7 PSYCHOLOGICAL CHARACTERISTICS THAT INFLUENCE CUSTOMER'S BUYING DECISION TO MITSUBISHI PAJERO SPORT BANDUNG INSTITUTE OF TECHNOLOGY (SBM-ITB)

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Abstract

As one of the world's largest automotive company, Mitsubishi has high sales in developing countries such as Indonesia. In the beginning, Mitsubishi was an automotive company that focused on diesel vehicles and heavy equipments, such as trucks, buses and tractors. However, Mitsubishi sought to change its past image into a new image that can compete against its main competitors, such as Toyota and Honda, on the passenger vehicle sector. Recently, Mitsubishi unveiled its newest product, Mitsubishi Pajero Sport. Gradually, Mitsubishi changed their former brand image into a newer, yet still powerful image. On automotive media assessments, Mitsubishi Pajero Sport always gets high points on its performance yet until 2011, Mitsubishi sales always below Toyota's, Mitsubishi's main competitor. By using Regression Analysis, Factor Analysis and Cluster Analysis, the author wants to find out what psychological characteristics that can be used as guidelines by Mitsubishi in selling its products. The result of the regression analysis shows that the influence of psychological characteristics on purchase decisions is 18.15%. On the other hand, the factor analysis that associated with various psychological theories, will show how seven psychological characteristics can influence the customer's decision to buy Mitsubishi Pajero Sport. Those seven psychological characteristics are Psychological Value of Money, Relationship to Human and Environment, Brand Loyalty, Self Confidence and Expectancy, Personality of Customer, Leadership Confidence and Self Esteem and Risk. Cluster analysis of existing variable split into 3 clusters, the researchers compared the results of factor analysis and cluster analysis and choosing factor analysis to determine that it is easier to describe the psychological characteristics of the customer. By knowing the seven psychological characteristics of the customers, Mitsubishi will have more specific marketing strategy to sell its products and also more specific on determining the target market of its flagship product, Mitsubishi Pajero Sport.

Key words: Brand Image, 7 Psychological Characteristics , Reggression Analysis, Factor Analysis, Cluster Analysis, Specific Target Market, Specific Marketing Strategy

Introduction

Mitsubishi began to enter the automotive industry by becoming the supplier of heavy equipments such as tractors and trucks. They tried to change Mitsubishi's brand image from heavy equipments producer to passenger vehicle automaker, such as sedan and SUV. This mission is not easy because the people of the world already had an image that Mitsubishi is a heavy equipment company. This condition made Mitsubishi searched for their new image. Afterwards, Mitsubishi launched their products, such as the Lancer Evolution and Pajero Sport. All those cars are very stylish and have modern designs that are very far from the original image of Mitsubishi. Based on the background above, this final project would focus on which Psychological Characteristics that can affect and influence decision-making process to buy Mitsubishi Pajero Sport. By knowing the Psychological Characteristics of the Customer, Mitsubishi can aim the target market more specific.

Research Objective

The author will try to find out whether the characteristics of psychology of customer can

significantly affect the customer's buying decision, and what psychological characteristics that can influence customer's buying decision. The information of Characsteristic of psychology can be a new weapon for Mitsubishi to increase their sales by aiming a more specific target market.

Research Question

The main research question which will be discussed in this paper is: "How much the psychological characteristics influence the customer's decision to buy Mitsubishi Pajero Sport?, How many factors can describe the psychological characteristics of the customer? , Which psychological characteristics have the most significance influence?, Based on an existing variable, how many clusters dividing the number of respondents?, How many respondents are divided in each cluster?"

Literateru Review

Psychological characteristics can be a very important information for the Mitsubishi, because with this information Mitsubishi Company can aim their target market more specific and can make a marketing strategy that suitable for their customer. the author using some of the psychology theory in order to describe the psychologycal characteristics of the customer, the theory are psychological value of money, environmental ethics and human relationship, brand loyalty, expectancy and self confidence, personality, leadership confident, self esteem and risk theory

Research Methodology

The method consists of literature study, interview, questionnaire spreading, focus groups discussion and observation. By using this method, the author would combine all of the steps to create data collection and eventually draw the conclusion of this research project. The steps used in exploratory research method may be referred to as key variables. It helps the author to delve more deeply the problem statement and eventually it would help the author to achieve the main objective of this research.

The author was obtained by providing credible theories of scientists in psychology. The author acquired the literature study from several books which described the psychology theories. In this final project, theories used to define which characteristics of psychology that can affect to the customer buying decision to buy Mitsubishi Pajero Sport. This study helped the author to comprehend the basic principles of psychology. It is very important for the author to comprehend the theory since by comprehending the theory, the author would be able to recognize the factors which may affect the customer's buying decision.

Another variable which helped the author to acquire important information was doing the interview with Mitsubishi Marketing Division representative, Mr. Muhammad Irawan. The purpose of the interview was to find out the actual target market of Mitsubishi in Indonesia. Researcher also asked about Mitsubishi's new image phenomenon and the aspects that influenced customer's buying decision. From the author's point of view, it is an important thing to know, since in business, it is not an easy task to maintain the high sales. Mitsubishi needs to find another information to specify more on their target market.

In this final project, the researcher was also doing focus group discussion as a methodology in order to recognize the customer's perception of Mitsubishi. Beck, Trombetta, and Share (1986) described the focus group discussion as "*an informal discussion among selected individuals about specific topics relevant to the situation at hand*". The major assumption of focus group discussion is that with a permissive atmosphere that fosters a range of opinions, a more complete and revealing understanding of the issues will be obtained. The forum group discussion in this research was the Mitsubishi Automotive Community in South Jakarta.

The researcher had been conducting research for a week in order to recognize and to observe the target market routines. The researcher must know all about the target market of Mitsubisihi. Firstly, reseacher observed the Mitsubishi event in a mall and

expo in South Jakarta. The researcher looked closely at the sales activity and asked them their target market aim. Secondly, researcher asked Mitsubisihi customers about themselves, such as: age, hobby and activity. Through those steps the researcher have the idea of which people can be the potential buyer of Mitsubishi. These information would be very useful to be used as the foundation for collecting data. However, the place where the questionnaires were spread would affect the final result. The result would be the determining factor for the author to choose the exact sampling technique to use in this project.

After the exploratory research had been conducted; the author would continue to collect data by doing conclusive research. As we already knew, the conclusive research is done to provide the information which would be very useful in order to reach the conclusion or for the decision-making process. The data which gathered from the conclusive research is in the form of numbers that could be quantified and summarized or also known as the quantitative form. The secondary data source is coming from the data which are obtained from the management of Mitsubishi motor Indonesia and also from focus group discussion. Meanwhile, the primary data source is coming from the processed data which are obtained through the questionnaire.

Researcher will spread questionnaires in order to collect the main data and then finally get the conclusion of this research. All questions in the questionnaires will be close-ended to avoid answers that do not have the relevancy with the context of the research. Researcher will provide the questionnaire in Bahasa Indonesia to eliminate mistakes in understanding the questions. All of the questions would be in the form of Likert Scale, a bipolar scaling method. The measurement is based on positive or negative response which answered by the respondents. The answer would be in the form of nine points scale (definitely disagree – definitely agree) as a respond of each statement in the questionnaire. Researcher builds the questionnaire based on the theory of psychology from literature study. Researcher also builds the questionnaire based on

hypothesis. In this questionnaire, researcher will associate the characteristics of psychology with the hypothesis which is made by the researcher. By this questionnaire design, hopefully researcher could prove the hypothesis about characteristics of psychology have an influence to customer's buying decision.

The researcher will spread the questionnaires in order to acquire the sample elements that have been established in the previous sub chapter. The previous sub chapter, which is exploratory stage, will be used for discovering the area of sample elements where the questionnaires have to be spreaded by the researcher. The questionnaires will be disseminated either in mall, expo centre, or other places. The questionnaires that have been collected will be processed into a form of data by using SPSS software. The next step will be data analysis. The data analyses which will be conducted in this research are frequency distribution, regression analysis, factor analysis and cluster analysis.

Findings and Analysis

By using the factor analysis, the researcher find there are 7 psychological characteristics that influence customer's buying decision to Mitsubishi Pajero Sport.

Factor	Items Forming	Loading Factor Value
Factor 1	Debt	0,893
	Pay Cash	0,900
	Today	0,935
	Credit Card	0,937
	Coupons	0,871
	Rates	0,761
Factor 2	Ozone	0,659
	Pollution	0,756
	Fine	0,923
	Volunteer	0,920
Factor 3	Foreign	0,957
	Europe	0,956
	Japan	0,915
Factor 4	Skeptics	0,948
	Anything	0,953
	Income	0,902
Factor 5	Travel	0,910
	Change	0,925

	Try New	0,766
Factor 6	Confident	0,947
	Leader	0,944
	Clothes	0,586
Factor 7	Gamble	0,548
	Ozone	0,542

- **Factor 1 – Psychological Value of Money**

The items formed in factor 1 is about customer's perspective in the use of their money and their finance condition. From the theory of 'Psychological value of Money' on chapter 2 which written "money becoming a source of self-confidence and self-esteem" in order to get self-esteem people usually buy something that can make them look superior. The author concludes that the variables in factor 1 describe how the customers spend their money; the variables are Pay cash, Credit card, Coupons and Rates. The variables of Debt today shows the customer financial condition. For the conclusion, the variables of this factor are very important to be known by Mitsubishi to make their new promotion and their way of selling the Mitsubishi Pajero Sport. It is easier to sell the Pajero Sport to people with stable financial condition.

- **Factor 2 – Relationship to Human and Environment**

The items formed in factor 2 indicate how the respondents respond to their concern upon their community and the environment. Based on the 'Theory of Environmental ethics' about 'Ecocentrism' on chapter 2, it is written that "ecosentrism is a continuation of biosentrism ethical theory that considers every living thing has a life and value the inherent worth that are worthy of moral concern. Ecocentrism expands ethics covering the entire ecological community, whether living or not " (Wilson MA Therik). It is important for Mitsubisihi to know how much their customer concern about enviromental issues such as Pollution and Ozone layer, because with this information, Mitsubishi can choose which suitable product for the customer. Another theory that used in this factor is 'Human Relationship theory", mentioned in this theory (Ferdinand Tonnies), states that human society has two

types of interactions there are: (1) Gemeinscaft, it is experienced by others perceived as happening to them because of their interaction is very familiar. Static nature, personal, irrational, (2) Gessellscaft, relationships that consider the benefit and the loss. It is also important for Mitsubishi to know customer's character in their relationship with each other, because with this information Mitsubishi can set which advertisement and promotion that they must give to the customers. Mitsubishi pajero sport is a car for family, because it can carry up to 8 people and the Diesel machine already have significant development in exhaust emissions. The exhaust emissions is far better than another Mitsubishi car with Diesel machine.

- **Factor 3 – Brand Loyalty**

The items formed in factor 3 indicate how loyal the customer to Japanese products. Based on the theory of 'Brand Loyalty' explained in chapter 2 from (Schiffman, 227), brand loyalty is judged by the attitude towards a brand with repeated purchases. The theory from (Zaltman, 1979:288), defines that repeated purchases are a form of brand loyalty. (Aaker, 1997, p.58), also defines the 5 levels of Brand Loyalty including the switcher, Habitual buyer, Satisfied buyer, Likes the brand and comitted buyer. With three variables in factor 3, Foreign, Europe and Japan the Mitsubishi can get the information whether the customer have high loyalty to Japanese brand or they prefer to buy brand from another world region, especially European brand.

- **Factor 4 – Self Confidence and Expectancy**

The items formed in factor 4 indicate how the respondents see their life now and in the future. Based on the theory of 'Self Confidence' explained in chapter 2 written that "Confidence is a positive concept of life that must be grown in the mindset of all people. With a growing sense of confidence then everyone will realize that they can do whatever they can think." (Victor Vroom,1964). Victor Vroom in his book *Work and Motivation*, he explained that motivation is the result of an outcome to be

achieved by a corresponding and estimating, his actions would lead to the result as he wants it. If someone really wants something, and the path seems open, the person will try to get it. The three variables in factor 4 designed to find out how much the respondents have self confidence and faith to their life now and to their life in the future. The variable 'Income' will give Mitsubishi how potential the respondents to be their customer expectant. The characteristic of Psychology in factor 4 is very important to be known by Mitsubishi because with this information, Mitsubisihi can set the suitable promotion for the customer and know how many are their potential buyer. The people with a big dream of their life have the opportunity to buy larger car than others' that have smaller dream about their future. The person with high self confidence usually wants to look superior to others. It is suitable for Mitsubisihi Pajero Sport Design that looked big and Superior compare to the other cars.

• Factor 5 – Personality of Customer

The items formed in factor 5 indicate to know about the personality of the respondents. Based on the theory of 'Personality' on chapter 2 which describes the four personalities within every person, there are: Choleric, Melancholic, Sanguine and Phlegmatic. This theory taken from the book "Personality plus" that written by Florence Littauer, (1992). In this theory, choleric always wants to try something new while sanguine always wants a change; melancholic is a thinker while phlegmatic is a peaceful person. From this theory the author can get the information about the personality of the respondents, this information is very important for Mitsubishi because with the personality information of the respondents, Mitsubisihi can set their marketing strategy and also make the product that customers want. Choleric people want everybody to look at them as charismatic person, it is suitable for the design of Mitsubishi Pajero Sport that looked Sporty and Strong.

• Factor 6 – Leadership Confident

The items formed in factor 6 indicate how the respondents think about themselves. Based

on the theory of 'Leadership' on chapter 2 that describes "Leadership is influence, nothing more, nothing less" (John C Maxwell, the 21 irrefutable law of leadership). The author concludes that factor 6 describes people's confidence of themselves and how much they can influence other people. It's important to be known by Mitsubishi, because people with high self-confidence and high influence always want to show off their new car and they easily interested in good car design. The design of Mitsubishi Pajero Sport is looking Strong and Bold, it is suitable for the people who have high self confident and think themselves as leaders.

• Factor 7 – Self Esteem and Risk

The items formed in factor 7 indicate how respondents act when they face the risk and how respondents see themselves when they face the opportunity. Based on the Risk Theory in chapter 2 Robinson and Barry (1987), stated that Risk is the chance of an event (adverse) to be measured by the decision-making. In general, opportunities to an incident can be determined by the decision maker based on experience. From this theory the author can conclude that the customer buy a new product based on their experience of old product. Another theory used in this factor is Self Esteem Theory by Abraham Maslow, (1964), it defines that Self-esteem is a term in psychology to reflect a person's overall evaluation or appraisal of her or his own worth Self-esteem encompasses beliefs and emotions such as triumph, despair, pride and shame. Includes internal factors such as self-respect, autonomy, and achievement as well as external factors such as status, recognition, and attention. It means the customers will buy the product that can make them proud and get the respect and attention from others. It can be from the design or the performance of the Mitsubishi Pajero Sport. nd from the cluster analysis the researcher get the result by using hierarchichal method there are 3 cluster form.

Cluster 1: Clothes, Gamble, Ozone, Pollution, Fine, Volunteer, Confident, Leader, Travel, Change, Try New, Skeptics, Anything, dan Income.

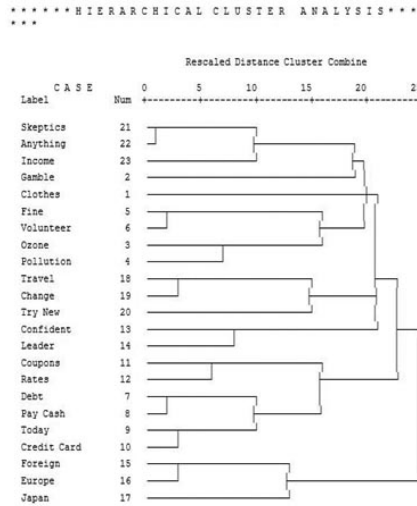cluster 1 is the cluster of the respondent that have high self esteem and consider to human and environtment
Cluster 2:
Debt, Pay Cash, Today, Credit Card, Coupons, dan Rates.
cluster 2 is the cluster of the respondents that have high psychological value of money
Cluster 3:
Foreign, Europe, dan Japan.
cluster 3 is the respondents that have consider about the brand loyalty.

Conclusion

Based on the data analysis on chapter 4, researcher concluded this final project. Based on the analysis, the characteristic psychology of the customer is very important in order to aim the target market, because significantly it affect to the customer buying decision to buy the product. Beside that, the demography of the customer also affect the customer's buying decision.

Based on the Regression analysis on chapter 4, with using the regression model Y= a+bX, where "Y" as buying decision, "X' as psychology characteristics, "a" as constanta/intercept and "b" as regression coefficient, and using the coefficient determination analysis with KD= KD = r^2 X 100% the author can find out that characteristic psychology of the customer influence 18,5% to the customer's buying decision for Mitsubisihi Pajero Sport product, and 81,85% the rest is the influence from

another factor. the author test the hypothesis by using SPSS and find that the hypothesis about " Psychology characteristics have siginificantly influence to the customer buying decision" is proven. There are 23 variable of psychology characteristics that significantly have the influence to the customer to buy the product, the variables are Clothes, Gamble, Ozone, Pollution, Fine, Volunteer, Debt, Pay cash, Today, Credit card, coupons, Rates, Confident, Leader, Foreign, Europe, Japan, Travel, Change, Try new, Skeptics, Anything and Income.

By comparing and combining the result from Factor Analysis and Cluster Analysis, the author have the conclusion from the factor analysis that there are 7 factors, which divide the variables. The factors are sorted from the most powerfull influence. Each factor is named and classified based on the theoretical foundation in chapter 2. Author has the 7 Characteristics of Psychology that affect and influence the customer's buying decision to Mitsubishi Pajero Sport, there are: Psychological Value of Money, Relationship to Human and Environment, Brand Loyalty, Self Confidence and Expectancy, Personality of Customer, Leadership Confidence and Self Esteem and Risk.
It shows the level of which factor that has the most influence to customer's buying decision. It concludes from the eigenvalues that proceed from the SPSS, the result is that the 'Psychological Value of Money' is the most influential psychological characteristics. This psychological characteristic is about customer's perspective in the use of their money and their finance condition.

The Cluster analysis is more specific and clear about the number of respondents that have psychology characteristic to buy the Mitsubishi Pajero Sport. Based on the result of the Cluster analysis on chapter 4, the author find that the variables divided into three clusters, the cluster 1 is the cluster of the respondent that have high self esteem and consider to human and environtment, the cluster 2 is the cluster of the respondents that have high psychological value of money, and cluster 3 is the respondents that have consider about the brand loyalty.

By looking at the conclusion above, the author gives some recomendation to Mitsubishi to aim more specific target market based on the psychological characteristics of the customer in order to get more sales. Recomendation :

1. Survey the potential customer in the market based on the 7 psychological characteristics.
2. Set the STP of the product based on the 7 psychological characteristics and demography of the customer.
3. Build the brand image that suitable for the 7 psychological characteristics of the customer.
4. Create an advertisement based on the 7 psychological characteristic of the customer so they will feel and think the good experience about the product and about the brand.
5. Always observe and watch the customer's psychological situation; and be flexible.

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