

CAR PLATE TENDERING IN MALAYSIA

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DECLARATION

I declare that the substance of this project paper has never been submitted for any degree or postgraduate program and qualifications.

I certify that all the support and assistance received in preparing this project paper and the entire source abstracted have been acknowledged in this stated project paper.

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ABSTRAK

Ini adalah kajian empirikal yang pertama untuk mengkaji faktor penentu harga untuk memenangi plat kereta. Maklumat terperinci tender plat kereta seperti profil demografi pembida (umur, bangsa dan jantina) dan harga tender dan tawaran premium diperoleh daripada Jabatan Pengangkutan Jalan Malaysia (RTD atau JPJ) bagi negeri Kedah pada 2011 hingga 2013. Data unik ini membolehkan saya mengukur kesanggupan membayar pembida berdasarkan kepercayaan tahyul dan penglihatan nombor yang menarik. Nombor plat kereta membolehkan kajian menjadi lebih baik berdasarkan kesanggupan pengguna untuk membayar kerana nombor plat kereta tidak mempunyai nilai intrinsik. Lebih-lebih lagi tidak ada pasaran sekunder di Malaysia untuk plat kereta dipindah milik. Saya mendapati menyokong hipotesis di mana nombor "8" dalam plat kereta dikaitkan dengan 9.4% premium untuk memenangi harga tawaran manakala nombor "4" dalam plat kereta akan mengurangkan harga tawaran sebanyak 10.4%. Masyarakat Cina menganggap nombor "8" sebagai nombor bertuah kerana ia sama dengan perkataan "Kekayaan" atau "kemakmuran". "4" bertanda tidak baik atau bermakna dengan perkataan "mati" atau "kematian". Saya juga mendapati sokongan hipotesis menarik di mana plat visual menarik yang dijual pada premium yang ketara berbanding dengan plat lain. Sebagai contoh, plat kereta digit satu dan dua adalah 181% dan 42.4% lebih mahal daripada plat kereta digit bukan satu angka.

Kata kunci: tahyul, terperinci, plat kereta, perbezaan visual, harga bida, premium

ABSTRACT

This is the first empirical research examining the determinants of car plate winning price. Detailed car plate auctioning information such as bidder demographic profile (age, race and gender) and bid price and bid premium are obtained from the Road Transport Department of Malaysia (RTD or JPJ) for the state of Kedah during 2011 to 2013. Capitalizing on this proprietary dataset, I attempt to quantify bidders' willingness to pay for superstition believes and visual appealing numbers. Car plate numbers offer a good laboratory test to consumers' willingness to pay since car plate numbers have no intrinsic value. More so in Malaysia where there is no secondary market for car plate where plate numbers are not transferable. I find support for superstition hypothesis where an addition of number "8" to a plate is associated with 9.4% premium in winning bid price while an addition of number "4" to a plate reduces the bid price by 10.4%. Chinese community perceives number "8" as lucky number because it rhymes similarly to the word "prosper" or "prosperity". "4" is bad for it rhymes similarly to the word "die" or "death". I also find support for visual appealing hypothesis where visually appealing plates are sold at the significant premium as compared to other plates. For example, single and double digits car plates are 181% and 42.4% more expensive than a non-single digit car plate

Keywords: superstitions, auction, car plate, visual difference, bid price, premium.

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CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter discuss about the overview and background of car plate tendering in Malaysia, problem statement of the study, research objectives, significance of the study, scope and limitations of the study and organization of the thesis.

1.1 Overview and Background of Car Plate Auctioning

Attractive car plate (known as license plate in the US and Hong Kong) numbers could be a symbol or self-expression tool to show off power, status wealth of its owner. As society become more affluent, people are more willing to pay for special car plates which are a form of conspicuous consumption. This is because attractive car plates come at a premium compared to normal car plates. In Hong Kong for example, a license plate with a single number “9” was sold for a hefty HKD 13 million (see Woo et al. 2008). This reflects Hong Kong’s car owners’ willingness to pay for special numbers with purpose to evince his wealth.

Car owners’ willingness to pay excessively for attractive numbers could also due to their superstitious believe towards numbers. There is a universal consensus among Chinese society worldwide that “8” is a lucky number as it rhymes similarly to the word “prosperity” while “4” is considered a bad number as it rhymes similarly to the word “die” or “death”. This is indeed the case in Hong Kong where car plates that contain the number “8” are pricier while none of the high-priced plates contain

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