposed for better results. At least 748 respondents were involved in this study which distributed via online survey. Even though, previous finding ensure that consumer was over-spent especially during festive seasons but in general, the study found that most of the respondents were aware of financial planning and budgeting preparation was made to avoid over spending.

Keywords: *Consumer, spending pattern, festive season*

1. Introduction

Malaysia was recognized as a unique country where multitude of festivals and events were celebrated due to the multicultural community. There are few numbers of festivals and events in Malaysia such as EidulFitr, Thaipusam, Chinese New Year, Christmas, The National Day (*Merdeka*) and Deepavali celebrated by Malaysian throughout the years. Festive seasons is a time to cherish and connect with family and friends. Not just that, mall or retailer also will promote their product or services to the consumers.

Discounts, sale, and easy installment of home appliances were offered during this season. A lot of consumers either being persuaded directly or indirectly by the retailer to buy the product or services offered by them. Sadly, most of consumer fall for marketing technique and spend wholehearted on unnecessary things. Besides that, overused of credit cards and personal loan are the result from lavishly lifestyle. On that account, some may feel quite exhilarated during the festive seasons but anxious and miserable when the season is finally over. Festive seasons and over-spending come hand in hand. Every single year, they will be a huge number of over-spending not only on product but also food waste. The attraction of promotion during festive season can't be resists as consumer claim to have a best or worth offer/deal of all the time.

The over-spending start even before the celebration was began. For example, before the EidulFitr were celebrated, Muslim will go thru the fasting (Ramadan) month. Aside from fasting for whole month, Muslim was required not to waste any resources and emphasis on moderation on every aspect. However, thanks to the 'Bazaar Ramadan', the tradition of selling foods, beverages, snacks and so on, were about to make most of consumer spend money on foods that they don't actually eat at the end of breaking the fast. It is because consumer tends to brought more when they are hungry where actually they do not eat a lot of food as expected. What happen is then, a truckload of food that still fit to be consume were discarded away. The statistic provides by Solid Waste and Public Cleansing Corporation (SWCorp, 2015), shows that there is an increasing number of solid wasted disposed during Ramadan ever year. In 2015, the statistic revel that 15,000 tonnes of food daily were wasted with at least 3,000 still can be consume was thrown away enough to feed the hungry people. Whereas during Ramadan, an average of 9,000 tonnes of food were thrown away (Arief, 2016). This statistic is enough to prove how consumers were to over-spending.

In Malaysia, more than 927 shopping malls were recorded (Lee, 2015). Normally, big sales or promotion were held during festive season or new and end of year. That is when the biggest sale was on for instant seasonal sales and the biggest sales in Malaysia that is Malaysian Year-End Sales (YES). Promotion came with different sort of ways either thru member loyalty cards point based, coupons that attract the consumer to spent. In addition, the improvement of internet access make everyone can shop literally everywhere as long as internet access was there. This will eventually encourage the consumer to buy the product. Let's not blame the retailer as we talk about millions of profits earning by this sort of actions. But, the big spender of Malaysian consumer was on question on why the over-spending happened especially during festive season. No wonder with the excessive behaviour of spending the consumer debt

were rising each year (Deloitte, 2014). Some may suggest that the expend size of the families may lead to over-spending as the families try to satisfied each and every one of the families' members for example buying new clothes for everyone. However, according to Engel's Law the sharing economy can be applied where the clothes can be passing down for younger siblings. Therefore, this study set out to determine the characteristic of consumer spending pattern among household during EidulFitr whereby the study try to explore the budget planning among household, spending item allocated by household and spending item based on household size during festive season.

2. Literature Review

One of the main concerns regarding consumer was the excessive spending pattern especially during festive season. It is understandable when the spending was little bit more than usual however, surprisingly, consumer was spent more than they can afford even involve with all sort of debt and installment. The decisions on consumer spending were depends on the consumer behaviour themselves. Tinne (2011), believe that the excessive spending was known as impulse purchasing where buying things or services were unplanned. Renuka and Kulloli (2016), believe that the big spender among consumer happen because the consumer fail to make a correct decisions. This may be applied towards consumer spending during festive seasons where the purchasing was spontaneous.

Other than consumer behaviour, external environment may also be a cause of excessive behavior of spending. For instance, among all the major events and celebration, EidulFitr is one of the most prominent festivals that will be celebrated by Muslims community in Malaysia. Owing to the fact that, at least 61.3% of Malaysian was Muslims, shopping mall will provide a simulation of festival environment so the interaction between the consumer and the environment will occur (Ong, Gan, Juniaty, Wong, Ling & Gullantheivello, 2015). The needs and the want of the consumer will be used by retailer to grab the opportunities to gain more profit (Wong & Osman, 2013; Mburu, Mutua & Massimo, 2002). The shopping mall ambience were believed give an impact on how consumer act towards spending compare to products and services offered in the mall (Kotler, 1973). Not to mention the group of consumers who love to shopping via virtual shop or online shopping. Survey done by PayPal (2012), find out that at least 68% of Malaysian would use mobile devices at least three times or more monthly especially during peak seasons where the average spending was RM113 per online shopper. The most shopping categories were clothing, bags and accessories, gadgets and electronics, shoes and fragrance. On the other hand, there is a survey that conducted by Nanyang Siang Pau (local Chinese media), (2016) on online shopping behaviour among Malaysian. Throughout 108 respondents within Klang Valley, the data reveals that the online shopping were dominate by those who were between 16 to 27 years old. Surprisingly, almost 50% of the respondents were excessively spent through online transaction without any limit per transactions.

The size of the family will also give an impact towards families spending pattern. Research done by ING DIRECT (2011), show that 28% of the Australian respondents were likely to spend after saving when the festive season hits. However, the Australian can set a good example for Malaysian when 43% of Gen Y priorities saving more than spending during festive seasons. Malaysian on the other hand, suffers from highly electricity bill as the results of excessive use of electricity due to family gathering (Marianne, 2011).

3. Methodology

The online survey was conducted among Malaysian consumer in the month of "Ramadhan". The questionnaire consisted of three section where the first section contains of social demographic background that is gender, age, education level, marital status, job sector, monthly income, and household size. The second section is EidulFiri budgeting that comprise of budgeting for festive, comparison expenses between other months and Ramadan, and budgeting during bazaar Ramadan. The last section is expenses for preparing EidulFitr that consists of estimate expenses for EidulFitr attire (respondents, spouse and children), estimate expenses for kuih raya, festive meals, duit raya, household appliances, zakat fitrah, car services and so on. However, only certain items were taken from each part of section for the purpose of this article.

4. Results and Discussion

The characteristics of the respondents based on figure 1 shown that, most of the respondents were male with 55.6% and 46.4% is female. Half of the respondents aged between 20-39 years old, married (76.8%) and worked in government sectors (47.1%), followed by private sector with 30.1% and self-employed (9.4%). Most of the respondents earned more than RM6,000 per month and 53.2% of respondents have at least five persons and more for household size.

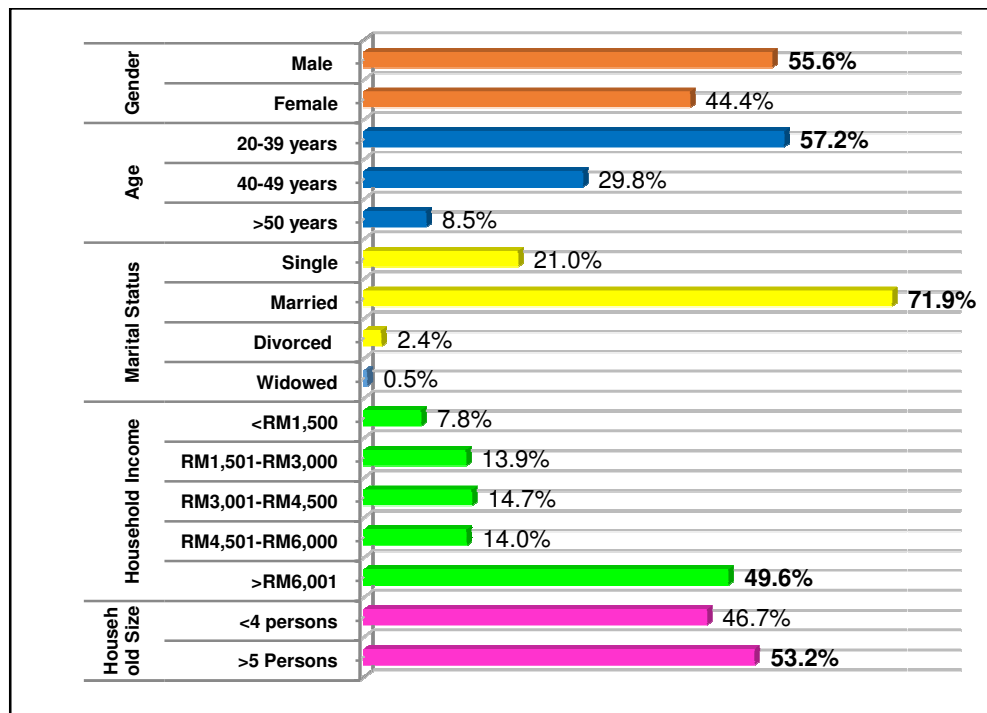


Figure 1: Respondent's characteristic

4.1. Household Budgeting

Next, three questions were asked to the respondents regarding the household budgeting during EidulFitr (Figure2). The budget preparation is necessary as it will help us to get back in track and not over budgeting as some of the people spend excessively during festive seasons with the reasons once in the year to celebrate. Over half of the respondents (74.1%) admitted that they prepared budget planning for festive expenses for themselves, while 54.7% of the respondent's spouse and 8.8% of respondent's children were involve with the budgeting planned. The respondents then were asked the household expenditure during EidulFitr. Five options of answers were included in the question whether the household expenditure was same as often, less than, once the double, double the twice or more than triple during EidulFitr. About 55.2% of the respondents choose once the double from the usual household expenditure during the EidulFitr while another 21.4% of the respondents agreed that they spend double the twice than the usual household expenditure. This increment of expenditure might be because of the excitement of the year in celebrating the EidulFitr make them willingly to spend on anything especially towards cloth, foods and home appliance. However, only 15.1% of the respondents maintain the household expenses. This is show that this bunch of group did astonishing part of following the budget preparation to make sure that the household expenditure was spend wisely so they did not feel miserable after the festive seasons is over. Early preparation is important especially when it come the big celebration.

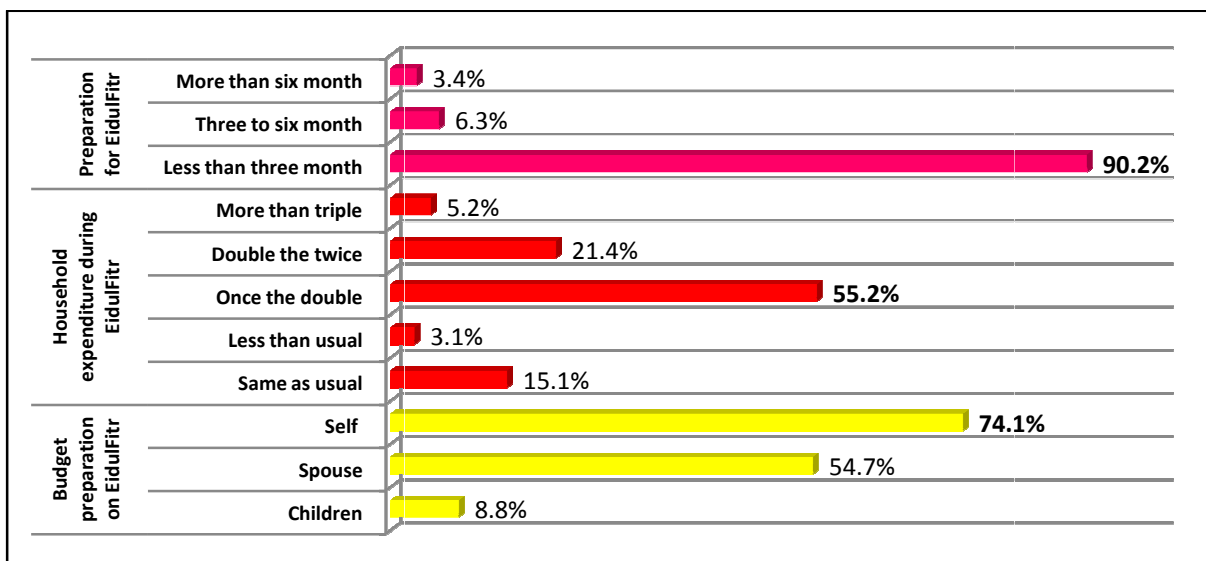


Figure 2: Household budgeting during EidulFitr

4.2. Expenditure Items

Household size will always influence the way household spend. Some even agreed that the more the merrier which mean the larger the size of the household are the more money they will spend. But some researcher believes that the bigger size one’s families could have the more saving they could do as things for example cloths can be share and pass down to younger one. The most difficult part for EidulFitr is the budgeting for clothing. Most of the married couple with many kids did not bother in buying new cloths for themselves or even so they only brought only a pair of it. Based on the Figure 3 below, the respondents were asked the clothes budgeting for self, spouse and also children. The clothes budgeting was divided into two group of household size that is household size less than four persons and household size more than five persons.

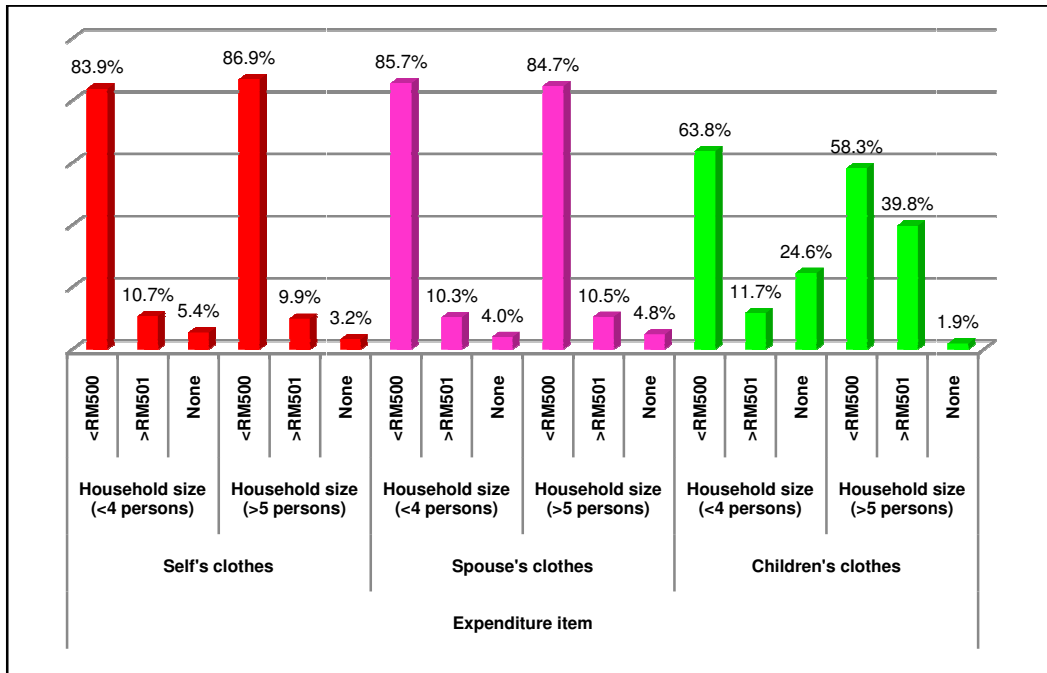


Figure 3: Expenditure items based on household size (Clothes)

4.3. Expenditure Based on Household Size

Further analyses on expenditure item based on household size were shown in Figure 4. The expenditure items were then viewed from household appliance components, kuih raya, festive meals and duit raya. There are no differences in household expenditure towards household appliance either size of household less than four people or more than five people. The statement can be conveying when both of household group set a larger percentage on spending household appliances less than RM500 and almost 30% of respondents does not use the money to buy anything regarding house appliances.

Other than that, two expenditure item that is kuih raya and festive meals show the same indicator where both expenditure items show a high percentage of respondents who spend less than RM500 regardless the household size. However, duit raya indicate quite dissimilarity between groups of households less than four and more than five persons. Almost 80% of the respondents of household size less than four and about 69.3% of the respondents of household size more than five would spend less than RM500 on duit raya. Anyhow, 26.1% of respondents of household size more than five allocate duit raya for at least more than RM500 whereas only 21.4% of household less than four would spend on duit raya. If the two groups were compared, the household less than four seems to have a financial plan by allocate duit raya less than RM500 whereas household more than five whereas, household size more than five seems to put more on duit raya with estimate budgeting more than RM501. This is not surprisingly as the larger the families the more they will allocate duit raya as it acts of gift from parents to their children.

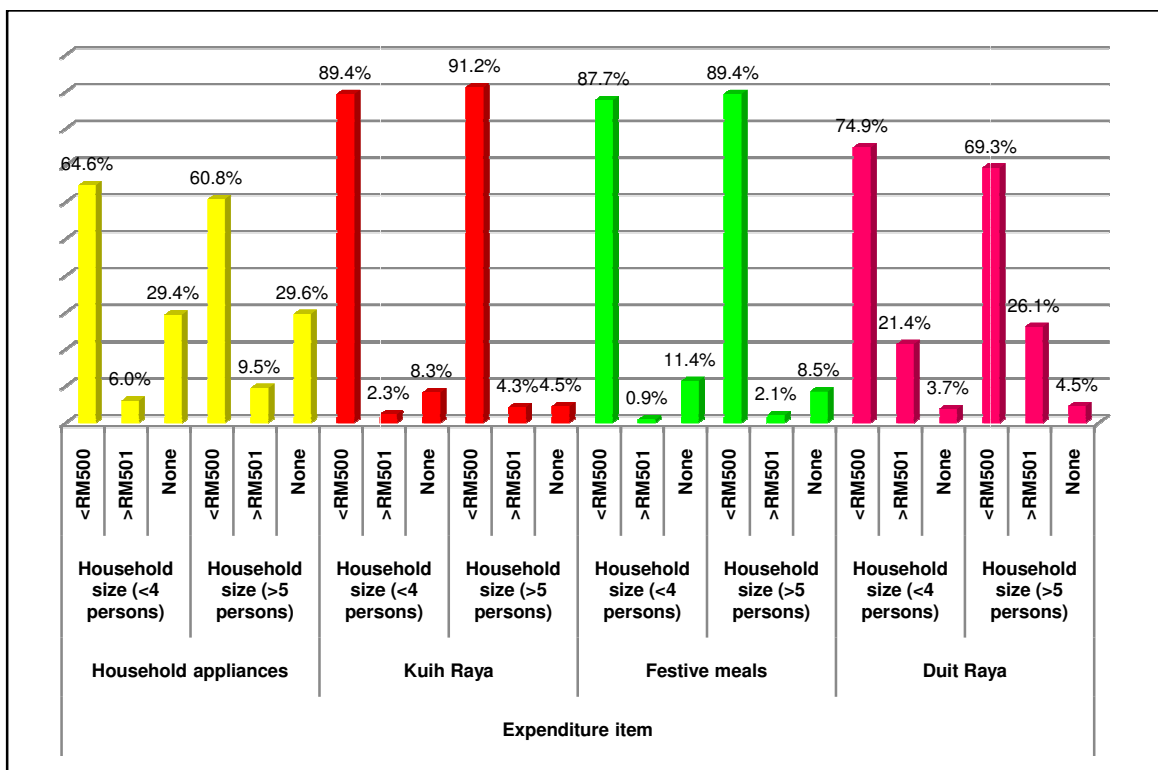


Figure 4: Expenditure items based on household size
(Household appliances, kuih raya, festive meals and duit raya)

5. Conclusion

The research found out that, almost 56% of the respondents were male aged between 20-39 years old. The majority of them were married and average household size were more than five persons with total household income more than RM6,000. In term of budget preparation, the results reveal that, most of the respondents did prepared financial plan for festive season same goes with spouse and children. As a result, at least 55.2% of the respondents just spend only once the double compared to 21.4% of the respondents who double the twice household expenditure during festive seasons compare to day to day expenditure. There is no doubt that some of the respondents have the awareness of making sure the financial still under control. There are five items of household expenditure that are clothes, household appliances, kuih raya, festive meals and duit raya. As pointed out before, there is only slightly difference between allocation of money towards self's clothes and spouse's clothes regarding household size. Even so, the differences can be pointed out where household more than five would spend more than RM500 for children's clothes. Next, the rest of expenditure items that is household appliance, kuih raya and festive meals also did not show much difference between one and another. Only duit raya show differentiation findings where household with more than five persons would allocate more than RM500 during EidulFitr. These findings suggest that in general, most of the consumer were actually aware of financial planning and even budgeting preparation was made so that over-spending won't happen. However, small percentages of respondents were involved with excessive spending. The suitable suggestion such as cash payment during shopping were encourage so the spending using credit card won't be necessary as the consumer won't be realize how much the actual spend. Other than that, early preparation before the celebration is required so that the last-minute shopping can be avoidable as the price usually lot higher. Restrained ourselves from the temptation of sales from the mall is one of the way to play safe hence the impulsive buying during festive seasons is always high. One may want to buy in bulk to get better benefit or stick to the check list before making any purchasing.

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