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Islamabad**

FAST School of Management



**Automobile Buying Behavior – A study based on the ‘Total
Product Concept’ and external environment**

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Bachelors of Business Administration 2014

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Word Count: 14,300

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Abstract

The Pakistani automobile industry has been an important contributor to the growth and economy of the country. Over the years the industry has evolved due to factors such as technological innovations, improved infrastructure facilities and import policies. This study aims to present a holistic overview of the local automotive industry through a consumer behavior perspective. The study is essentially based on the 'Total Product Concept', which comprises of three major components; the core product, the actual product and the product augmentation. Coupled with this, factors influencing the consumers buying behavior from an external perspective have also been analyzed. The scope of this research is confined to the twin cities of Islamabad and Rawalpindi while focusing on the hatchback, sub-compact sedan and compact sedan categories. Various factors have been identified which have both direct and indirect impacts on the consumer behavior. In order to draw clear conclusions both qualitative and quantitative approaches have been used which include: questionnaires, interviews and focus groups. The quantitative data has been analyzed using the repeated ANOVA test, Chi-square Test, frequency tests and cross-tabulation which clarified relationships between the identified variables and subsequently supporting the proposed hypothesis. It was ascertained that there is a significant relationship between the product marketing and competitive pricing on the consumers buying behavior. Moreover the results indicated that there is a linear relationship between the after sales services and brand image. It has also been determined that product augmentation has a positive relationship with the consumers buying behavior. The research carries with it various implications for the local automobile industry; given the changing trends and overall market conditions manufacturers need to realize that merely relying on brand image will not guarantee a product's success but various factors pertaining to the after sales services and effective product marketing need to be kept in perspective. Coupled with this, the need for fuel efficiency has grown considerably over the years therefore it is imperative for manufacturers to introduce vehicles which highly fuel efficient and economical to run and maintain.

Acknowledgements

First and foremost, we would like to express our deepest gratitude to Allah Almighty for His countless blessings and constant guidance that enabled us to complete our thesis without any obstacles.

We are extremely thankful to our supervisor, Ms. Tauheed Sohail for her endless support, sustained enthusiasm and exemplary guidance throughout the course of our Final Year Project. Because of her words of encouragement, we were able to stay focused and motivated. Our special gratitude goes out to our loving parents for their invaluable prayers; support and patience that kept our spirits alive and helped us reach this milestone. We would also like to extend our gratitude to the esteemed panel members of the Marketing Cluster for their invaluable feedback and encouragement.

Finally, we would like to offer our profound gratitude to all the participants of this research, for their valuable time and willingness to be a part of this study.

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CHAPTER No.1

1. Introduction

The automotive industry is a growing and lucrative segment of Pakistan's economy, and has spiraled through remarkable growth over the past decade. The potential of market growth remains very high due to factors such as; urbanization, changing demographics, financing

options, and technological innovations. Coupled with this, given the recent change in import policies there has been a huge influx of imported vehicles which has played its part in changing the dynamics of the market in terms of influencing consumer behavior. Due to the high risk and involvement associated with purchasing automobiles the consumer has to go through an extensive decision making process.

Automotive buying behavior is the result of a set of numerous factors that include price, quality and the total product concept. Depending on how these factors influence the potential customers along with their emotional attributes and the external influences at play, a final decision to buy an automobile is made. The following research critically analyzes the extent to which these factors shape the customers buying behavior. One of the major factors that influence consumer buying behavior is perception of the brand image and the quality being offered. Another factor that plays a significant role in the purchase behavior is the information at hand; the greater the magnitude of information available to the potential buyer, the easier it becomes for them to evaluate the different product alternatives on the basis of the features they offer and the customer needs that they satisfy.

In recent years the concept of product augmentation has really taken off. Manufacturers focus on the after sales services and repair and maintenance packages to help differentiate their products from that of the competitors and create a better image of their product offerings in the minds of the consumers. Customers nowadays tend to focus more on the augmented part of the product which includes:

- After-sale service
- Warranty
- Availability of spare parts

The augmented product primarily refers to the collection of services and processes that support the core product. Augmented product helps enhance the outlook of the main (or core) product by associating with it a number of benefits and add-on's that make it more attractive

and desirable. The augmented product not only includes the services associated with the core product but also the personnel, value chain and the atmosphere in which these services are provided to the customer.

1.1. Scope of the study

The main purpose of this study is to present a critical overview of the current automobile buyer behavior prevalent in the twin cities of Islamabad and Rawalpindi. The scope of the research will be confined to the compact and luxury sedans categories, while keeping the medium and high income brackets in perspective. In order to determine the specific factors motivating consumer purchases, various information channels available to the target market will be analyzed, including but not limited to; dealerships, websites, word of mouth and advertising campaigns etc. Moreover factors pertaining to car's quality, pricing, durability, comfort, brand, and safety will also be analyzed and their subsequent impact on the buying process will be ascertained accordingly. Along with this, the study will probe into the implications of product augmentation on the local automobile market; whereby identifying the key differentiating factors responsible for influencing automobile buying behavior. In order to draw clear deductions, both primary and secondary research methods will be used.

1.2. Aims and objectives

- Identify factors which are critical to the consumer's buying behavior.
- Identify and analyze the most important information channels and ascertain their degree of impact on the consumer's purchase decisions.
- Analyze the purchase decision making process in its entirety whereby drawing clear deductions.

- Create a product augmentation model linking all the service factors along with their relative impact.
- Define the extent of the relationship between product augmentation and consumer buying behavior.
- Compare the importance of product augmentation and external factors that influence consumer behavior.
- Create a relationship between variables such as after-sale service, availability of spare parts and mechanical assistance with automobile purchase behavior.

CHAPTER No. 2

2. Literature Review

Automobile buying behavior has been the focus of many consumer research studies throughout the years. Researchers have probed into the purchase decision process by analyzing various factors, variables and characteristics associated with automobiles and consumer preferences. The buyer's behavior can be classified on the basis of the total product concept, which includes the core product, the actual product and the augmented product. All three levels are embedded directly in the purchase decision process, and influence consumer behavior. Moreover, demographics of the target market, government policies and certain external factors also play a key role.

While keeping automobiles in perspective, the core product is the actual benefit a car provides in order to attach value i.e. the convenience of travel. The next level is known as the actual product which deals with the physical and tangible nature of the car, whereby taking into account various factors such as design, color, quality, features, brand etc. Lastly the augmented level, which is the non-physical part of the actual product, further adds value in the form of after sales services, warranty coverage, customer relations, financing options etc.

2.1. Importance of Brand Image

A study conducted by Nikhil Monga et al. (2012) emphasized on the factors that companies should focus on in order to create and develop personalities for their brands. The results of the study concluded that brand image was primarily dependent on the peripheral cues based on the nature and quality of the services provided. Another study conducted by Jung Wan Lee (2009) further studied the relationship between consumer personality and brand image. With the use of

factor analysis, structural equation modeling method and ANOVA, it was determined that the automobile company's should position their brands to reach their customers emotionally since it leads to a stronger brand identity which increases brand loyalty. The findings that if consumers are emotionally attached to the brand it will enhance the brand image, which will subsequently increase the market share.

Brand personality is based on the extent of relationships between the product and the company brand. Given the high involvement nature of the automobile market, the impacts of brand personality are widespread and play an important role in influencing the purchase decision. Xuehua Wanget al (2009) compared the implications of brand personality, while focusing primarily on the importance of product-brand personality and the company-brand personality. The analysis revealed that the product-brand personality plays a more significant role as compared to the company-brand personality; however the congruency between the two factors was equally important to the purchase decision process. Manufactures need to realize the nature of this relationship in order to effectively capitalize on the purchase decision process, and should develop models which not only create a strong product personality but streamline the characteristics with the brand image in order to maintain congruency.

Post purchase customer care and service help in building a customer's loyalty towards the brand. Arjun Chaudhuri and Morris B. Holbrook (2001) examined two effects of brand performance that is, brand loyalty. They divided brand loyalty into two aspects –purchase loyalty and attitudinal loyalty. Three separate surveys were conducted to collect data from 107 respondents, the result of the survey indicated that brand performance determine purchase loyalty which indicates either positive or negative impact on the purchase decision of consumers.

The credibility and perception of a brand is another aspect that is of vital importance to the purchase intention. Yongqiang Li et al (2011) have investigated the various effects associated a

brand's corporate credibility, perceived corporate- brand origin and its self-image. The results indicated that all three factors directly impacted the purchase decision process. However it was established that out of all three factors, the corporate brand credibility was most significant in terms of influencing customer to making purchases.

2.2. Role of Product Augmentation

Product augmentation as concept has been highlighted in various forms and its focus on automobile buying behavior is of critical importance. Before purchasing a high involvement product consumers have now began to consider many non-physical attributes that are attached to the product. Danish Ahmed and Sanatullah (2011) have examined the impact of such attributes in the automobile industry of Pakistan. In the research it has been ascertained that for durable goods it's necessary to have strong seller and buyer relationship which can only be strengthened by the after sale services. These after sale services encompass installation services, function aids, spare parts, repair and maintenance. The study concludes that in order to increase brand loyalty the companies will have to focus on after-sale services, availability of spare parts and mechanics for repair and maintenance services.

Thomas L. Powers et al (2010) in their research have discussed the role that managers and sales men play in terms of influencing consumer behavior through personal selling strategies. Since there are multiple electronic channels at the disposal of the sales force they have been empowered to take independent approaches to accessing potential customers, hence increasing their chances of influencing the purchase decision process. The higher management needs to enforce rules and regulations to ensure that the behavior of sales men and managers does not have a negative impact on the consumer's purchase decision. Customer service, product quality and VAS collectively have a direct relation in increasing a customer's loyalty with a brand. Dr. Yu-Jia Hu (2012) conducted a quantitative study to identify the relationship between service

quality and customer loyalty. The data included 200 individual surveys for analysis. The results were determined through path analysis and indicated that service quality has a positive relationship with brand loyalty, therefore determining the need for efficient service care centers operated by professional service providers. These service centers would not only increase the customer's degree of satisfaction but would also play a greater role in modeling their post purchase decision making behavior and the attitude towards the brand which is vital in terms of customer lifetime value. Coupled with this, Riglopoulo et al (2008) conducted a study which examined the impact of after sale services on customer satisfaction and brand loyalty. It also focused on how the brand perception was build due to positive word of mouth. For this research factors considered were installation, delivery and customer satisfaction, repurchase intention and word of mouth as variables. Telephonic interviews were conducted through close ended questionnaires involving 420 respondents. After short listing the respondents a path analysis was used to conclude that the after-sale service plays a vital role in customer satisfaction and also improves customer perception of the brand.

2.3. Role of External Factors

External factors play a critical role in influencing purchase decisions of high involvement products. Tahmid Nayeem and Riza Cassidy (2013) have discussed the extent to which opinions of family and friends affect the buyer's behavior. Using a cluster analysis and ANNOVA to analyze the data collected from 209 self-administered questionnaires, the research was able to identify and classify three clusters; innovative informed, rational confused and traditional habitual. The study revealed that consumers depended largely on their family, friends and car dealerships for seeking information dealing with the actual purchase decision. Similarly Prawira Fajarindra Belgiawan et al (2013) in their study have focused on the effects of peer influence, satisfaction and regret on the purchase process. Using data from 134 respondents the study constructed four groups which influenced the buying behavior these included; Friends, Siblings,

Parents and Commercial sources. Using a correlation analysis to determine the desire to purchase a car, the results suggested that the influence of siblings was a significant factor.

The adoption of environment friendly, fuel efficient cars by consumers is essential to promoting new technologies and influencing purchasing trend in the market. Anja Peters et al (2013) have argued that once the gap between the actual purchase intention and consumer behavior is highlighted, the market penetration of fuel efficient cars will be more effective. The car purchase behavior was classified under four different categories, each represented by specific factors pertaining to a particular social class. The research results indicated that the intention of the buyers was mainly driven by their personal norms and was subsequently influenced by symbolic elements.

As the automobile sector is a regulated industry and is under the direct scrutiny of government policies, the effect of external factors is widespread. Ian W. H. Parry et al (2007) have discussed a number of factors which have a direct impact of automobile usage. Some of these factors include emission standards, reliance on oil, insurance options, etc. All these factors affect the consumer indirectly on the basis of environment concerns, fuel consumption, insurance premiums etc. Information search is key component in the decision making process and carries an important role in terms of influencing consumer behavior.

With regard to the ongoing high fuel consumption and their resulted CO₂ emission, John A. George (2011) in the following study highlights, through its designed model, the main psychological factors that show why the fuel efficient cars are not being used by many private customers. Clearly one main reason is the ineffective design and lower power of these cars but in order to cope up with the challenges of climates changes and energy supply security, consumers' adoption of fuel-efficient cars must be enhanced. In order to identify the main hurdle causing factors, a study was designed and executed, resulting into an article. Energy efficient and environment friendly cars have gained a large proportion of the global car market

over the recent years, due to rising oil prices and global concerns over climatic changes. Even governments have taken initiatives to promote the growth of ecofriendly cars by providing various tax reliefs and concessions to both the manufacturers and consumers. A study conducted by Joompoth Sanitthangkul et al (2012) dwelled into the factors which affected consumer attitude towards Eco friendly cars. Using various statistical tools and techniques it was ascertained that the attitude of car users played a key role in influencing the buying behavior, therefore government bodies should not only provide opportunities to enable manufacturers to introduce eco cars at low prices but also strive to change the general attitude and predisposition of the car market towards eco-cars. The study firstly talks about the environmental oriented factors that influence the behavior of car purchase. According to it, factors like attitude, personal and social norms, response efficacy and problem awareness play an important role in determining whether a consumer would go for fuel-economic cars or not. Following this, the layout of the designed research (meta-analytic SEM of psychological determinants) is given where major participants were the ones who have bought a new vehicle since 2002. These households were then studied through the use of questionnaires, psychological constructs and socio-demographic variables. The results show that the person's norms have a direct impact on its decision to purchase these fuel-efficient cars. Apart from that, the other main issue is of the response i.e. many consumers regards fuel efficient vehicles as smaller sized having less power and acceleration. Therefore the study suggests that the need of the hour is to firstly aware the public with the problems of fuel consumption and CO₂ emission followed by psychologically manipulating the consumers approach towards these vehicles. It also suggests that fuel-efficiency should be regarded as a prominent selection criterion for all the cars so that when consumer goes out in the market to buy a car, its primary focus is on the fuel-efficiency. However, the article also looks forward to the production of fuel-efficient cars considering the needs and wants of the consumers too.

Constantin, Madelina (2011) tell us about the consumer behavior which is influenced by the instrumental, affective and symbolic factors. Public authorities want to make people more

environmental friendly which becomes a reason for them to have the most of their research on instrumental factors while giving a little less emphasis to affective and symbolic factors. This article, being the first one to conduct such a research, analyze all the academic researches about the consumers, the cars, the factors that counts to the consumers to make a purchase decision and the thinking of the people in their minds to adapt the environmental friendly cars.

Apurva Jain et al (2013) through empirical observation assert the importance of 4 factors that influence buying behavior of customers in general. These factors include cultural, social, personal and psychological factors. The data for this research was collected from 150 questionnaires and SPSS software was used to analyze the results collected from the respondents. Findings of the study suggest that the factors that have the highest impact on consumer's buying behavior towards cars are mileage, price and maintenance. On the contrary, weight, color and capacity do not affect the purchase decision to a great extent. Furthermore, the study stresses on word- to- mouth as the most preferred source of information for car purchase. People mostly take into account information from friends and family before purchasing a car, as opposed to newspapers and magazines. There are various factors that manufacturers need to consider in order to influence the purchase decision and satisfy the consumers.

2.4 Influence of Product Attributes

During the purchase decision process buyers take various factors such as safety, design, reliability, comfort and performance into consideration. To evaluate the importance of the stated factors Brenda H. Vrkljan and Dana Anaby (2011) carried out a research by conducting a survey of 2002 drivers between the ages of 18 and above. The results were analyzed using ANOVA test; in which a feature set of eight independent variables which included; storage,

price, safety, comfort, performance, design, reliability and mileage against age and gender were used as dependent variables. It was concluded that out of the eight factors the features that were most important while making a purchase decision were safety and reliability. Coupled with this it was also stated that gender and age have a significant impact on consumer buying behavior regarding automobiles. Furthermore, Sjaanie Koppel et al (2008) in their research have particularly focused on the importance of vehicle safety in new vehicle purchases. The study analyzed the importance of safety features relative to other factors such as comfort and convenience. Questionnaires were used to determine the analyze the stated relationship, and it was indicated that participants ranked safety features as more important as compared to other factors such as price, quality etc.

Price and quality play a pivotal role in affecting the brand loyalty of a product. Rashid Mateen Khan and Khawaja Fawad Arif (2009) have researched on the impact of factors such as price and quality on the brand loyalty of automobiles in Pakistan. The primary research for this study was collected from one hundred and twenty automobile owners from various cities of Pakistan. After applying statistical model of regression and correlation the original hypothesis of the study; that price has a negative correlation with brand loyalty, was proven wrong. Therefore it was concluded that a price increase will not affect the consumer decision in Pakistan automobile industry. Although price has an immense role in shaping the customers behavior towards buying or not buying an automobile however it is not the first thing that comes to mind. Ali Yusefi and Abdollah Hadi-Venchen (2010) conducted a quantitative research using 'Multi-Criteria Decision Making' techniques, which included the 'Analytical Hierarchy Process' and 'Technique for Ordering Preference by Similarity to Ideal Solution' to determine the order of importance of various factors when making an automobile purchase decision. The results confirmed that when selecting an automobile customers take safety into account first, and then price. On the other hand, research by Jenny Zhan and Brenda Vrkljan (2011) concluded that with the advent of sophisticated technology, since the 1950s safety is no longer a priority when selecting automobiles as there are no unsafe vehicles in the market. However the

purchasing process itself has been deemed as challenging which indicates that automobile services should focus more on the customer service being provided.

The value and quality that consumers attach with automobiles is primarily based on perceptions. Due to the high involvement nature of automobiles, this particular factor carries immense importance with respect to the perceived quality and value. Choy Johnn Yee et al (2011) highlighted perceived quality and perceived risk as the independent variables and the purchase decision as the dependent variable, in order to draw clear deductions. Convenience sampling was used to conduct surveys and questionnaires were distributed to two hundred respondents. The results showed a positive association of all the independent variables with the purchase decision, therefore companies should consider the implications of all the variables while developing new products, and strategizing marketing approaches. Ying-Fang Kuok et al (2009) conducted a study to evaluate the relationship between service quality, perceived value, customer satisfaction and post-purchase decision. Structural equation modeling and multiple regression analysis were used on the data collected from surveys in 15 major universities to determine that service quality has a positive impact on perceived value and customer satisfaction whereas perceived value has a positive effect on customer satisfaction. It was further determined that customer service is the most influential aspect of service value.

Ken Chine and Yang Sun (2011) in their research have indicated that US consumers are rational buyers. The reason being, their focus rests on the premise of perceived product quality, rather than being emotionally influenced by ethnic factors. Studies have shown consumers are more receptive to products manufactured in the most advanced nations as compared to developing nations. Choy John Yee et al. all (2011) study the perception of the Malaysian consumers towards the buying of an automobile to find out what is the behavior of the Malaysian consumer and their purchase decision for the automobile counting on the three factors which includes perceived quality, perceived value and perceived risk associated with the particular automobile. The study further revealed the importance of comfort, luxury, style and design that the

customers look into before making any purchase decision. Customers aging between 23 and 65 and above at Klang Valley were surveyed with the help on convenience sampling. It was found that that people do take into account the above mentioned factors before making any purchase decision and the result was very significant. This report was written on the basis of already written researches with the basic aim of analyzing the behaviors of the passenger car customers who emphasize and give importance on the adoption of low-carbon and fuel efficient vehicles.

Akber, Ashok (2012) determine in their study the underlying factors behind automobile buying behavior. According to their research that included 121 respondents between the ages of 20-56, buying behavior of customers is highly influenced by a set of economic and psychological factors that include price, quality, comfort, reliability, consistency in performance and fuel efficiency. A single factor does not play a huge role in shaping the individuals buying behavior rather it is the whole set of factors that helps a potential customer to differentiate between a number of product offerings. The study concluded that in order to influence buying behavior an acceptable motive or driving force needed to be present. This driving force would serve its purpose as a “legitimate reason” by motivating customers towards making a purchase. The seller should also aim to reduce dissonance by effectively marketing and highlighting the services i.e. product features and characteristics being offered which satisfy the needs and requirements of the customers.

Steve Finlay (2012) laid emphasis on the significance of factors such as quality of the automobile, fuel economy and how buyers are treated before and after the purchase. This article compares these factors to “price” and “value” and concludes that even though price and value play an important role in the purchase decision; However, quality, after- sales service and fuel economy play a bigger role in influencing the purchase decision of buyers. This article discusses how customers expect things to be done without any delays and suggests moving car purchase process online. Therefore, the conclusion derived from the article is that marketers and

car manufacturers need to focus more on building good relationships with the consumers, especially after the purchase is made.

2.5 Role of Manufacturers

Saleem Anwar et al (2013) have researched the extent of the impact the country-of-origin (COO) has on product evaluation and by extension the purchase decision. According to their research COO is currently the most widely researched issues regarding high risk and high involvement products. The conclusions drawn from this study were that most educated and upper class consumers judge a product's quality by the its COO, many of them do not purchase the product without this specific knowledge hence it is clear that the country-of-origin plays the role of one of the major deciding factors where purchase decision is concerned.

Gerald P. Pendergast et al (2010) in their research identified two sub divisions of country-of-origin; country of manufacture (COM) and country of origin of brand (COB). Two sets of one hundred and ninety-eight questionnaires were distributed and after using the ANOVA test it was determined that both COM and COB have significant impact on the consumer purchase decision. Furthermore Alexander Josiassen and A. Assaf (2010) focused their study on the interaction among product-country image, product-origin, product involvement of consumers and purchase intentions. The data was collected from 388 respondents and after analyzing it using hierarchical regression analysis it was determined that for high-involvement products consumer perception about the COO has significant impact on the purchase behavior of customers. Furthermore factors pertaining to the origin of the brand and the manufacturing facility also influence the behavior of the consumers.

Corporate social responsibility (CSR) and corporate social performance (CSP) are two factors that impact automobile buying behavior with respect to consumer preferences. Sandra M.C.

Loureiro, Indilina M. Dias Sardinha and Lucas Reijnders (2012) have conducted a research by proposing a conceptual model using labor practices, community development and environmental performance as independent variables and purchasing decision and brand loyalty as dependent variable. Due to global influence consumers are now well informed about the rights of the working class and have become sensitive to issues regarding human rights and labor laws. Before making purchase decision, high end customers take environmental conditions and labor practices of the company into account. Therefore it was concluded that such factors not only increase brand loyalty and they also help in increasing customer satisfaction.

Product positioning is a key factor which directly influences consumer behavior. Automobile companies particularly focus on this aspect and tend to position their products based on their perceived value, specifications and the attitudes of the target market. Anco Hoen and Kasrst T. Geurs (2011) conducted a study to analyze the influence of positioning in car purchasing behavior. It was determined the certain specifications such as a car's size, engine capacity and interior define how a car is positioned. The willingness of customers to pay for smaller or larger cars depended on the different attributes and the previous cars the customers had owned. The results also suggested that there was a very strong preference for purchasing cars similar to the ones they already owned, and any change in car's class or size had a negative impact of the customer's willingness to pay and also reduced the utility value customers associated with it. It is imperative for companies to create value additions in their products attribute levels with respect to specific car segments, whereby effectively positioning the products and influencing the consumer's buying behavior.

2.6 Role of information channels

The fundamental factors that affect consumer buying behavior are advertisements and promotional activities involving the potential customer. Ghulam Niazi et al (2011) examined the

relationship between environmental and emotional response and consumer buying behavior. The research included 200 respondents from Islamabad and Rawalpindi and it was concluded that consumers buy products which appeal to them emotionally. Zain-ul Abideen and Salman Saleem (2012) conducted a study using the same variables. They concluded in their study that environmental factors like information and sensory responses do not have a significant impact on consumer buying behavior whereas the emotional appeal in advertisements can be responsible for the ultimate purchase decision.

There are two broad categories of sources which can influence consumer buying behavior; formal and informal. Formal sources include media sources such as the internet, newspaper and advertisements, whereas informal sources include the influence of friends, family and word of mouth etc. Shahzad Khan (2012) has highlighted the extent of the impact of both these sources. A sample of 200 individuals were interviewed on the basis of their responses a correlation and regression model was conducted which determined that among the formal sources, advertising is a determining factor. Among the two main sources, the formal source has a greater impact on consumer buying behavior. Furthermore, Fatmah Assagaf (2013) determined that creative advertising leads to brand awareness, which is the foundation of the brand knowledge system. This system facilitates the consumers to make a well-informed decision about their purchase. Questionnaires were used collecting data from a sample of 200; this data was then quantified using Structural Equation Model (SEM). The SEM was conducted using three variables (advertising, brand awareness and consumer decision making) to prove the hypothesis of the study which was – “Advertising has an effect on consumer decision making.” After using Measurement and Structural Model it was determined that advertising has a significant impact on consumer purchase decision.

Frank van Rijnsoever et al (2009) have discussed the role information search channels in terms of influencing consumer car preferences. Based on household surveys, the analysis revealed that both behavioral and attitudinal affect the consumer in terms of constructs such as

‘environmental’, ‘performance’, and ‘convenience’ preferences. The results showed that people who exhibited both positive behavior and attitude with reference to environment were more likely to be involved in the purchase process than people who only showed positive behavior or attitude. The idea suggests that mere predisposition to certain factor does not influence the process in its entirety unless a behavior is present to supplement the attitude. A research by Gauri Kulkarni et al (2006) focused on the internet as the main information channel available to the consumers to make informed purchase decisions. With advancement of information technology there are many portals which now provide customers access to reviews, quality and durability reports. Nan Hu et al (2008) focused their research on the effect of online reviews on consumer preference and buying behavior. Portfolio approach was used to understand the impact of online reviews, it was determined that when consumers use online portals they pay special attention to the reputation and the exposure of the reviewer along with the content of the review therefore proving the importance of online reviews.

H.S. Adithya et al (2013) analyzed various factors that affect consumer buyer behavior towards automobiles. Chi- square test was used to analyze the importance of variables such as price, fuel economy, driving comfort, brand image, latest technology etc. and data from 100 respondents was used and evaluated for this purpose. The research concluded that advertisements, followed by price are the top influence on the purchase of automobiles. Furthermore, the research concluded that brand image is another aspect that consumers consider important during the purchase decision process.

Jung Seek Kim and Brian T. Ratchford (2012) studied consumer choice for the use of various information sources for Automobile purchases. In their research, multiple sources of information for automobile purchases were thoroughly analyzed and it was concluded that consumers primarily preferred dealership-related activities to obtain information before purchasing a car. However, the increased use of internet all over the world has facilitated mass information access and has thus led to heavy reliance of car purchasers on the use of this

medium. It was concluded that educated class under the age of 40 is susceptible of relying more on internet as the key medium of car- related information. Gunjan Malhotra, Abhishek Nandi and Amitava Mukherjee (2012) have conducted a study on consumer behavior towards small car segment. This research focused on customer preference and perception towards various automobile features that ultimately influence their purchase decision. The ANOVA model was used to analyze data collected from 161 online questionnaires. Results of this study revealed that the primary automobile features that most influence consumers' buying behavior are space and trust, reliability of the brand, the cost to the customer and aesthetics of the car. The conclusion drawn from this study was that the factor that holds most importance to the customers while purchasing a small car is the overall cost, followed by fuel efficiency and maintenance cost. Moreover, it was concluded that feedback from friends was the most preferred source of information for consumers. Therefore, automobile companies need to maintain a strong level of after sales service in order to ensure a positive word of mouth.

Liu Dongyan and Bai Xuan (2008) have conducted a study on the car purchasing behavior of young Chinese consumers. A non-probability convenience sampling method was used to analyze data gathered from a total of 189 questionnaires. The results concluded that consumers acquire car-related information from innumerable sources. However, they consider internet the most reliable source of information, surpassing friends and family. The study further concludes that consumers consider "safety" the most important attribute in cars, followed by "value for money" as the second most important and "riding comfort" as the third.

The car market is based on the premise of various factors and their effects, which eventually shape an integrated model of the market. A research conducted by George Baltas and Charalabos Saridakis (2009) analyzed the integrated model of the automobile market while focusing on Brand-name effects, segmentation and product features. The model helped elicit various key results and findings. It was determined that the prices in the mainstream segments of the market are largely dependent on the functional characteristics, while the high end

segments tend to rely more so on the premium pricing strategies. Coupled with this, brand name plays a very important role in determining the value of the car and capturing very profitable market segments. Therefore automobile companies should focus on developing strategies which incorporate both brand management practices and pricing strategies in order to effectively influence consumer's purchase decision process.

David H. Furse, Girish N. PunJ and David W. Stewart (2001) discussed the various information search strategies employed by customers in purchasing a new vehicle. This study sheds light on how an individual goes about information search and the different sources of information that are incorporated into their search. Data for the study was generated through questionnaires and Cluster analysis model was used to isolate 5 key information sources that were used by customers. Factors such as friends and family, TV advertisements, dealers, magazines etc. were analyzed and compared and the conclusion that was reached was that different search strategies are used by different customers on the basis of their shopping behavior. However, information from friends and family and advertisement are the key sources of information search used by customers. Jung Seek Kim and Brian T. Ratchford (2012) in their study discussed different sources of information that consumers rely on prior to their purchase and how purchasers allocate their time across different channels. The data collected from about 3000 questionnaires was analyzed using the Econometric model and the results revealed that the use of non- dealer activities increases as the search efforts of buyers increase. The study concluded that young and educated purchasers under the age of 40 invest a large amount of time on internet searches. On the other hand, younger buyers are more likely to rely heavily on opinions from friends and family. Lastly, buyers over the age of 50 mostly rely on their past experience and do not carry out an extensive research.

The findings of our study have led us to believe that there are 6 basic factors that affect the automotive buying behavior of individuals. These factors are:

- Information Search and Purchase Initiation (ISPI)

- Personal preferences (PP)
- Convenience factors (CF)
- Manufacturer influence (MI)
- Dealer influence (DI)
- External Influence (EI)

i. Information Search and Purchase Initiation (ISPI)

The first step towards buying an automobile begins with the recognition of the need for one. After the need has been recognized and consciously accepted, the search for information begins. TV commercials, internet reviews, distributor/dealer visits are the leading sources of information. Contextual e-marketing techniques have had a significant boost in their use over the last couple of years due to the growing internet access in Pakistan. Search engines are being extensively used by customers in order to get answers to various queries that arise during the buying process.

ii. Personal Preferences (PP)

Personal preferences play a significant role in developing the customer's interest in any particular product. Personal preferences include mediating variables such as external appearance, stance, interior layout, gadgetry, upholstery and value added features such as multimedia and driving aids. Personal preferences also come into play when comparing a number of alternative products. Alternates are judged on the basis of their product offerings and the variables mentioned above. Personal preferences also include emotional factors such as brand image, pride of owning the car and sense of achievement.

iii. Convenience Factors (CF)

Convenience factors include cash at hand, availability of bank loans and market availability of the desired product. These factors can either make or break the deal for

both the buyer and the seller. The decision making process is entirely driven by independent variables such as price which determine which automobile category to enter and which manufacturer to explore in the quest for buying a car, Price is the sole driving force behind the automotive buying behavior as all the other variables such as quality, product characteristics, and brand image depend on it. Running costs and maintenance costs are two other sub-factors that come under the umbrella of convenience factors. The effect of these two factors can be neutralized to an extent by offering superior after-sales services, warranty and maintenance packages.

iv. Manufacturer Influence (MI)

Factors such as country of origin, corporate social responsibility on part of the manufacturer, company history and nature of operations come under Manufacturer Influence. Even though these factors do not play a huge role in shaping the automotive buying behavior of an individual, they can't be overlooked.

v. Dealer Influence (DI)

One of the most important factors affecting the entire buying behavior is the dealer influence. The automotive dealer/ distributor acts as a gateway in ensuring smooth transition of information from the manufacturer to the customer. The dealer influence includes factors such as showroom experience and after-sales services.

vi. External Influence (EI)

External influence includes factors such as peer pressure, group conformance, opinions of colleagues, parents and relatives and the size of the family. Moreover political and economic factors prevalent in the country also affect the consumer's buying behavior. Due to economic instability, consumers may prefer buying vehicles whose prices are likely to go up and abstain from buying such vehicles that might become a thing of the past, sometime in the near future.

CHAPTER No.3

3.Research Methodology

3.1. Research Type:

The purpose of the study is to identify the relationship between a set of independent variables and a dependent variable. Thus, this is an exploratory research.

3.2. Methods of Data Collection:

For a detailed assessment of the relationship between the variables and consumer buying behavior, the primary data will be collected through the following methods:

Questionnaires	<ul style="list-style-type: none">• The questionnaires will be closed-ended and will be used for quantifying the relationship.• Questionnaires will be distributed to 330 individuals between the ages of 18 - 45.
Focus Groups & Interviews	<ul style="list-style-type: none">• The data collected from interviews and focus groups will be included to understand the qualitative aspect of the relationship.• 10 focus groups will be conducted, with 6 participants each, between the ages of 18-45.• 10 interviews will be conducted

Table 3.1

Sample Definition:

For the purpose of this research data will be collected from 400 respondents.

Location:

All the respondents will be located in the area of Islamabad and Rawalpindi.

Age Bracket:

The respondents will be between the ages of 18 and 45.

Gender:

Both genders will be included in the sample.

Sample Frame:

The sample will consist of:

- Car Owners
- Prospective Buyers
- Customers willing to switch brands

Sampling Technique:

Non-probability sampling will be used, given the time, workforce and monetary limitations this is the most appropriate technique to use. Convenience non-probability technique will be used because this is the easiest, cheapest and least time consuming sampling technique.

Sample Size:

Total Size	400
Questionnaires	330
Focus Groups	60
Interviews	10

Table 3.2

3.3 Structure of Questions:

The questionnaire has been structured to assess the rate of importance and the influence each variable has on the consumer buying behavior. It begins by understanding the social position of each respondent, taking into account a few personal details for example, income position etc. Each question has been designed with an aim to probe into the behavior of the buyer at various levels, while keeping all the key elements of the purchase decision process in perspective. The questionnaire and the interview guide have been designed to facilitate in providing answers for the questions given below. The following questions make up the theme for the data collection:

1. Which factors can be deemed as most important in terms of influencing a consumer's buying behavior?
2. What is the role of information channels in facilitating consumer's purchase, subsequently which channels provide relevant, pertinent and timely information to the consumer?
3. What are the impacts of advertising and buzz marketing deployed by automobile companies?
4. What social factors influence the buyer during the purchase decision process?
5. What is the impact of product augmentation on the consumer's behavior?
6. How important is customer relationship management to the prospective buyer?

These questions make-up the foundation of our data collection, each question used in the data collection will ultimately refer to the six theme questions. These questions have been designed according to the variables identified in the literature review. They encompass the main independent mediating variables that influence consumer buying behavior. The questions for the interview during the focus groups are semi-structured, revolving around the

major objectives defined above. However the focus groups will act as guides to more detailed descriptions of the relevance of each variable, it will also take emotions and attitudes into account which will paint an even clearer picture for an accurate analysis.

3.4 Data Collection:

The primary data will be collected from:

- Universities
- Car Dealerships
- Showrooms
- Online Forums

3.5 Analysis of Data:

To determine the predictive ability of a set of independent variables on one continuous dependent variable different types of multiple regression models will be used to determine the results of the questionnaires. Since the focus groups and questionnaires are designed to understand the relationship between a set of variables with one dependent variable; chi-square test, partial correlation and factor analysis will be used to quantify the results and increase the accuracy of the results.

CHAPTER No.4

4. Theoretical Framework

Fig 4.1

For the purpose of this study eight mediating independent variables have been identified that influence the dependent variable that is automobile buying behavior.

The independent variables are as follows:

1. Price- this includes the monetary value/ sum of money required in exchange for the product.
2. Quality- the totality of features or characteristics of a product that bear on their ability to satisfy stated or implied needs of a consumer.
3. Product Augmentation – which includes non-physical attributes such as warranty, availability of spare parts and customer service.
4. Brand Image- this is the image in the minds of the consumers of the qualities possessed by a brand and its shortcomings.
5. Consumer Perception – this is influenced by peer pressure, family and opinion leaders
6. External Factors – which include government policies, oil process etc.
7. Information Search – consumers gather information through internet portals and are mostly influenced by advertising
8. Personal Preference - a consumer's preference is influenced by the image of the country-of-origin and country-of –manufacture.

4.1 Hypothesis Development:

The prime objective of our study is to highlight the relationship that exists between our independent variables i.e. service package, price, quality and brand image and the dependent variable “Automotive buying behavior”.

Our research indicates that the overall service package including the actual product and after-sales services are the prime focus of customers while making a purchase decision. Customers follow an approach consisting of 5 basic stages.

1. The first step of a purchase decision is to **identify the need**. Once a need is identified usually consumers can identify which product will satisfy it.
2. When the consumers identify the need, they enter into **the information search** stage. This is where they evaluate all possible choices, and then they search for the best possible product to satisfy their needs.
3. During the next stage they **evaluate and assess all different options** of the product. For example if a consumer has little knowledge about cars, he/she will do an information search via internet, peers and family and then come to a conclusion about which brand or which car is the most appropriate for him/her.
4. After obtaining all the necessary information, the consumer makes the **purchase**.
5. The last stage is the **post purchase** – some consumers feel that the other brand or product would have better served their needs, this phenomena is called ‘post-purchase dissonance.’ However some satisfied customers spread a positive word-of mouth and also increases the possibility of repurchase decision.

4.2 Hypothesis formulation:

To strengthen our research, we have formulated 3 hypotheses.

1. **H₀:** A direct relation does not exist between product marketing and automobile buying behavior.

H₁: A direct relation exists between product marketing and automobile buying behavior.

2. H₀: Competitive pricing is directly proportional to the consumer's interest in the product

H₁: Competitive pricing is not directly proportional to the consumer's interest in the product

3. H₀: A significant relationship exists between after sales services and brand image

H₁: A significant relationship does not exist between after sales services and brand image.

4. H₀: Product Augmentation has a positive relationship with consumer buying behavior

H₁: Product Augmentation does not have a positive relationship with consumer buying behavior

CHAPTER No.5

5. Timeline

The project plan will be spread over a period of six months. Phases will be assigned weekly timelines on the basis of the nature and sensitivity of the subject matter. Resources will be allocated in an effective and efficient manner in order to draw clear deductions and ensure integrity of the data. The tentative timeline for the project is illustrated as follows:

Fig 5.1

5.1. Deliverables

Following are the outcomes this study aims to achieve.

- The study will quantify the impacts of the variables that affect consumer buying behavior.
- The formation of primary data sets
- Various statistical tools will highlight the relevance of various factors that influence automobile buying behavior.
- The main concern of this study is to understand the impact of product augmentation and external environmental factors that facilitate the purchase of automobiles in the twin cities.

CHAPTER No. 6

6. Interpretation and Analysis (Descriptive Statistics)

During the preliminary research we discovered that many studies show that there are several variables that have a positive impact on automobile buying behavior. It has been stressed that automobile companies should focus on the improvement of after-sale-services, provision of spare parts, product reliability, safety, quality etc. the company should deploy management information systems and focus on customer relationship management in order to promote the brand image and eventually influence the buyer behavior. Furthermore it was observed that along with the physical attributes and product augmentation of the automobile there are several external factors, such as friends, family, word of mouth, economic recession etc.; that play a large role in influencing the consumer purchase decision.

Nature of Respondents

To obtain primary data, the measurement instrument used was questionnaires. A total of 330 questionnaires were filled which included 212 males and 118 females.

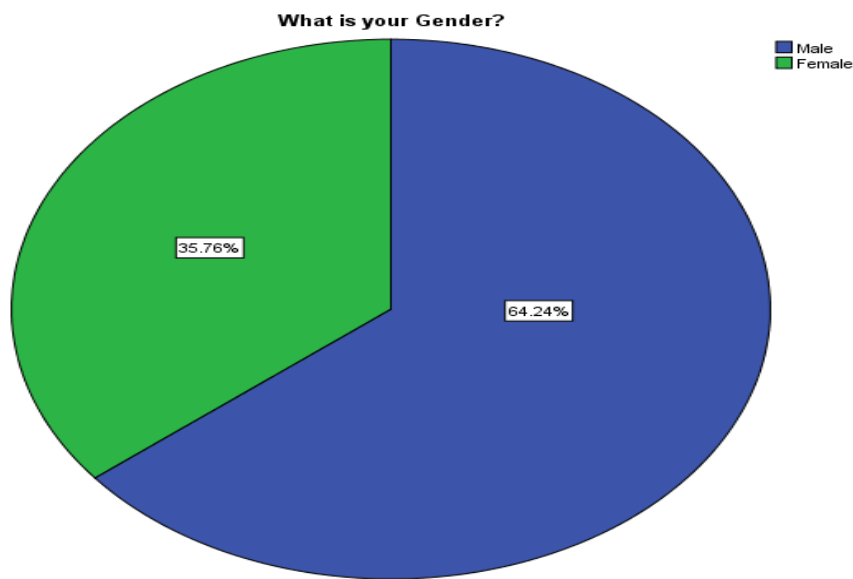


Fig 6.1

About 56.4% of all respondents were undergraduates and had completed their Bachelors and 39.7% had higher qualifications, that is, Masters and PhD. The rest were high schools students (3.9%).

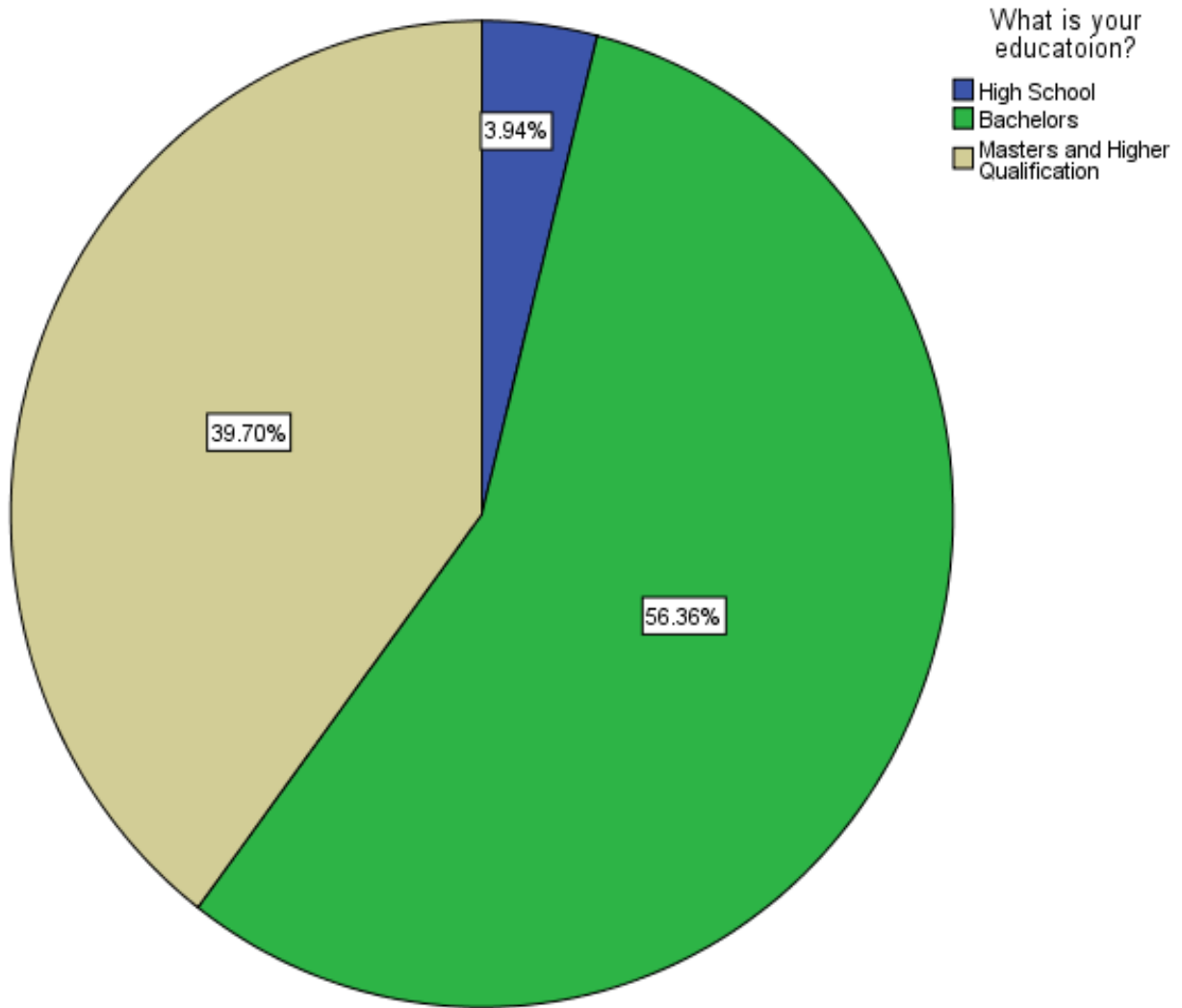


Fig 6.2

Most of respondents were between the ages of 23 and 28. However the second majority of respondents were between the ages of 30 to 32.

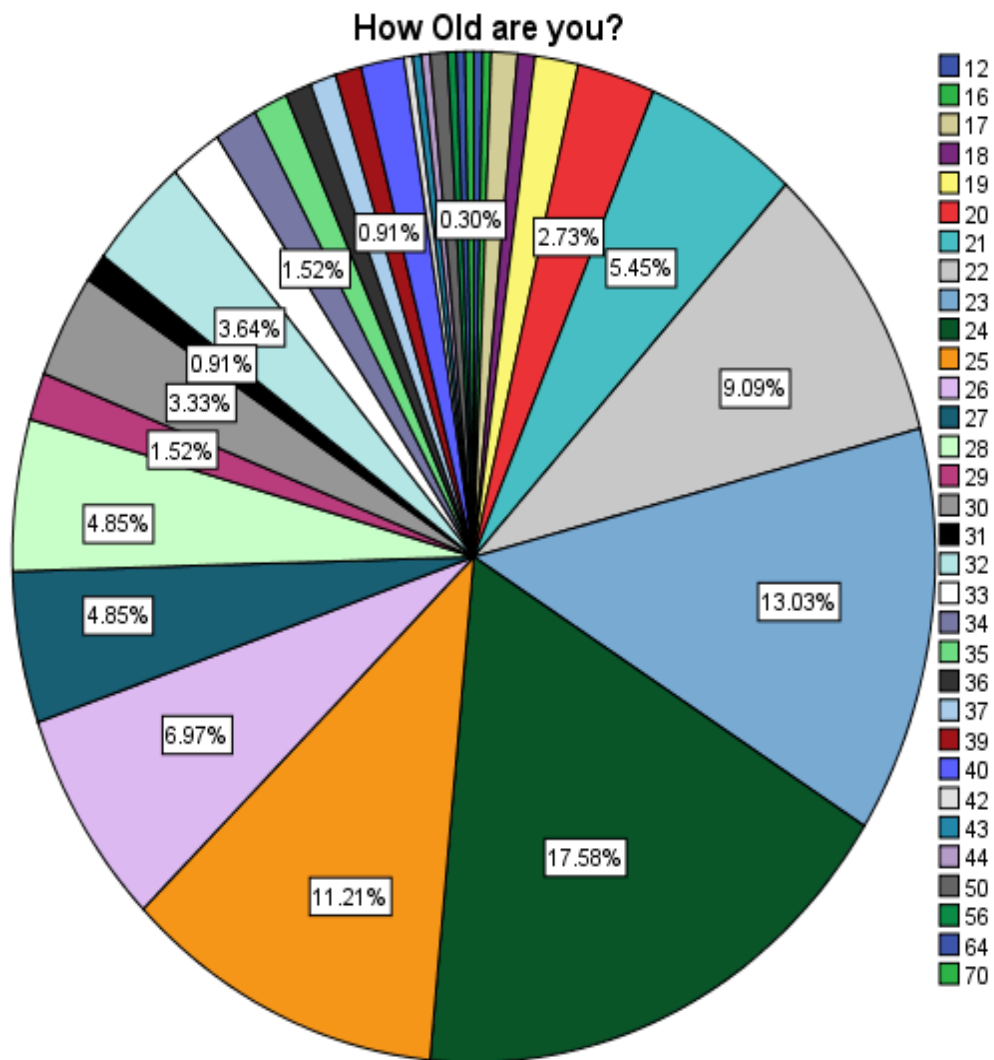


Fig 6.3

About 38% of the respondents had a monthly income of more than of Rs. 80,000, 13% earned between Rs. 60,000-80,000, 21% earned between Rs. 40,000-60,000, 15% of the respondents

earned between Rs. 20,000-40,000 and 13% of our sample earned less than Rs. 20,000 per month. (The incomes provided are on a monthly basis).

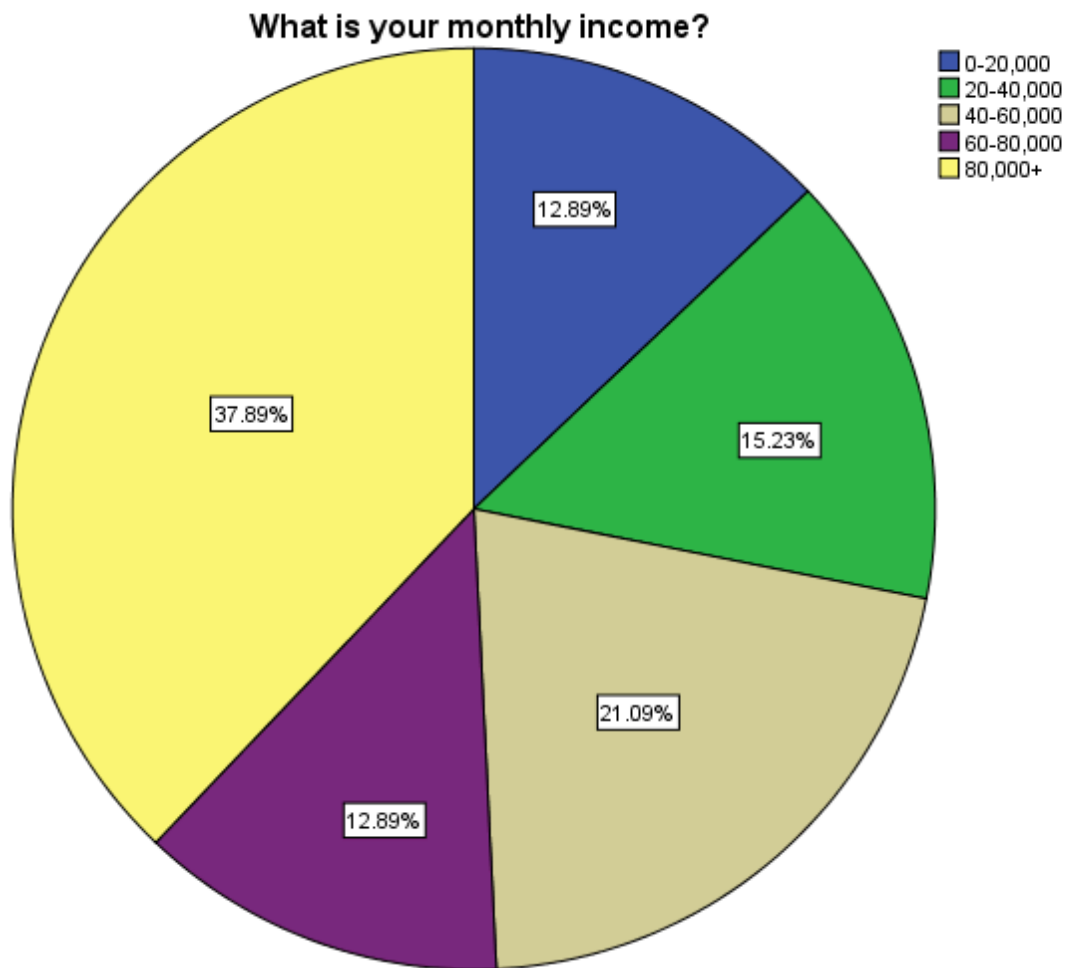


Fig 6.4

Since the underlying basis of the research was the automobile buying behavior within the twin cities, therefore the statistical analysis has been carried out with the residence of the respondents as an independent variable. Out of the 330 individuals who provided the data,

183 were residents of Islamabad and 130 were from Rawalpindi. These groups have 98% validity in their responses according to the Case Processing Summary.

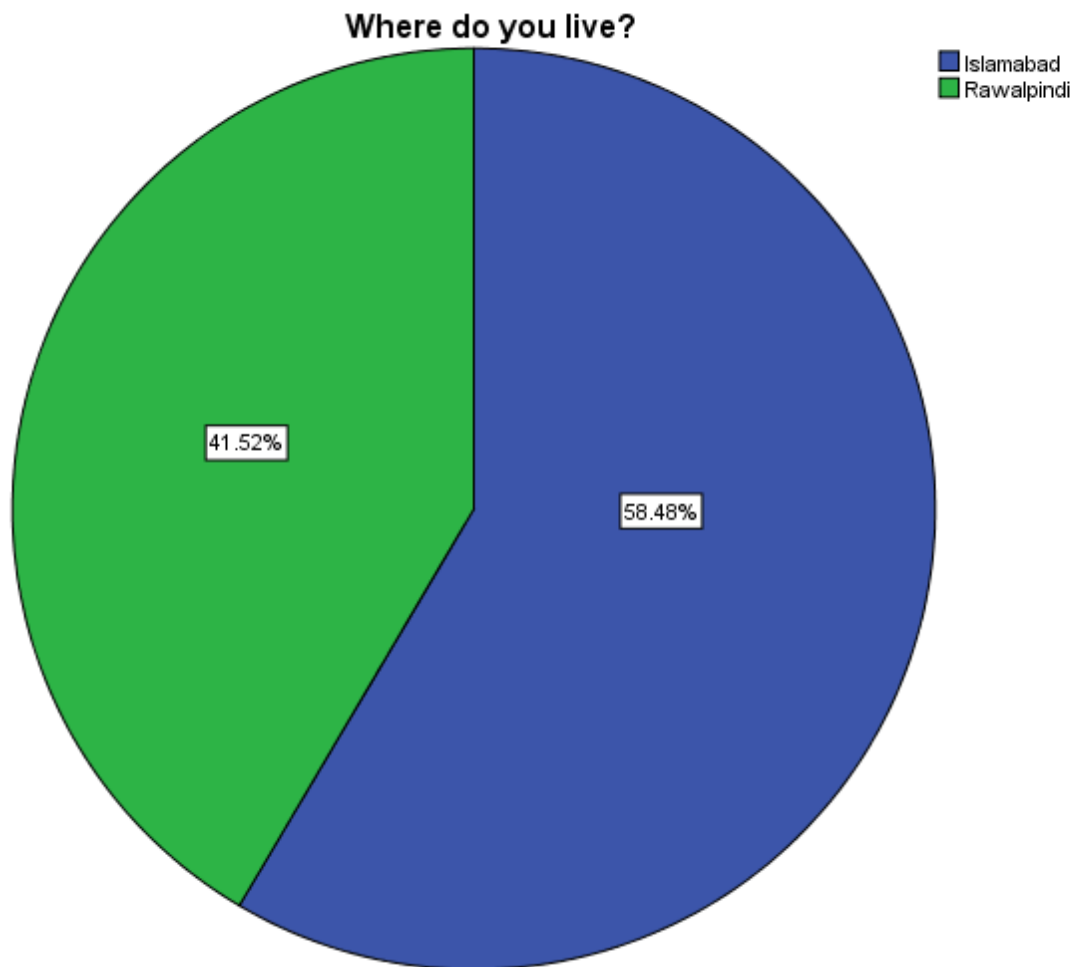


Fig 6.5

Maintenance Time

The first point of the research determined how often people took their cars for maintenance. The results of research indicated that the majority of individuals from both the cities took their cars for maintenance once a month, for both cities the rate of deviation from the average pattern of behavior was up to .922 – which suggests that only a .9% of the total sample chose other the other options mentioned in the question. This was determined by Frequency Tests which includes Case Processing Summary and Tests of Normality. With the help of Histograms, Normal Q-Q Plots and scatter patterns we were able to determine the normal pattern of behavior and deviation from popularly adopted choice. The Sig. Value of the Kolmogorov-Smirnov Tests of Normality is .000 which indicates that there is significant correlation between where the sample lives and how often they take their cars for maintenance services.

The data collected from the research is going to be collected on the basis of the following independent variables that influence the automobile buying behavior:

1. Brand Image
2. Safety
3. Price
4. Augmented Product
5. Country of Origin & Country of Manufacture
6. Fuel Consumption
7. Payment Plan
8. Friends and Family
9. Information Tool
10. Mileage
11. Costs

Variables

a. Brand Image

Brand Image is of vital importance while making an automobile purchase decision. Out of the 330 respondents 41% strongly agreed, while 44% agreed that brand image plays an important role in the purchase decision. On the other hand 13% were neutral, 0.3% disagreed and a negligible number of people strongly opposed this viewpoint.

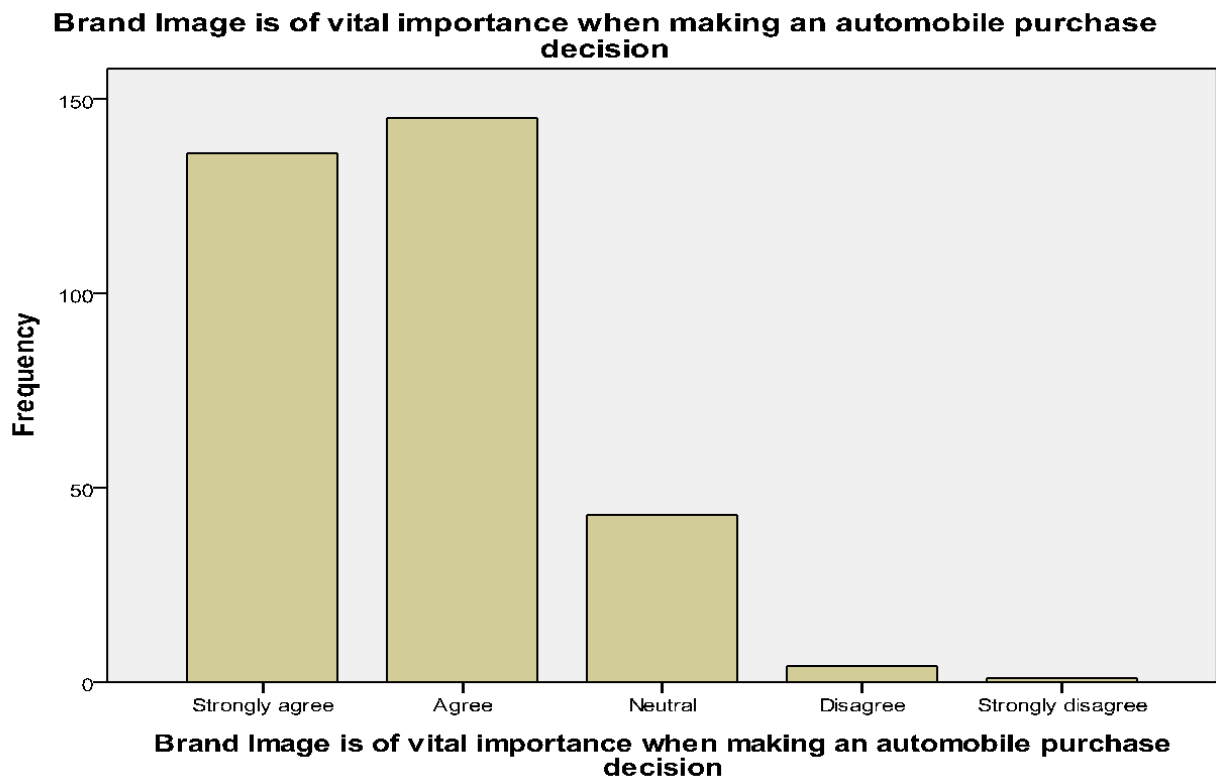


Fig 6.6

A frequency analysis was conducted to determine which of the variables had the most effect on automobile buying behavior. According to the results of the tests Brand Image is a very important factor while deciding which car to purchase.

Brand Image is of vital importance when making an automobile purchase decision

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	136	41.2	41.3	41.3
	Agree	145	43.9	44.1	85.4
	Neutral	43	13.0	13.1	98.5
	Disagree	4	1.2	1.2	99.7
	Strongly disagree	1	.3	.3	100.0
	Total	329	99.7	100.0	
Missing	System	1	.3		
Total		330	100.0		

Table 6.1

Through cross tabulation it was further determined that residents of Islamabad are more brand conscious than those living in Rawalpindi. These results indicated that 85.4% of the total sample considered Brand Image as a major influence while making an automobile buying decision.

Where do you live? * Brand Image is of vital importance when making an automobile purchase decision Cross tabulation

			Brand Image is of vital importance when making an automobile purchase decision					Total
			Strongly agree	Agree	Neutral	Disagree	Strongly disagree	
Where do you live?	Islamabad	Count	78	85	27	2	1	193
		Expected Count	79.8	85.1	25.2	2.3	.6	193.0
		% within Where do you live?	40.4%	44.0%	14.0%	1.0%	.5%	100.0%
		% within Brand Image is of vital	57.4%	58.6%	62.8%	50.0%	100.0%	58.7%

Rawalpindi	importance when making an automobile purchase decision						
	% of Total	23.7%	25.8%	8.2%	.6%	.3%	58.7%
	Count	58	60	16	2	0	136
	Expected Count	56.2	59.9	17.8	1.7	.4	136.0
	% within Where do you live?	42.6%	44.1%	11.8%	1.5%	.0%	100.0%
	% within Brand Image is of vital importance when making an automobile purchase decision	42.6%	41.4%	37.2%	50.0%	.0%	41.3%
	% of Total	17.6%	18.2%	4.9%	.6%	.0%	41.3%
Total	Count	136	145	43	4	1	329
	Expected Count	136.0	145.0	43.0	4.0	1.0	329.0
	% within Where do you live?	41.3%	44.1%	13.1%	1.2%	.3%	100.0%
	% within Brand Image is of vital importance when making an automobile purchase decision	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	% of Total	41.3%	44.1%	13.1%	1.2%	.3%	100.0%

Table 6.2

In order to more accurately understand the importance of brand image in the eyes of customer they were asked to rate the importance of this factor. Around 76% of respondents rated brand

image somewhere between 5-10, while 24% of the respondents rated brand image between 0-4. From the results it can be concluded that though it is an important factor it may not be the most significant.

This can be deduced from the fact that the rate of importance of this factor was well distributed (From 0 to 10). A simple majority did not give it a high or low rating; 11.2% of people gave this factor a rating of 5 where as 16.1% gave it a rating of 8. There were no extreme preferences which states that though brand image is important it may not be a factor which would influence a change in consumer behavior.

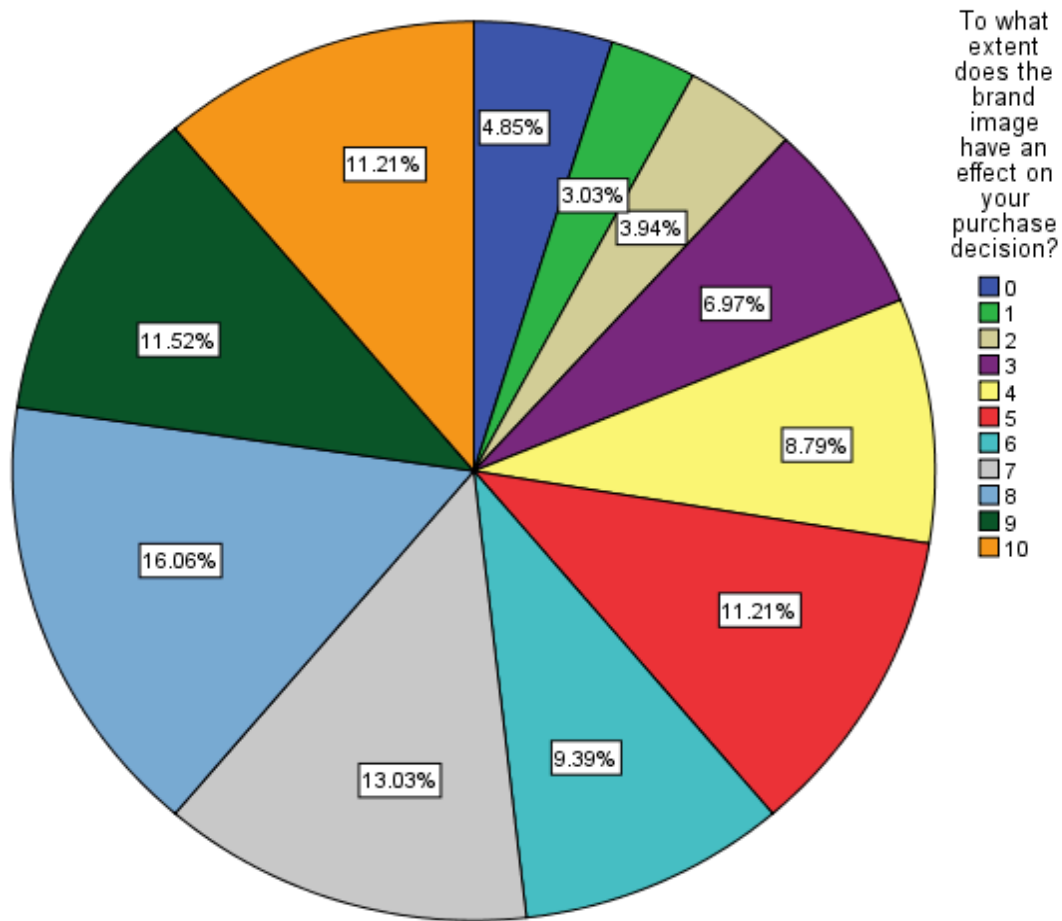


Fig 6.7

b. Safety

Safety is another variable whose importance needed to be gauged and determined. The importance of safety and luxury were compared against one another and out of the 330 respondents, 43% strongly agreed to safety being a more important factor than luxury, while 32% agreed to it. On the other hand, only 0.91% of the respondents disagreed to the importance of safety in comparison with luxury.

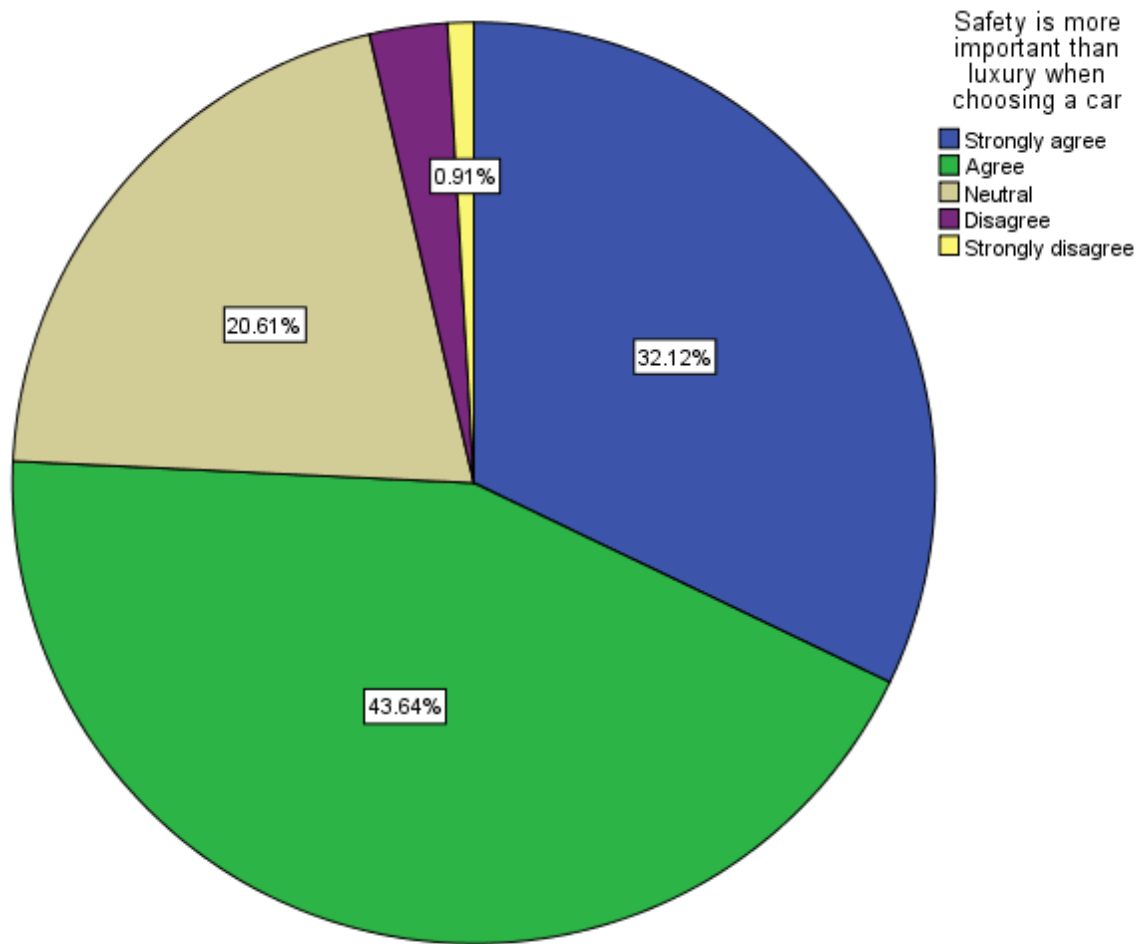


Fig 6.8

Based on the calculations of the result of the frequency analysis it was determined that 250 respondents considered it an important factor, this analysis was done in comparison to luxury and our results stipulated that if there was a choice between luxury and safety – customers will choose a safer vehicle than that which provides luxurious features.

Safety is more important than luxury when choosing a car

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	106	32.1	32.1	32.1
	Agree	144	43.6	43.6	75.8

Neutral	68	20.6	20.6	96.4
Disagree	9	2.7	2.7	99.1
Strongly disagree	3	.9	.9	100.0
Total	330	100.0	100.0	

Table 6.3

These results were further verified using Cross tabulation where it was determined that 75.5% of the total sample regarded safety as an important factor while choosing an automobile.

Where do you live? * Safety is more important than luxury when choosing a car Cross tabulation

		Safety is more important than luxury when choosing a car					Total
		Strongly agree	Agree	Neutral	Disagree	Strongly disagree	
Where do you live?	Count	60	91	39	2	1	193
	Expected Count	62.0	84.2	39.8	5.3	1.8	193.0
	% within Where do you live?	31.1%	47.2%	20.2%	1.0%	.5%	100.0%
	% within Safety is more important than luxury when choosing a car	56.6%	63.2%	57.4%	22.2%	33.3%	58.5%
	% of Total	18.2%	27.6%	11.8%	.6%	.3%	58.5%

Rawalpindi	Count	46	53	29	7	2	137
	Expected Count	44.0	59.8	28.2	3.7	1.2	137.0
	% within Where do you live?	33.6%	38.7%	21.2%	5.1%	1.5%	100.0%
	% within Safety is more important than luxury when choosing a car	43.4%	36.8%	42.6%	77.8%	66.7%	41.5%
	% of Total	13.9%	16.1%	8.8%	2.1%	.6%	41.5%
Total	Count	106	144	68	9	3	330
	Expected Count	106.0	144.0	68.0	9.0	3.0	330.0
	% within Where do you live?	32.1%	43.6%	20.6%	2.7%	.9%	100.0%
	% within Safety is more important than luxury when choosing a car	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	% of Total	32.1%	43.6%	20.6%	2.7%	.9%	100.0%

Table 6.4

c. Price

Another aspect of the research was to understand if price was more important than luxury. In response to this it was determined that 102 out 330 agreed that price was more important than luxury when choosing a vehicle. However 101 respondents out of 330 remained neutral – which is to say that they had no preference of price over luxury or vice versa.

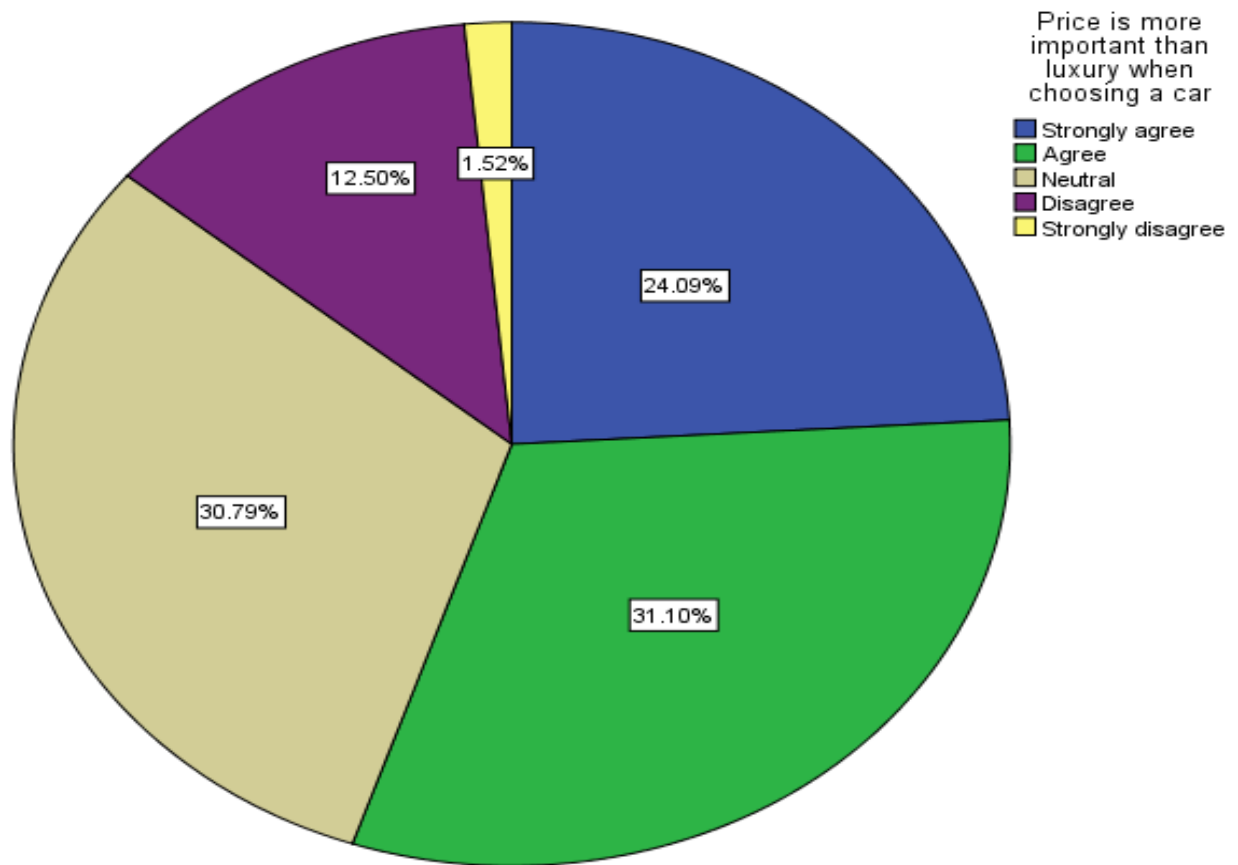


Fig 6.6

d. Augmented Product

A major aspect of research revolves around the augmented products provided along with the automobile. To determine the important of such factors three important questions were posed.

One was regarding the **after sales services**, in response to this question 259 (out of 330) individuals agreed that these services played a significant role when choosing a specific brand of automobile.

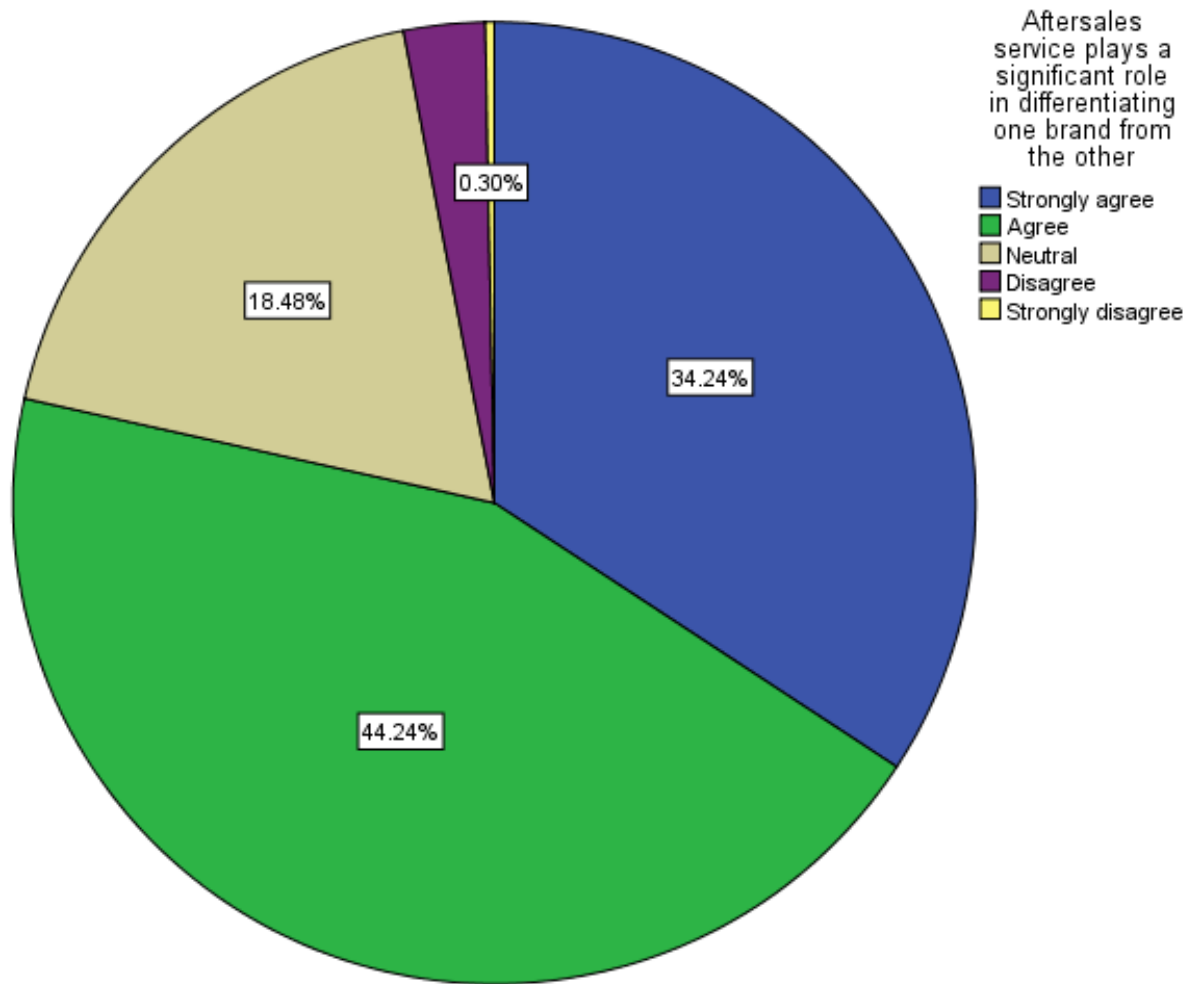


Fig 6.7

The second question was used to assess the importance of **warranty and other value added services** about 246 responses confirmed that such factors were given high priority when making a purchase decision.

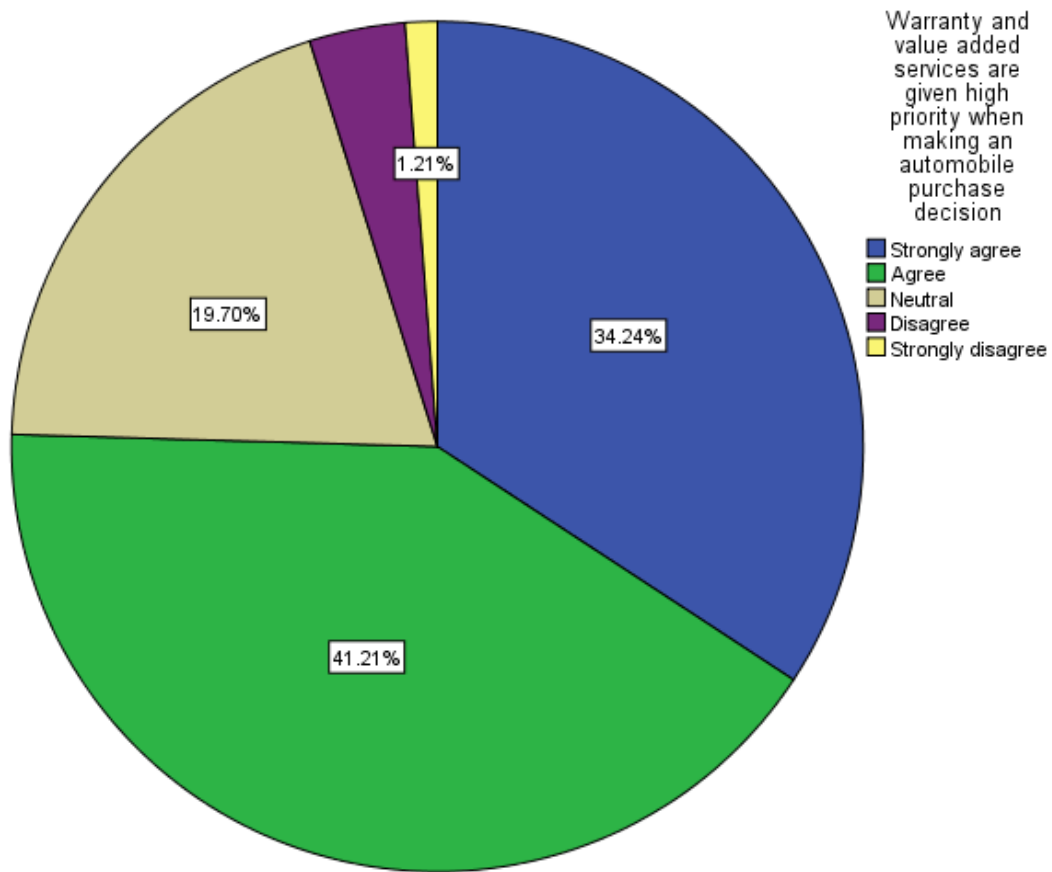


Fig 6.8

The sample was also asked how significant the **customer services** are provided by a certain brand, according to our results a majority of individuals (217 out 330) are of the opinion that such services are an essential factor which influences the purchase behavior.

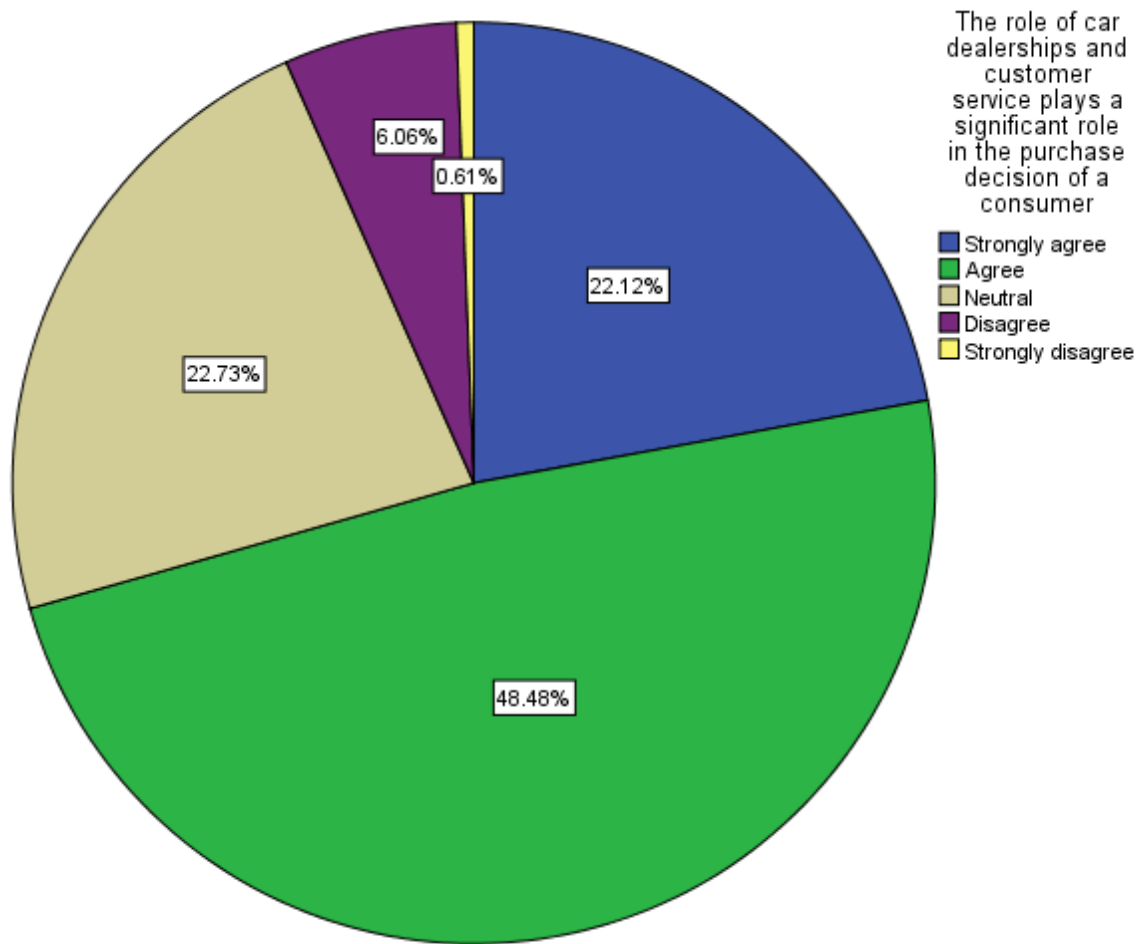


Fig 6.9

From the above mentioned responses it is evident that people in the twin cities give augmented products paramount importance when choosing an automobile. It can be further concluded that such services/products might increase the popularity and market share of automobile brands in the twin cities.

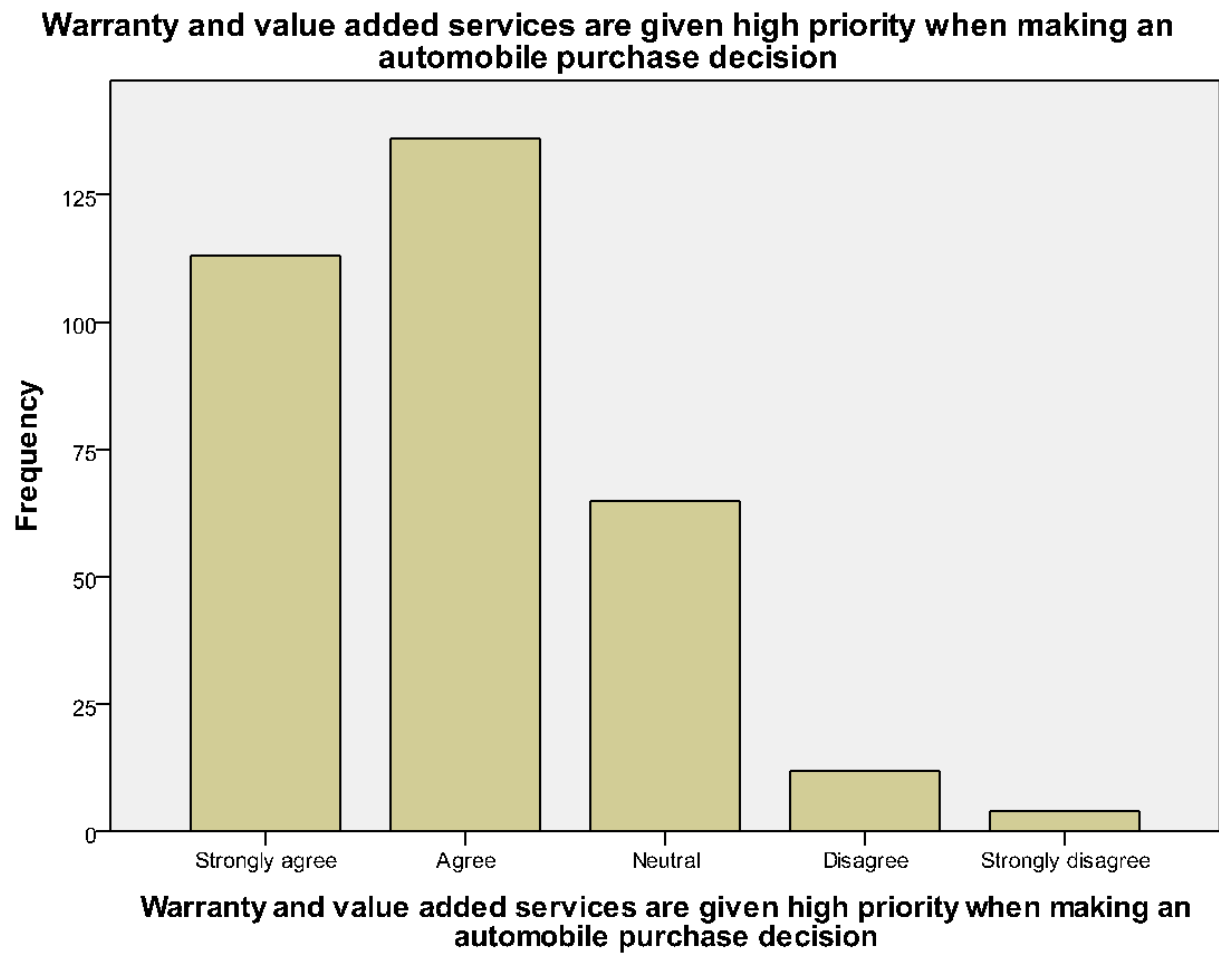


Fig 6.10

The other aspect of research revolved around the importance of customer comfort with regards to an automobile purchase decision. It was concluded through this research that majority of people in the twin cities consider comfort and safety a substantial factor while making a purchase decision.

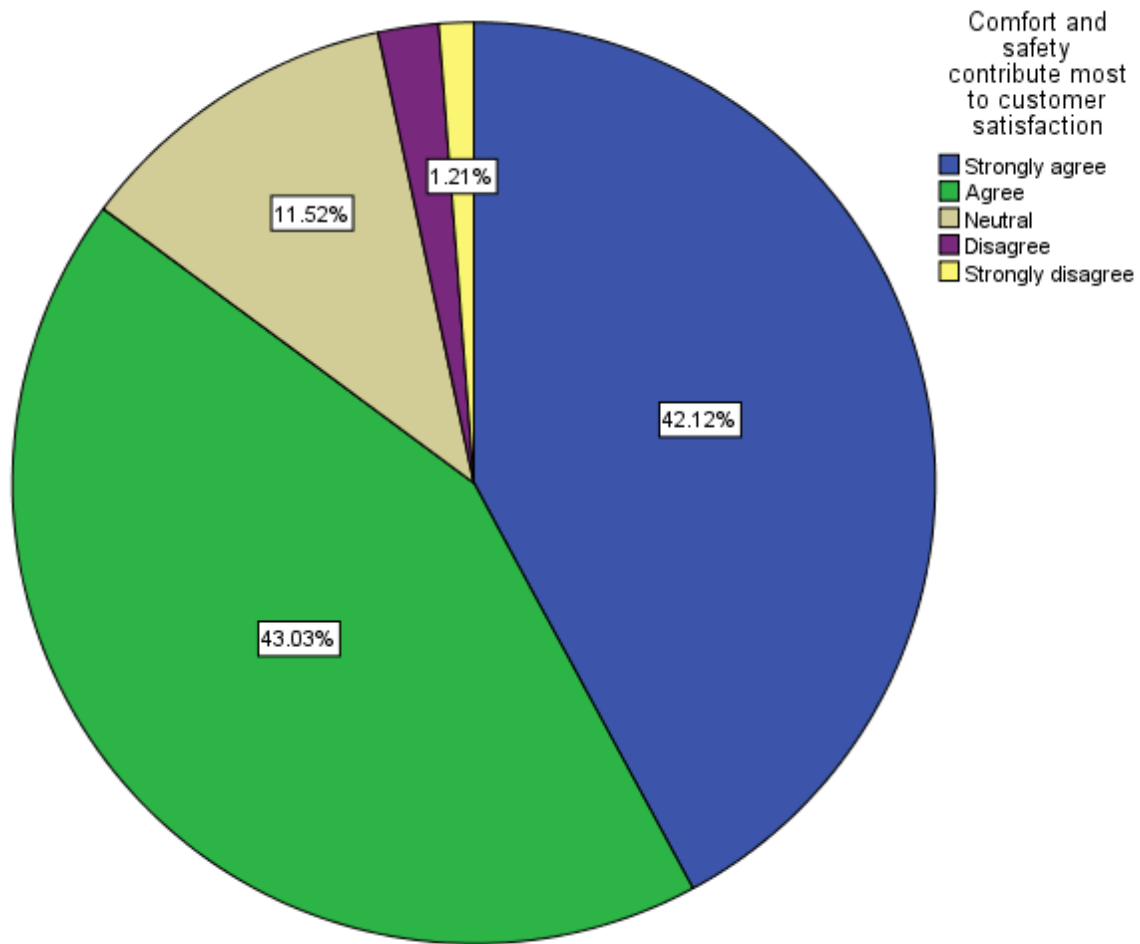


Fig 6.11

A Repeated Measures ANOVA test was done to evaluate the relationship between the aforementioned augmented products with a Sig. Value of .001 in the Multivariate Tests.

Table 6.5

Multivariate Tests

Effect		Value	F	Hypothesis df	Error df	Sig.	Partial Eta Squared
factor1	Pillai's Trace	.043	7.384 ^a	2.000	328.000	.001	.043
	Wilks' Lambda	.957	7.384 ^a	2.000	328.000	.001	.043

Hotelling's Trace	.045	7.384 ^a	2.000	328.000	.001	.043
Roy's Largest Root	.045	7.384 ^a	2.000	328.000	.001	.043

a. Exact statistic

b. Design: Intercept

Within Subjects Design: factor1

Mauchly's Test of Sphericity^b

Measure: MEASURE_1

Within Subjects Effect	Mauchly's W	Approx. Chi-Square	Df	Sig.	Epsilon ^a		
					Greenhouse-Geisser	Huynh-Feldt	Lower-bound
factor1	.930	23.870	2	.000	.934	.940	.500

Table 6.6

Tests the null hypothesis that the error covariance matrix of the orthonormalized transformed dependent variables is proportional to an identity matrix.

a. May be used to adjust the degrees of freedom for the averaged tests of significance. Corrected tests are displayed in the Tests of Within-Subjects Effects table.

b. Design: Intercept

Within Subjects Design: factor1

Moreover, a Sig. Value of .000 was derived in the Test of Sphericity as shown in the table below.

From the tables above, it can be concluded that a strong significant relationship exists between all the augmented products being provided by automobile companies.

e. Country of Origin & Country of Manufacture

Through this research the significance of the country of origin and country of manufacture was also analyzed. 224 respondents agreed that the country where the car was manufactured was another major factor that affects the choice of automobile. It was learned that customer's decision of purchasing a car relies heavily on learning the origin of the car and the home country of the brand. The following Pie Chart shows details of the answers chosen by the respondents.

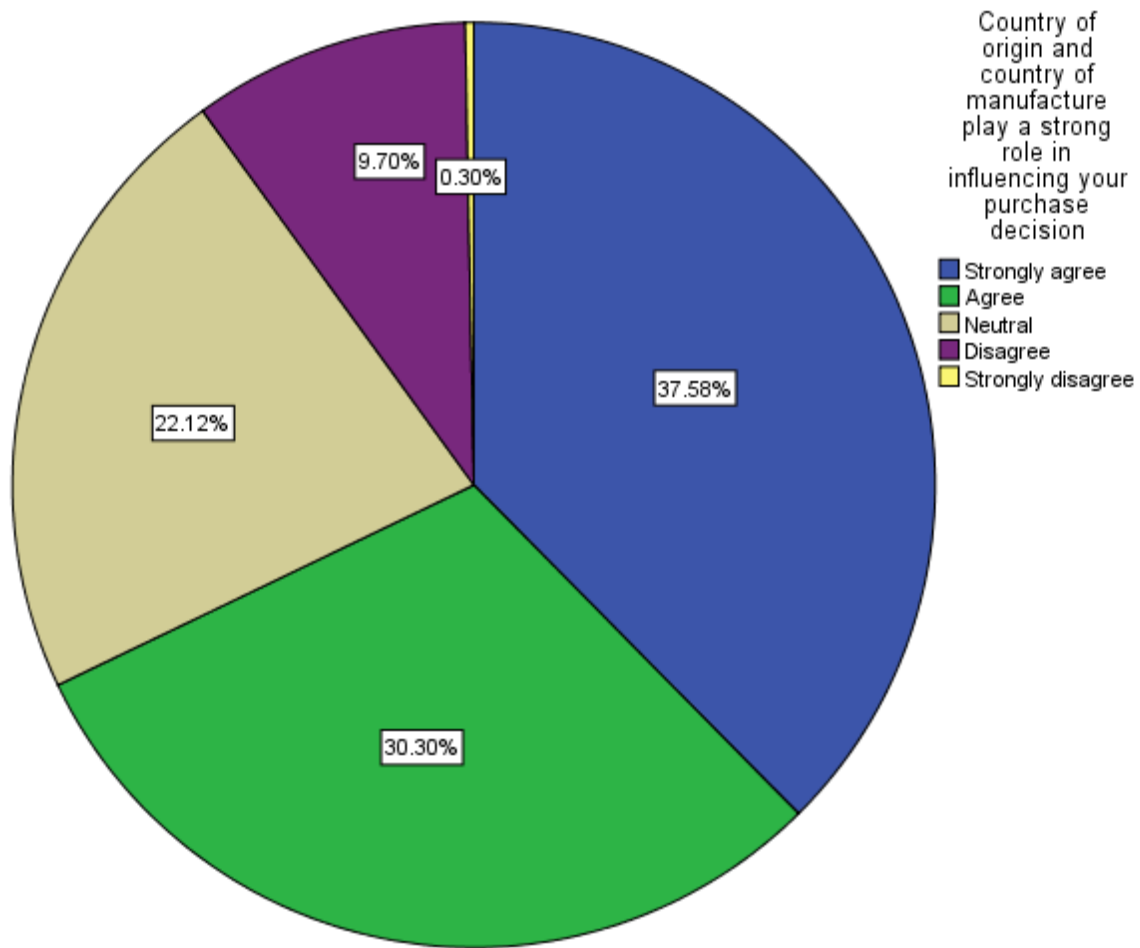


Fig 6.12

f. Fuel Consumption

Another aim of research was to understand the effect of the energy crisis on the purchase behavior of automobiles. Our results established that majority of the consumers (273 out of 330) prefer fuel efficient cars. The Pie Chart shows details about the respondent's answers.

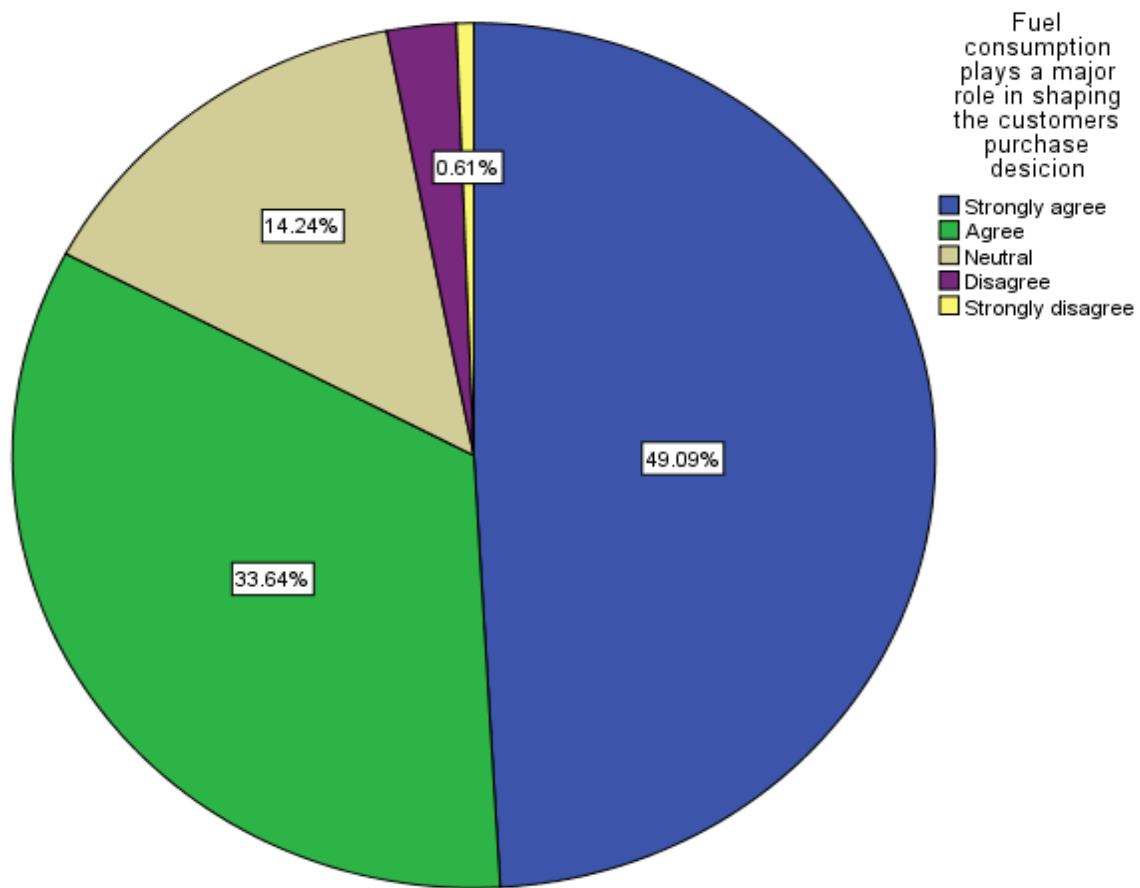


Fig 6.13

The importance of this factor can be further authenticated by the Cross tabulation results- which indicate that 82.7% of the sample agreed that the factor of fuel consumption has a major impact on the purchase behavior of customers.

Where do you live? * Fuel consumption plays a major role in shaping the customers purchase decision Cross tabulation

	Fuel consumption plays a major role in shaping the customers purchase decision					Total
	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	

Where do you live?	Islamabad	Count	94	68	27	3	1	193
		Expected Count	94.7	64.9	27.5	4.7	1.2	193.0
		% within Where do you live?	48.7%	35.2%	14.0%	1.6%	.5%	100.0%
		% within Fuel consumption plays a major role in shaping the customers purchase decision	58.0%	61.3%	57.4%	37.5%	50.0%	58.5%
		% of Total	28.5%	20.6%	8.2%	.9%	.3%	58.5%
	Rawalpindi	Count	68	43	20	5	1	137
		Expected Count	67.3	46.1	19.5	3.3	.8	137.0
		% within Where do you live?	49.6%	31.4%	14.6%	3.6%	.7%	100.0%
		% within Fuel consumption plays a major role in shaping the customers purchase decision	42.0%	38.7%	42.6%	62.5%	50.0%	41.5%
		% of Total	20.6%	13.0%	6.1%	1.5%	.3%	41.5%
Total		Count	162	111	47	8	2	330
		Expected Count	162.0	111.0	47.0	8.0	2.0	330.0
		% within Where do you live?	49.1%	33.6%	14.2%	2.4%	.6%	100.0%
		% within Fuel consumption plays a major role in shaping the customers purchase decision	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	49.1%	33.6%	14.2%	2.4%	.6%	100.0%

Table 6.7

g. Payment Plan

For this study the customers' preference of payment plans was determined. A majority of customers chose the option of Cash. According to the Pie Chart, a large majority of 68% preferred cash account as the means of payment, while 22% preferred payment in installments, and a small percentage of 7% preferred making payments through loans.

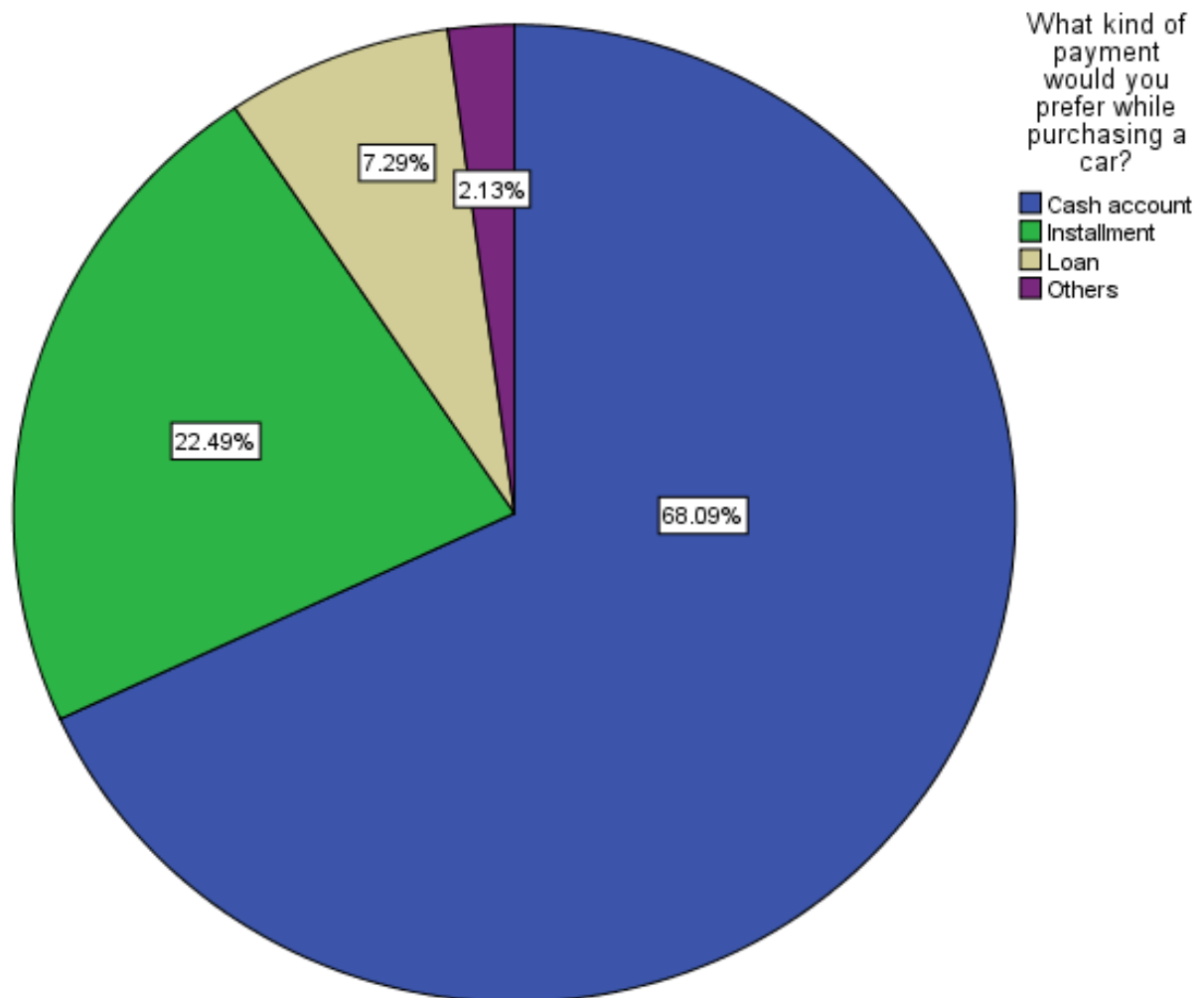


Fig 6.14

According to the Cross Tabulation results, 224 individuals chose Cash accounts as the preferred payment method.

Table 6.8

Where do you live? * What kind of payment would you prefer while purchasing a car? Cross tabulation

		What kind of payment would you prefer while purchasing a car?				Total
		Cash account	Installment	Loan	Others	
Where do you live?	Islamabad Count	128	46	13	6	193
	Expected Count	131.4	43.4	14.1	4.1	193.0
	% within Where do you live?	66.3%	23.8%	6.7%	3.1%	100.0%
	% within What kind of payment would you prefer while purchasing a car?	57.1%	62.2%	54.2%	85.7%	58.7%
	% of Total	38.9%	14.0%	4.0%	1.8%	58.7%
	Rawalpindi Count	96	28	11	1	136
	Expected Count	92.6	30.6	9.9	2.9	136.0
	% within Where do you live?	70.6%	20.6%	8.1%	.7%	100.0%
	% within What kind of payment would you prefer while purchasing a car?	42.9%	37.8%	45.8%	14.3%	41.3%
	% of Total	29.2%	8.5%	3.3%	.3%	41.3%
Total	Count	224	74	24	7	329
	Expected Count	224.0	74.0	24.0	7.0	329.0
	% within Where do you live?	68.1%	22.5%	7.3%	2.1%	100.0%
	% within What kind of payment would	100.0%	100.0%	100.0%	100.0%	100.0%

you prefer while purchasing a car?					
% of Total	68.1%	22.5%	7.3%	2.1%	100.0%

Where do you live? * Kindly indicate the information sources used by you for purchasing a car Cross tabulation

		Kindly indicate the information sources used by you for purchasing a car						
		Internet	Dealer sales staff	Car magazines	Family and Friends	Newspaper or advertising	TV advertising	Car shows
		Total						
Where do you live?	Islamabad	43	58	12	67	6	1	3
	Count	43	58	12	67	6	1	3
	Expected Count	45.5	58.3	10.5	68.2	4.7	.6	2.3
	% within Where do you live?	22.6%	30.5%	6.3%	35.3%	3.2%	.5%	1.6%
	% within Kindly indicate the information sources used by you for purchasing a car	55.1%	58.0%	66.7%	57.3%	75.0%	100.0%	75.0%
	% of Total	13.2%	17.8%	3.7%	20.6%	1.8%	.3%	.9%
	Total	190						

Rawalpi ndi	Count	35	42	6	50	2	0	1	136
	Expected Count	32.5	41.7	7.5	48.8	3.3	.4	1.7	136.0
	% within Where do you live?	25.7%	30.9%	4.4%	36.8%	1.5%	.0%	.7%	100.0 %
	% within Kindly indicate the information sources used by you for purchasing a car	44.9%	42.0%	33.3%	42.7%	25.0%	.0%	25.0%	41.7%
	% of Total	10.7%	12.9%	1.8%	15.3%	.6%	.0%	.3%	41.7%
Total	Count	78	100	18	117	8	1	4	326
	Expected Count	78.0	100.0	18.0	117.0	8.0	1.0	4.0	326.0
	% within Where do you live?	23.9%	30.7%	5.5%	35.9%	2.5%	.3%	1.2%	100.0 %
	% within Kindly indicate the information sources used by you for purchasing a car	100.0	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0 %
	% of Total	23.9%	30.7%	5.5%	35.9%	2.5%	.3%	1.2%	100.0 %

Table 6.9

h. Friends & Family

The research also aimed to establish how important the views of family and friend are in the purchase decision of consumers – a Cross tabulation study was done to quantify the degree of relevance of friends and family’s opinion.

In our results we observed that out of a scale of ten, majority of the sample gave this aspect 5 or a higher rate. Thus it can be verified that consumers in the twin cities give the highest importance to the opinions of family and friends while making an automobile purchase. Only a small majority do not take family/friends opinion into consideration. The maximum percentage of people who gave a rating of 4 and below was 9.1%. From this analysis it can be ascertained that automobile companies should focus on Word of Mouth marketing as this will act as an important tool for increasing sales.

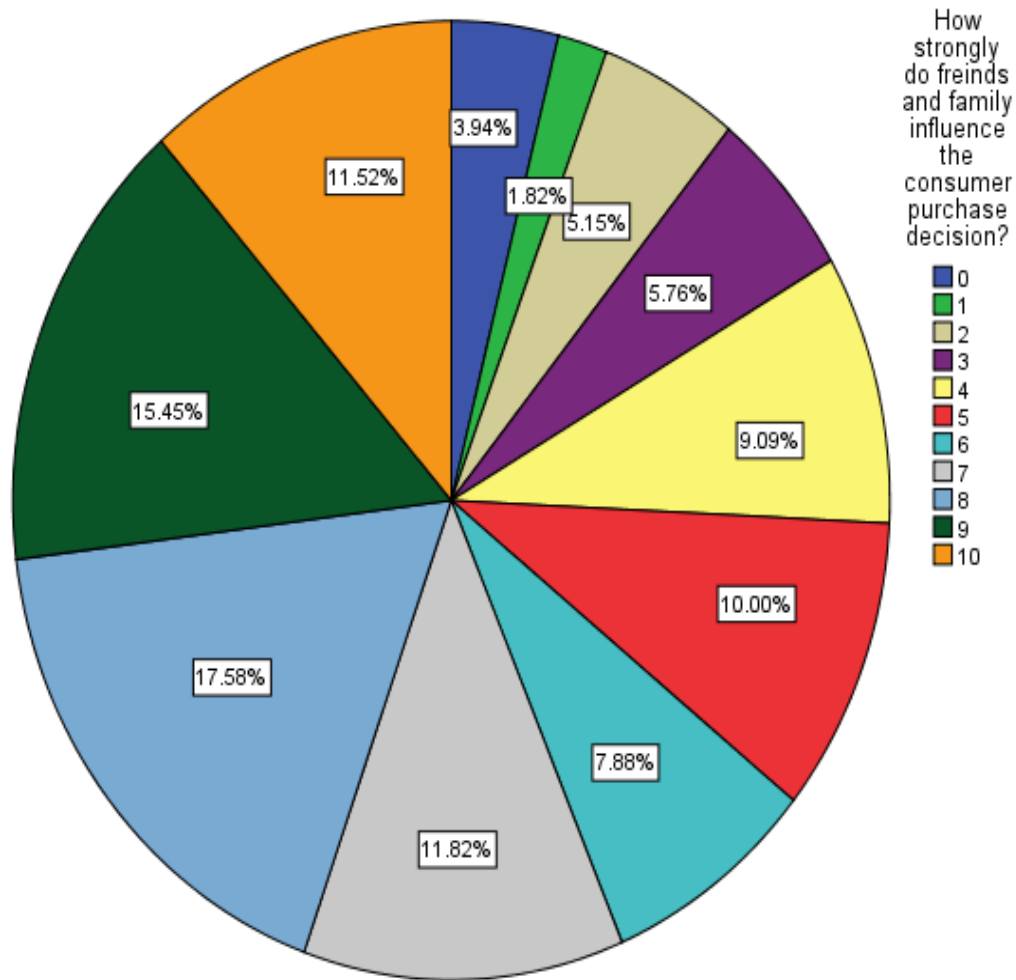


Fig 6.15

i. Information Tool

The next aspect of the research related to ascertaining which information tool is most widely used by consumers when they are making a choice for purchasing a car.

Cross tabulation was used using residence as an independent variable. The results confirmed that majority of individuals in the twin cities rely on Family and Friends as their primary source of information – the highest percentage of individuals 35.96% chose the opinion of friends and family. The second highest percentage 30.7% was in the favor for dealer sales

staff as a primary source of information; this emphasizes on the need of a trained sales staff with impeccable communication skills. The third preference is the internet with a percentage of 23.9%. Out of the seven options provided the lowest percentage chose TV adverts as their primary source of information (.3%).

It is now a requirement for all automobile companies to update their websites and use web portals to spread information about new and current products. TV advertisements however are not popularly used as information tools, and should not be used to present information.

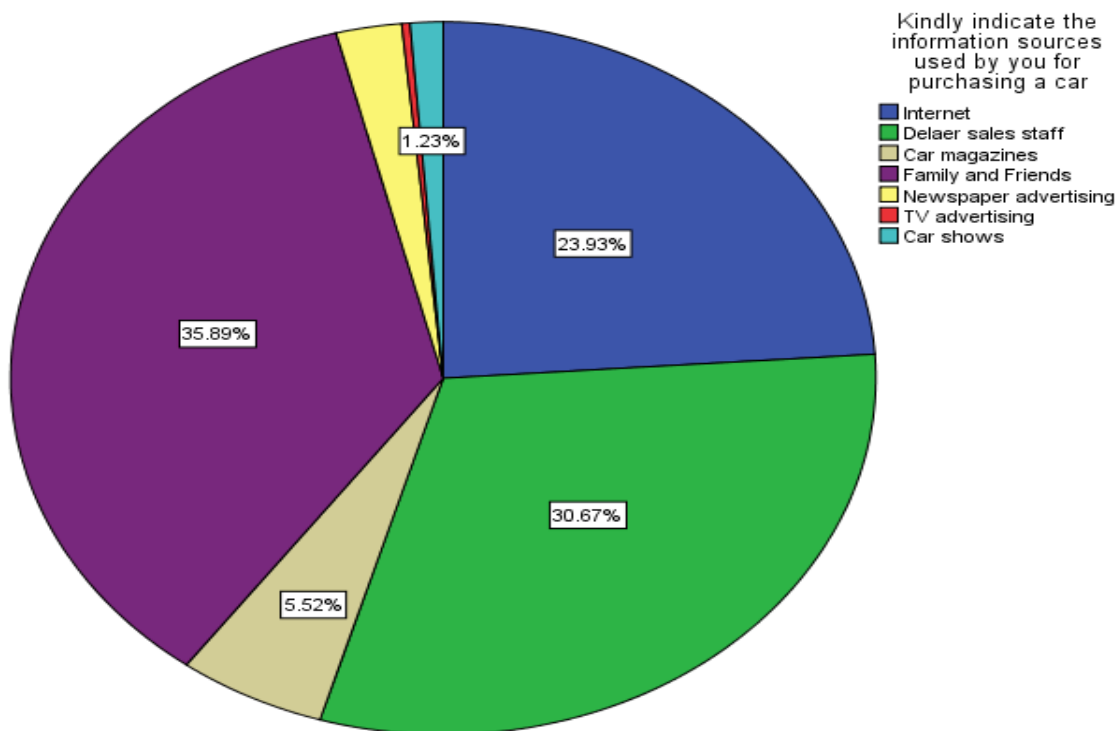


Fig 6.16

The analysis also included which role of dealerships had the greatest influence on the consumer purchase decision. Out of the 8 available options the highest majority chose 2 functions; a 98% considered Promotion and Repair & Maintenance facility to be the most

important functions of dealerships in terms of influencing consumer purchase behavior. Information sharing is the third most important function of the dealerships (86%). However the Staff and Customer Care is the least influencing role of the car dealerships.

A detailed test on how relevant a role does the car dealership play in influencing the choice of automobile was also conducted– it can be determined from the result that the highest majority of people do not consider it a great influence though it is carries some relevance as a 15.2% of people gave it a rating of 5 out of 10. It can however be ascertained that there is an increasing need for a more involved role of car dealerships in the consumer buying behavior.

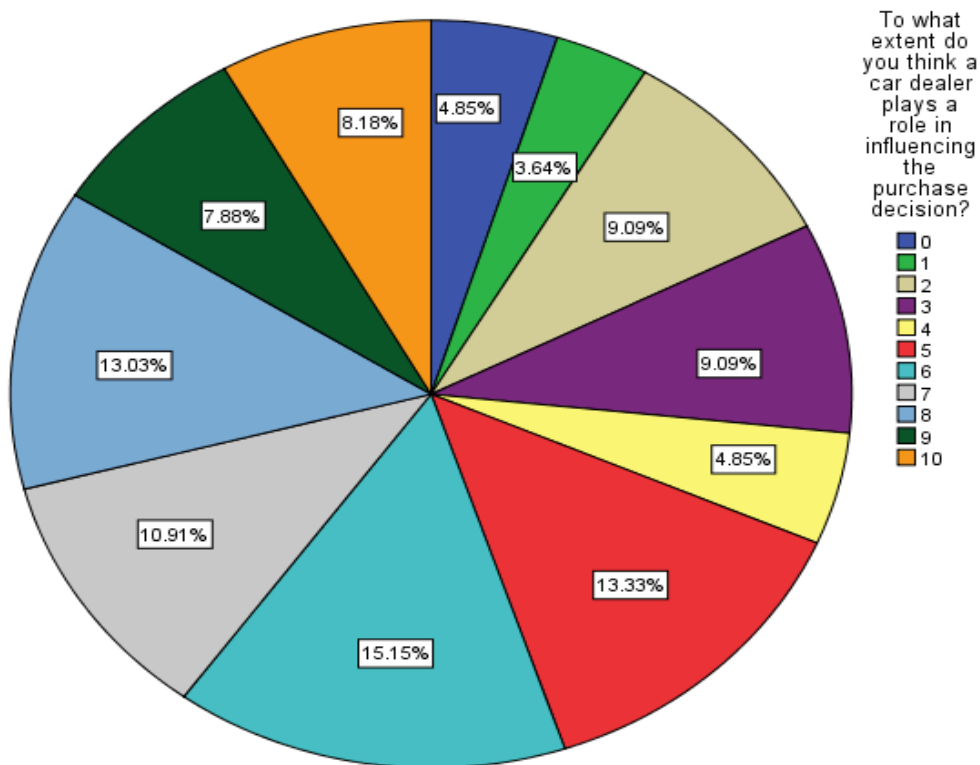


Fig 6.17

j. Mileage

The importance of mileage and fuel economy when making an automobile purchase decision was also highlighted in the study. A frequency analysis determined that the highest percentage of individuals gave mileage considerable significance when choosing an automobile. About 19.4% gave it the highest rating, thus it can be concluded that the customers of twin cities regard mileage is an important and attractive feature of a car.

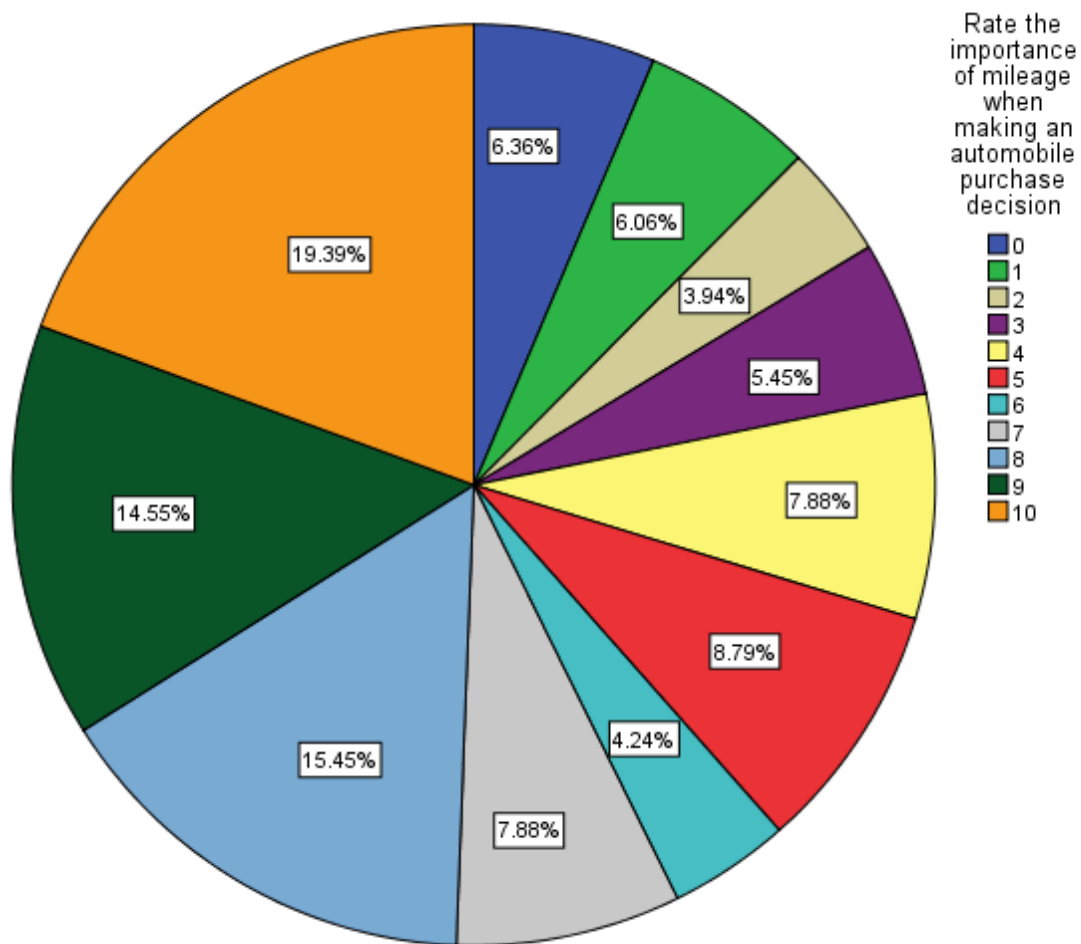


Fig 6.18

k. Costs

The importance of cost cannot be overlooked hence another area that we covered in our data was to understand the influence of car operating and service costs on the buying behavior – from our result it can be concluded that these costs have a high impact on the consumer choice as a total of 57.8% of the sample gave this a rating of above 5.

It can be deduced that cost considerations are a relevant and significant part of the consumer buying behavior.

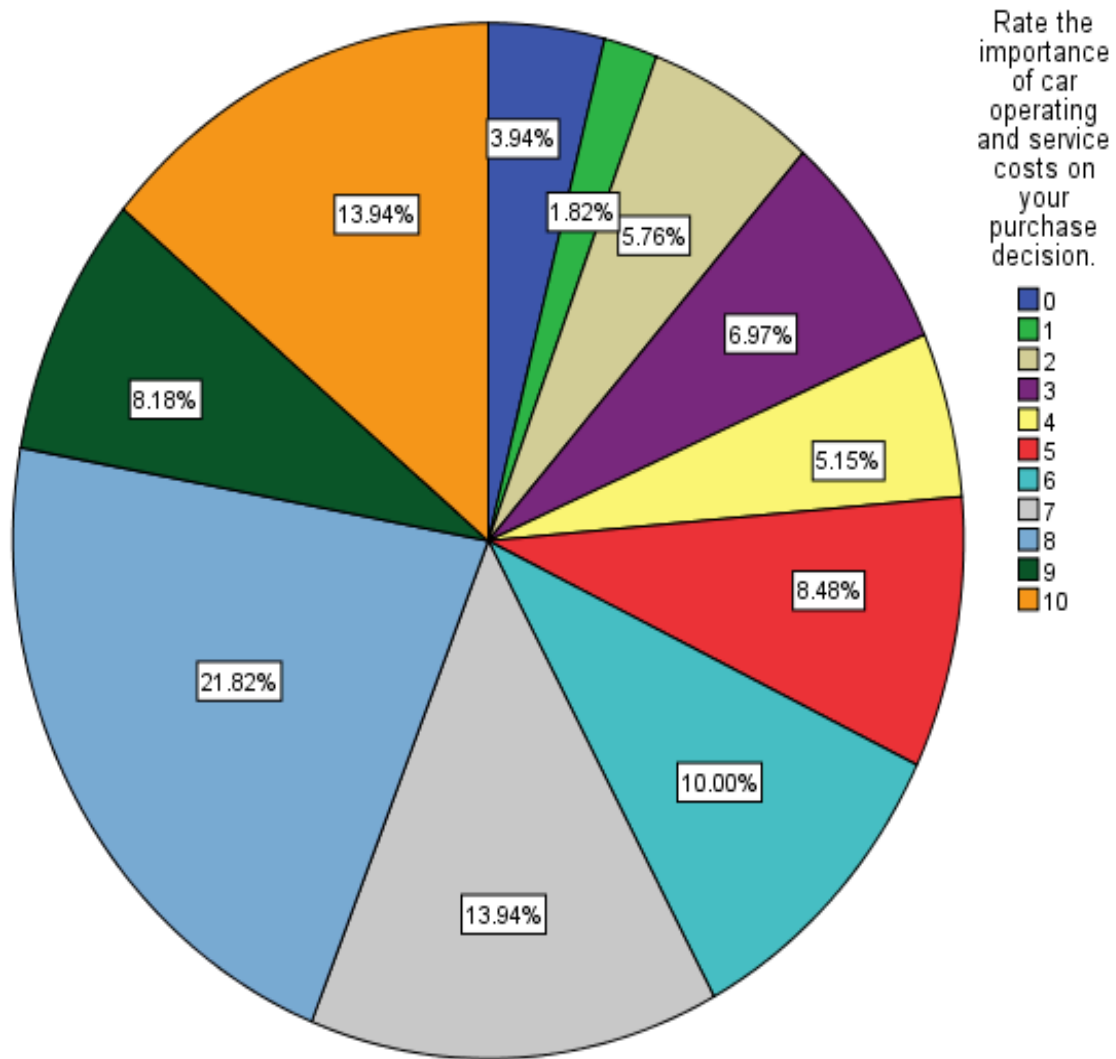


Fig 6.19

6.1. Inference Statistics

The other side of our quantitative analysis is the inferential statistics which relates our developed hypothesis.

H₀: A direct relation does not exist between product marketing and automobile buying behavior.

H₁: A direct relation exists between product marketing and automobile buying behavior.

One of our hypotheses was designed to determine whether there was a relationship between product marketing and automobile buying behavior. In order to determine this hypothesis we conducted a Cross tabulation test, the results indicated that there is a direct relationship between promotion and consumer buying behavior. We learned that 98% of our sample indicated that promotion has a very large influence on automobile purchase behavior. Thus it can be concluded that product marketing through promotional activities plays a large role in persuading the consumer to buy a particular automobile.

However the promotional activities should focus only on the marketing of a product since it has been deduced that marketing – such as TV adverts are not considered a popular choice of an information source however it can be seen that customers are greatly influenced by marketing activities regarding products.

H₀: Competitive pricing is directly proportional to the consumer's interest in the product

H₁: Competitive pricing has no effect on consumer's interest.

Our second hypothesis was to determine the effect of pricing of a product on the consumer buying behavior. By conducting a Repeating Measures ANOVA test we concluded that with the Sig. Value of .000 – there is a strong relationship between pricing of a product and consumer purchase behavior. We also ran a Cross Tabulation test to determine the degree of the importance of this factor – through this test we can determine that majority of our sample size which is 55.2% agree that Price is a highly influential factor when making a purchase decision.

H₀: A linear relationship exists between after sales services and brand image

H₁: A non-linear relationship exists between after sales services and brand image.

The third hypothesis that we tested was regarding the relationship after sale services and brand image. To determine the whether such a relationship existed we performed Factor Analysis. A Factor Analysis is basically conducted to group together those variables which have are related. Through a Principle Component Analysis we calculated the Initial Eigenvalues – which were above 1.00, therefore this determined that a linear relationship exists between brand image and after sales services. After the Eigenvalues, Screen plot also verified the relationship between brand image and after sale services.

The final hypothesis of the study was to determine the impact of product augmentation on consumer buying behavior. To determine this relationship Factor Analysis and Cross Tabulation was used. The results of the tests ascertained that a positive and significant relationship exists between the Product augmentation and consumer buying behavior. This was further proven through the Sig. Value of .000 which was obtained after the Repeated Measures ANOVA test which was done for a more accurate result.

6.2.Interview Analysis

In order to probe into the qualitative aspect of the project and develop clear linkages between the proposed deliverables and factors; 10 interviews were conducted. Various dealerships and showrooms were targeted during this process, which included both 2S and 3S dealerships of Pak Suzuki, Toyota-Indus and Honda-Atlas. The individuals interviewed were handling the customer and sales department; hence they were able to give a clear perspective pertaining to factors which directly or indirectly influenced the customers buying behavior.

Factors affecting customers/ Fuel Consumption

How the customer perceives a particular brand plays a critical role in influencing his buying behavior. Respondents were asked to give their insight into the matter, and identify the key factors upon which customers identified their brand.

Various factors such as price, quality, and comfort, country of origin and fuel consumption play a vital role when it comes to shaping the consumer's buying behavior. The research conducted aimed to analyze which factor was it that most affected the consumer and influenced their buying pattern. After critically analyzing the results of the qualitative survey it can be concluded that out of the above mentioned factors, fuel consumption has the biggest role in affecting the consumer's automobile buying behavior.

“Price and quality once used to be the first things a customer asked about a car, but that has changed now. The first think that comes out of a customer's mouth now is, “How much mileage can expect from this car?”

Given the recent inflationary pressure and economic crises prevalent in the country, people look towards cars that help keep their expenses to a bare minimum. In a bid to cut fuel costs, consumers are increasingly beginning to analyze automotive alternatives on the basis of the amount of fuel they consume. This observation was complimented by the findings of our research (80% of respondents agreed to the fact).

Price

The price of high involvement products is a critical factor which influences automobile buying behavior. During the interviews, an overwhelming majority from all the manufactures agreed that while making a purchase decision, the price of the car played a deciding role. However there two dealerships disagreed with the notion that price was a deciding factor, and argued that price was linked with several other factors and should be not considered as the most important factor. Moreover it was also learned from the responses that customers who

had relationships with the dealerships and who remained loyal to the brand, their buying behavior had not changed even when the increased two folds.

Moreover the price of an automobile is considered to usually make or break the deal. However our research indicates that this is no more than a myth. 60% of the respondents were ardent supporters of the statistic that the price of a car did not matter while making a purchase decision. This finding can be explained by the fact that the sedan market in the country has become extremely monotonous in the recent years with almost all the alternatives falling within a similar price bracket.

A more in-depth analysis exhibits that customers have become more brand-loyal and are committed towards a particular brand's product offering regardless of the fluctuations in price.

Perception of the Brand

The quantitative data indicated that the number of customers that had an acceptable perception of their chosen brand was tied with those who perceived their brand to be inferior. When asked about this, customers usually resorted to the explanation that the various automobile manufacturers in Pakistan enjoyed a monopoly and were unable to fully satisfy the needs of the consumers. Customers were moving towards the market of Japanese automobile in the country and the only reason why customers bought cars from Pakistani manufacturers was because of the after sales services being provided

‘I would happily buy a Japanese car if came with some sort of warranty but till that day comes I'd have to stick with a locally made car.’

Brand Image

According to customers, brand image was vital in influencing their automobile buying behavior. Brands such as Toyota were preferred by customers from rural areas just because of the fact that Toyota is considered to be a status symbol in the rural areas of the country.

In addition to this, brands having a more performance oriented outlook such as Honda were preferred by buyers in urban areas. Out of a number of factors associated with brand image such as brand name, prestige and status; the most important turned out to be brand name. Potential consumers from both rural and urban backgrounds exhibited the behavior of selecting an automobile solely on the basis of the brand it belonged to.

USP

The interviews highlighted that almost all the brands unanimously agreed to the fact that it was their 'After-sales service' which helped them distinguish their product offerings from those of the competitors. They agreed that after-sales services have a dominant influence on the consumer's buying behavior.

Factors such as maintenance, extended warranty periods and free checkups lured more consumers towards the product as compared to quality and competitive pricing.

Payment Plans

The research indicated that an overwhelming majority of respondents preferred to buy the car using cash payments. Next in line were installments or periodical payment plans.

A very small percentage (10%) however opted for other modes of payments such as bank lease.



Fig 6.20

6.3.Focus group analysis

In order to analyze various factors pertaining to the Automobile buying behavior six focus groups were conducted which had a sample size of 10 individuals each. The participants for the focus groups were screened on the basis of their age, residence and their understanding of the local automobile industry. The focus groups consisted of participants between the ages of 19-35 with a proportion of 60% males and 40% females. The first three focus groups were conducted at FAST-NU, Islamabad while the remaining was conducted at Roots BSc, Mobil ink and Beacon house Islamabad respectively.

Each Focus group had a moderator along with a facilitator structuring the overall discussion, which consisted of open ended and opinion based questions. The main issues that were discussed during the focus groups revolved around the influence of the following factors:

Importance of Price

One of the main aspects discussed in the focus groups was the importance of price in influencing consumer buying behavior. Participants were asked questions pertaining to impact of prices on their purchase decision. There was a mutual consensus that due to the recent inflationary pressure and the increase in tax and registration rates, the price of the automobiles has become the major concern for prospective buyers. One of the participants commented:

“For middle class Pakistanis like us, price is one of the primary concerns. We have to consider price above all other factors while making a purchase decision.”

Role of Product Augmentation

Automobiles are high involvement products that require periodical repair and maintenance. After sales services coupled with valued added services such as priority deliveries, warranty and discounts are an essential elements influencing the purchase decision process. Participants were asked to identify the factors within the category of product augmentation which they deemed as most important in influencing their buying behavior. Majority of the participants were of the opinion that the customer service at the dealerships was a critical factor along with the quality and delivery of services. One of the participants commented:

“Since I travel outside the city very often, I would prefer buying a car which has a wide dealership network throughout the country; the availability of parts and quality services are of a significant importance to me”

Warranty was also identified as a critical factor to the consumer's buying behavior. Participants were of the opinion that extended warranty offers along with comprehensive

support in terms of approval of claims are very significant. A participant shared his opinion regarding the warranty aspect”

“When you purchase a locally manufactured automobile the basic benefit you keep in perspective is the warranty support you receive from the company. Instead of going for an imported car which offers a wide array of features I have always preferred to purchase locally manufactured cars because of this very reason”

Impact of Fuel efficiency

The focus group discussions suggested that the impact of Fuel efficiency was proving to be a major concern for buyers. Most of the participants expressed their inclination to go for a brand which was offering fuel efficient vehicles.

Comfort and Safety

There was an overall consensus concerning the role of comfort and safety in influencing the buying behavior. Both the factors were identified as basic requirements while making a purchase decision and were deemed as equally important by the majority, while a few participants were of the opinion that safety was important than comfort.

Information Channels

The discussion from the focus groups revealed various opinions concerning the influence of information channels on the automobile buying behavior. An overwhelming majority expressed that the most important information channel that affected their purchase decision was the internet; some of the participants explicitly identifying internet sites and portals such as “pakwheels.com” & “apnigari.com” which influenced their buying behavior. These portals provide prospective buyers with discussion forums and reviews which help them make up their mind regarding a particular car. Coupled with this another information channel which was considered critical to the purchase decision was ‘Friends & Family’. Participants

expressed that their views were shaped by the opinions of their peers and family since they were trusted sources of information and also because the information that they provided was based on personal experience.

CHAPTER No. 7

7. Conclusion

The primary aim of this research was to identify and explicate the effect various factors such as price, quality, luxury, safety, and fuel economy and product augmentation have on the automobile buying behavior of consumers in the twin cities of Rawalpindi and Islamabad. After thorough research and analysis a number of conclusions have been reached upon.

- An overwhelming majority of consumers tend to consider ‘brand image’ while making an automobile purchase. Through statistical analysis it was concluded that residents of Islamabad are more brand conscious than those living in Rawalpindi.
- Customers agreed that after sales services played a significant role when choosing a specific brand of automobile. Warranty and other value added services were given high priority when making a purchase decision. The research highlighted the fact that people in the twin cities give augmented products paramount importance when choosing an automobile it can be further concluded that such services/products might increase the popularity and market share of automobile brands in the twin cities.
- The study pointed out that customer’s decision of purchasing a car relies heavily on learning the origin of the car and the home country of the brand. 68% of the respondents believed country of origin and country of manufacture play a strong role in influencing the purchase decision. Therefore, it can be concluded that Country of Origin and manufacture play a significant role in influencing the purchase decision of individuals.

- An absolute majority agreed to the fact that fuel consumption had a major impact on the purchase behavior of customers. This factor is considered critical when choosing an automobile, because of the current economic crisis prevalent in the country.
- The study further ascertained that if the company provided consumers with an effective payment plan this would act as another fundamental influencing factor when purchasing an automobile. This was another aspect considered important by the customers while choosing an automobile.
- It can also be concluded that automobile companies need to spread word of mouth and keep updating customers on new information about the current and new products in the market, furthermore these results prove that the sales staff at dealerships need to be well trained and well informed as they act as the primary source of information for a number of customers. It can be said that automobile companies should focus on Promotional activities and building a functioning facility for repair and maintenance. Moreover these companies should invest in turning their dealerships into effective information sharing centers.

CHAPTER No. 8

8. Recommendations

According to this research the automobile industry in Pakistan needs to improve or alter a few aspects of their products. The most important area that needs to be attended to be the need for fuel efficient cars, even though several companies have launched such automobiles there still remains a huge gap in the market which can only be filled by more products like these.

The study further indicates that automobile companies need to focus on developing their car dealerships, as these act as primary information centers for most consumers. It has been determined that consumers rely more on car salesmen than on marketing – such as TV and Radio advertisements. However it is imperative for automobile companies to actively promote their product through TV adverts to generate awareness and interest.

Furthermore it has been observed that the opinion of friends and family have a major impact on the behavior of consumers while making a purchase decision which means that companies should also opt for below the line marketing to increase customer interaction. This would ultimately lead to the generation of positive word of mouth which would facilitate in increasing their market share in the industry.

The need for better car dealerships is also necessary as it will provide the facilities that are imperative for the repair and maintenance of vehicles which is an important aspect of product augmentation. It has been ascertained that after-sale services are a major influencing factor for most consumers – the results of the study indicate that consumers are willing to pay more in order to obtain such facilities. Hence it can be determined that automobile companies should focus more and more on product augmentation such as warranties and after-sale services.

It can be concluded that the automobile industry though a flourished and successful one needs to incorporate the interest of the changing trends of the consumers.

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Appendix

1. Questionnaire

1. Do you own a car?
 - a. Yes
 - b. No

2. How many cars do you own?
 - a. 1
 - b. 2
 - c. More than 2

3. How often do you take your car for maintenance?
 - a. Once in two weeks
 - b. Once a month
 - c. Once a year
 - d. Other (_____)

4. Please kindly indicate all the information sources used for purchasing the car.
 - a. Internet
 - b. Dealer sales staff
 - c. Car magazines
 - d. Friends and family members
 - e. Newspaper advertising
 - f. TV advertising
 - g. Car shows

5. What kind of payment would you prefer while purchasing a car?
 - a. Cash account
 - b. Installment
 - c. Loan
 - d. Others

6. Brand Image is of vital importance when making an automobile purchase decision.

☐ Strongly agree ☐ Agree ☐ Neutral ☐ Disagree ☐ Strongly Disagree

7. Safety is more important than luxury when choosing a car

☐ Strongly agree ☐ Agree ☐ Neutral ☐ Disagree ☐ Strongly Disagree

8. Price is more important than luxury when choosing a car

☐ Strongly agree ☐ Agree ☐ Neutral ☐ Disagree ☐ Strongly Disagree

9. After sale services play a significant role in differentiating one brand from the other

☐ Strongly agree ☐ Agree ☐ Neutral ☐ Disagree ☐ Strongly Disagree

10. Warranty and value added services are given high priority when making an automobile purchase decision

☐ Strongly agree ☐ Agree ☐ Neutral ☐ Disagree ☐ Strongly Disagree

11. Comfort and safety contribute most to customer satisfaction

☐ Strongly agree ☐ Agree ☐ Neutral ☐ Disagree ☐ Strongly Disagree

12. Country of origin and country of manufacture plays a strong role in influencing your purchase decision

☐ Strongly agree ☐ Agree ☐ Neutral ☐ Disagree ☐ Strongly Disagree

13. Fuel consumption plays a major role in shaping the customers purchase decision:

☐ Strongly agree ☐ Agree ☐ Neutral ☐ Disagree ☐ Strongly Disagree

14. Customer service and effective payment plans play the most significant role in the purchase decision of a consumer

☐ Strongly agree ☐ Agree ☐ Neutral ☐ Disagree ☐ Strongly Disagree

15. Payments in installments is preferred when consumers purchase a car

☐ Strongly agree ☐ Agree ☐ Neutral ☐ Disagree ☐ Strongly Disagree

16. The role of car dealerships and customer service plays a significant role in the purchase decision of a consumer

☐ Strongly agree ☐ Agree ☐ Neutral ☐ Disagree ☐ Strongly Disagree

17. According to you which functions of the dealership have the greatest impact on the purchase decision? (Choose more than one)

- a. Promotion
- b. Information Sharing
- c. Repair & Maintenance facility
- d. Cost

- e. Availability of vehicles
- f. Time taken
- g. Staff
- h. Customer care

18. Rate the importance of mileage when making an automobile purchase decision

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

19. To what extent does the brand image have an effect on your purchase decision?

10	9	8	7	6	5	4	3	2	1	0
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

20. To what extent do you think a car dealer plays a role in influencing the purchase decision?

10	9	8	7	6	5	4	3	2	1	0
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

21. How strongly do 'Friends and Family' influence the consumer purchase decision?

22. Rate the importance of car operating and service costs on your purchase decision.

Age

Income

Education

Gender

Residence

2. Interview Guide

1. When a customer comes to you to discuss their purchase/ car choice, what are factors that they're mostly concerned about? (e.g safety features, comfort features, fuel economy, availability of spare parts)
2. Is the price of the car a deciding factor in such discussions?
3. Is fuel consumption one of the major concerns of customers while purchasing a car?
4. In your opinion, how do you think your customers perceive your brand?
5. What is it that makes the sale for your brand? Is it design, quality, safety, performance, technology, useful electronics, value, brand name, prestige, or status?
6. What do you think are the reasons that your customers choose your brand over others?

7. What do you think is the USP of your brand? How do you differentiate your brand from the others?
8. Do you believe that “brand image” as a differentiating factor helps in selling a car?
9. What are the external influences that the customers are linked to, when they seek to buy cars? (e.g. friends and family etc)
10. Does your brand have an exclusive internet web page with all details on company, brand, model, price and all other details?
11. To what extent do you offer after- sales service to your customers?
12. Do you think that after-sales service is a dominant influence in deciding the brand of the car by customers?
13. Which of these after- sales services does your brand mainly focus on providing to the customers? Warranty, Customer service, Value added services, Payment plans?
14. What kind of payment method do your customers mainly prefer? (Cash, installments, loan etc?)
15. Is your company socially responsible? What are some of your corporate social practices?

3. Transcriptions

Interview1

When it comes to factors that customers are most concerned about, I think fuel economy is at the top of the list. The price of the car and fuel economy are major concerns for the customer when buying a car.

I think, the consumer has an overall good perception of the brand. In case of our brand (Toyota) I think it is definitely safety and quality that gets our vehicles sold. Our customers prefer our vehicles above those of the competitors due to their excellent mileage. Yes, I believe that brand image is a differentiating factor that helps in selling a car. Market trends are something that the consumer is linked to when buying a car.

Yes, we have an exclusive website. Maintenance is an important aspect of our after sales services. Yes, after sales services has a dominant influence on the customers. Our customers usually prefer cash payments. It has recently introduced Eco-Drive technology to help improve its social image.

Interview 2

Comfort and safety are the most important factors. No, I don't think the price and the fuel economy of the car play a huge role. For Honda, the perception is usually sporty and performance oriented. The performance and design of our cars is what make them different. Our customers also choose our cars due to their safety features. Performance is our USP. Yes, brand image is a differentiating factor. Family plays an important role in affecting the customer's decision. Yes, we have a dedicated website. Warranties and Free check-ups are offered to Honda owners. Yes, our after sales service has a huge role in attracting customers. Cash payments are usually preferred.

Interview 3

Customers are usually concerned with after sales services and payment plans. Yes, the price of the car is a deciding factor. Fuel consumption is not always a deal breaker, but the questions regarding fuel consumption have increased in the past. Honda is usually well perceived for its quality and luxurious image. Our brand has a blend of design and performance which is our USP. Customers prefer Honda due to its after sales services. Definitely, brand image plays a role. When customers seek to buy cars, they are concerned about the resale value. Yes, we have a webpage. Warranty and free checkups are important parts of our after sales service. Cash payments. Yes, the company uses EURO technology.

Interview 4

Fuel economy is often the most important factor. Yes, price of the car and its mileage affect the purchase. Consumers have great perception of our brand as it offers 'good value for money'. I think our brand name and being a status symbol in rural areas helps get our cars sold. Consumers choose our cars because of the status symbol. Yes, brand image matters. Family and social circle influence our customers. Yes, we have an internet page. We offer maintenance after the car has been sold. No, after sales service does not have a very large influence. Toyota offers different payment plans and installments are being increasingly preferred.

Interview 5

The important factor for us is the availability of our spare parts. No, price and fuel consumption don't play a huge role. Our brand is perceived as affordable. It is desired because of its value and easy maintenance. Cheap spare parts is our USP. No, brand image does not matter. Resale value is usually kept in mind before purchasing a Suzuki. We have a website. Yes, we offer services at our 3S dealerships. We also provide the choice of cash payments or installments. Cash is preferred. To improve our social image we have started using EURO technology.

Interview 6

Muhammad Hamza, the owner of the Rawalpindi showroom of Toyota believes that while purchasing a car, the factors that the customers are most concerned about are fuel economy,

resale of the car and the availability of spare parts. However, the deciding factors usually depend on the age, gender and the class of the customer purchasing the car.

When asked if the price of the car is a deciding factor for the purchase, Mr. Hamza divided his customers into 3 classes:

High class: For the upper class, money does not matter. These customers usually base their decisions on factors such as the brand name, comfort level and features of the car.

Middle class: This category keeps fuel economy, price, car's resale and availability of parts in mind before making the purchase

Lower class: Price and fuel economy are the major deciding factors.

When asked about fuel consumption, he said that since the last 2 years, the middle class is switching to Hybrid cars like Prius and Civic Hybrid while the lower class is switching to 660CC engines.

Interview 7

According to his customers, Toyota is the leading automotive brand in Pakistan. It is considered a family car for all 3 classes. Customers consider this brand the best in respect of the long life, comfort, resale and availability of parts offered by Toyota; these are the factors contribute the most to the sale of Toyota cars. Moreover, Toyota has seen exponential growth in the last 2 decades. Talking about the grey market, he said that Toyota vehicles (Premio, Prius, Vitz, Land Cruiser, Passo, Prado) have a strong market share.

When asked about the reason customers choose Toyota over other brands, he named a number of vehicles and explained in detail the factors those vehicles lack, due to which Toyota cars are given more preference. The vehicles he mentioned were:

4x4 main: Land Rover / BMW x5/ Porsche Cayenne

Pickups: Shehzore, Master truck.

Commercial: Coaster Hiace

Sedans: Civic, BMW 3 series, Mercedes C Class, Audi a5.

According to him, the above mentioned brands lack the following qualities, which are all present in Toyota:

- Biggest manufacturing plant in Pakistan
- Availability of spare parts
- Resale value
- Long life

Interview 8

I believe “brand image” as a differentiating factor helps in selling a car, he replied in the affirmative and mentioned “Toyota Land Cruiser” as an example.

Furthermore, when asked about the different external influences customers are linked to while purchasing a car to which he replied: Friends and family are the biggest influence on the purchase decision of customers. According to him, teenage boys usually opt for Civics due to their friends.

Interview 9

He told us that Toyota has an exclusive website with details about the company, brands, models, prices etc. He also told us how after- sales service is a dominant influence in deciding the brand of the car and that Toyota lays great emphasis on providing a wide range of after sales services to its customers. There are several brands which entered the market but failed due to unavailability of parts e.g. Mitsubishi, Hyundai, and Nissan.

Talking about the after- sales services, he provided us details about the services Toyota focuses on providing to its customers:

Warranty for up to 2 years.

Customer service: Toyota aims to provide best-in-town after- sales service to its customers.

Payment plans: Leasing option through several banks.

He was of the opinion that customers usually prefer payment through installments. More than 23 banks in Pakistan are directly affiliated with Indus Motor Company for leasing.