



**ADDIS ABABA UNIVERSITY  
COLLEGE OF BUSINESS AND ECONOMICS  
SCHOOL OF COMMERCE**

**DEPARTMENT OF MARKETING MANAGEMENT**

**Determinants of customers' Automobile brand preferences in Addis Ababa:  
The case of some selected car brands (Toyota, Hyundai & Nissan)**

A THESIS SUBMITTED TO THE SCHOOL OF GRADUATE STUDIES OF ADDIS ABABA  
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DEGREE OF M.A. IN MARKETING MANAGEMENT

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Addis Ababa, Ethiopia

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A thesis submitted to the school of graduate studies of Addis Ababa University, School of Commerce  
for the partial fulfillment of the degree of M.A. in Marketing Management

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## Statement of Certification

This is to certify that Wengelawit Abate has carried out her research work on the topic entitled; “Determinants of customers’ Automobile brand preferences in Addis Ababa: The case of some selected car brands (Toyota, Hyundai & Nissan)”. The work is original in nature and is suitable for submission for the award of Master of Arts in Marketing Management.

Advisor: **Mesfin Workineh (PhD)**

Date:

## **Statement of Declaration**

I hereby declare that “Determinants of customers’ Automobile brand preferences in Addis Ababa: The case of some selected car brands (Toyota, Hyundai & Nissan)” is absolutely the work of mine, Wengelawit Abate. The current study was carried out independently by me, with the guidance and support of the research Advisor Mesfin Workineh (PhD). Any sources used for the study have been properly referenced. The study has not been submitted for the award of a first- or second-degree program at this or any other institution.

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Wengelawit Abate

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## List of Acronyms and Abbreviations

**ANOVA:** Analysis of Variance

**AS:** Aftersales Service

**BI:** Brand Image

**BP:** Brand Preference

**DF-** Degree of Freedom

**F:** Female

**M:** Male

**MS:** Mean Squares

**PR:** Price

**RE:** Reliability

**RV:** Resale Value

**SPSS:** Statistical Package for Social Sciences

**SS:** Sum of Squares

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## Abstract

*This research aimed to investigate the determinants of customers' vehicle brand preference in Addis Ababa, with a focus on three selected car brands: Toyota, Hyundai, and Nissan. The study was conducted through a survey of 352 respondents who are a customer of these three brands and the data were analyzed quantitatively with the help of the 27<sup>th</sup> version of Statistical Software for Social Sciences (SPSS). The research analyzed the impact of the independent variables, namely aftersales service, price, brand image, reliability, and resale value, on customers' brand preference. The researcher used descriptive and explanatory research design to meet the research objectives. The researcher used a convenient sampling method to get representative samples from the populations. The researcher collected data from MOENCO, Nyala and Marathon Motors customers through structured questionnaire to assess customers' level of agreement regarding their Automobile brand preference. Regression analysis was run for checking the relationship between the variables and testing the hypotheses. The results of the analysis revealed that Reliability, Brand Image and Resale Value positively influenced the consumer's brand preference. On the contrary, Aftersales and Price had a negative association on brand preference. Therefore it is concluded that, Reliability and Resale value has a significant and positive effect on brand preference. This research provides valuable insights that can help car manufacturers and dealerships in Addis Ababa to better understand their customers' preferences and tailor their marketing strategies accordingly. It is recommended that car manufacturers and dealerships prioritize reliability and resale or trade-in options in their marketing and sales strategies.*

**Keywords:** *Brand Preference, Aftersales Service, Price, Brand Image, Reliability, Resale Value*

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background of the Study

One of the region's most promising and rapidly expanding markets for cars is Ethiopia. With the expansion of the population and economy, there is a fluctuating increase in the demand for vehicles in Ethiopia. Les Medot , (2020) , Demand for Petrol & Diesel vehicles in Ethiopia. The expansion of business potential in the Ethiopian automobile sector has prompted the entry of fresh, contemporary imports into the market. The majority of automotive businesses in Ethiopia were set up with little to no consideration for availability, brand/model continuity, service quality, or aftersales support. However, the aftersales service and service quality of company's specific brand has redefined the nature and pattern of competition in the Automotive sector. (Report- Pro Market Research Services).

Brand preference as one of the indicators of strength of a brand in the hearts and minds of customers; it represents which brands are preferred under assumptions of equality in price and availability (Pramod Patil , 2017). Customers develop brand preferences to make the process of making purchases less complicated. A person must first be exposed to a wide range of brands before going through a challenging decision-making process in order to acquire a brand preference. Consumer preference is the capacity or aptitude to favor one thing over another in the hope that doing so will lead to higher levels of satisfaction, increased capability, or enhanced performance. Brand preference is defined as the level of brand loyalty in which a customer prefers one brand over competitors and will purchase that brand if it is available (Dibb & Ferrell, 2006).

The purchasing behavior of customers has been a key factor in the success and growth of any firm. In particular, the purchase decisions made by customers regarding their vehicle of choice can have considerable impacts on sales and market share for firms in the automobile industry. Ethiopia is a developing nation, and Addis Ababa is home to many of its residents. Following the introduction of free-motorization policies by the government, a higher number of Ethiopians are now able to

own vehicles; with the demand increasing across all makes and models. (free-motorization policies by the government, 2020-2022). Despite this increase in demand, Toyota, Hyundai, and Nissan continue to hold the top three positions in Addis Ababa's automotive market thanks to their well-deserved reputations for providing high-quality services. However, there is still limited knowledge regarding specific factors which may influence individual customer preferences over certain brand choices when purchasing vehicles. Therefore, this study aims to investigate determinants that affect customer vehicle brand preferences when choosing between three major automakers- Toyota, Hyundai and Nissan -in Addis Ababa City. This research should provide a better understanding towards consumer preferences which would enable decision makers within these companies to make adjustments or plans in strategies tailored to meet demands from potential customers who might be more likely than others to choose one brand over the other two based on specific factors spread out widely among different demographics and backgrounds.

A wide range of vehicles are becoming more accessible to consumers because to Addis Ababa's expanding economy. This has resulted in an increasing demand for vehicle brand preferences in the city Les Medot , (2020). As one of the biggest cities in East Africa, understanding the determinants of customers' vehicle brands' preferences is important as this information can help businesses gain competitive advantages in terms of providing more targeted marketing and better customer service. This research aims to identify the key determinants affecting customers' vehicle brand preference in Addis Ababa with a focus on three major automakers: Toyota, Hyundai and Nissan. The study is based on information gathered through surveys given to car owners in the municipal limits between the ages of 20 and 50. Based on previous studies about customer behavior, factors such as product quality, price, advertisement/branding, availability of service centers, design/style are all expected to greatly influence how customers perceive different car models from each company Alemu, T. Biya, M., Gebeyehu, A., & Belay, K. (2018). Furthermore, cultural elements such as religion, socio-economic class and family tradition are also expected to play an important role when it comes to making decisions about which vehicle brands people prefer.

The results of this research should provide useful insights for both business owners and academics about what drives people's choices when it comes to picking out a vehicle brand and inform their strategies accordingly. Additionally, these findings may help government organizations develop

better policies related to transportation infrastructure and automotive industry development that properly take into account local interests in terms of preference for particular automobile brands.

The vehicle industry in Addis Ababa has grown and developed significantly in recent years. The number of vehicle brands offered reflects this trend. These automakers produce a sizable share of the vehicles sold in Addis Ababa. It is important to understand the elements that affect customers' decisions to buy different types of automobiles from each manufacturer in order to gain insight into consumer preferences for specific car manufacturers. As a result, this study aims to identify the fundamental factors that Addis Ababa consumers consider while selecting between Toyota, Hyundai, and Nissan cars. (Report- Pro Market Research Services).

Prior studies on market trends in the automobile industry need to be evaluated in order to comprehend which aspects affect consumers' choices for car branding. Perceived quality, specifically higher levels of perceived quality, frequently lead to greater levels of satisfaction, and in turn higher levels of brand loyalty generally, according to studies by Mammo et al. (2015) and Asfaw et al. (2012). These studies demonstrate that customer choice and brand loyalty are strongly influenced by perceived quality. These studies also show that customers generally see automobiles with additional safety-related features favorably; for example, vehicles with anti-lock braking systems (ABS) and airbags are much more desirable than those without these characteristics (Asfaw et al., 2012). Price may also have a big impact, according to study by Chen et al. (2013) and Gyamfi & Kowalski (2014). These studies show that consumers are more sensitive to price when they believe brand differences in other aspects, such as performance or design elements, are relatively insignificant (Chen et al., 2013).

Overall, this study clarifies significant factors that might influence consumers' choices for vehicle brands, enabling us to determine which businesses are most likely to be successful in capturing market share in Addis Ababa or other regions of Eastern Africa. However, more primary research must be done in order to draw firm conclusions regarding the factors that influence market preference because there is a dearth of information about consumer decision-making in this region specifically.

## 1.2 Statement of the Problem

The rising number of vehicle sales in Addis Ababa provides a practical justification for researching the determinants of customer's vehicle brand preferences (Report- Pro Market Research Services). The goal of this study is to determine why, out of all the available brands, consumers favor some, such as Toyota, Hyundai, and Nissan. These three businesses need to know how their customers view their brands in particular since doing so will help them to better cater their services and marketing plans to the needs of their target audiences. As a result, it is important to research the variables that influence customers' brand choice and make data-driven decisions as a result.

Any country's economy depends heavily on the automobile sector because it connects many sectors to services. Any expanding economy relies on it as its main engine. Each nation's economy depends on it, and increasing consumer understanding of automobile purchase patterns is one way to support the industry. Additionally, the need to remain competitive in the automobile market has prompted Ethiopian automotive businesses to strive for a competitive edge (Pierre Tchamo and Fasil Mitiku (2017), *Automobiles in Ethiopia: Government Regulations, Investment Opportunities and Industry Trends*.) Brands like Toyota, Suzuki, Mercedes, Hyundai and Nissan are competing to get attention from the consumers. As a result, the goal of this study is to identify the determinants of brand preference on new vehicles when purchasing automobiles.

Numerous studies have demonstrated that a company's marketing strategy may affect a consumer's preference for a certain brand. Additionally, customers may use their own selection criteria when choosing a certain brand from a group of brands in a particular product category Molla Dona and Zemene Mammo, (2019), *Strategic Market Planning of Automobile Industry in Ethiopia*.

The majority of previous studies used small sample sizes, limiting the generalizability of the findings. (Ali et al., 2020) , which is one of the methodological gaps. Their focus has been mainly on the automobile industry in developed countries and there is a lack of understanding of the determinants of customer brand preference in emerging markets (Ghosh & Buch, 2019). This is also one of the empirical gap which support me to study for the developing countries like Ethiopia.

As a sales of an automotive vehicle , the researcher have noticed practical gap. Those the gap on the quality of the vehicle (Reliability), Quality of the service (well-equipped after sales service) , the variation on price , the trade in service unavailability and other undiscovered factors has really impacted the business and it is noticed that customers are changing the brand and tries another brand. Therefore, the researcher wants to know the factors that affect the consumer behavior and recommend the solution for future business renewal.

In Ethiopia, there are just a few foreign Journals and studies that attempt to demonstrate consumer preferences when it comes to purchasing a car for personal use. As a result, there is a need to investigate various variables of brand preference and their level of contribution to purchasing decisions in the context of Addis Ababa. Additionally, the researcher is aware of very few publications on consumer brand preferences in the context of the automotive business, notably in Ethiopia.

Despite the fact that Mr. Danesho Gemechu, (2017) researches the automotive sector, does trend analysis, and displays patterns across the city, he does not address the specific scenario that illustrates the critical factor that determines consumers' brand preferences when purchasing vehicles. It is observed that there is a lack of theoretical evidence that can be used as an insight to comprehend customers' perceptions toward establishing a brand through the use of brand equity aspects, which is deemed to be an initiation to conduct the study.

Past studies have consistently shown that there are several determinants of customer vehicle brand preferences in Addis Ababa. For example, a study by Gebrewold (2013) conducted a descriptive survey among 400 car owners and found that the main determinants of brand preference were price, dealer reputation, product quality, availability of spare parts and service outlets, fuel efficiency and design. They also discovered that when picking a vehicle brand, price was the most crucial consideration. However, other studies have emphasized other aspects such as environmental protection or marketing strategies (Tsige et al.,2009; Lado & Kaplowitz 2011). While these previous studies provide useful insights into the factors which influence car buyers' choices of brands, they do not shed any light on how these factors play out in specific cases such as Toyota, Hyundai and Nissan in Addis Ababa - indicating an empirical gap. Specifically, no studies have

compared and contrasted these three brands to identify which factors are more influential for each one. Understanding this aspect is important because it can help car companies tailor their marketing strategies according to each particular context - potentially increasing their overall success in the market place.

As a result, this study is being undertaken from above to determine the driving forces behind customer brand preference.

### **1.3 Research Questions**

The study made an attempt to respond to the following queries based on the problem statement mentioned:

#### **1.3.1 Main Research Questions**

- What are the determinants of new vehicle brand preference in Addis Ababa?

#### **1.3.2 Sub Research questions**

- What is the effect of price on brand preference of the consumer?
- What is the effect of Resale value on brand preference of the consumer?
- What is the effect of Reliability on brand preference of the consumer?
- What is the effect of Aftersales service availability on brand preference of the consumer?
- What is the effect of Brand Image on brand preference of the consumer?

### **1.4 Objectives of the study**

#### **1.4.1 General Objectives**

- To identify the determinants of new vehicle brand preference in case of Addis Ababa on some selected brands.

#### **1.4.2 Specific Objectives**

- To identify the effect of price on the brand preference of the consumer.
- To identify the effect of Resale value on the brand preference of the consumer.
- To identify the effect of Reliability on the brand preference of the consumer.
- To identify the effect of Aftersales service availability on the brand preference of the consumer.
- To identify the effect of Brand Image on the brand preference of the consumer.

## **1.5 Significance of the study**

The significance of this study rests in its capacity to offer data-driven insight into Addis Ababa customers' preferences for vehicles and to enable an examination of the factors influencing brand preferences. This study may assist automakers like Toyota, Hyundai, and Nissan as well as other businesses in the industry in better comprehending the variables that affect consumers' choices of automobile manufacturers to purchase. The results might also offer further direction for business plans and marketing strategies in a variety of areas related to the automobile industry.

This study was focused on the determinant of brand preference of vehicle brands in Addis Ababa on some selected brands. The goal is to determine which new car brand consumers favored. It's also helpful to comprehend a customer's level of satisfaction with a product based on their preferences and decisions. The study offers a hint for managers and staff members to comprehend their consumer preferences and highlights the comprehension of the factors that cause consumers to differ from one another in terms of purchasing or using items and availing of services.

Additionally, researchers who wish to do their own research on the same topic may find value in this study. Notably, this thesis will be readily accessible as a reference for academics who wish to carry out additional research in the area of consumer brand reference, automotive brands, and others. In general, managers, professionals, experts, academicians, and other researchers in the automobile industry and brand management will find this study useful.

## **1.6 Scope of the Study**

This study attempted to demonstrate the primary factors that influence buyers' brand preferences in automobiles. The scope of the study is to identify different factors, i.e. Brand image, Reliability, Price, Availability, Aftersales service, Safety, Fuel consumption, Durability, Social value and other so many factors affect the brand preference of the customer. However, the scope of this study only considers Aftersales service, Reliability, Resale value, Brand Image, and Price of the brand that influence the brand selection of a specific automobile brand in the city. References are expected to be from reputable sources providing accurate information related directly to the topic.

The study's scope is limited to an authorized exclusive dealer of Toyota Vehicle, MOENCO, Hyundai vehicles, Marathon and Nissan vehicles, Nyala. This restriction was not just made due to time, expense, and access constraints; it was also made because these dealers is thought to have a sizable number of automotive users as clients.

By distributing structured questionnaires related to the key variables the researcher wishes to address at a time convenient for the respondents, quantitative data had been collected from all clients, who are primarily automobile owners, whether they are self-employed, employees of other companies, business owners, or taxi drivers.

### **1.7 Limitations of the study**

When it comes to my study topic, convenience or judgmental sampling methods have some shortcomings. Primarily, the sample may be biased toward particular population traits, resulting in a lack of representativeness. For instance, my study on consumers' vehicle brand preferences may not truly reflect the tastes of Addis Ababa's overall population Since I have chosen the loyal customers of Moenco, Nyala and Marathon motors. There wouldn't be many generalizations that could be made about this group based on the study's findings. Additionally, because convenience or judgmental samples are frequently non-random and small, it might be challenging for researchers to assess whether or not results are statistically significant. As a result, while analyzing data from this type of sample, caution must be used (Gorman & Riedy 2010).

In General Convenience sampling may have a sampling bias, Lack of generalizability and limited external validity but I managed to use with caution when I select the respondents who match the characteristics of the population I want to study. I have also refined and narrowed the research questions to focus on a specific population.

### **1.8 Organization of the Study**

The research had broken down into five chapters. Chapter One, constructed by background of the study, statement of the problem, research questions, objective of the study, Significance of the study , scope , limitation of the study and definition of terms. In chapter Two, review of related literature in

the area of Brand preference was presented. Chapter Three, highlighted the description of research Approach, Design, Data Types, population of the study, and sampling procedure had been conducted. Data was collected, analyzed, and interpreted using quantitative methods in Chapter Four. The conclusion and recommendation of the research findings were included in Chapter Five. This is how the entire study was organized.

### 1.9 Definition of Terms

**Brand Preference:** is the level of brand loyalty where a customer will always choose one brand above competing options and buy this brand if it is offered. (2006) Dibb S., Simikin L., Pride W.M., and Ferrell O.C.

**Brand Image:** is how a company or organization projects its identity to its target audience. It is created through visual elements such as logos, colours and graphical images, as well as verbal and written messaging which help to define a brand's characteristics. (Michelle Massingham, (2010))

**Price:** is the amount of money that a customer must pay to acquire a product or service. (Harvard Business Review)

**Reliability:** is the degree to which a measurement, product, or service can be consistently relied upon to perform as expected. It is frequently used as a predictor of how well something will work moving forward. (Wexley & Youssef-Morgan, 2020)

**Resale Value:** represents the amount for which an asset can be sold on the open market after having ownership transferred from one person or entity to another. (Investopedia (2018))

**Aftersales Service:** can be defined as service and support provided after a customer has purchased a product or service, including warranty repairs, any maintenance support they may need, response time to customer inquiries and complaints, help desk and technical support. (Holly Brown-Johnston , 2011)

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

#### **2.1 Introduction**

This chapter aims to provide the theoretical reviews, empirical reviews and the conceptual framework of the study. There is a quite small number of related vehicle Brand study in Ethiopia. In keeping with the goals of the study, this chapter discusses ideas about consumer purchasing behavior, Purchasing decision, and variables influencing vehicle brand preference.

#### **2.2 Theoretical Review**

##### **2.2.1 The Attitude Model**

According to the attitude model, consumers' preferences for vehicle brands are influenced by their access to information and their assessment of the reliability of the sources they consider to be reliable. According to this model, consumers are expected to assess the vehicles on the basis of perceived cost-benefit, dependability, and whether they can personally relate to the company's or brand's values.

Attitudes are a psychological construct that refer to an individual's positive or negative evaluations, along with emotional and behavioral responses, toward objects or people (Eagly & Chaiken, 1998). The attitude model is a comprehensive framework for understanding how attitudes are formed, and how they affect behavior (Fishbein & Ajzen, 1975; Sheppard & Hartwick, 1988). According to this model, a person's attitude towards an object is determined by the person's beliefs regarding the object (personal beliefs and social beliefs). The person's evaluation of those beliefs then forms their attitude. According to Aronson (1999), our personal beliefs about something come from direct experience with the object or other sources of information. Our social beliefs about something come from others around us: our family, friends, peers, media outlets etc. These social influences can shape our attitudes and behavior in two ways: through persuasion (through direct influence) or through normative influence (adherence to accepted norms within society). In either case, both forms of influence contribute to the formation of attitudes and behaviors. To understand how

customers, form their vehicle brand preferences in Addis Ababa with regards to Toyota, Hyundai and Nissan vehicles it is therefore important to explore both personal and social influences. For example consumers preferences may be affected by factors such as level of quality assurance associated with each brand or the perception that the brand reflects conspicuous consumption values.

This characteristic is a necessary step before determining the reasons for preference and the ways to alter it. The primary premise of this study of customer brand preference was that preference-specific measurements, as opposed to more broad measures like those of socioeconomic and personality traits, would produce accurate forecasts. This study was an application of a model of consumer attitudes.

### **2.2.2 Social Influence Model**

According to Janis's (1972) social influence model, which was based on an analysis of over 1000 studies, individual's behavior is impacted by both what other people do and say (Bernardin et al., 2017; Phua et al., 2012). When forming their own views, attitudes, or behaviors, people receive signals from those around them (Phua et al., 2012). There are three groups that can have an impact on someone's behavior: referents (those whose opinions count but are not based on knowledge or skill), central members (those whose opinions carry more weight than others), and peripheral members (Tajfel & Turner 1979). People must detect another person's presence, recognize what they are conveying, cognitively organize this information into something meaningful, and give those influencers equal weight when making judgments in order for them to be socially influenced.

According to the social influence model, people make decisions based on what they see as socially acceptable conduct among their peers and in society. Customers would consider influences from family, friends, and other information sources including commercials that support one automobile type over another when evaluating a specific vehicle brand choice.

Studies indicate that culture has a significant impact on consumer choices and should be taken into consideration, especially in developing nations like Ethiopia where norms may not always apply.

Although there are many primary factors influencing vehicle brand preference across various countries, such as price considerations, income levels, etc. Numerous studies confirm that culture has a significant impact on consumer behavior because it shapes unconscious attitudes toward products as a result of, among other things, Toyota's hybrid tradition of selling luxury cars and strong customer service (Tako & Serkalem, 2019; Gebrehiwot Abebe, 2016). Demand for some manufacturers, such as Nissan, whose driving performance has been positively praised by automobile consumers, has also been found to be fueled by quality assurance (Starko & Abramsky, 2019). Fast delivery and very satisfied consumers help Hyundai gain market share despite competing in the same environment as its rivals (Allen Ejigu & Yisa Yakatito 2016). Data specific to the Ethiopian market, however, is limited because most research focuses on developed economies and there is frequently a lack of sufficient empirical evidence, even when challenging traditional methods still in use today. For example, customer surveys and qualitative approaches have only partially answered the question of what causes these patterns given the relative infancy of the Ethiopian market and R&D efforts.

### **2.2.3 Cognitive Dissonance Model**

According to this hypothesis, once a person has made a choice about a certain vehicle brand, thinking about other brands may cause cognitive dissonance. This dissonance prompts people to stick with their initial decision rather than take a chance on making a new one that could be incorrect or result in higher expenses in terms of the time, effort, and money required to switch brands.

Cognitive Dissonance Theory suggests that when someone faces psychological dissonance, or inconsistency between their attitudes and behaviors, they will aim to reduce this tension by changing either their behavior or attitude. Studies have found that customer brand preference is a key influencer in the customer decision-making process (Camilleri, 2019; Mayhew, 2014) and research has linked cognitive dissonance with both product satisfaction (Lin & Santhanam, 2015) and customer loyalty (Huddleston et al., 2018). However, a little study has particularly addressed how cognitive dissonance affects consumer preferences for Toyota, Hyundai, and Nissan in Addis Ababa's burgeoning auto markets. Customer Contentment and Cognitive Dissonance Due to the fact that it frequently expresses a person's unique identity, customer preference for vehicle brands has a

significant impact on buying decisions (Kim & Han, 2015). Therefore, it is important for brands such as Toyota, Hyundai and Nissan to understand how exactly these preferences are determined.

Cognitive Dissonance Theory suggests that customer vehicle brand preferences are more likely to be influenced by a combination of post-purchase dissonance and satisfied feelings from past experiences with the purchased item (Ferris et al., 2018). Consumer satisfaction has been suggested to have a strong influence upon brand loyalty especially within the emerging markets such as Addis Ababa (Foxall & Pallister, 2011). This indicates that an individual's past experience with that particular brand affects their current level of satisfaction which in turn influences future purchase decisions. Attitude Change & Post-Purchase Cognitive Dissonance Research has indicated that reducing post-purchase dissonance is essential for maintaining positive attitude towards the purchased items which can ultimately determine customer's vehicle brand preferences (Kotlar et al., 2012). Recent studies have suggested that through persuasion techniques such as reassuring customers both pre-sale and post-sale allows consumers to regulate potential feeling of disharmony thus allowing an overall positive attitude formation (Manojlovich & Rappaport 2007). In relation to customer loyalty among the different car manufacturers operating within Addis Ababa this could result in longer term relationships with customers who may even develop advocacy for example through word of mouth communication or even repeat purchases. Therefore understanding how customer attitudes can be regulated through atmospheric cues pre/post sale could be beneficial for companies looking to increase market share within Ethiopia.

In conclusion, this analysis reveals that cognitive dissonance theory offers practical insights into comprehending factors that influence consumers' preferences for vehicle brands in developing nations like Addis Ababa, particularly in relation to Toyota, Hyundai, and Nissan automakers. However, additional study is needed to help auto companies understand why some characteristics have a greater impact on consumer choosing behavior than others.

#### **2.2.4 Technology Acceptance Models (TAM)**

TAMs analyze how people accept and use the technology associated with different vehicles to describe how customers view the value or usefulness of such vehicles (e.g., most modern vehicle models feature tech-enabled convenience features). Hedonic motives, perceived usefulness, effective design, user satisfaction, and other elements that influence consumers' decisions while

deciding between different vehicle manufacturers and models are some of the several criteria that can be included in TAM.

Numerous studies have been conducted on how customers choose vehicles from different brands. A study by Osman et al. (2016) investigates the factors affecting consumer satisfaction and loyalty with regards to automobile brands. Results showed that product features, price, after-sales service and satisfaction were important factors in consumer choice of automobile brand. In an empirical study by Haddad et al. (2012), it was found that demographic factors such as gender, income level and age are also significant in selecting automobile brands. Haji et al. (2007) studied customer behaviour at dealership when selecting amongst competing automotive brands such as Toyota, Nissan and Hyundai among others. It was established that customers cared more about pricing offers than other factors when making a brand selection decision. The model of technology acceptance was used by Kamal et al.(2015) to assess brand preferences for Honda, Toyota and Suzuki cars among Malaysian customers using the independent variables viz price attractiveness; reliability factor; promotional offers; dealer characteristics; sales personnel attitude; Service centers etc .

The finding indicated that price attractiveness was an influential factor at the time of purchase decision making as well as post purchase decisions .A similar research was conducted by Cochran & Ahmed (2016) dealing with variable influencing drivers in choosing Japanese car brand like Toyota specifically focusing on three dimensions viz.; quality , safety and economy .They identified different quality attributes related to these three dimensions which participants used for deciding between these two brands i.e., Toyota and Mazda thus elucidating quality attributes role in driving car selection behavior among participants including young drivers which is unexplored area so far . Leytompson & Maguillan (2014) investigated importance of trust while analyzing Swedish buyer's perspective while considering necessary attributes while opting for any particular car brand, they highlighted importance trust plays very important role when buyers consider purchasing any particular high technology product like computer/car or mobile phone etc. It emerged through their study that opinion leaders tend to play key role in building confidence level among consumers regarding any specific car brand before making its purchase decision delivering signal regarding potential degree of effectiveness for selected product which may vary across between different models or alternative offers during buying process.

In conclusion, this literature review has addressed the determinants of customer vehicle brand preferences in Addis Ababa for Toyota, Hyundai and Nissan using Technology Acceptance Model (TAM). Several variables were studied such as product features, pricing, after-sale services, demographic factors, promotional offers etc. Also influence of trust was studied on buyer's selection traits for any given product like cars apparently highlighting its significance.

### **2.3 Empirical Review**

This empirical review aims to investigate the factors that influence customers' choices for Toyota, Hyundai, and Nissan brands of vehicles in Addis Ababa. This review specifically examines the impact of resale value and Reliability on consumer brand preference, the impact of after-sales service accessibility on consumer brand preference, the impact of brand image on consumer brand preference, and finally the impact of price on consumer brand preference.

Consumer preferences for vehicle brands can be influenced by a wide range of circumstances, according to studies. Reliability and resale value are frequently mentioned factors that influence consumers' selections. Resale value has the potential to have a considerable impact on the financial return when a vehicle is sold, according to Trautmann (2009), making it one of the most crucial aspects in buying decisions. Yagil (2002) adds that reliability can also have a favorable impact on purchasing choices because it frequently builds consumer trust in a brand or product over time.

A further aspect that has been recognized as influencing consumer choice is the availability of after-sales services (Chiu et al., 2007). Customer satisfaction may rise or fall depending on whether integrated access to services is there at the time of the initial purchase or not. Additionally acknowledged as a crucial element influencing consumer preferences for vehicles is brand image (Tajar et al., 2019). This element includes quantitative criteria like the quantity and variety of car models offered as well as qualitative aspects like perceptions of technology and innovation.

Last but not least, the cost can influence a consumer's decision to buy a particular car. Chyung (2012) asserts that more expensive vehicles may transmit greater perceived value, whilst less expensive vehicles may give additional affordability with declining returns from more expensive vehicles' features (Fitzgerald).

As a result, there are a number of factors influencing buyers' preferences for vehicle brands in Addis Ababa, such as resell value and reliability, after-sales service accessibility, image, and pricing. According to the findings, these elements significantly influence consumers' decisions in Addis Ababa when they are deciding between several car models. To delve deeper into these impacts or take into account other potential influencing elements for consumer choice making in this context, more research is required.

### **2.3.1 Price and Brand Preference**

Numerous studies demonstrate how price and other elements affect customers' decision to purchase a vehicle in Addis Ababa. According to Gebre (2019), most Addis Ababa consumers prefer to purchase dependable, inexpensive, and fuel-efficient cars, particularly those made by Toyota, Hyundai, and Nissan. Evidence from experience also reveals that consumers select these three brands based on reputation as well as pricing (Deribe & Oljira 2020). For instance, Toskas et al. (2019) found that when purchasers were given a choice between two similar cars from different automakers, they preferred the cheaper option because they thought it was more cost-effective. In a similar vein, Tefera et al research 's from 2021 revealed that 71% of Addis Ababa car customers consider cost when making decisions and favor the less expensive option regardless of manufacturer or warranty terms supplied. Furthermore, Findlay et al. (2020) examined consumer choices between Hyundai and Nissan cars in Ethiopia and found that price was the primary motivating factor for customers to purchase cars from either one of these automakers. These results show how pricing significantly affects customer preference sets for name-brand vehicles available in Addis Ababa.

Several studies have explored the effects of price on brand preferences (Leone & Cruz, 2018; Chowdhury et al., 2020; Acar & Öner, 2018). Leone and Cruz (2018) found that convenience pricing, as a form of perceived value resulting from advantageous packaging or entry-level prices, had significant influence customers' brand preference for commodities. Chowdhury et al. (2020) explored how changes in reference prices have a direct impact on perceived quality and fluctuate based on pre-existing beliefs about a certain brand; the study concluded that different aspects such as familiarity or trust can affect people's decision making when it comes to choosing one brand over another. Similarly, Acar and Öner (2018) argued that traditional price perception mechanisms are impacted by product knowledge which influences customers' use behaviour of a given good or

service; they noted that differentiated products with perceptible high attributable benefits can lead to higher willingness to pay leading to increased loyalty towards the product. Therefore, these findings support the hypothesis that increasing prices will lead to decreased brand preferences among consumers.

**Hypothesis 1:** Customers' vehicle brand preference in Addis Ababa is significantly influenced by price.

### **2.3.2 Resale value and Brand Preference**

Resale value has been identified as an important factor in consumer brand preference for automobiles. A study by Truong, Kwok, and Chen (2010) found that resale value was the most significant predictor of vehicle brand preference among a sample of young adults in the US. Resale value is a significant factor affecting customers' purchasing decisions, according to numerous studies (e.g., Almeida et al., 2015; Chen & Neak, 2019). Research has also revealed that buyers give importance to vehicle dependability when selecting a brand (Linderme & Zhao, 2020). This theory is supported by a study of the current literature, which shows that brand preferences have been consistently linked to resale value. Therefore, it is reasonable to infer that such factors may have a significant impact on the brands Addis Ababa consumers choose when making a vehicle purchase.

A systematic literature review of studies related to vehicle brand preferences in Addis Ababa revealed that consumer decisions involving resale value have a significant effect on vehicle brands preference. According to a study conducted by Menor et al (2012), consumer decisions involving cars are largely determined by factors such as performance, perceived quality, durability, style, resale values and reliability ratings. The study found that these factors shape consumers' intention to buy specific vehicles. Furthermore, Argoff et al (2016) also reported similar findings corroborating the influence of performance, perceived quality and other factors such as resale value ratings on customers preferences toward particular vehicle brands. Similarly, according to Li et al (2013), perceived dependability was one of the key criteria used by consumers when selecting the preferred automobile brand among different options available in the market including Toyota, Hyundai and Nissan in Addis Ababa. Consequently, high levels of perceived dependability would

result in increased loyalty towards certain brands leading to improved customer preference for those brands.

In the Ethiopian context, a study by Shiferaw and Sisay (2019) found that resale value was a key determinant of consumer brand preference for used cars. The study noted that consumers preferred brands with high resale value due to the potential for a higher return on investment in the future.

**Hypothesis 2a:** The resale value of a vehicle can significantly affect customers' vehicle brand preferences in the case of Toyota, Hyundai and Nissan in Addis Ababa.

**Hypothesis 2b:** Consumers with a higher concern for future financial returns are more likely to prefer vehicle brands with higher resale value.

### 2.3.3 Reliability and Brand Preference

There is considerable research on the importance of reliability as a determinant of vehicle brand preference. Several studies have found a positive relationship between reliability and brand preference, indicating that consumers are more likely to choose brands that they perceive as being reliable (Hosoda & Dahlstrom, 2005; Lim & Park, 2019; Saatcioglu & Ozogul, 2015).

In a study by Hosoda and Dahlstrom (2005), they found that reliability was the most important factor in consumers' car brand choice, indicating that consumers prioritize reliability when making purchase decisions. Lim and Park (2019) also found that reliability is a key determinant of brand preference among Korean car buyers.

In addition, Saatcioglu and Ozogul (2015) found that perceived reliability was positively associated with brand loyalty and that consumers were willing to pay more for reliable brands. This suggests that reliability not only influences brand preference but also impacts consumer behavior in terms of brand loyalty and willingness to pay.

Overall, the literature suggests that reliability is a crucial determinant of vehicle brand preference, which supports the hypothesis that reliability positively influences brand preference among customers of Toyota, Hyundai, and Nissan in Addis Ababa.

**Hypothesis 3:** Reliability positively influences brand preference among customers of Toyota, Hyundai, and Nissan in Addis Ababa.

#### **2.3.4 Aftersales service availability and Brand Preference**

There is a considerable positive relationship between aftersales service availability and customer brand preferences, according to an empirical assessment of studies looking at how aftersales service accessibility affects consumers' brand preferences. According to Al-Hosni (2013) and Liu et al. (2015), the presence of aftersales services gives clients more practical options and fosters user loyalty, both of which raise customer satisfaction and buy intentions. Furthermore, Chen et al. (2014) 's study discovered that better post-purchase services enhance customer experience, boosting loyalty and repeat business over time. Additionally, Gulhane and Rahman (2020) highlighted that customers' preferences for any car brand are higher when such brands provide courteous customer services, high-quality aftersales services, and product supplemental features. When viewed collectively, these findings show that consumers are more inclined to select goods that are backed by excellent post-purchase support. The availability of high-quality after-sale services will undoubtedly have a trustworthy influence on consumer brand preference decisions, according to this empirical review's substantial findings.

A number of studies have found that consumers' purchasing decisions, including vehicle brand preferences, are significantly influenced by the availability of aftersales services (Atienza et al., 2018; Haghirian et al., 2002; Kim and Lee, 2018; Rudiuk et al., 2015). This is due to the fact that consumers often perceive aftersales services as providing value-added benefits such as convenience and peace of mind (Liu et al., 2017; Snehota and Vajda, 2014). Furthermore, available data suggests that customers generally have a greater degree of trust in brands with better aftersales service offerings (Jeong and Park, 2011). For instance, Haghirian et al. (2002) conducted a study which investigated how salesperson service affected car buyer satisfaction in Iran. The results demonstrated that buyers were overall satisfied with both product-specific characteristics and salesperson service when choosing their vehicles. Of particular interest was the finding that the knowledge level of salespersons was among one of the most important factors determining consumer satisfaction when purchasing automobiles. This further highlights the importance of post-purchase establishment in order to maintain customer loyalty within a certain brand or

company (Kim and Lee, 2018). Additionally, Atienza et al. (2018) conducted an empirical study which examined consumer purchase behavior as related to vehicle price and after-service capability in South Africa. The findings determined that both price accessibility and quality assurance were integral determinants for consumer purchase decisions regarding automobiles. These findings are indicative of an overall trend demonstrating a strong correlation between aftersales service offerings and customer preference for a certain brand or product (Rudiuk et al., 2015).

In conclusion, there is significant evidence from previous empirical studies indicating that customers prefer brands which offer reliable after-sales services. Therefore, it can be hypothesized that customers are more likely to prefer a brand that offers reliable after-sales services.

**Hypothesis 4:** The availability of aftersales service has a positive impact on consumer brand preference.

### **2.3.5 Brand Image and Brand Preference**

Numerous studies have revealed that consumer preferences can be significantly impacted by brand image (Giannopoulos et al., 2001; Han & Kim, 2007; Szymanski & Henard, 2001). Giannopoulos et al. (2001) used self-reported data in a study to assess how brand image and product purchase experiences affect customers' intentions to make repeat purchases. In Addis Ababa, Ethiopia, Toyota, Hyundai, and Nissan are three significant automakers. The researchers performed 2 tests and logistic regression analysis to discover critical characteristics linked with customer repurchase intention for these manufacturers. The findings demonstrated that customer brand perceptions of each company's automobiles were highly correlated with those perceptions and had the largest influence on customer repurchase intentions. Similar to this, Han and Kim (2007) looked examined how various brand image dimensions might affect buyers' decision-making while selecting between Toyota, Hyundai, and Nissan vehicles in Addis Ababa. Results showed that perceived quality, service dependability, and style factors had the biggest effects on consumers' choices of vehicles. Szymanski and Henard (2001) carried out an empirical examination into the effects of numerous factors on customer preferences for various vehicle models, including appearance, physical attributes, performance reputation, and pricing (Toyota, Hyundai, Nissan). Results indicated that customers' decisions between competing car models from these three businesses in the Ethiopian market were significantly influenced by both individual characteristics, such as age, and product attributes, such as price. In conclusion, current research shows that consumers frequently base their judgments on their impressions of model brands, which are influenced by a

variety of factors including appearance or price (Han & Kim, 2007; Szymanski & Henard 2001). (Giannopoulos et al., 2001). Thus, it can be hypothesized that brand image has a significant positive influence on consumer brand preference when purchasing vehicles in Addis Ababa.

**Hypothesis 5:** Brand image has a significant positive influence on consumer brand preference.

### 2.4 Conceptual Framework

This study's primary goal is to determine which automobile brand Addis Ababa customer's prefer. The conceptual framework for this study is built on the concepts mentioned above.

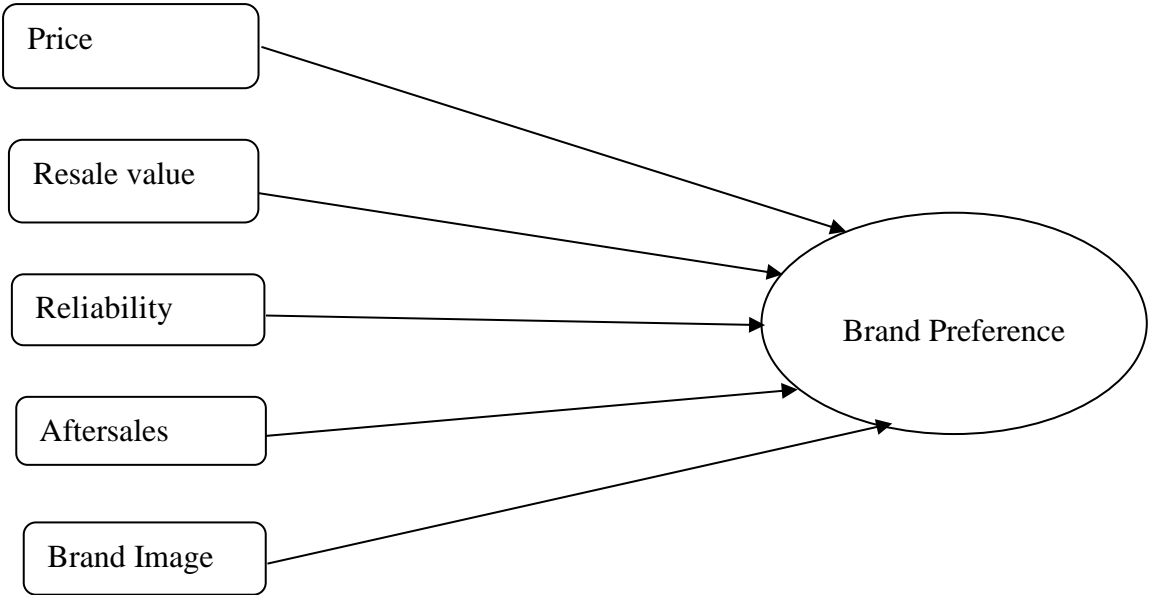


Figure 2.1 Conceptual Framework

Source: adopted and modified from (Chen et al., 2008)

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **Introduction**

In Addis Ababa, this study aims to identify the factors that influence consumer choices for Toyota, Hyundai, and Nissan vehicle brands. The goal of this study is to examine and comprehend several elements that can affect a customer's choice of one of these three automobile manufacturers in Addis Ababa. Focus groups, and surveys were used in this study to gather information from Addis Ababa residents who have recently purchased either Toyota, Hyundai, or Nissan vehicles. The reasons for the chosen preferences had also been discussed using marketing and customer behavior theories.

#### **3.2 Research approach**

A quantitative research approach has been applied on this research paper. It is the ideal strategy for this topic. This calls for the application of quantitative data analysis methodologies using surveys. The researcher would have the chance to learn more about the preferences of the customers and the psychological elements influencing their selections by utilizing a quantitative technique. The researcher could learn how consumers form impressions and why they favor particular companies over others by gathering qualitative data from in-depth surveys. The application of quantitative data analysis techniques might then be used to find patterns among various client groups. To identify and test the factors that influence Brand Preference and Brand Preference, a quantitative approach is used.

#### **3.3 Research Design**

This study illustrates the factors that influence consumers' brand preferences. Explanatory and Descriptive research methodology is used in this study. Explanatory studies investigate a problem to determine the connection between dependent and independent variables. Testing whether one variable influence another's value is best done using explanatory Design.

Because the data for this study were gathered via a questionnaire and used to determine the relationship between its dependent and independent variables, an explanatory research design was determined to be the best strategy. Therefore, as the purpose of this study is to explain the relationship between the five independent variables which have been hypothesized to have influence on brand preference, the researcher used the explanatory type of research for this study. Descriptive

research is an appropriate choice when the research aim is to identify characteristics, frequencies, trends, and categories.

### **3.4 Data Types and Data Sources**

Primary and Secondary sources of data was used to gather the necessary data. According to (Huma Parven & Nayeem Showkat, 2017), Primary data are those that the researcher personally collects. The researcher intentionally collects this information because there are no older recordings of the data that are accessible to the public. Primary data was collected using a range of methods like Survey Responses from target customers and figures, Interview transcripts, Observation. Such data is considered to be highly reliable.

Secondary data are those that have been gathered and compiled by someone and are available to the public. It is the information that the researcher gathered through earlier research and other sources. Typically, secondary data consists of Automotive Sales Data, Customer service surveys and Reports. When compared to Primary data, using secondary data is less expensive and faster.

Therefore, primary data had been collected from the customers of Toyota, Nissan and Hyundai, in the head office and other dealers found in Addis Ababa. The secondary data have also been collected from the company records, journals, and existing reports.

### **3.5 Population of the Study**

The target populations for this study was the customers in the city of Addis Ababa who have recently purchased, or are planning to purchase a vehicle. The characteristics of this population should include demographic categories such as age and income level and geographic elements in Addis Ababa and who are considering the three brands: Toyota, Hyundai and Nissan. Since it is impossible to include everyone, the sample frame corresponds to the population under consideration. More specifically, information was gathered from car owners, whether they are self-employed, workers of different companies, or traders within a convenient time for the respondents.

The target population was over the age of 20 and doesn't have upper limit, from both sex, found in different Job types and positions.

## 3.6 Sampling Size and Sampling Technique

### 3.6.1 Sampling Technique

Due to the unavailability of the sampling frame, this study was relied on convenience sampling, a non-probability method (Mark Saunders, Philip Lewis and Adrian Thornhill, 2016). According to Mark Saunders, convenience sampling refers to the selection of the population element for the sample based on the easiest of access. With this strategy, a sample was taken from the area of the population that is nearby, accessible, or practical. Since it is a simple, quick, and economical strategy, the sample was chosen from the intended population using the two non-probability techniques of judgment and convenience (Mark Saunders, Philip Lewis and Adrian Thornhill, 2016).

Convenience sampling had been employed in order to choose the sample size from the unlimited population of vehicle purchasers. By distributing prepared questionnaires, convenience sampling—a non-probability sampling technique—was adopted. Using a convenience sample technique had some dangers, such as a shaky representativeness that called the results' veracity into question, but it was still worth it (Bryman, 2008, p.112). The study, however, avoided this by gathering a diverse sample of customers with a range of backgrounds in terms of income, age, gender, and the sort of vehicle they own.

### 3.6.2 Sample size

The sample size of this survey was planned to be **384** customers living in Addis Ababa with 95% response rate owning vehicles of the Toyota, Hyundai, or Nissan brand. This should allow for a sufficient amount of data to draw conclusions about customer vehicle brand preferences in the city. To select the sample size, the researcher takes into account the time and money that are available, the sample size utilized in earlier studies of a similar nature, and their own judgment. The sample size is calculated using a sample calculation formula known as Andrew Fisher's Formula as below.

$$\text{Sample size} = Z^2 * \sigma^2 / m^2$$

Where Z is Confidence level which is 95%  $\approx$  1.96 z score

$\sigma$  is standard deviation which is 0.5 is a safe choice.

m is the confidence interval which is 5 %

$$\text{Sample size} = (1.96)^2 * 0.5 * (1-0.5) / (0.05)^2 = 384$$

The researcher was able to collect 352 fully recorded responses for the distributed survey.

### 3.7 Data Gathering Instruments/variables and measures

The questionnaire, which was used for the purposes of this study, is one of the most crucial research instruments for gathering primary data. Consumers of vehicles had received questionnaires in the form of google form. The questionnaires were an online survey distributed and gathered by the researcher in an area with a high concentration of easily reachable consumers.

All the questions were referred from the previous literatures and all the variables are stated on the questionnaire. The questionnaire is divided into three sections, the first of which collects demographic data from respondents and the second of which collects general information from respondents. On this study, a five-point Likert scale was used to measure opinions, attitudes, and behavioral tendencies, and a Likert scale scoring from strongly disagree=1 to strongly agree=5 was used to measure the determinants of brand preference. These responses were simple to quantify and thus prepared for any mathematical analysis.

### 3.8 Data Analysis Technique

The most suitable data analysis technique for this research title would be a descriptive and inferential analysis. After gathering the data via a questionnaire, the data analysis process started. The gathered information was examined using both descriptive and inferential statistics. The demographic characteristics, including gender, age, education, occupation, and monthly income, were examined using a descriptive analysis. Regression and correlation models, two inferential statistical methods, were also used. To determine the extent to which independent factors affect the dependent variable, which is to gauge how strongly the factors are linked to brand desire, a brand preference and correlation study was done. Tables and percentages were utilized as tools. Using SPSS (Statistical Package for the Social Sciences) software version 27, inferential analysis was used to analyze the data.

In addition, the study used multiple Regressions as a part of model building.

$$Y_1 = B_0 + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + B_5X_5 + E$$

Where

- $Y_1$  = Consumers' brand preference

The following independent variables was the determinants for the Brand Preference of a consumer for buying an Automobile (Y)

$B_0$  – Coefficient of constant

$B_1$ -  $B_4$  are the coefficient of independent variable where;

- $X_1$  –Aftersales Service
- $X_2$  – Brand Image
- $X_3$ – Price
- $X_4$ – Resale Value
- $X_5$ – Reliability
- E is the error term

### **3.9 Reliability and Validity**

#### **3.9.1 Validity Test**

The degree to which a measurement tool adequately covers the subject being studied is known as content validity (Kothari, 2004, p.111).The precision and consistency of the data collected would be considered reliability for this research title. All participants was asked the same questions or have the same information consistently collected from each participant in order for the study to be accurate and reliable. Furthermore, there was no prejudice or incorrect results interpretation in the research. In order to support the study hypothesis and derive actionable findings from it, sufficient was gathered from relevant sources. All data were analyzed in order to identify the factors influencing brand choices and to compare them across target markets. Before drawing any conclusions, it is best to use a validation technique to make sure the results are accurate and reflect real client preferences.

To ensure the questionnaire's validity, all of the questioners were drawn from relevant literature. The questioner was adopted from previous research works that are related to this research. After compilation of the variables from different empirical reviews, the researcher distributed it to relevant academics and verified by the research advisor, who examined the appropriateness of the questions and measurement scales. The questionnaire was updated based on the feedback that is given. To address the issue of question comprehension, The survey was piloted on a small group (30 respondents) at the MOENCO headquarters, Marathon Motors, and Nyala Motors automotive departments to gather feedback and determine whether the questions were easy to understand. The

questionnaire was then modified based on their feedback, and the final questionnaire was distributed. The use of brief explanations added before every variable to give the conceptual framework could have helped the respondents to understand the questions better.

### **3.9.2 Reliability Test**

Instrument consistency is gauged by an instrument's reliability. considers the consistency displayed by the instruments or technique when determining the instrument's reliability. Most often, the value of Cronbach's Alpha is used to statistically measure this type of internal consistency, with a minimum approved value of 0.7. (Nunnally & Bernstein, 1994; Saunders, et al., 2009). Although the validity of the instrument used in this study was unquestionable given the effectiveness of the instrument as demonstrated by numerous prior studies, the reliability of the instrument in this study was verified by the value produced by the SPSS tool in terms of the Cronbach's Alpha results prior to the researcher moving on to further analysis. As a result, the dependability test of the complete model produced a Cronbach's Alpha score of 0.928, which is greater than 0.7. therefore, our data is reliable.

### **3.10 Ethical Consideration**

Ethical considerations had been made regarding how customer privacy and anonymity is preserved when collecting customer data as part of this research, specifically in relation to the study "Determinants of customers' vehicle brand preferences in Addis Ababa in case of Toyota, Hyundai, and Nissan." Additionally, a sophisticated debriefing procedure was used to guarantee that all pertinent data is obtained is adequately explained both during data collection and after the study is finished.

The respondents in this study didn't be required to write their names and gave the assurance that their answers would be processed with strict confidentiality in order to keep the data they provided confidential.

This research was based on studies that have already been done on brand Preference at various points in time. As a result, I made an effort to identify the authors and researchers in my linked literature who carried out study and created theories regarding brand preference.

## CHAPTER FOUR

### DATA ANALYSIS AND RESULTS OF THE STUDY

This chapter provides a comprehensive analysis of the data and results obtained from the survey conducted among car buyers in Addis Ababa. The chapter first describes the sample characteristics and presents the respondent's segmented profile based on their demographic and socioeconomic characteristics. I conducted a survey and used statistical tools to analyze the data and interpret key findings. Following that, the chapter presents the data analysis and results of the study, with a focus on the key determinants of vehicle brand preference among customers in Addis Ababa for the selected car brands. Data analysis was performed through the aid of IBM-SPSS-v-27 as well as other visualizations tools such as Excel.

In conclusion, this research contributes to an improved understanding of the determinants of vehicle brand preference among customers in Ethiopia and provides valuable insights for car manufacturers to improve their marketing strategies for enhancing brand loyalty among their customers.

#### 4.1 Response Rate

The study used Google forms to distribute about 384 questionnaires. Instead of just the sample population, the entire population was the focus of the survey. A total of **352** responses were recorded. This makes the response rate to be **91.6%**.

Required questionnaire responses	384
Actual questionnaire responses	352
Accepted questionnaire responses	352
Response Rate	91.60%

*Table 4.1 Response Rate*

*(Source: Researcher's survey, 2023)*

As an automotive sales officer, I have the advantage of a high demand for vehicles, enabling me to attract a diverse range of customers. This frequent interaction with customers greatly contributes to my impressive 91.6% response rate.

## 4.2 Reliability Test

The reliability test in my research paper indicates a high level of internal consistency among the 48 items in the study. Cronbach's Alpha is a statistical measure used to assess a scale's or questionnaire's reliability or consistency. In your case, the Cronbach's Alpha coefficient of 0.928 is considered very good, as it shows that the items in the study are highly related to each other, and when combined, they create a reliable and consistent measure.

This means that the 48 items are measuring the same construct or concept, and they are giving a dependable and accurate estimate of the underlying variable. A high Cronbach's Alpha score indicates that the items in the questionnaire are reliable and are measuring the same thing. This means that the study is more trustworthy, and the results are more likely to be accurate and valid.

Cronbach's coefficient Alpha, which aggregates the average correlation of all the scale's items and has a value that runs from 0 to 1 with a minimum accepted value of 0.7, is the most common numerical representation of this level of internal constancy (Nunnally & Bernstein, 1994).

The following table presents the reliability measures of the factors employed to measure the brand preference of customers when purchasing a vehicle.

Variable	Cronbach's Alpha	No. of Items
All Variables	0.928	48 Items
Aftersales Service Availability	0.772	9 Items
Brand Image	0.722	7 Items
Price	0.703	7 Items
Reliability	0.867	7 Items
Resale Value	0.688	6 Items
Brand Preference	0.866	5 Items

*Table 4.2 Reliability Test*

*(Source: Researcher's survey, 2023)*

Overall, a high level of internal consistency among the items in your research paper is a good indication that the study is well-designed and that the results obtained from the study are reliable.

### 4.3 Demographic Profile of Respondents

Understanding the demographic profiles of respondents is a critical aspect of conducting research. It allows researchers to identify potential bias and gain insights into How factors such as age, gender, education, occupation, and income may influence responses. In this research paper, I examine the demographic profiles of respondents who participated in our study. Based on a sample of 352 participants, we discuss the age range, gender split, educational level obtained, occupation, and monthly income of our respondents. This information provides valuable context to interpret my research findings and to understand the potential implications of my work.

S.N	Demographic Variables	Frequency (N)	Percent %	
1	Age	20-30	285	81.0%
		31-40	43	12.2%
		41-50	24	6.8%
2	Gender	Male	203	57.70%
		Female	149	42.30%
3	Highest Educational Level Obtained	Secondary Education	6	1.7%
		Diploma	13	3.7%
		Degree	234	66.5%
		Master's degree	97	27.6%
		PHD and above	2	0.6%
4	What is your occupation Center	Government Sector	55	15.6%
		Private Sector	153	43.5%
		International Organization	62	17.6%
		Private Business	62	17.6%
		Other	20	5.7%
5	How Much is your Monthly income?	Less than 10,000	79	22.4%
		10,001 - 20,000	125	35.5%
		20,001 - 30,000	69	19.6%
		30,001 - 40,000	35	9.9%

	More than 40,001	44	12.5%
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Table 4.3 Demographic Profiles of Respondents

(Source: Researcher’s survey, 2023)

As shown in Table 4.3 The respondents in my survey are predominantly between the ages of 20-30, accounting for 81.0% of the sample. The second highest age range is 31-40, which makes up 12.2% of the sample, and 6.8% of the respondents are between 41-50 years old. In terms of gender, there are more male respondents (57.7%) than female respondents (42.3%). From the table, it can be deduced that most responders were males and young people (20–30 years old).

Regarding the highest educational level obtained, the majority of the respondents (66.5%) have obtained a degree, and 27.6% have a master’s degree. Only a small percentage of respondents have obtained a secondary education (1.7%), diploma (3.7%), or a PhD and above (0.6%).

When it comes to occupation, the private sector has the highest representation with 43.5% of the sample, followed by international organizations (17.6%) and private businesses (17.6%). The government sector is the smallest group with only 15.6% of the respondents.

In terms of respondents' monthly income, the largest percentage (35.5%) earn between 10,001 - 20,000 followed by those earning less than 10,001 (22.4%) , (19.6%) earn between 20,001 - 30,000, and those earning More than 40,000 (12.5%). A much smaller percentage of respondents earn between 30,001-40,000 which is (9.9%).

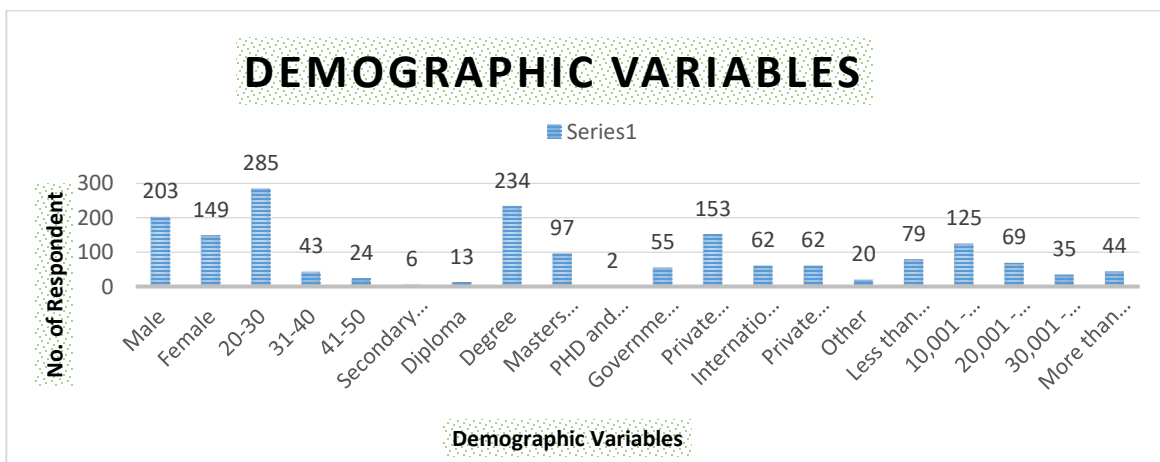


Figure 4.1 Demographic Profile of Respondents

(Source: Researcher’s survey, 2023)

#### 4.4 General Profile of Respondents

In this research paper, I aim to explore the factors that influence customers' brand preferences when purchasing a car in Addis Ababa. My focus is narrowing down to the comparison between three popular brands in the market, namely Toyota, Hyundai, and Nissan. In this part, I have tried to analyze the information gathered on the respondents' current and planned vehicles to shed light on the determinants of vehicle brand preference.

S.N	Demographic Variables		Frequency (N)	Percent %
1	What Kind of vehicle you are driving now?	Toyota	97	27.6%
		Nissan	15	4.3%
		Other Brand	25	7.1%
		I don't drive	215	61.1%
2	What Kind of vehicle you are you planning to purchase?	Toyota	203	57.7%
		Nissan	35	9.9%
		Other Brand	114	32.4%

Table 4.4 General Profile of Respondents

(Source: Researcher's survey, 2023)

As shown in Table 4.4, Out of the 352 respondents who participated in our survey, 97 or 27.6% drive Toyota, while 15 or 4.3% drive Nissan. A significant number of respondents, 215 or 61.1%, do not drive. In terms of the planned purchase, 203 or 57.7% of the respondents intend to purchase Toyota, 35 or 9.9% plan to buy Nissan, while 114 or 32.4% are interested in other brands. The findings of this study will provide valuable insights to both car manufacturers and policy-makers on the preferences of customers in the Addis Ababa auto market.

#### 4.5 Descriptive Analysis

The study is based on responses from 352 respondents and examines independent variables such as aftersales service, price, brand image, reliability, and resale value. This descriptive analysis aims to shed light on the most critical factors influencing customers' car brand preferences, which can help

both car manufacturers and marketers in developing strategies to gain more customers and retain existing ones.

The below table shows the summary of the descriptive data of the dependent and independent variables. According to the scales, the interpretation of the mean (M) and standard deviation (Std D) values was given a high rank for mean scores of 4.0 or higher, a moderate rank for scores between 3.5 and 4.0, and a minimum rank for scores of 3.5 or lower (Amentie, et al., 2016).

<b>Descriptive Statistics</b>			
<b>Variables</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
<b>Aftersales Service</b>	352	4.02	0.92
<b>Brand Image</b>	352	3.95	0.94
<b>Price</b>	352	3.89	0.95
<b>Reliability</b>	352	4.22	0.91
<b>Resale Value</b>	352	3.93	0.93
<b>Brand Preference</b>	352	3.99	1.03

*Table 4.5 Summary of Descriptive Data*

*(Source: Researcher’s survey, 2023)*

The aggregated mean scores and standard deviation of the respondents' evaluation of the after-sales service were 4.02 and 0.92, respectively, as shown in table 4.5. above, indicating a high rank and a good factor to impact the respondents' brand preference. The average mean scores and standard deviation of the respondents' responses to brand image were similarly 3.95 and 0.94, respectively, indicating a Middle rank. According to the table, the overall mean score and standard deviation values for the Price was 3.89 and 0.95, respectively falling within the range of mean ratings between 3.5 and 4.0, showing a medium rank being a moderate factor to affect respondents’ Brand preference. The average mean scores and standard deviation of the respondents' responses to Reliability were 4.22 and 0.91, respectively, indicating a high rank. Resale Value was the other factor that moderately influenced brand preference of consumers with a middle rank of 3.93 aggregated mean value and 0.93 standard deviations.

Last but not least, the respondents gave the dependent variable Brand Preference a favorable evaluation, scoring an overall mean value of 3.99 and a standard deviation of 1.03. According to these

results, the respondents' brand preference was strong.

Reliability had the greatest overall mean value of 4.22 out of the five independent variables included in this study, followed by Aftersales Service with a mean score of 4.02, and Price had the lowest mean value of 3.89.

As seen in table 4.5 above, all the standard deviation values were close to equal and below 1, indicating that respondents' assessments of the constructs were more comparable than average. Standard deviation value indicates the distance from average value.

#### **4.6 Correlation Analysis**

Correlations refer to the statistical relationship between two or more variables. It measures the degree to which two variables are related to each other. Correlation can be positive, negative, or zero. A positive correlation means that as one variable increases, the other variable also increases. A negative correlation means that as one variable increases, the other variable decreases. A zero correlation means that there is no relationship between the two variables. Correlations are often used in research to determine the strength and direction of the relationship between variables.

The highest correlation coefficient is observed between reliability related questions and overall brand preference, followed by Aftersales related questions and overall brand preference. The lowest correlation coefficient is observed between Resale value related questions and overall brand preference.

As shown in table 4.6, all the Pearson Correlation results for the independent variables are positive. As a result, the independent variables have a statistically significant positive relationship with brand preference. All the P-values are less than 0.01, thus the correlation is statistically significant. The value for the Pearson Correlation is between 0.3 to 0.7, therefore the strength of the relation of the independent variables and brand preference is moderate. Reliability has the strongest association with brand preference ( $r = 0.538$ ,  $p = 0.000$ ) and Resale value ( $r = 0.380$ ,  $p = 0.000$ ) has the least strength when it is compared with other variables.

		<b>Aftersales Related questions</b>	<b>Image Related questions</b>	<b>Price Related questions</b>	<b>Reliability Related questions</b>	<b>Resale Value Related question</b>	<b>Brand Preference Related Questions</b>
<b>Aftersales Related questions</b>	Pearson Correlation	1	.966**	.958**	.834**	.919**	<b>.479**</b>
	Sig. (2-tailed)		0.000	0.000	0.000	0.000	<b>0.000</b>
	N		352	352	352	352	<b>352</b>
<b>Brand Image Related questions</b>	Pearson Correlation		1	.972**	.731**	.916**	<b>.419**</b>
	Sig. (2-tailed)			0.000	0.000	0.000	<b>0.000</b>
	N			352	352	352	<b>352</b>
<b>Price Related questions</b>	Pearson Correlation			1	.717**	.941**	<b>.415**</b>
	Sig. (2-tailed)				0.000	0.000	<b>0.000</b>
	N				352	352	<b>352</b>
<b>Reliability Related questions</b>	Pearson Correlation				1	.582**	<b>.538**</b>
	Sig. (2-tailed)					0.000	<b>0.000</b>
	N					352	<b>352</b>
<b>Resale Value Related question</b>	Pearson Correlation					1	<b>.380**</b>
	Sig. (2-tailed)						<b>0.000</b>
	N						<b>352</b>
<b>Brand Preference Related Questions</b>	Pearson Correlation						<b>1</b>
	Sig. (2-tailed)						
	N						<b>352</b>

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

Table 4.6 correlation Analysis

(Source: Researcher's survey, 2023)

#### 4.7 Test of Normality

Another need for moving on to perform the regression and correlation analysis is the evaluation of data normality. Regression analysis operates under the assumption that the distribution of scores on the dependent variables is normal. In many statistical research, skewness and kurtosis values are the most frequently employed techniques (Tabachnick & Fidell, 2013). Although high values may cause skewed and kurtotic findings in data with a small sample size of up to 100, this effect doesn't significantly affect data with bigger sample sizes, hence in most circumstances, a value between -2 is deemed to be acceptable for a data (Tabachnick & Fidell, 2013) (George & Mallery, 2020). In light of this observation, the following numerical values were produced after the study's data were analyzed using SPSS version 27. Additionally, a normal probability plot was created and is shown in the table below.

Statistics

	AS	BI	PR	RE	RV	BP
<b>N</b>	352	352	352	352	352	352
<b>Skewness</b>	-0.852	-0.663	-0.452	-1.244	-0.531	-0.810
<b>Kurtosis</b>	1.237	0.837	0.211	1.546	0.295	-0.024

Table 4.7 Normality Test

(Source: Researcher’s survey, 2023)

According to table 4.7 above, all five predictors and the dependent variable had normality values that fell within acceptable ranges, with the lowest skewness value being -1.244 and the greatest skewness value being -0.452. Similar to this, the maximum Kurtosis value of 1.546 and the lowest Kurtosis value of -0.024 were preserved for further analysis of regression, indicating the normality of the data.

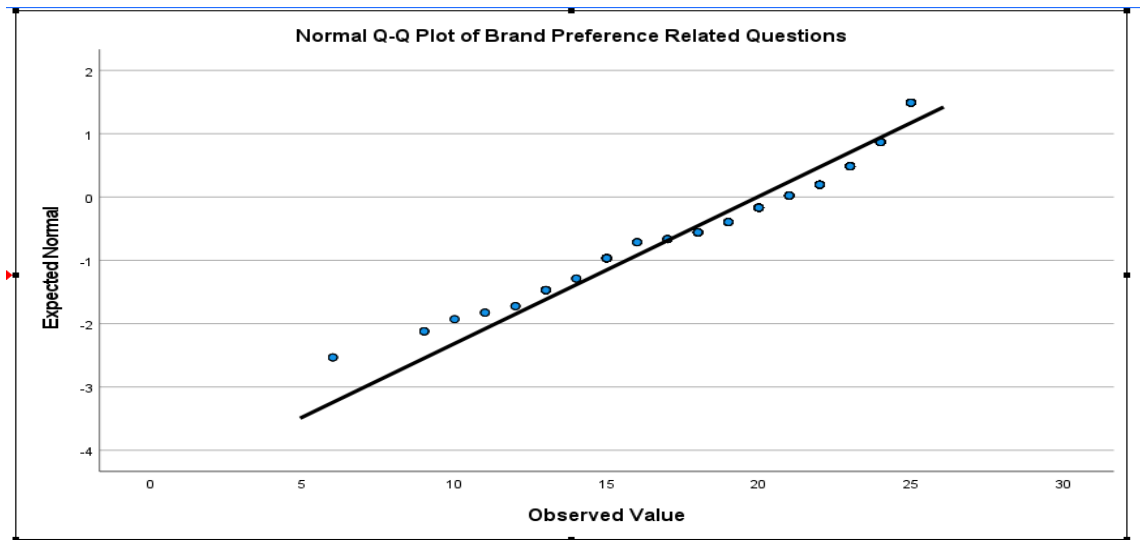


Figure 4.2 Normality Plot

(Source: Researcher’s survey, 2023)

The above normal Q-Q plot in fig. 4.2, which demonstrated that all the points lined up with the diagonal straight line traveling from the bottom left to top right corners, further demonstrated the normality of the situation. The plot shows that the residuals are normally distributed around zero, indicating that the normality assumption was met. This method of testing normality is critical for the validity and accuracy of statistical analysis, as it ensures that the results are generalizable to the population of interest. Overall, the Normal Q-Q Plot is a useful tool for visually inspecting the normality of residuals and bolstering the robustness of the statistical analysis.

## 4.8 Regression Analysis

Regression analysis is a statistical technique that is widely used to find the relationship between a dependent variable and one or more independent variables. Regression analysis is therefore crucial in identifying the relative significance of each independent variable in predicting customers' vehicle brand preference.

### 4.8.1 Model Summary

<b>Model Summary<sup>b</sup></b>				
<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
1	.557 <sup>a</sup>	0.311	0.301	3.59837
a. Predictors: (Constant), Resale Value , Reliability , Brand Image , Price , Aftersales				
b. Dependent Variable: Brand Preference				

Table 4.8 Model Summary

(Source: Researcher's survey, 2023)

The model summary provides an overview of the regression model, including the R-squared (R<sup>2</sup>) value, which represents the proportion of variation in the response variable that can be explained by the predictor variable(s); the adjusted R-squared, which adjusts for the number of predictors in the model; and the standard error of the estimate, which measures the average deviation of the observed values from the predicted values. A higher R<sup>2</sup> indicates a better fit of the model to the data but may also indicate overfitting if the model is too complex.

As shown in table 4.8, The data entered into SPSS with Brand Preference as the dependent variable and the five predictors as the independent variables produced R values of 55.7 percent, which show the general association between Brand Preference and the independent factors. The after-sales service, brand image, reliability, price, and resale value components of the model, which had a R Square value of 0.311, explained 31.1 percent of the variance in brand preference. The model summary implies that there are many more characteristics than the Five that were utilized in this model, and those additional elements account for the remaining 69.9%, while the five components described in this study were only able to predict 31.1% of users' vehicle purchase Brand Preference.

The adjusted R Square value of 0.301 (30.1 percent) demonstrates the model's ability to generalize from the sample value to the population under study. In this study, the similarity or closeness of the two values of R square and Adjusted R square determined the magnitude of the model's generalizability. Thus, the difference between these two values was as small as 1%, indicating a slight loss in prediction power for the population from the sample.

**4.8.2 ANOVA Analysis**

The ANOVA (analysis of variance) table shows the sources of variation in the data, including the sum of squares (SS), degrees of freedom (df), mean squares (MS), F-statistic, and p-value. The F-statistic tests the hypothesis that all the regression coefficients are equal to zero (i.e., that the predictor variable(s) have no effect on the response variable) against the alternative hypothesis that at least one of the coefficients is not zero. A low p-value (typically less than 0.05) indicates strong evidence against the null hypothesis and suggests that the model is a good fit to the data.

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	<b>Regression</b>	2019.166	5	403.833	31.188	.000 <sup>b</sup>
	<b>Residual</b>	4480.107	346	12.948		
	<b>Total</b>	6499.273	351			
a. Dependent Variable: Brand Preference						
b. Predictors: (Constant), Resale Value , Reliability , Brand Image , Price , Aftersales						

Table 4.9 ANOVA

(Source: Researcher’s survey, 2023)

The ANOVA table 4.9 above displayed the various sums of squares and their degrees of freedom. The critical point in this table is the significant value of F (31.188), which is indicated in the Sig. value column (0.000). This F-ration assisted this study in rejecting the null hypothesis that all regression coefficients were zero and accepting the alternative hypothesis that at least one variable was not zero. As a result, the F value was significant, as evidenced by the P-value of 0.000, which was less than 0.001, and the result showed that there was only a 0.1 percent chance for the F-value to be this high if the null hypothesis was accepted.

Coefficients <sup>a</sup>								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	4.747	1.439		3.299	0.001	1.917	7.577
	Aftersales related questions	-0.765	0.439	-0.878	-1.741	0.083	-1.629	0.099
	Brand Image Related questions	0.315	0.304	0.295	1.037	0.301	-0.283	0.913
	Price Related questions	-0.413	0.261	-0.382	-1.584	0.114	-0.926	0.100
	Reliability Related questions	0.797	0.175	0.886	4.564	0.000	0.453	1.140
	Resale Value Related question	0.941	0.326	0.760	2.885	0.004	0.299	1.582

a. Dependent Variable: Brand Preference Related Questions

Table 4.10 Coefficients

(Source: Researcher's survey, 2023)

The regression coefficients shown in Table 4.10 above were used to calculate the model's regression equation and to determine how much each independent variable contributes to the dependent variable. The regression equation of the model and the amount that each independent variable contributes to the dependent variable were calculated using the regression coefficients displayed in Table 4.13 above. The constant value was shown to be 4.747 with the following values: AS= -0.765, BI= 0.315, PR= -0.413, RE= 0.797, and RV= 0.941. The reliability and after-sales service contributions with the highest and lowest levels, respectively. The regression model was created using these values for each independent variable's coefficient. The reliability and after-sales service contributions with the highest and lowest levels, respectively. The regression model was created using these values for each independent variable's coefficient as below.

$$\text{Vehicle Brand Preference} = 4.747 + -0.765\text{AS} + 0.315\text{BI} + -0.413\text{PR} + 0.797\text{RE} + 0.941\text{RV}$$

However, as indicated by the sig. values of each being less than 0.05, reliability and resale value were discovered to be significant among all independent variables (at 95 percent confidence level). The model's equation was changed to read as follows:

$$\text{Vehicle Brand Preference} = 4.747 + 0.797\text{RE} + 0.941\text{RV}$$

### 4.8.3 Hypothesis Test

The study seeks to investigate the effect of Aftersales service, Brand image, Price, Reliability and Resale Value on Vehicle Brand Preference. The following hypothesis was proposed.

**H1:** The availability of aftersales service has a positive effect on consumers' brand preference.

**H2:** Brand image has a significant positive influence on consumer brand preference.

**H3:** Customers' vehicle brand preference in Addis Ababa is significantly influenced by price.

**H4:** Reliability positively influences brand preference among customers of Toyota, Hyundai, and Nissan in Addis Ababa.

**H5:** The resale value of a vehicle can significantly affect customers' vehicle brand preferences in the case of Toyota, Hyundai and Nissan in Addis Ababa.

### Hypothesis Results

Hypothesis	Regression Weights	B	P -Value	Results
<b>H1</b>	AS $\Rightarrow$ BP	-0.765	0.083	Not Supported
<b>H2</b>	BI $\Rightarrow$ BP	0.315	0.301	Not Supported
<b>H3</b>	PR $\Rightarrow$ BP	-0.413	0.114	Not Supported
<b>H4</b>	RE $\Rightarrow$ BP	0.797	0.000	Supported
<b>H5</b>	RV $\Rightarrow$ BP	0.941	0.004	Supported

Table 4.11 Hypothesis Result

(Source: Researcher's survey, 2023)

As shown in table 4.11, if B is positive and P-value is less than 0.05 , the hypothesis is accepted and if B is negative and P-value is greater than 0.05, the hypothesis is rejected.

#### **Hypothesis 1: Aftersales Service and Brand preference**

Based on the findings in table 4.11, Aftersales Service has a negative beta coefficient with a p-value greater than 0.05 at the 95 percent confidence level. Therefore, it was confirmed that it has a negative insignificant effect. As a result, this hypothesis is not supported.

#### **Hypothesis 2: Brand Image and Brand preference**

According to the findings in table 4.11, Brand Image has a positive beta coefficient with a p-value of 0.301, which is greater than 0.05 at the 95 percent confidence level. Therefore, it was confirmed that it has a positive but the relationship is not statically significant. As a result, this hypothesis is not supported.

### **Hypothesis 3: Price and Brand preference**

Price's negative beta coefficient generated a p-value of 0.114, which was greater than 0.05 at the 95 percent confidence level, according to the results presented in table 4.11. Therefore, it was confirmed that it has a negative insignificant effect. As a result, this hypothesis is not supported.

### **Hypothesis 4: Reliability and Brand preference**

According to the results in table 4.11, Reliability has a positive beta coefficient that generated a p-value of 0.000, which was less than 0.05 at the 95 percent confidence level. Therefore, it was confirmed that it has a positive significant effect. As a result, this hypothesis is supported.

### **Hypothesis 5: Resale Value and Brand preference**

According to the results in table 4.11, Resale value has a positive beta coefficient generated a p-value of 0.004, which was less than 0.05 at the 95 percent confidence level. Therefore, it was confirmed that it has a positive significant effect. As a result, this hypothesis is supported.

While the results from the regression analysis for Aftersales service and Price are negative and the hypothesis about aftersales and price is rejected. The results of the research showed that price and aftersales service availability had a negative effect on brand preference, meaning that customers were less likely to prefer a particular car brand if the price was high or if aftersales services were not readily available. Resale value, reliability, and brand image all had a positive effect on brand preference, indicating that customers valued these factors when choosing a car brand. It is important to note that this does not necessarily mean that the research is insignificant or irrelevant. In fact, negative results can often be just as valuable as positive ones, as they can help to refine and improve future research.

Studies have shown that while aftersales service and price are important factors in consumer decision-making, they may not always be the primary determinants of brand preference (yeah; Galanouli et al., 2016). Similarly, while brand image can play a significant role in shaping consumer perceptions and preferences, there may be other factors, such as reliability and resale value, that are equally or more important (Chang et al., 2019; Cheng et al., 2018). In addition, cultural values and beliefs, socioeconomic factors, and market dynamics may all play a significant role in shaping consumer behavior and preferences (Lepak et al., 2018; Nguyen et al., 2019).

Given that we live in a developing nation, it is important to understand the consequences of not receiving aftersales support after acquiring a vehicle, which may be the cause of this unimportant result. However, due to social, cultural, economic and political factors that have influenced on

individual's action. Peoples in Addis Ababa starts to prefer an electric vehicle such as Volkswagen modern vehicles. These vehicles do not have an aftersales service but individuals start to prefer this brand because of some economic and political factors.

#### **4.9 Discussion of Findings**

This study tries to identify the factors that influence consumer brand preference when they buy a car. It makes an effort to research the factors that influence consumer brand preference when buying a vehicle. This paper has specifically attempted to identify five criteria that, as suggested by and taken from the works of several research studies, influence consumers' decisions to buy Toyota, Nissan, and Hyundai products on an individual basis. Price, Brand Image, Reliability, and Resale Value are all factors that affect it.

In the study, respondents made up 42.3% of women and 57.7% of men. The majority of respondents are between the ages of 20 and 30 (81 %), with those between the ages of 31 and 40 making up 12.2 % of the total respondents. With reference to the respondents' educational backgrounds, first-degree holders make up the majority (66.5%), followed by master's degree holders (27.3%). 43.5 % of respondents work in the private sector, followed by 12.6 % who run their own firm and work for an international organization. The bulk of respondents, or 35.5 %, reported monthly incomes between birr 10,001 and 20,000, with 22.4 % reporting incomes between birr 10,000 and under 20,000.

The reliability measures of the factors employed to measure the brand preference of customers have been presented in the paper. A high level of internal consistency among the items in the research paper is a good indication that the study is well-designed and that the results obtained from the study are reliable.

For each independent variable, a positive Pearson Correlation result was obtained. As a result, the independent variables and brand choice are positively and statistically significantly associated. The correlation is statistically significant because each P-value is less than 0.01 and across the board. The range of 0.3 to 0.7 for the Pearson Correlation indicates a moderately strong relationship between the independent factors and brand preference. When compared to the other variables, the relationship between reliability and brand preference is the strongest ( $r = 0.538$ ,  $p = 0.000$ ), and the relationship between brand preference and resale value is the weakest ( $r = 0.380$ ,  $p = 0.000$ ).

The data entered into SPSS with Brand Preference as the dependent variable and the five predictors as the independent variables produced R values of 55.7 percent, This demonstrate the general

relationship between Brand Preference and the external factors. With a R Square value of 0.311, the model's after-sales service, brand image, dependability, price, and resale value components were able to account for 31.1 percent of the variation in brand choice. The model summary suggests that there are many more characteristics than the five that were included in this model, and those additional elements account for the remaining 69.9%, whereas the five components discussed in this study were only able to predict 31.1% of users' vehicle purchase Brand Preference. The adjusted R Square value of 0.301 (30.1%) shows the power of the model to be generalized from the value of the sample to the population under study. The similarity or the closeness of the two values of R square and Adjusted R square in this study determined the magnitude of the model being generalizable. Thus, the difference between these two values was as small as 1 %, showing a little loss in the power of predicting for the population from the sample.

The regression coefficients were used to calculate the model's regression equation and to determine how much each independent variable contributes to the dependent variable. The regression equation of the model and the amount that each independent variable contributes to the dependent variable were calculated using the regression coefficients displayed in Table 4.13 above. The constant value was shown to be 4.747 with the following values: AS= -0.765, BI= 0.315, PR= -0.413, RE= 0.797, and RV= 0.941. The reliability and after-sales service contributions with the highest and lowest levels, respectively. The regression model was created using these values for each independent variable's coefficient. The reliability and after-sales service contributions with the highest and lowest levels, respectively.

Based on the results of regression coefficients, Aftersales Service, Brand Image and Price generated a p-value of 0.083, 0.301 and 0.114 Respectively, which was greater than 0.05 with a 95% confidence level and it was confirmed that they also have a negative insignificant effect. Therefore, the hypothesis for Aftersales, Brand Image and Price is not supported. Reliability and Resale value has a positive beta coefficient and generated a P-value of 0.000 and 0.004 respectively, which was less than 0.05 with a 95% confidence level. So, the hypothesis was supported, and it was confirmed that Reliability and Resale Value had a positive significant effect on Brand Preference. That is a one percent change in Reliability and Resale Value resulted in 88.6% and 76% change in customer's vehicle brand preference.

So, the result of this research on reliability factor of brand preference supports the above findings that reliability has power to prefer a certain brand.

## CHAPTER FIVE

### SUMMARY OF MAJOR FINDINGS, CONCLUSION, AND RECOMMENDATIONS

#### 5.1 Introduction

The analysis conducted on the data collected from the study has provided valuable insights into the research question. The determinants of customers' vehicle brand preference in Addis Ababa. Our study focuses on three selected car brands: Toyota, Hyundai, and Nissan. I asked 352 respondents about their preferences for these brands and also gathered information on five independent variables that are commonly considered important in vehicle brand preference: aftersales service, price, brand image, reliability, and resale value. This report presents a summary and conclusion of the results obtained and the recommendations for future research.

#### 5.2 Summary of Major findings

The ultimate goal of the research is to investigate the Determinants of consumer automobile brand preference in Addis Ababa, in case of some selected vehicle brands: Toyota, Nissan and Hyundai. The paper uses an explanatory and Descriptive research methodology to investigate the factors that influence consumers' brand preferences when purchasing a car in Addis Ababa. Explanatory studies aim to determine the connection between dependent and independent variables and a questionnaire in forms of google form were distributed for different individuals at MOENCO, Marathon Motors and Nyala Motors and Out of the total distributed questionnaires 352 were properly filled out by vehicle users.

From the analyzed data using SPSS version 27 software, It is concluded as below:

- The data collection instrument used in this study was valid and reliable, as measured by its Cronbach's coefficient alpha value of 0.928, which was higher than the minimum scientifically acceptable value of 0.7.
- The data used in this study were tested for normality of distribution, and the test revealed that all of the variables' skewness and kurtosis values were between -2 and +2, indicating that the data were normally distributed.
- Multiple Correlations were used to evaluate the relationship between Brand Preference Determinants and Brand Preference. The correlation matrix revealed that all relationship dimensions have a positive and significant correlation with Brand Preference, with Pearson correlation values ranging

from 0.380 to 0.538, implying that as the determinants perform better, so will the brand preference.

- According to the correlation test, all variables were positively correlated with one another. Aftersales Service, Brand Image, Price, Reliability and Resale Value had moderately strong correlations with the dependent variable.
- To determine how much the independent variables may predict or explain the variation in the dependent variable, multiple regression analysis was also carried out. According to the summary table for the regression model, the predictors could account for 55.7% of the variation in the dependent variable, or brand preference.
- The ANOVA table demonstrated that the regression model is well-fitted to provide accurate predictions. According to the results of multiple regression, perceived value appears to be the factor that positively influences brand preference the most, with an unstandardized coefficient value of 0.941. This means that, if all other factors remained constant, a unit increase in resale value would increase brand preference by 94.1 percent. Given that reliability has the second-highest  $\beta$ , it is ranked as the second-most important independent variable.
- Using a regression model and a t-test, the researcher tested the hypotheses that they had made in chapter two. The hypothesis test rejected H1 and H3 and supported H2, H4, and H5. According to the results of the hypothesis test, Brand Preference is positively and significantly influenced by Reliability, Resale Value, and Brand Image.
- Overall, Aftersales Service, Brand Image, Price, Reliability, and Resale Value explained 31.1 percent of brand choice determinants, while 69.9 percent of other characteristics that could have predicted brand preference but were not taken into account in this study.
- Based on the regression coefficients and the p-values, Aftersales service, Price, and Brand Image were found to have an insignificant effect on consumer's Brand Preference with negative beta value. On the contrary, the remaining factors, namely Reliability and Resale Value had positive and significant influences on brand preference with p-values less than 0.05. Thus, the two hypotheses associated with the respective significant predictors were accepted, while those with insignificant influence were rejected.
- Despite the fact that the descriptive analysis revealed a higher mean of responses from the respondents, this study disproved that the construct is insignificant. This is in contrast to several types of research carried out abroad that tested that Aftersales service and brand image had positive significant influence by consumers. Given that we live in a developing nation, it is important to understand the consequences of not receiving aftersales support after acquiring a vehicle, which may

be the cause of this unimportant result. However, due to social, cultural, economic and political factors that have influenced on individual's action. Peoples in Addis Ababa starts to prefer an electric vehicle such as Volkswagen modern vehicles. These vehicles do not have an aftersales service but individuals start to prefer this brand because of some economic and political factors.

### **5.3 Conclusion of Major findings**

The objective and question of this research is to investigate the determinants of Consumer's automobile brand preference in Addis Ababa on some selected brands. Using Correlation and Regression analysis, this research paper answers that some factors are significant with the dependent variable.

The results of the research showed that Resale value, reliability, and brand image had a significant and positive impact on brand preference, indicating that customers valued these factors when choosing a car brand. Unlikely, price and aftersales service availability had a negative effect on brand preference, meaning that customers were less likely to prefer a particular car brand if the price was high or if aftersales services were not readily available. These findings have important implications for car manufacturers and dealerships operating in Addis Ababa. They suggest that companies should focus on building reliable cars with a strong brand image and good resale value, as these are factors that customers value highly. Additionally, companies should aim to offer affordable prices and easily accessible aftersales services to attract and retain customers.

Overall, Based on our research questions, this research provides an evidence and determines the relationships between the dependent variable which is Brand Preference and the independent variables which is Reliability, Resale value, Price , Aftersales service and Brand Image. This research sheds light on the complex decision-making process that customers go through when choosing a car brand and provides valuable insights for car manufacturers and dealerships in Addis Ababa.

### **5.4 Recommendations**

The author of this paper has forwarded the following recommendations to the relevant parties in order to enjoy the priceless benefits that could be realized if the actions are appropriately taken, drawing on the analyses conducted at various stages and the concepts presented and concluded.

- Based on my findings, I recommend that car manufacturers and dealerships prioritize reliability and

resale or trade-in options in their marketing and sales strategies. They should also focus on enhancing brand image and aftersales, as these factors can improve brand preference.

- Manufacturers and dealerships should also consider pricing competitive strategies, while maintaining quality and value for money. This can help attract and retain customers in an increasingly competitive market.
- Companies should aim to offer affordable prices and easily accessible after-sales services to attract and retain customers.
- According to the study's findings, there are three influential factors that influence automobile buyers' brand preferences. So the companies and suppliers of automobiles must identify the needs of their customer related with the influential factors like Reliability, Resale Value and Brand image and build the social acceptability of the brand through different approaches.
- Future research can explore additional determinants of customer vehicle brand preference that may not have been addressed in this study. This can help car manufacturers and dealerships make more informed decisions about their marketing and sales strategies.

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## ANNEX A

### Questionnaires to be filled by Customers of Toyota, Nissan and Hyundai

**Addis Ababa University**  
**College of Business and Economics**  
**School of Commerce**  
**Department of Marketing Management**

#### Dear Participants

The questionnaire is designed for the preparation of a research for the fulfilment of MA degree in Marketing Management. The purpose of this questionnaire is to assess the Determinants of Customers' Automobile Brand Preferences in Addis Ababa: The case of some selected car brands (Toyota, Hyundai & Nissan). Be assured that the data you supply will be retained and used only for academic research purpose. As a result, I respectfully ask that you respond to each piece of information by choosing one alternative.

Your genuine response is highly appreciated for the outcome of the research.

#### Section 1: Respondent's Profile

1. Age:

20 - 30

31 - 40

41 - 50

51 and above

2. Gender

Female

Male

3. Highest educational level obtained

Primary Education

Secondary Education

Diploma

Degree

Masters

PHD and above

4. What is your occupation?

Private Sector

Government Sector

International Organization

Private Business

Other

5. How much is your monthly income?

Less than 10,000 ETB

10,001 – 20,000 ETB

20,001 - 30,000 ETB

30,001 – 40,000 ETB

More than 40,001 ETB

**Section 2: General Information**

6. What kind of vehicle are you driving now?

Toyota

Nissan

Hyundai

Other brand

7. What kind of vehicle are you planning to purchase?

Toyota

Nissan

Hyundai

Other brand

**Section 3 : Independent and Dependent Variable related questions**

<b>Code</b>	<b>Questions</b>	<b>Strongly Disagree (1)</b>	<b>Disagree (2)</b>	<b>Neutral (3)</b>	<b>Agree (4)</b>	<b>Strongly Agree (5)</b>
<b>AS1</b>	I prefer a car with low running cost.					
<b>AS2</b>	I buy a car brand which have branches and sub dealers all over the country.					
<b>AS3</b>	I buy a car which have spare parts readily available.					
<b>AS4</b>	I choose cars with maintenance and repair services available.					
<b>AS5</b>	I would switch to a different car brand if my preferred brand has aftersales service shortage.					
<b>AS6</b>	I would recommend a vehicle brand to others based on the availability of aftersales service.					
<b>AS7</b>	Toyota has a well-equipped aftersales service when it compared to other brands.					

<b>AS8</b>	Nissan has a well-equipped aftersales service when it compared to other brands.					
<b>AS9</b>	Hyundai has a well-equipped aftersales service when it compared to other brands.					
<b>BI1</b>	I buy car which is well advertised.					
<b>BI2</b>	I prefer unique, attractive & well designed cars.					
<b>BI3</b>	I buy a car recommended by others.					
<b>BI4</b>	Brand image is important for me when purchasing a vehicle.					
<b>BI5</b>	Toyota has good brand image when it is compared to others.					
<b>BI6</b>	Nissan has good brand image when it is compared to others.					
<b>BI7</b>	Hyundai has good brand image when it is compared to others.					
<b>PR1</b>	I invest on a reasonably low priced automobile.					
<b>PR2</b>	my brand of car gives me value for money.					

<b>PR3</b>	I would like to pay higher price for Toyota.					
<b>PR4</b>	I would like to pay higher price for Nissan.					
<b>PR5</b>	I would like to pay higher price for Hyundai.					
<b>PR6</b>	I would switch to a different car brand if my preferred brand becomes too expensive.					
<b>PR7</b>	My purchasing decision will be affected by the price of the vehicle.					
<b>RE1</b>	I buy a car with high quality					
<b>RE2</b>	I choose a car which is safe.					
<b>RE3</b>	I will buy a car that is durable.					
<b>RE4</b>	I prefer a car which is always available in stock.					
<b>RE5</b>	I will consider the warranty period of the vehicle when purchasing a car.					
<b>RE6</b>	I will check the performance of the vehicle from previous used cars.					

<b>RE7</b>	I will check the design, build quality, materials and manufacturing process before purchasing a vehicle.					
<b>RV1</b>	The availability of financing options such as trade in & credit options will affect my purchasing decision.					
<b>RV2</b>	Toyota has the highest resale value in Addis Ababa.					
<b>RV3</b>	Nissan has the highest resale value in Addis Ababa.					
<b>RV4</b>	Hyundai has the highest resale value in Addis Ababa.					
<b>RV5</b>	I would recommend a vehicle brand with higher resale value to others.					

<b>Code</b>	<b>Questions</b>	<b>Not at all Important (1)</b>	<b>Not very Important (2)</b>	<b>Important (3)</b>	<b>Somewhat Important (4)</b>	<b>Extremely Important (5)</b>
<b>BP1</b>	How important is the availability of aftersales service and maintenance in your decision to purchase a vehicle.					
<b>BP2</b>	How important is the reliability of the vehicle in your purchasing decision?					
<b>BP3</b>	How important is the Resale value of the vehicle in your purchasing decision?					
<b>BP4</b>	How important is the Price of the vehicle in your purchasing decision?					
<b>BP5</b>	How important is the Brand image of the vehicle in your purchasing decision?					

**Thank you for your Valuable Time and Effort!**

<https://forms.gle/4mV7LT3K5woQX1GQ8>





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