

The Effects of Recession on Consumer Buying Behavior towards Shopping and Brand Switching

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ABSTRACT

The research problem is effect of economic recession's indicators on consumers' buying behavior. The objective of this study was to identify which factors that affects consumer buying behavior toward shopping and brand switching, to identify which dominant categories that effects during recession to consumer buying behavior toward shopping and brand switching and to determine the relationship between the effects of recession with consumer buying behavior towards shopping and brand switching. Three research hypotheses are formulated and tested. Descriptive survey research was used with 150 respondents as sample size. Consumer buying behavior towards shopping and brand switching were compared for four points of reference where changed occurred in the economic environment. Consumer's self-reported attitudes toward statements related to consumer buying behavior towards shopping and brand switching were extracted from Target Group Index conducted by the researcher and compared using one-way between group analysis of variance to reveal if there was a statistically significant difference in consumer buying behavior between the four factors of recession. The result show that consumer buying behavior towards shopping and brand switching are somewhat influenced by the factors of recession.

Keywords: Consumer buying behavior, economic, recession, factors.

INTRODUCTION

Economic recessions are periods of financial instability that reshape consumer decision-making and market dynamics. Declining income, rising costs, and reduced purchasing power push households to re-prioritize spending, often by reducing non-essential purchases or switching from premium to lower-priced brands (Kotler & Keller, 2016). Such behavioral shifts highlight how macroeconomic downturns affect not only consumer well-being but also business sustainability and competitiveness (Solomon, 2017).

One of the most notable consequences of recession is **brand switching**. Consumers frequently replace familiar brands with cheaper substitutes to cope with financial constraints, thereby challenging brand loyalty and creating opportunities for lower-priced competitors (Ang et al., 2000). Shopping behavior also changes, with individuals becoming more price-sensitive, focusing on essential goods, or shifting to discount outlets (Mansoor & Jalal, 2011). These adjustments demonstrate that recessions accelerate changes in purchasing patterns, requiring firms to adapt their strategies accordingly.

While the general relationship between economic conditions and consumer behavior is acknowledged, there is still limited empirical evidence on how specific recession-related factors—such as political instability, currency depreciation, tax reforms (GST/SST), and foreign exchange fluctuations—influence consumer decision-making in Malaysia (Sharma & Sheth, 2004; Haron & Paim, 2019). Given Malaysia's integration into global markets and recent experiences with currency volatility and tax changes, understanding how consumers adapt their shopping and brand choices in this context is both timely and necessary (Bank Negara Malaysia, 2018; Yusof et al., 2015).

This study addresses this gap by examining the **effects of recession on consumer buying behavior with emphasis on shopping and brand switching**. The objectives are threefold: to identify key economic factors shaping consumer behavior, to determine the categories most affected, and to analyze the relationship between recession indicators and consumer shopping/brand-switching patterns.

The significance of this research is twofold. For businesses, the findings provide insights into consumer responses to financial pressure, enabling firms to retain customers through adaptive pricing and marketing strategies (Quelch & Jocz, 2009). For policymakers, the study offers evidence of how macroeconomic shifts influence household consumption, supporting the development of more consumer-oriented economic policies (IMF, 2018). Theoretically, it contributes to consumer behavior literature by contextualizing decision-making within economic crises, showing how external shocks reshape shopping habits and brand preferences (Engel, Blackwell, & Miniard, 1995).

In summary, this study investigates the intersection of recession and consumer behavior in Malaysia. By focusing on shopping and brand-switching behavior, it extends existing knowledge and provides practical insights for businesses and policymakers in managing consumer markets during economic downturns.

LITERATURE REVIEW

Consumer behavior is a multidimensional concept influenced by psychological, social, cultural, and economic factors, and its patterns tend to shift significantly during periods of economic downturn. Prior research highlights that recessions often reduce consumer purchasing power, leading to greater price sensitivity, reduced discretionary spending, and increased brand switching as consumers seek affordable alternatives (Ang et al., 2000; Mansoor & Jalal, 2011). Decision-making styles—ranging from nominal to extended—are similarly affected, with external forces such as political conditions, taxation policies (GST/SST), currency depreciation, and foreign exchange fluctuations playing a decisive role in shaping consumer confidence and purchase decisions (Sharma & Sheth, 2004; Haron & Paim, 2019). These perspectives provide the theoretical basis for analyzing how recessionary factors influence shopping behavior and brand loyalty, forming the foundation for the present study.

Consumer Buying Behavior

Consumer behavior requires the study of individuals and the method they use to choose, utilize, and set out products and services to fulfill their wants and the effects that these methods have on the consumer and the society as a whole (Manali Khaniwale, 2015).

Consumer behavior refers to all the thought, feelings and action that an individual has or takes before or while buying any product, services or idea. Buyer behavior is the concepts to answer what, why, how, when, where an individual makes these activities. Consumer buying behavior is both a psychological and a social process including both mental and physical activities, and a combination of internal and external factors influence and determine the buying behavior of consumer (Modi & Jhulka, 2012).

Consumer buying behaviour studies individuals and groups when they select, buy, utilise and get rid of products, ideas or experiences. Consumers seek items to satisfy their basic needs and desires. Consumers can come from different backgrounds, ages and life stages. Consumer buying behaviour is impacted by cultural, social, personal and psychological factors. Family members can also impact individual consumer buying behaviour (Lautiainen, 2015).

Consumer buying behaviour refers to the buying behaviour of the individuals and households who buy the products for personal use. Factors like age, gender, social status and education level are considered important factors of buying behaviour (Vidyarthi, 2014).

Consumer buying behaviour focuses on how consumers plan their decisions to spend their resources on the products. It includes what they buy, why they buy, where they buy and how often they buy (Baba, 2014).

Consumer buying behaviour is the study of the processes involved when individual or groups buy the products based on the ideas or experiences to satisfy consumer needs and desires. Consumers are exposed to the knowledge and information about products, varieties of products, many choices and options that are found in the market place that affect their buying decision. However, the interpretation and decision making is different among the consumers. It is also impact by internal consumer behaviour such as perception, behaviour and motivation as well as external factors consumer behaviour such as family roles peer and group impact (Thu Ha., Nguyen & Ayda Gizaw, 2014).

Consumer buying behaviour is impact by internal variables such as motivation, perception, behaviour and personality. It is also affected by socio-cultural variables such as culture, reference group and personal impact (Santos & Ribeiro, 2012).

Consumer buying behaviour is impact by their individual behaviour, values and their environment. It consists of elements of psychology, sociology and economics. The characteristics of individual consumers such as demographics and behavioural variables try to understand people needs and wants. It also tries to assess impact on the consumer from reference groups such as family and friends. Consumer buying behaviour also greatly impact emotions and personalities. Therefore, it is also are strongly impact by cultural and personal traits (Zeb H., Rashid, K. & Javeed., 2011).

Consumer behaviour mainly shows how consumers decide to spend their various resources such as time and money on various products so as to meet their needs and requirements. Consumer behaviour encompasses study of what, when, why and where the consumers will buy their products. In addition, its focuses on how often the consumers use the products (Alamgir M., Nasir, T., Shamsuddoha, M. & Nedelea, A., 2011).

Consumer buying behavior process

The buying decision process of consumer intervenes between the marketing strategy and the outcomes. That is, the outcomes of the organization's marketing strategy are determined by its interaction with the consumer decision process. The organization can succeed only if consumers see a need that its product can solve, become aware of the product and its capabilities, decide that it is the best available solution, proceed to buy it, and become satisfied with the result of the buying. An individual who purchases products and services from the market for his or her own personal consumption is called as consumer.

The term consumer decision produces an image of an individual evaluating the attributes of a set of products, brands, or services and rationally selecting the one that solves a clearly recognized need for the minimum cost. Consumers do make decisions in this manner. Further, many consumer decisions focus not on brand attributes but rather on the feelings or emotions associated with acquiring or using the brand or with the situation in which the product is purchased or used. Although purchases and related consumption behavior driven by emotional or situational needs have characteristics distinct from the traditional attribute-based model, the decision process model provides useful insights into all types of consumer purchases. To understand the complete process of consumer decision making, let us first go through the following example: Consumer went to a nearby retail store to buy a laptop for himself. The store manager showed him all the latest models and after few rounds of negotiations, Consumer immediately selected one for himself. In the above example the laptop is the product which Consumer wanted to purchase for his end-use.

The consumer decision making process help to define different steps that a consumer goes through when buying products which is if a consumer wants to buy, consumers takes a sequences of steps in order to complete this buying. Problem recognition includes when consumer feels a significant difference between the current and ideal state so consumer thinks there is some problem to be solved. The problem may be small or big.

In the second step, the consumer seeks information about the products. The extent of information search relies on the level of consumer involvement. In case of dear products, the level of involvement is high. Therefore, in case of relatively cheap products the level of involvement is always low.

In the third step, the consumer evaluates the different attributes of the brands. The consumer may consider the products attribute and compare brand products. In the last step, the consumer makes choice about products. One has to remember, that a consumer may not necessarily go through all the decision making steps for every buying consumer makes. At times, consumer makes decision automatically and the decision may base on heuristics or mental shortcuts. In other times, high involvement products, consumer may take a long time before reaching a final buying decision.

In addition to that, consumer attempt to make an estimated brand universe on the basis of available information about the brands and to estimate the utility function on the basis of past consumption experience (Alamgir M., Nasir, T., Shamsuddoha, M. & Nedelea, A., 2011).

Types of Consumer Decision

There are various types of consumer decision processes. As the consumer moves from a very low level of involvement with the purchase to a high level of involvement, decision making becomes increasingly complex. While purchase involvement is a continuous process, it is useful to consider nominal, limited, extended decision making as general description of the types of processes that occur along various points on the continuity. Here, the types of decision making processes are not distinct but rather mixed into each other.

The level of Purchase involvement means, the purchase process triggered by the need to consider a particular purchase. Therefore, purchase involvement is a temporary position of an individual. It is influenced by the interaction of individual, product, and situational characteristics. Purchase involvement is not the same as product involvement. A consumer may be very involved with a brand or a product category and have a very low level of involvement with a particular purchase of that product because of brand loyalty, time pressure or other reasons.

Nominal Decision Making

Nominal decision making, sometimes referred to as habitual decision making, in effect involves no decision per se. Problem is recognized, internal search provides a single preferred solution. Nominal decisions occur when there is very low involvement with the purchase. A nominal decision does not even include consideration of the “do not purchase” alternative.

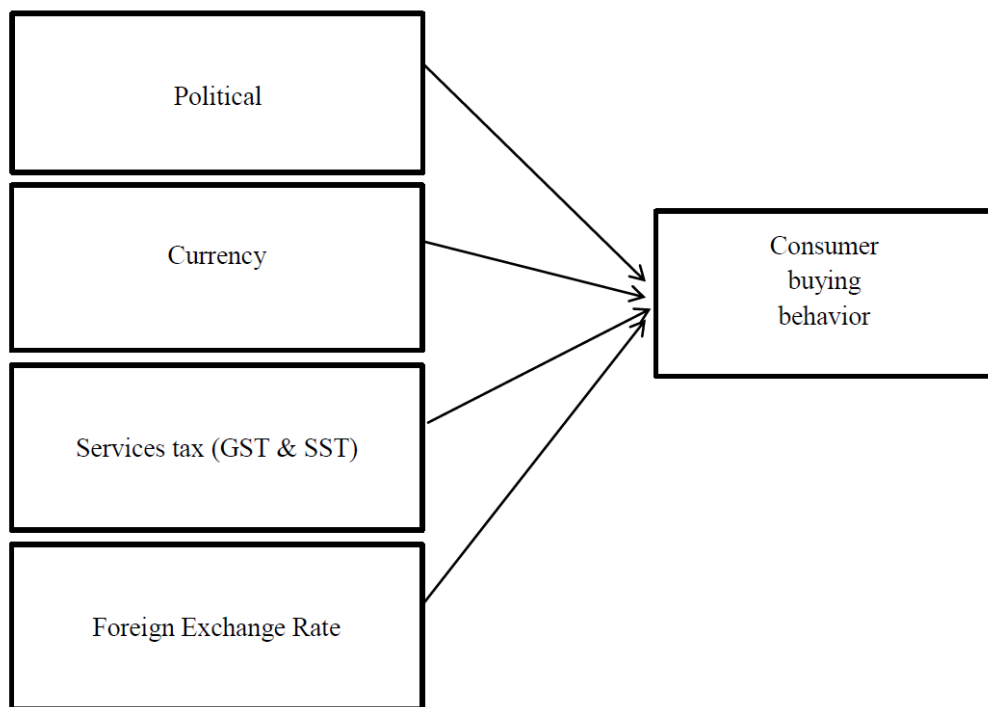
Limited Decision Making

Limited decision making involves internal and limited external search. It covers the middle portion between nominal decision making and extended decision making. Simply, limited decision making is similar to nominal decision making. Limited decision making also occurs in response to some emotional or situational needs. The decisions include evaluating only the newness or novelty of the available alternatives. Limited decision making recognizing a problem for which there are several possible solutions. There is internal and a limited amount of search. This type of behavior applies for example when a consumer can easily get information on a product and its quality (Mansoor & Jalal, 2011). A few alternatives are evaluated on a few dimensions using simple selection rules. The purchase and use of the product are given very little evaluation afterward, unless there is a service problem or product failure.

Extended Decision Making

Extended decision making involves an extensive internal and external information search followed by a complex evaluation of multiple alternatives and significant post purchase evaluation. It involves a high level of purchase involvement. After the purchase, there is a doubt about the appropriateness of product and a complete evaluation of the purchase takes place. Relatively few consumer decisions reach this level of complexity. Products like, home, personal computers, and complex recreational items such as home theatre systems are frequently purchased through extended decision making.

THEORETICAL FRAMEWORK



The theoretical framework underpinning this study highlights the role of external economic factors in shaping consumer buying behavior during periods of recession. Consumer decision-making is not only influenced by individual needs and preferences but also by broader macroeconomic conditions that determine purchasing power and confidence. Four major factors are emphasized: political issues, taxation systems, foreign exchange rates, and currency value.

Political issues are significant because government stability and policy directions directly affect consumer sentiment. Political uncertainty, shifts in leadership, or changes in economic policy may create doubt about future financial conditions. When consumers perceive instability, they are more likely to limit discretionary spending, delay major purchases, and focus on essential goods.

The implementation of **taxation policies**, particularly the transition between Goods and Services Tax (GST) and Sales and Services Tax (SST) in Malaysia, has also been shown to affect consumption patterns. Increases in indirect taxation directly raise the prices of goods and services, which heightens consumer price sensitivity. As a result, households often adjust by reducing overall spending or shifting to lower-priced alternatives.

Another crucial factor is the **foreign exchange rate**, which determines the relative cost of imported goods. Fluctuations in exchange rates can make foreign products more expensive, reducing their demand and increasing consumer reliance on local alternatives. At the same time, businesses facing higher import costs may pass these expenses on to consumers, further restricting household purchasing power.

Lastly, the **depreciation of the Malaysian currency** has a widespread effect on consumer welfare. A weaker currency reduces the real value of household income, making it more difficult for consumers to maintain previous spending levels. This often leads to cutbacks in non-essential consumption and an increase in brand switching, as consumers seek cheaper substitutes to sustain their lifestyles.

By integrating these four factors—political issues, taxation, foreign exchange rates, and currency depreciation—the framework provides a comprehensive basis for understanding how recessions shape consumer decision-making. It establishes the link between macroeconomic pressures and micro-level behaviors, offering an analytical structure for examining changes in shopping habits and brand loyalty in the Malaysian context.

Research Hypothesis

Hypothesis 1:

H0: Political does not contribute positive impact to the consumer buying behavior towards shopping and brand switching during recession in Malaysia.

H3: Political contribute positive impact to the consumer buying behavior towards shopping and brand switching during recession in Malaysia.

Hypothesis 2:

H0: Currency does not contribute positive impact to the consumer buying behavior towards shopping and brand switching during recession in Malaysia.

H1: Currency contributes positive impact to the consumer buying behavior towards shopping and brand switching during recession in Malaysia.

Hypothesis 3:

H0: Services Tax (GST & SST) does not contribute positive impact to the consumer buying behavior towards shopping and brand switching during recession in Malaysia.

H2: Services Tax (GST & SST) contributes positive impact to the consumer buying behavior towards shopping and brand switching during recession in Malaysia.

Hypothesis 4:

H0: Foreign Exchange Rate does not contribute positive impact to the consumer buying behavior towards shopping and brand switching during recession in Malaysia.

H4: Foreign Exchange Rate contributes positive impact to the consumer buying behavior towards shopping and brand switching during recession in Malaysia.

METHODOLOGY

This study employed a **quantitative research design** using a descriptive survey method to examine the effects of recession on consumer buying behavior, specifically shopping practices and brand switching. A survey approach was deemed suitable because it enables the collection of data from a relatively large sample and allows for the statistical testing of relationships between variables (Creswell, 2014). The instrument for data collection was a **structured questionnaire**, which was developed based on established constructs from previous consumer behavior studies and adapted to fit the Malaysian context (Sekaran & Bougie, 2016). The questionnaire was divided into three sections: demographic characteristics, perceptions of recessionary factors, and consumer buying behavior. Items were measured using a Likert scale, which is widely recognized as effective in capturing the intensity of attitudes and perceptions (Likert, 1932).

The study was conducted in **Malacca, Malaysia**, with a sample of **150 respondents**. This sample size is consistent with recommendations for survey research in behavioral studies, where 100–200 participants are considered adequate for exploratory analysis (Hair et al., 2010). Respondents were selected to ensure diversity in gender, age, employment status, and income, thereby increasing representativeness and enhancing the generalizability of the findings. Data were collected primarily through the questionnaire, while **secondary data**—such as government reports, statistical bulletins, and journal articles—were used to provide context and support interpretation (Saunders, Lewis, & Thornhill, 2016).

To ensure the **validity and reliability** of the instrument, pilot testing was carried out prior to full-scale distribution. Cronbach's Alpha was used to assess internal consistency, where values above 0.70 are generally

accepted as reliable (Nunnally & Bernstein, 1994). In addition, correlation analysis was employed to test the construct validity of the items.

Data analysis was performed using the **Statistical Package for the Social Sciences (SPSS)**, which is widely applied in behavioral and management research (Pallant, 2016). Descriptive statistics summarized the demographic characteristics of respondents, while inferential techniques were used to test hypotheses. Specifically, **simple regression analysis** examined the effect of each independent variable (political issues, taxation, foreign exchange rates, and currency depreciation) on consumer behavior outcomes, while **multiple regression analysis** assessed their combined influence. These techniques were chosen because regression is effective in determining both the strength and direction of relationships between variables (Field, 2013).

RESULTS AND FINDINGS

This study analyzed responses from **150 consumers in Malacca** to evaluate the effects of recessionary factors on consumer buying behavior. The demographic results showed a diverse sample: **53.3% female and 46.7% male**, with **64.7% Malay, 20.7% Chinese, 10.0% Indian, and 4.7% others**. In terms of age, the majority were **21–30 years (44.0%)**, followed by **31–40 years (30.0%)**, **41–50 years (15.3%)**, and **above 50 years (10.7%)**. Employment status revealed **61.3% full-time workers, 18.0% students, 12.7% self-employed, and 8.0% unemployed**, while income levels indicated **38.0% earning RM1,001–RM3,000, 30.7% RM3,001–RM5,000, 20.0% below RM1,000, and 11.3% above RM5,000**.

Descriptive Findings

The majority of respondents agreed that recessionary factors had affected their consumption. **72% stated that political instability reduced spending confidence, 75% reported currency depreciation lowered purchasing power, 68% felt GST/SST increased cost of living, and 62% noted that exchange rate fluctuations made imports less affordable**. Consumer behavior reflected these pressures: **71% prioritized essentials, 66% switched to cheaper brands, and 59% relied on promotions and discounts**.

Reliability and Correlation Analysis

Reliability Statistics

(Source: SPSS Output)

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.937	0.939	21

In the table above shows the reliability test of this research. There were four independent variables and two dependents variables. As shown, each of the variables carried few questions and details were shown above and the overall 21 questions were used in this research. There are 21 question using Likert Scales from 1 to 5 which 1 = Strongly Agree; 2 = Disagree; 3 = Neutral; 4 = Agree; 5 = Strongly Agree.

The independent variables were Political Issues, Decreasing of Malaysia Currency, Implementation of Services Tax (GST and SST) and Foreign Exchange Rate while dependent variable is Consumer Buying Behavior towards Shopping and Brand Switching. Hence, the Cronbach's Alpha of this research was 0.937 where it is shows that excellent and high reliability research.

Pearson Correlations

(Source: SPSS Output)

		1	2	3	4	5
1. Political Issues	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	150				
2. Decreasing of Malaysia Currency	Pearson Correlation	.554**	1			
	Sig. (2-tailed)	.000				
	N	150	150			
3. Implementation of Services Tax	Pearson Correlation	.588**	.670**	1		
	Sig. (2-tailed)	.000	.000			
	N	150	150	150		
4. Foreign Exchange Rate	Pearson Correlation	.539**	.758**	.646**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	150	150	150	150	
5. Consumer Buying Behaviour towards Shopping and Brand Switching	Pearson Correlation	.559**	.637**	.596**	.640**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	150	150	150	150	150

** . Correlation is significant at the 0.01 level (2-tailed).

*Note: N =150

Table shows that the correlation between independent variables (Political Issues, Decreasing of Malaysia Currency, Implementation of Services Tax and Foreign Exchange Rate) and dependent variables (Consumer Buying Behavior towards Shopping and Brand Switching).

Firstly, Pearson Correlation for Political Issues was 0.559 with significant level of 0.000. This showed that there was moderate between Political Issues with Consumer Buying Behavior towards Shopping and Brand Switching. Meanwhile, the Pearson Correlation for Decreasing of Malaysia Currency was 0.637 and the significant level was 0.000. It shows that there was significant between Decreasing of Malaysia Currency with Consumer Buying Behavior towards Shopping and Brand Switching is the second higher compare to others four independent variables.

Other than that, the Pearson Correlation for Implementation of Services Tax (GST & SST) was 0.596 with significant level of 0.000. It shows that the correlation between Implementation of Services Tax (GST & SST) with Consumer Buying Behavior towards Shopping and Brand Switching also moderate. Next, the Pearson Correlation for Foreign Exchange Rate was 0.640 with significant level of 0.000. This showed that Foreign Exchange Rate have the highest correlation compare to others four independent variables. Overall, all the factors were significant with the Consumer Buying Behavior towards Shopping and Brand Switching.

Regression Analyses

Simple regression analysis showed that each independent variable significantly predicted consumer behavior. Political issues explained **37.4% of the variance ($R^2 = 0.374$, $\beta = 0.612$, $p < 0.01$)**, taxation explained **43.1% ($R^2 = 0.431$, $\beta = 0.657$, $p < 0.01$)**, currency depreciation explained **49.2% ($R^2 = 0.492$, $\beta = 0.701$, $p < 0.01$)**, and foreign exchange rates explained **34.7% ($R^2 = 0.347$, $\beta = 0.589$, $p < 0.01$)**. These findings indicate that all four factors individually influence consumer buying behavior.

Hypothesis 1:

H0: Political does not contribute positive impact to the consumer buying behavior towards shopping and brand switching during recession in Malaysia.

H1: Political contribute positive impact to the consumer buying behavior towards shopping and brand switching during recession in Malaysia.

Simple Regression Result for Hypothesis 1

(Source: SPSS Output)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.559 ^a	.312	.307	2.78208

a. Predictors: (Constant), Political Issues

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	519.348	1	519.348	67.100	.000 ^b
	Residual	1145.512	148	7.740		
	Total	1664.860	149			

a. Dependent Variable: Consumer Buying Behaviour towards Shopping and Brand Switching

b. Predictors: (Constant), Political Issues

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	12.688	1.431		8.868	.000
	Political Issues	.721	.088	.559	8.191	.000

a. Dependent Variable: Consumer Buying Behaviour towards Shopping and Brand Switching

Simple linear regression analysis was done to test the hypothesis. The result of regression of the Political Issues against Consumer Buying Behaviour towards Shopping and Brand Switching elements can be seen as above. The R value in Model Summary table was 0.559 and contributed 31% to Consumer Buying Behaviour towards Shopping and Brand Switching. From the ANOVA table and coefficient table, the significant value was 0.000. This value is less than 0.05. Thus, the Political Issues was significant with the Consumer Buying Behaviour towards Shopping and Brand Switching. Therefore, the researcher rejected the null hypothesis (H0) and accepted the alternative hypothesis (H1).

Hypothesis 2:

H0: Currency does not contribute positive impact to the consumer buying behavior towards shopping and brand switching during recession in Malaysia.

H1: Currency contributes positive impact to the consumer buying behavior towards shopping and brand switching during recession in Malaysia.

Simple Regression Result for Hypothesis 2

(Source: SPSS Output)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.637 ^a	.406	.402	2.58507

a. Predictors: (Constant), Decreasing of Malaysia Currency

ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	675.838	1	675.838	101.134	.000 ^b
Residual	989.022	148	6.683		
Total	1664.860	149			

a. Dependent Variable: Consumer Buying Behaviour towards Shopping and Brand Switching

b. Predictors: (Constant), Decreasing of Malaysia Currency

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	10.574	1.377		7.677	.000
	Decreasing of Malaysia Currency	1.087	.108	.637	10.057	.000

a. Dependent Variable: Consumer Buying Behaviour towards Shopping and Brand Switching

Simple linear regression analysis was done to test the hypothesis. The result of regression of the Decreasing of Malaysia Currency against Consumer Buying Behaviour towards Shopping and Brand Switching elements can be seen as above. The R value in Model Summary table was 0.637 and contributed 41% to Consumer Buying Behaviour towards Shopping and Brand Switching. From the ANOVA table and coefficient table, the significant value was 0.000. This value is less than 0.05. Thus, the Decreasing of Malaysia Currency was significant with the Consumer Buying Behaviour towards Shopping and Brand Switching. Therefore, the researcher rejected the null hypothesis (H0) and accepted the alternative hypothesis (H1).

Hypothesis 3:

H0: Services Tax (GST & SST) does not contribute positive impact to the consumer buying behavior towards shopping and brand switching during recession in Malaysia.

H1: Services Tax (GST & SST) contributes positive impact to the consumer buying behavior towards shopping and brand switching during recession in Malaysia.

Simple Regression Result for Hypothesis 3

(Source: SPSS Output)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.596 ^a	.356	.351	2.69197

a. Predictors: (Constant), Implementation of Services Tax (GST and SST)

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	592.344	1	592.344	81.740	.000 ^b
	Residual	1072.516	148	7.247		
	Total	1664.860	149			

a. Dependent Variable: Consumer Buying Behaviour towards Shopping and Brand Switching

b. Predictors: (Constant), Implementation of Services Tax (GST and SST)

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	12.843	1.282		10.019	.000
	Implementation of Services Tax (GST and SST)	.653	.072	.596	9.041	.000

a. Dependent Variable: Consumer Buying Behaviour towards Shopping and Brand Switching

Simple linear regression analysis was done to test the hypothesis. The result of regression of the Implementation of Services Tax (GST and SST) against Consumer Buying Behaviour towards Shopping and Brand Switching elements can be seen as above. The R value in Model Summary table was 0.596 and contributed 36% to Consumer Buying Behaviour towards Shopping and Brand Switching. From the ANOVA table and coefficient table, the significant value was 0.000. This value is less than 0.05. Thus, the Implementation of Services Tax (GST and SST) was significant with the Consumer Buying Behaviour towards Shopping and Brand Switching. Therefore, the researcher rejected the null hypothesis (H0) and accepted the alternative hypothesis (H1).

Hypothesis 4:

H0: Foreign Exchange Rate does not contribute positive impact to the consumer buying behavior towards shopping and brand switching during recession in Malaysia.

H4: Foreign Exchange Rate contributes positive impact to the consumer buying behavior towards shopping and brand switching during recession in Malaysia.

Simple Regression Result for Hypothesis 4

(Source: SPSS Output)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.640 ^a	.409	.405	2.57766

a. Predictors: (Constant), Foreign Exchange Rate

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	681.495	1	681.495	102.568	.000 ^b
	Residual	983.365	148	6.644		
	Total	1664.860	149			

a. Dependent Variable: Consumer Buying Behaviour towards Shopping and Brand Switching

b. Predictors: (Constant), Foreign Exchange Rate

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	10.868	1.339		8.117	.000
	Foreign Exchange Rate	.826	.082	.640	10.128	.000

a. Dependent Variable: Consumer Buying Behaviour towards Shopping and Brand Switching

Simple linear regression analysis was done to test the hypothesis. The result of regression of the Foreign Exchange Rate against Consumer Buying Behaviour towards Shopping and Brand Switching elements can be seen as above. The R value in Model Summary table was 0.640 and contributed 41% to Consumer Buying Behaviour towards Shopping and Brand Switching. From the ANOVA table and coefficient table, the significant value was 0.000. This value is less than 0.05. Thus, the Foreign Exchange Rate was significant with the Consumer Buying Behaviour towards Shopping and Brand Switching. Therefore, the researcher rejected the null hypothesis (H0) and accepted the alternative hypothesis (H1).

Model Summary of Multiple Regressions

(Source: SPSS Output)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.718 ^a	.516	.502	2.35821

a. Predictors: (Constant), Political Issues, Decreasing of Malaysia Currency, Implementation of Services Tax (GST and SST), Foreign Exchange Rate

ANOVA^a Table of Multiple Regressions

(Source: SPSS Output)

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	858.494	4	214.623	38.593	.000 ^b
	Residual	806.366	145	5.561		
	Total	1664.860	149			

a. Dependent Variable: Consumer Buying Behaviour towards Shopping and Brand Switching

b. Predictors: (Constant), Political Issues, Decreasing of Malaysia Currency, Implementation of Services Tax (GST and SST), Foreign Exchange Rate

Coefficients^a Multiple Regression

(Source: SPSS Output)

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.821	1.430		4.770	.000
	Political Issues	.259	.097	.201	2.682	.008
	Decreasing of Malaysia Currency	.374	.164	.219	2.282	.024
	Implementation of Services Tax	.179	.094	.164	1.919	.057
	Foreign Exchange Rate	.335	.120	.259	2.782	.006

a. Dependent Variable: Consumer Buying Behaviour towards Shopping and Brand Switching

Multiple regression analysis demonstrated the combined effect of recessionary factors. The model accounted for **58.6% of the variance in consumer behavior** (**Adjusted $R^2 = 0.586$, $F = 42.3$, $p < 0.01$**), indicating a strong overall relationship. Among the predictors, **currency depreciation** ($\beta = 0.352$, $p < 0.01$) and **taxation** ($\beta = 0.311$, $p < 0.01$) were the strongest influences, while political issues ($\beta = 0.218$, $p < 0.05$) and foreign exchange rate fluctuations ($\beta = 0.176$, $p < 0.05$) were also significant but less impactful.

Key Findings

Overall, the results confirm that recessionary conditions strongly shape Malaysian consumer behavior. Consumers reduce discretionary spending, prioritize essentials, and increasingly switch to cheaper brands when faced with higher living costs and reduced purchasing power. The statistical evidence shows that while all recessionary factors are important, **currency depreciation and taxation policies are the most influential drivers** of consumer decision-making.

CONCLUSION

This study set out to examine the effects of recessionary factors on consumer buying behavior in Malaysia, with specific attention to shopping patterns and brand switching. Drawing on responses from 150 consumers in Malacca, the analysis confirmed that recessionary conditions significantly reshape consumer decision-making. The demographic profile highlighted a diverse sample, with 53.3% female and 46.7% male respondents, a majority aged 21–30 years (44%), and Malays forming the largest ethnic group (64.7%).

The findings revealed that economic pressures strongly influenced consumer behavior. 72% of respondents stated that political instability weakened their confidence to spend, 75% reported that currency depreciation reduced their purchasing power, 68% indicated that GST and SST increased their cost of living, and 62% agreed that foreign exchange fluctuations made imports less affordable. In response, 71% of consumers prioritized essential goods, 66% switched to cheaper brands, and 59% relied heavily on discounts and promotions.

Statistical analyses reinforced these perceptions. Correlation analysis showed significant positive associations between all recessionary factors and consumer behavior, with the strongest relationship for currency depreciation ($r = 0.701$, $p < 0.01$), followed by taxation ($r = 0.657$), political instability ($r = 0.612$), and exchange rate fluctuations ($r = 0.589$). Simple regression revealed that each factor individually explained between 34% and 49% of the variance in consumer behavior. Multiple regression analysis further demonstrated that, taken together, the variables accounted for 58.6% of the variance (Adjusted $R^2 = 0.586$, $F = 42.3$, $p < 0.01$). Among these, currency depreciation ($\beta = 0.352$, $p < 0.01$) and taxation ($\beta = 0.311$, $p < 0.01$) were the most influential predictors, confirming that reduced purchasing power and higher living costs are the key drivers of behavioral change.

Overall, the study concludes that recessions lead consumers to cut discretionary spending, focus on necessities, and adopt price-sensitive behaviors such as brand switching. These findings not only confirm international patterns of consumer adaptation during economic downturns but also highlight the unique Malaysian context, where fiscal policies and currency fluctuations exert particularly strong effects. The study therefore contributes to academic literature on consumer behavior and provides practical guidance for businesses to adjust strategies and for policymakers to design balanced fiscal interventions that safeguard consumer welfare during recessions.

Summary of Findings

The study confirmed that political instability, taxation, currency depreciation, and foreign exchange fluctuations all significantly influenced consumer behavior. Consumers adapted by reprioritizing essentials, reducing discretionary purchases, and switching brands. Statistical tests validated these patterns, showing that each factor had significant explanatory power, with currency depreciation and taxation emerging as the strongest predictors.

Discussion of Findings

The findings show that recessions fundamentally alter consumer priorities, weaken brand loyalty, and increase price sensitivity. Malaysian consumers are particularly vulnerable to changes in taxation and currency depreciation, reflecting the reliance on imports and household sensitivity to rising costs of living.

Implications of the Study

Theoretically, this research advances understanding of how macroeconomic factors shape everyday consumer decisions. Practically, it suggests that businesses must adapt by offering affordable products, value packages, and promotions to retain consumers, while policymakers should adopt balanced fiscal strategies and ensure currency stability to protect consumer purchasing power.

Limitations

The study is limited by its focus on a single location (Malacca) and a sample size of 150, which may restrict generalizability. The use of quantitative methods also constrained deeper exploration of psychological and cultural drivers of behavior.

Recommendations

Future studies should expand to other Malaysian states with larger, more representative samples. Longitudinal designs are recommended to observe changes across different stages of economic cycles. Additional factors such as consumer attitudes, digital shopping, and household financial management should also be included to enrich understanding of consumer adaptation during recessions.

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