



**Factors influencing customers' purchasing decisions in the case of
Addis Ababa automobile buyers**

**By
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**A THESIS SUBMITTED TO ADDIS ABABA UNIVERSITY COLLEGE OF
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REQUIREMENTS FOR THE
DEGREE OF MBA IN MANAGEMENT**

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**ADDIS ABABA UNIVERSITY
FACULTY OF BUSINESS AND ECONOMICS
DEPARTMENT OF BUSSINESS ADMINISTRATION**

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Ababa automobile buyers**

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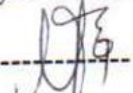
February 2025 G.C

AAU, Ethiopia

STATEMENT OF DECLARATION

I, the undersigned, declare that this research entitled " Factors influencing customers' purchasing decisions in the case of Addis Ababa automobile buyers" is my original work and has not been submitted for degree requirement in any other university, and all the sources used to support this particular study have been appropriately acknowledged.

By: Samuel Dagne Wassie

Signature ----- 

Date ----- 14-03-25

LETTER OF CERTIFICATION

This is to verify that the project work conducted by Samuel Dagne Wassie, entitled "Factors influencing customers' purchasing decisions in the case of Addis Ababa automobile buyers" submitted in partial fulfillment of the requirements for the degree of master of business administration (MBA) in Management fulfills with the procedures of the university and encounters the recognized standards from the originality and quality perspectives.

Research Advisor Meskerem M.

Signature 

Date 14-03-21

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TABLE OF CONTENT

Contents

STATEMENT OF DECLARATION	II
LETTER OF CERTIFICATION	III
ENDORSEMENT	IV
ACKNOWLEDGMENTS	V
TABLE OF CONTENT	VI
LIST OF TABLE	VIII
LIST OF FIGURE.....	IX
ABSTRACT.....	X
1. CHAPTER ONE.....	1
1.1. INTRODUCTION.....	1
1.1.1. Background of the study	1
1.2. Statement of the problem	3
1.3. Research question.....	5
1.3.1. Basic research question.....	5
1.3.2. Specific research question.....	5
1.4. Objective of the study	5
1.4.1. General objective of the study	5
1.4.2. Specific objective of the study.....	5
1.5. Significance of the study	6
1.6. Scope	6
1.6.1. Geographical Scope	6
1.6.2. Temporal scope.....	6
1.6.3. Conceptual Scope.....	7
1.7. Limitations of the Study.....	7
1.8. Organization of the Research Report	7
2. CHAPTER TWO	8
2.1. LITERATURE REVIEW.....	8

2.1.1.	Theoretical literature review	8
2.1.2.	Empirical Literatures	14
2.1.3.	Conceptual Framework.....	15
2.1.4.	Research Hypothesis.....	16
3.	CHAPTER THREE	17
3.1.	Research Methodology.....	17
3.1.1.	Research Approach	17
3.1.2.	Type/design of Research.....	17
3.1.3.	Target population	18
3.1.4.	Sampling Technique	18
3.1.5.	Sample Size.....	18
3.1.6.	Sources of Data.....	19
3.1.7.	Data Analysis and presentation Methods.....	19
3.2.	Validity and reliability	20
3.2.1.	Validity	20
3.2.2.	Reliability.....	20
3.3.	Ethical Consideration	21
4.	CHAPTER FOUR.....	22
4.1.	RESULTS AND DISCUSSION	22
4.1.1.	Introduction.....	22
4.1.2.	Response rate of respondents.....	22
4.1.3.	The demographic characteristics of respondents	22
4.1.4.	Correlation analysis	25
4.1.5.	Tests of Assumptions for Regression Model	27
4.1.6.	Multi-Collinearity	29
4.1.7.	Testing of Autocorrelation.....	30
4.1.8.	Multiple Linear Regression Analysis among study variables.....	30
4.1.9.	Regression Analysis coefficients of the independent variables.....	32
4.2.	Findings and Discussion.....	35
5.	CHAPTER FIVE	37
	CONCLUSION AND RECOMMENDATIONS	37
	Introduction.....	37

5.1. SUMMARY	37
5.2. CONCLUSION	38
5.3. RECOMMENDATIONS	39
REFERENCE.....	41
Appendix 1: Questionnaire	48

LIST OF TABLE

Table 2-1 Example of automakers and their brand image	10
Table 3-1 cronbach's alpha reliability test.....	21
Table 4-1 Respondents' response rate	22
Table 4-2 Respondents' socio-demographic data of respondents	22
Table 4-3 Variables descriptive statistics.....	24
Table 4-4 Result of Pearson's coefficient of correlation.....	26
Table 4-5 Variance Inflation Factor test	29
Table 4-6 Result of Multi-Collinearity.....	30
Table 4-7 Result of regression analysis.....	30
Table 4-8 ANOVA	31
Table 4-9 regression coefficients	32
Table 4-10 hypothesis summary	34

LIST OF FIGURE

Figure 2-1 Consumer decision making process	10
Figure 2-2 Conceptual framework of the study	16
Figure 4-1 Normal P-P Plot	28
Figure 4-2 Histogram Distribution of Residuals.....	29

ABSTRACT

Understanding consumer purchasing behavior is essential for businesses operating in the automotive sector, particularly in dynamic and evolving markets like Addis Ababa. This study examines the key factors influencing automobile purchasing decisions among consumers in Addis Ababa by analyzing variables such as brand image, broker influence, vehicle resale value, price and affordability, and operating costs. A descriptive and explanatory research design was employed to analyze both the characteristics of consumer behavior and the relationships among key factors. The study adopted a quantitative research methodology, utilizing structured questionnaires to collect primary data from 384 respondents selected through a convenience sampling technique. Secondary data were gathered from academic journals, market reports, and prior research studies. The collected data were analyzed using SPSS software, employing correlation and regression analyses to examine relationships between the variables and test hypotheses. The study's findings reveal that brand image plays a significant role in shaping consumer preferences, with well-established brands fostering greater trust and perceived reliability. Price and affordability emerged as crucial determinants, as financial constraints and budget considerations heavily influence purchasing decisions. Additionally, brokers significantly impact the decision-making process by providing market information, negotiating deals, and influencing consumer perceptions sometimes leading to biases. Vehicle resale value was also found to be an important factor, as buyers consider the long-term financial implications of their purchase. Furthermore, operating costs, including fuel expenses and maintenance, influence consumer choices, with a preference for cost-efficient vehicles. The study highlights the unique economic and social dynamics affecting the automobile market in Addis Ababa and provides valuable insights for industry stakeholders, including automobile dealers, marketers, and policymakers. The findings contribute to the existing body of knowledge on consumer behavior and offer strategic recommendations to enhance transparency, market efficiency, and customer satisfaction in Ethiopia's automotive industry.

Keywords: *automobile purchasing decisions, brand image, broker influence, resale value, price and affordability, operating costs.*

1. CHAPTER ONE

1.1. INTRODUCTION

1.1.1. Background of the study

To thrive in any organization, particularly in today's dynamic and fast changing economy, marketers must understand everything about their customers. A consumer's purchasing decision has a significant impact on the company's success (Lestari & Nasib, 2019). Peter and Olson (2010) point out that Marketers who have a thorough understanding of the consumer decision making process are likely to design products, establish prices, select distribution outlets, and design promotional messages that will favorably influence consumer purchase decisions.

Purchasing decisions are the processes through which individuals or organizations select products or services to meet their needs or desires (Berkowitz & Tjiptono, 2018). These decisions are shaped by a mix of practical factors like price and quality, and emotional elements such as brand loyalty and personal preferences (Jasmani, Denok, & Sunarsi, 2020). The decision-making process involves resolving problems to fulfill customers' needs, influenced by psychological, social, and economic factors (Schiffman & Wisenblit, 2019). Price is a key element in purchasing decisions, especially when buying vehicles, as buyers often consider not just the initial cost but also financing options, monthly payments, and total cost of ownership (Richmond & Harold, 2017; Etim, 2023).

Brand image is another factor that influences purchase decisions, which build trust, loyalty, and perceived value among customers, eventually affecting their buying behavior (Keller, 1993). A favorable brand image develops trust and loyalty, making customers more inclined to make repeat purchases from the same supplier (Solomon, 2020). A positive brand image in the market affects customers and a product with a good reputation influences purchase decisions (Reinaldoa & Chandra, 2020). According to Aaker (2018) customers are driven to companies with great impressions because they believe their chosen automobile will match their expectations and deliver a rewarding ownership experience.

Automobile attributes such as performance, comfort, and advanced technology are critical factors for buyers seeking value and satisfaction (Kotler & Keller, 2016). Consumers prioritize features like infotainment systems, advanced driving assistance systems (ADAS), and fuel efficiency in their purchasing decisions (Johnson & Parker, 2020). Safety features, including automated emergency braking, blind-spot detection, and adaptive cruise control, are highly valued, with many willing to pay extra for these technologies (Insurance Institute for Highway Safety, 2023). Modern buyers expect improved safety technologies, which is driving market demand (McKinsey, 2023). Brands like Volvo and Subaru use their strong safety credentials to attract loyal customers (Forbes, 2023). Although vehicles with advanced safety features may have a higher initial cost, buyers often view them as an investment due to potential savings on insurance and increased resale value (JD Power, 2023).

Customers are increasingly prioritizing fuel efficiency and environmental friendliness in automobile purchase as gasoline costs fluctuate and their awareness of the environment grows (Peterson & Whitman, 2022). Consumers are increasingly choosing fuel-efficient automobiles as a strategy to decrease fuel expenses and offset the environmental effect thus customers are prepared to pay more for automobiles that have higher fuel efficiency (Kelly et al. 2023). Toyota and Honda are two examples of brands that frequently enjoy increases in sales and customer loyalty when they highlight fuel efficiency in their marketing (Brown, 2023).

Real-world experiences given by customers, suggestions from friends and family, and input from automotive professionals have a big impact on purchasing decisions (Loudon & Della Bitta 2018). In the current digital era, customer evaluations and suggestions are crucial in influencing consumers' purchase decisions. Jones et al. (2019) highlight that the influence of word-of-mouth recommendations on consumer behavior, which is customers frequently depend on the experiences and views of others when making purchasing decisions. According to Nielsen (2015), 83% of individuals believe recommendations from friends and family, whereas 66% trust strangers' internet comments.

Dealer reputation has a major impact on customer perception of product quality and trust (Wu & Cheng, 2016). According to Anisimova and Mavondo (2014), the dealer helps pre-purchase steps such as alternative selection, purchasing decision, and order delivery before the automobile is utilized. Customers are more likely to make a purchase when a dealer has a good reputation since it inspires confidence and trust (Anderson & Sullivan, 2020). Additionally, Taylor and Baker (2021) suggest that consumers frequently favor dealerships with a solid reputation for providing excellent service because they believe they are able to offer a superior whole ownership experience.

Sociocultural elements such as people's lifestyles and preferences also affect the choice of automobile types (Shende, 2014). In the automobile business, a customer's lifestyle and personal tastes play a major role in their purchase decisions. Belk (2020) asserts that as buyers frequently select automobiles that reflect their personal values and self-image which make personal preferences a crucial factor. Similarly, Kotler and Keller (2016) contend that customers choose their vehicles based on lifestyle factors such daily activities, hobbies, and family demands. Customers look for a vehicle that fits effortlessly into their lifestyle and represents their particular preferences, regardless of vehicle size, style, color, or intended usage (such as commuting, family transportation, or off-roading).

Customers also usually examine automobile's estimated resale value and depreciation over time, especially if they want to sell or trade it later. Because of the high prices, purchasing a vehicle is one of the most significant milestones in a consumer's economic life, and for such durable items, the bulk of transactions take place in resale markets (Experian, 2021). (Miller and Washington, 2021) states that buyers frequently analyze automobile's prospective resale value since it

influences the entire cost of ownership and Buyers are influenced by resale consideration to pick brands and models which preserve their worth, hence reducing long-term financial loss.

In this research, I addressed the gaps that previous studies have often overlooked, focusing on the significant but underexplored roles of brokers and automobile resale value in influencing purchasing decisions in Addis Ababa. By examining how brokers shape consumer behavior, and by analyzing the critical impact of resale value in our unique economic context, this study provided a deeper understanding of consumer decision-making. Additionally, it acknowledged the dynamic nature of consumer preferences, emphasizing the need for ongoing research to capture the evolving factors influencing automobile purchases. This research aspired to make a meaningful contribution to both academic knowledge and practical applications for the automotive industry.

1.2. Statement of the problem

The automotive industry is a critical component of every country's economy since it connects industries and services. It is the major driver of every rising economy and crucial to the expansion of any country's economy, and one way to stimulate this market is to increase the understanding of automobile purchase behavior. Scholars have performed studies on the relevant elements in automobile buying decisions.

A wide range of factors impact the decision-making process in automobile purchase, most of which have been widely examined by researchers. Williams et al. (2022) discovered that environmental concerns, consumer knowledge, attitude, buying intent, and government policy all had a substantial impact on automotive purchasing decisions. These elements demonstrate the increased knowledge and relevance of sustainability and regulatory frameworks in determining consumer behavior. Similarly, Xie et al. (2022) highlighted the importance of innovative aspects such as fashion awareness, environmental consciousness, and price consciousness, mediated by perceived risk, in setting purchase goals.

Price and aesthetics are also crucial in the decision-making process, as noted by Kowang et al. (2018), who identified automotive purchase intention, price, aesthetics, automobile characteristics, and interpersonal effects as key variables for purchasing decision. Phuong, Anh, and Rashid (2020) supported this by highlighting variables such as brand, quality, technology, performance, and value-for-money, with 'brand' being the most important consideration for customers. Dhanabalan et al. (2018) found that brand, price, quality, design, utility, and technical variables all had a positive influence on customer perceived value. These data indicate that price and brand are consistently major variables across research

Darshan (2018) and Trivedi and Kishore (2020) put on socio-demographic issues as well as the role of digital information sources. Darshan (2018) stated the significance of socio-demographic characteristics, as well as the influence of internet and social media resources on purchasing decisions. Trivedi and Kishore (2020) emphasized the importance of online reviews, vivacity, and accessibility in creating customer brand feelings, which leads to brand love and purchase intent.

These findings highlight the changing environment of customer behavior, in which digital presence and socio-demographic variables are critical.

Chinkachorn (2014) investigated the influence of brand awareness and image in purchase decisions, focusing on European automobiles, and discovered gender differences in design, safety, and after-sales service. Similarly, Egbue et al. (2017) explored demographic, behavioral, and attitudinal factors that influence individual adoption decisions, implying a complete approach to understanding consumer preferences. These studies demonstrate the subtle changes in customer choices depending on demographic and psychological characteristics

Cheru (2018) highlighted price, brand, cost of ownership, social influences, and vehicle features as crucial concerns, with price and brand being the most important. Similarly, Haroni (2020) stated the significance of recognizable brands, product diversity, trust, and specific features in customer decisions. Nebiyou (2023) and Denaneso (2017) also found price and brand image to be important, with Nebiyou stating pricing as the most important element. Denaneso emphasized the significance of reliability, spare parts availability, and social value. According to Sisay (2017), comfort, safety, reliability, and emotional connection are important considerations in addition to pricing. Tadios (2014) cited brand awareness, brand image, and accessibility as important factors in purchase decisions.

Studies, such as Cheru (2018) and Haroni (2020), prioritize pricing, brand, and social factors, indicating an emphasis on practical concerns and social dynamics in the local setting. While foreign research emphasizes government policy and fashion awareness as key factors in automotive purchases, as seen in studies by Williams et al. (2022) and Xie et al. (2022), local studies tend to focus on issues such as ownership costs and product diversity. For example, Nebiyou (2023) and Denaneso (2017) place a premium on dependability and spare parts availability, reflecting local market concerns. Similarly, Sisay (2017) focuses on comfort and emotional connection, which may be more in line with cultural preferences and beliefs.

Even though automobile sector is one of crucial element of our country's growth, not enough studies have been conducted. The previous studies investigates the various factors influencing automobile purchasers in Addis Ababa, considering well-known elements such as brand reputation, cost, and availability of substitute parts, fuel consumption, and manufactures year. Researches often overlooked the impact of automobile resale value and the role of brokers on decision-making process. The study highlights that prior research has neglected the influence of brokers, who play a significant but little-understood role in shaping consumer decisions in the Addis Ababa automobile market.

Brokers have influence decisions through misinformation, creating disparities between automobiles by emphasizing lower resale values, inflating spare part prices, and highlighting purported technical issues. They also contribute to price volatility by spreading false information about potential market shifts, creating a sense of urgency and artificially raising prices. The studies

also undermine the importance of resale value, in our unique economic context, sometimes assets like vehicles appreciate when it is supposed to depreciate in value over time so the resale value might become a crucial influencing factor in decision-making

Even though few recent studies have shed light on how consumers behave while making purchases, it is crucial to acknowledge that consumer tastes are ever-changing. Research must be done continuously as a variety of factors are still influencing and their extent of influence might change through time and changing how consumers make judgments about what to buy. Understanding and managing the ever-changing perspective of consumer purchasing behavior requires constant and ongoing study

In conclusion, the thesis fill gaps in existing literature by comprehensively analyzing variables impacting automobile-buying decisions in Addis Ababa, making a significant contribution to both academic understanding and practical implications for the automotive industry stakeholders.

1.3. Research question

1.3.1. Basic research question

What are the key Factors influencing customers' automobile purchasing decisions?

1.3.2. Specific research question

- How does brand image influence consumers' decisions to purchase automobiles in Addis Ababa?
- What is the impact of brokers on automobile purchasing decisions among customers in Addis Ababa?
- How does vehicle resale value affect consumers' purchasing decisions in Addis Ababa?
- To what extent do price and affordability influence automobile purchasing decisions in Addis Ababa?
- What is the effect of automobile operating costs on consumers' decisions to buy vehicles in Addis Ababa?

1.4. Objective of the study

1.4.1. General objective of the study

The main objective of this study was to investigate the major factors that influence customers' decisions when buying automobiles Addis Ababa, Ethiopia.

1.4.2. Specific objective of the study

- To examine the influence of brand image on consumers' automobile purchasing decisions in Addis Ababa.
- To assess the impact of brokers on automobile purchasing decisions among customers in Addis Ababa.

- To analyze the effect of vehicle resale value on consumers' purchasing decisions in Addis Ababa.
- To investigate the extent to which price and affordability influence automobile purchasing decisions in Addis Ababa.
- To evaluate the effect of automobile operating costs on consumers' decisions to buy vehicles in Addis Ababa.

1.5. Significance of the study

The findings of this research on factors influencing car purchases in Addis Ababa, Ethiopia, have important significance for the automotive sector as well as for consumers. Through an exploration of several factors including price and affordability, automobile operation cost, broker influence, resale value, total cost, and brand image, the study offers thorough insights that enable buyers to make well-informed decisions. Furthermore, the research results provide significant direction for the automobile sector, allowing importers and promoters to customize tactics, improve product attributes, and cater to customer inclinations, eventually cultivating a more open and accommodating market in the area.

Furthermore this study is important for academics as well since it adds to our knowledge of the variables that affect car purchasing in Addis Ababa and provides insightful information for cross-context comparative research. The characteristics that have been identified provide a basis for study that crosses disciplines, such as marketing, consumer behavior, and automotive studies. This research provides a succinct and useful resource for academics who seek to expand the worldwide understanding of the complex processes influencing customer decisions in the automobile industry.

1.6. Scope

The scope of the study is divided into three parts such as geographical, temporal scope, and conceptual scope

1.6.1. Geographical Scope

The research is done in Addis Ababa and focused on customer buying behavior and challenges within this specific geographic area. This geographical restriction was established not only due to time, access, and expense constraints, but also because it is assumed that a significant number of automobiles users exist in Addis Ababa.

1.6.2. Temporal scope

The study's temporal scope is limited to the years 2021-present, to focus on examining the dynamics and difficulties of the car market during this time period in order to capture the most current issues in making automobile purchasing decisions. Furthermore, the study's scope is limited in terms of complexity and variable types, stressing a focused assessment of the essential factors influencing client decisions within the specified framework.

1.6.3. Conceptual Scope

This study primarily focus on the elements that influence customer decisions in Addis Ababa when purchasing automobile, such as brand image, broker influence, vehicle resale value, price and automobile operating cost. Furthermore, this study exclude corporate, commercial, government, and other foreign and local organizations' automotive purchasing activity. It focuses on the purchasing patterns of final customers, such as those who purchase products and services for personal use (personal passenger automobile)

1.7. Limitations of the Study

- **Limited Geographic Coverage:** The study focuses only on Addis Ababa, meaning the findings may not be applicable to other cities or regions with different market conditions and consumer behaviors.
- **Time Constraint:** The research covers the period from 2021 to the present, which may not fully capture long-term trends or historical shifts in automobile purchasing behavior.
- **Narrow Conceptual Focus:** The study examines only selected factors such as brand image, broker influence, vehicle resale value, price, and automobile operating costs. Other influential elements, such as government policies, economic fluctuations, and technological advancements, are not extensively analyzed.
- **Target Group Restriction:** The study focuses exclusively on individual consumers purchasing automobiles for personal use. It does not consider corporate, government, or commercial automobile buyers, limiting the generalizability of the findings.

1.8. Organization of the Research Report

This research paper organized in to five chapters. The first chapter contains introduction of the study which consists of background of the study, statement of the problem, research questions, and objective of the study, significance of the study, scope and limitation of the study and organization of the paper. Chapter two contains assessment of different literatures both on the area which discusses various theories and concepts on Factors influencing customers' purchasing decisions related empirical reviews and the conceptual framework of the study. In chapter three the research methodology, design, approaches and sampling techniques and target population was detailed. Then, chapter four presented all the collected data in a clear manner and the analysis accordingly. And finally, the last chapter was about conclusion and recommendation.

2. CHAPTER TWO

2.1. LITERATURE REVIEW

2.1.1. Theoretical literature review

Consumers are individuals or entities who buy goods and services for personal or business purposes, making them indispensable to the market (Kotler & Armstrong, 2018; Sata, 2013). Their purchasing decisions are influenced by needs, preferences, motivations, and external influences such as culture and technology (Kotler & Keller, 2012; Hoyer & MacInnis, 2010). Consumer behavior is changing as digital platforms gain popularity (Reyes-Menendez et al., 2020).

Engel-Kollat-Blackwell (EKB) Model of consumer behavior

Consumers no longer purchase things in a straight line; rather, they enter the market at various points in time, contingent upon such factors as their first engagement with the firm, their own study into the products, or referrals from close friends and family (Powers et al., 2012). The process of making decisions by consumers involves several processes and elements that influence the decisions made by individuals or companies when procuring goods or services.

The Engel-Kollat-Blackwell (EKB) Model of consumer behavior provides a foundation for understanding the stages of the purchasing process. According to this paradigm, consumer decision-making takes place in five stages: problem recognition, information search, alternative evaluation, purchase decision, and post-purchase behavior (Engel et al. 1968).

The first stage in the decision-making process is recognizing the problem. Here is where the consumer's purchasing process starts, when they identify an issue that can be brought on by either internal or external factors (Kotler & Keller, 2012). When a consumer's ideal condition is not the same as their actual state, it is called a problem. At the heart of any purchase decision is the recognition of a need or desire. This acknowledgment can come from a variety of sources, including functional requirements, goals, or external influences like advertising and peer recommendations. Consumers' purchasing decisions begin with need identification, which leads to the subsequent phases of the decision-making process (Dr. Oly Mishra, 2018). Once a need is identified, individuals or decision-makers begin the process of obtaining and evaluating information in order to analyze available solutions. Association advertisers also aim to encourage problem detection by use advertising to initiate the decision-making process. This is accomplished by either instilling dissatisfaction with the customer's existing condition or by developing a new ideal state for the consumer

The second phase is information search, in which the customer looks for information to address the identified issue and gathers details about other brands and their attributes in order to do so (Kotler & Keller, 2012). A consumer looks for information both internally, from experiences, and outside, from sources like advertisements and outside media (Noel, 2009). (Kotler & Keller, 2012) asserts that a select group of brands emerge as major candidates for the consumer's ultimate

decision as they acquire knowledge. Extensive research is often needed when obtaining information, which may include reading product reviews, comparing features and costs, getting advice from experts or peers, and physically inspecting items in stores or on websites. This phase is critical for acquiring relevant information, making educated decisions, and weighing the pros and cons of each option. In terms of information collecting, this implies that individuals may seek knowledge based on their personal ideas and values (personal norms), as well as the impact of their social circles (Jansson et al. 2017).

The evaluation of alternatives is the third phase in the process, when the buyer evaluates or examines product brand options to satisfy their needs and reap advantages. Consumer purchasing behavior and alternative evaluation are influenced by beliefs and attitudes that are developed via education and experience (Kotler & Keller, 2012). During the evaluation step, people or decision-makers compare the collected data to their unique criteria and priorities. Quality, pricing, dependability, convenience, brand recognition, and environmental sustainability are all possible considerations. Personal preferences, prior experiences, and emotional factors can all have an impact on decision-making, adding to the complexity. When customers buy items, they will evaluate the functions, styles, dependability, pricing, and aftersales services of similar goods according to a certain evaluation criteria (Wanshan Han,2021).

The fourth phase the purchase decision, which follows the evaluation of options and occurs when the customer chooses one of the brands under consideration and plans to acquire it, (Kotler & Keller, 2012). Perceived risk affects the choice to buy as it allows one to change, postpone, or avoid the purchase. According to Kotler and Keller (2012), perceived risk factors include the degree of customer confidence, the amount of money involved in the transaction, and the ambiguity of the product attribute. In order to facilitate purchases, businesses should use social media to inform customers and lower their perceived risk. After careful consideration, a decision becomes clear, and the preferred alternative is acquired. This stage concludes the decision-making process and marks the move from contemplation to action. Depending on the nature of the purchase, the choice may be a simple transaction or a more extensive procurement procedure, especially for company purchases or large expenditures. Consumers build their preferences or buy intentions for a certain item through choice and judgment (Wanshan Han,2021).

The final phase in the process is post- purchase behavior, which measures the customer's level of satisfaction or dissatisfaction following their purchase of the goods. Individuals or organizations may feel satisfied or regretful after making a purchase, depending on the outcome. If the chosen product or service meets or exceeds expectations, it boosts confidence in the decision-making process, perhaps leading to repeat purchases or favorable word-of-mouth referrals. Dissatisfaction with the purchase, on the other hand, may lead to buyer's regret, which might influence future purchases and brand loyalty. Customers who are happy with the product will likely recommend it to others and buy more of it, whereas unhappy customers will probably return and voice their complaints (Kotler & Keller, 2012).



Figure 2-1Consumer decision making process

*Source 2-1*Jobber 2007

Factors influencing customers' purchasing decisions

Brand image

The Theory of Planned Behavior (Ajzen, 1991) states that perceptions of behavioral control, subjective norms, and attitudes toward a product all have a big impact on buying decisions. A good brand image can influence consumer views of quality, dependability, and prestige in the context of cars and promote positive attitudes. Consumer perception and impression of a brand as a whole is referred to as its brand image. It is made up of a brand's reputation, experiences, messaging, and visual components. A brand image is a set of associations about a brand that is stored in the mind or memory of consumers (Bimaruci & Mahaputra, 2020). A brand's preference or decision is shaped by its attitudes and beliefs, which are intimately linked to its image (Sukma, 2013). A strong and positive brand image can enhance customer loyalty and trust, while a negative image can have the opposite effect. It is common sense for a customer to restore the memory of a brand image before buying or purchasing a product or service (Sudaryanto et al, 2021). Essentially, it's the mental picture that comes to a person's mind when they think about a particular brand. The assumption that the well-known brand is more reliable, always available and easy to find, and has a quality that no doubt, make a familiar brand is more potential to be chosen by consumers than a brand that is not familiar (Sukma, 2013). The better the brand image is perceived by customers, the better the interest in purchasing decisions will be (Bimaruci, & Mahaputra2020)

Table 2-1Example of automakers and their brand image

Automaker	Brand Image
Toyota	Emphasis on reliability and fuel efficiency, practical and dependable vehicles
Mercedes-Benz	Luxury, high-quality craftsmanship, and prestige, appealing to those seeking a premium driving experience
Ford	Symbol of American automotive tradition, associated with durability and a diverse range of vehicles

BMW	Focus on performance, precision engineering, and the sheer joy of driving
Honda	Dependability, fuel efficiency, and a reputation for producing reliable vehicles
Tesla	Innovation, cutting-edge technology, and a pioneering role in popularizing electric vehicles
Chevrolet	Versatility with an All-American appeal, offering a range of vehicles for various preferences
Audi	Modern design, advanced technology features, and a blend of performance and luxury
Volkswagen	Solid engineering, timeless design, and a global automotive presence
Jeep	Celebrated for rugged off-road capabilities, embodying an adventurous spirit and iconic design in the realm of SUVs

Source 2-2 WWW.Wikipedia.org

Brand image refers to the collective perceptions and connections that people have about a brand. Essentially, it is what people believe and feel about a brand as a result of their interactions, experiences, and exposure to its marketing campaigns. A favorable brand image influences customer behavior because it minimizes the perceived risks associated with buying products from that brand. When consumers see a brand positively, they are more likely to be confident in their purchasing decisions and offer positive feedback.

Brokers Influence

The Fogg Behavior Model (Fogg, 2009) posits that consumer behavior is driven by motivation, ability, and triggers. Brokers influence customers' decisions by providing advice and information, acting as both motivators and triggers. Brokers serve as middlemen, negotiating and facilitating deals between participants in a variety of markets, including real estate, equities, bonds, and commodities. Brokers can leverage their market expertise to secure better deals and terms for their clients, ensuring that the transaction is both efficient and favorable (Kotler & Keller, 2016). Brokers profit from social structure gaps by serving as mediators between parties that do not have direct access to one another owing to existing inequalities or disparities. They capitalize on these loopholes to ease transactions or information flow, reaping revenue in the process. While their involvement might be beneficial at times, the level of their profit and its influence on existing disparities varies according to the situation. The brokers can subsequently make recommendations regarding a suitable price, decisions on negotiation strategies to reach an agreement, and settle upon an acceptable price (Lung Lin et al, 2020). The role of a broker in the automobile market can vary, but it generally involves assisting customers in finding, purchasing, or selling vehicles.

Brokers can simplify purchase choices by giving professional advice and negotiating on behalf of clients (MR. Solomon, 2020). They have access to a large network of dealerships, auction houses, and independent sellers, allowing them to find automobiles that meet their clients' demands, tastes, and budgets. Brokers add value by selecting items that meet consumers' interests and demands, resulting in a better fit and satisfaction (MR. Solomon, 2020). They also handle the legalities and paperwork associated with automobile purchases, such as contracts and title transfers. Brokers assist with the administrative parts of deals, such as contracts and title transfers, which can be difficult for individual consumers to handle alone (Loudon & Della Bitta, 2018). By keeping updated on market trends, price, and automobile characteristics, brokers may provide educated advise and assist customers in making sound judgments.

Vehicle Resale Value

An important factor in purchase consideration when it comes to automobiles is their resale value (Gupta & Sharma, 2023). The buyers purchase behavior is not only influenced by current price of a product but also by the price they expect in future. Predicting the resale value of a car is not an easy job to be performed. Purchase behavior requires adequate knowledge because the value of used cars depends on a number of factors (Kiran S, 2020). The estimated market value or monetary worth of a used car at any particular time is referred to as the vehicle's resale value. It shows how much money a seller should anticipate getting when they sell a used car to a different buyer. Numerous elements affect a vehicle's resale value, such as the make and model, total depreciation, age, mileage, and popularity in the used automobile market.

One important consideration in figuring its resale value is depreciation. Vehicles typically lose value over time as a result of things like deterioration, new technology, and shifting consumer tastes. While some brands and models hold their worth better than others, some cars lose value more quickly than others.

Resale value is a crucial factor that both buyers and sellers should take into account. It's critical for sellers since it impacts the return on their initial car investment. It affects consumers' total cost of ownership because cars with greater resale values typically have lesser depreciation over time. A car's resale value can also be affected by factors, such as its overall dependability, maintenance history, and accident history.

Price and Affordability

Price refers to the amount of money or resources that must be given in exchange for a product or service. It is the numerical value assigned to a good or service in a monetary unit. Price of the product strongly influence customers' perceived value and Price plays a predominant role in consumers' purchasing decision (Dhanabalan et al., 2018). According to Ajzen's (1991) Theory of Planned Behavior, views regarding an item's cost and perceived behavioral control affect consumers' decisions to buy it. Price is for most consumers, and in many buying situations, the most significant influencer in alternative evaluation. Price is the amount of money charged for the

product or service purchased by customers and has the greatest effect compared with the other independent variables influencing consumer's buying decisions (Amron, 2018). Something is considered affordable if the price is within the budget or financial means of the person or entity in question.

An individual's or a group's ability to pay for a certain good, service, or way of life without going bankrupt is referred to as affordability. Price should be set according to customer requirement or after considering the target customers or according to customer perceived value means which amount should be price that the customer wants to pay (Danish et. al.2018).The link between the item's cost and the person's or groups available funds will determine this. According to one's income, financial preferences, and unique situation, affordability is a personal attribute that is closely tied to cost. Price plays a significant role in changing customer's decisions in purchasing a particular product or service or especially in automobile industry (Danish et. al.2018). Affordability frequently requires striking a balance between a person's needs, preferences, and available funds. What is inexpensive for one person may not be for another. Certain marketers specifically target wealthy and resourceful customers, setting their pricing accordingly (Kotler, 2001).

Automobile operating costs

According to the Consumer Perception Process Model (Schiffman & Kanuk, 2010), assessments and sensory inputs both influence how customers view products. When it comes to buying a car, opinions about fuel economy and long-term operational expenses can have a significant impact. Automobile operating expenses include a wide range of demands that drivers or owner must manage in order to maintain and operate their automobiles successfully. Fuel, maintenance, insurance, depreciation, taxes, and financing are among the expenses. Several writers have highlighted the complexities of these expenses, emphasizing how they influence automobile purchase and usage decisions.

Fuel Costs: Fuel charges are a substantial component of operational costs. According to Lipman (2006), fuel expenses can vary substantially depending on factors such as fuel prices, vehicle fuel efficiency, and driving behavior. He mentions that increased fuel economy and the use of alternative fuels can help alleviate this burden. Without a doubt, customers appreciate fuel economy and are concerned about gasoline costs; furthermore, their interest in fuel economy grows as fuel prices rise (Mahadi & Gallagher, 2009)

Maintenance and Repairs: The cost of maintaining and repairing a vehicle is another important issue. Automobile spare part businesses are needed when vehicles need to replace its parts if any damage caused (Bandara, 2020). He adds that skipping periodic maintenance might lead to more serious and expensive complications over time.

Insurance: Automobile insurance is an essential component of contemporary society, protecting individuals and companies from potential losses caused by accidents, theft, or other unanticipated

catastrophes affecting automobiles (Georges, 2013). Automobile insurance is critical for maintaining financial stability and limiting hazards related with vehicle ownership and use.

Depreciation: Depreciation refers to the decline in value of a vehicle over time. According to Dargay and Gately (1999), depreciation is the single most expensive aspect of owning a car, typically surpassing gasoline and maintenance expenditures. They emphasize that depreciation rates are impacted by vehicle type and model, age, and market circumstances.

Overall, understanding the complete range of automobiles running expenses is critical for customers. Individuals may make better educated judgments regarding automotive purchases and usage by taking these aspects into account, perhaps selecting for less expensive and more environmentally friendly vehicles.

2.1.2. Empirical Literatures

Understanding consumer purchasing decisions in the automobile industry requires analyzing various factors such as brand loyalty, price, fuel efficiency, and social influences. Several empirical studies have explored these determinants in different contexts, providing insights into consumer behavior and brand preference.

Consumer Preferences and Purchase Intentions

Khan and Karim (2021) investigated factors influencing consumer purchase intentions for Honda City in Karachi, Pakistan. Their study identified key determinants such as brand loyalty, fuel efficiency, aesthetics, after-sales service, social image, and price. The findings indicated strong positive correlations between these factors and purchase intentions, with fuel efficiency, after-sales service, and price being the most influential. This study underscores the importance of aligning marketing strategies with consumer expectations to maintain competitiveness in the automobile sector.

Similarly, Cheru (2018) found that price, brand, and social factors significantly impact automobile buying decisions, accounting for nearly 50% of decision-making variance. However, car features and ownership costs had a lesser influence, suggesting that while advanced features are expected, they are not the primary drivers of purchase decisions. This highlights the growing emphasis on financial and social considerations over product specifications.

Brand Preference and Market Trends

Research by Tadios (2014) and Denaneso (2017) explored brand selection factors among private vehicle owners in Addis Ababa. Tadios identified both intrinsic (vehicle quality, safety, efficiency) and extrinsic factors (price, accessibility, brand image) as major influencers. The study emphasized that consumers prioritize a balance between functionality and external perceptions when choosing a car.

Denaneso (2017) study reinforced these findings, revealing that Toyota was the most preferred brand, accounting for 58.6% of vehicle choices. Regression analysis showed that brand image, price, and spare part availability significantly influenced brand preference, whereas durability and

safety played a lesser role. The study found that middle-income consumers (ETB 101,000–200,000) were more influenced by brand perception than safety or lifestyle factors, reinforcing the critical role of branding in automobile marketing strategies.

In contrast, Nebiyou (2023) examined consumer brand preferences for locally manufactured vehicles in Addis Ababa. The study found that price, perceived product quality, brand personality, and brand awareness were the primary factors influencing purchasing decisions. While international brands like Hyundai, Suzuki, and Toyota were preferred due to higher perceived quality and brand equity, the study highlighted that price remained the dominant factor in local brand selection. This suggests that domestic manufacturers must enhance brand perception and quality to compete with global brands.

The Role of Trust, Convenience, and Lifestyle

Haroni (2020) explored the psychological and lifestyle factors influencing consumer preferences. The study emphasized that trust, product image, variety, and convenience play a crucial role in car purchasing behavior. Consumers with previous positive experiences with well-known brands, particularly Toyota, exhibited strong brand loyalty. Emotional connections to brand image further strengthened consumer trust and decision-making confidence. These findings indicate that automobile marketers should not only focus on product features but also cultivate strong brand trust and emotional engagement to drive long-term customer loyalty.

A common trend across these studies is the significant influence of price, brand image, and social factors on purchasing decisions. While technical features like fuel efficiency and safety are considered, they are often secondary to branding and affordability. However, discrepancies exist between regions—while some studies (e.g. Khan and Karim, 2021) highlight after-sales service and fuel efficiency, others (e.g., Gemechu, 2017) downplay their importance. This suggests potential variations in consumer preferences based on economic and market conditions.

2.1.3. Conceptual Framework

Using theoretical and empirical review of the study, I have developed the below conceptual framework which guides the research.

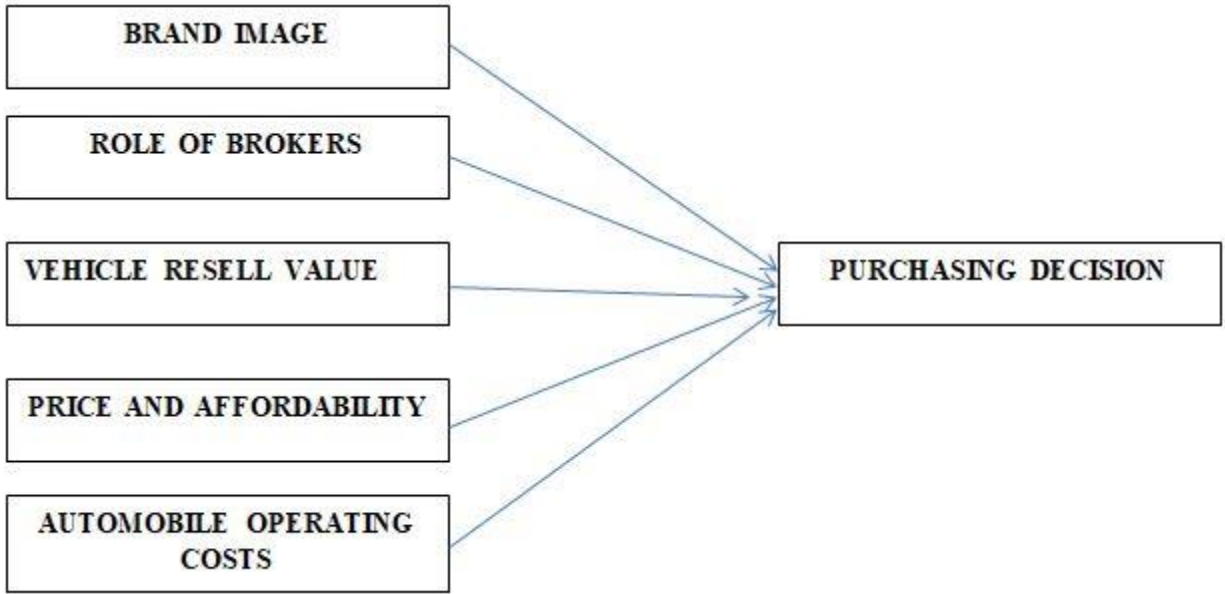


Figure 2-2 Conceptual framework of the study

Source 2-3A Modified Model of Shahzaib Sattar Khan, Emadul Karim, 2021.

2.1.4. Research Hypothesis

H1: There is a positive and significant relation between brand image and customer purchasing decision

H2: There is a negative and significant relation between brokers influence and purchasing decision

H3: There is a positive and significant relation between price and affordability of automobile and customer purchasing decision

H4: There is a positive relation between vehicle resell value and customer purchasing decision

H5: There is a positive and significant relation between automobile operating cost and purchasing decision

3. CHAPTER THREE

3.1. Research Methodology

3.1.1. Research Approach

This research is quantitative, relying on statistical analysis to get its results. Formal and systematic measurement, as well as the use of statistics, is crucial components. It is a method of testing objective hypotheses by examining the relationship between customer purchasing decisions and independent variables (price and affordability, automobile operation cost, broker influence, resale value, total cost, and brand image). These variables, in turn, are frequently monitored on equipment, allowing numerical data to be assessed using static methods. This final written report follows a predetermined format that comprises an introduction, literature and theory, methodology, findings, and discussion. (Creswell, 2008)

This study begins with a hypothesis and concludes with either confirming or refuting the theory as developed. The study is well-organized and confined in that its purpose is to explore the "Factors influencing customers' purchasing decisions in the case of Addis Ababa automobile buyers." Due to many constraints, a thorough study of a large number of samples is not possible. The study also employs logical reasoning, which is applying systematic, deductive, to reach conclusions based on data, principles, and known facts. Logical reasoning assists researchers in organizing their thoughts, seeing patterns, and making informed choices.

3.1.2. Type/design of Research

The research adopts a descriptive research design, which focuses on presenting an accurate portrayal of the features of a certain individual, scenario, or group. It also seeks to answer questions such as "what is" and "what are the characteristics of". The research includes data that characterize occurrences, which is organized, tabulated, demonstrated and described. Descriptive research frequently uses visual aids such as graphs and charts to help the reader comprehend data distribution (Hopkins 2001). This study uses a descriptive research technique since its goal is to identify the factors that impact consumers' purchasing decisions in the context of Addis Ababa automobile purchasers.

The research also involve explanatory research, which is used to determine the cause-and-effect correlations between variables. This type of study extends beyond description to investigate why and how things occur, frequently requiring hypotheses verified using rigorous procedures. It seeks to explain the patterns, trends, and linkages discovered in descriptive research and useful in improving our understanding of a certain issue, determining how or why a specific phenomenon is occurring, and forecasting future events. In conclusion, the study is partly explanatory since it focuses on explaining the relationship between factors (brand image, broker function, resell value, price, and operational expenses) and purchase decisions.

3.1.3. Target population

In research methodology population means the characteristics of a specific group (Singh, 2006). The target population is the total set of persons or items that share specific characteristics and are of interest to the researcher. It is the group to whom the researcher wants to generalize their results. Population is defined as the whole collection of units of analysis that are being investigated (Marczyk and Festinger, 2005).

The study's target demographic is customers of both genders who own automobiles in Addis Ababa city and have made decisions about automobile purchases to capture the most current elements influencing automobile purchase decisions. This achieved in two ways, before proceeding with the inquiry, in-person respondents asked if they have purchased an automobile recently and for online responders, there is a question at the beginning of the questionnaire that enable or deny them from proceeding, by asking if they have purchased an automobile lately. The study chose Addis Ababa because it is believed that a considerable number of automobile users are available in Addis Ababa.

According to the Ethiopian constitution, the legal age to own property in Ethiopia is typically 18 years old, and Ethiopian traffic laws generally require drivers to be at least 18 years old to obtain a driver's license and legally operate a vehicle, so this study also focused on the perspectives and behaviors of Addis Ababa's automobile owners over the age of 18.

3.1.4. Sampling Technique

A sample is a selection of persons, things, or data points chosen from a larger population for the purpose of studying and drawing conclusions about that group. It is usually not feasible to include every member of the population of interest in a research project. Convenience sampling is "the sampling procedure of obtaining those people or units who are most conveniently available". Convenience sampling allows for the rapid and cost-effective collection of a large number of completed questionnaires. Convenience sampling is a strategy that draws samples from populations that are close by, easily accessible, or convenient (Bhattacharjee, 2012).

Non-probability convenience sampling approach was utilized in the study because it is impossible to determine the likelihood that each responder in the population will be included in the sample. This research use non-probability convenience sampling, which involves clients from various places (hotels, banks, educational institutions, offices, and so on), and the selected individuals were requested to participate in the research.

3.1.5. Sample Size

It is not possible to involve all participants in a research due to various restrictions such as time and resources. So establishing sample size is critical. It is recommended to utilize a large sample size to generate findings that are typical of the population, and the sample size should match the statistical criteria of the specific statistical study that the researcher desires to undertake. Cochran

(1963) suggests the following method for determining sample size for an unknown population, which is based on a 95% confidence interval and a 5% error term.

$$SS = (Z^2 * P * (1 - P)) / C^2$$

Where

P = sample proportion, q = 1 – p;

Z= the value (95% confidence level and 5% confidence interval)

N = size of sample.

C= confidence interval, expressed as decimal

$$SS = (1.96^2 * 0.5 * (1 - 0.5)) / 0.05^2$$

$$SS = (3.8416 * 0.5 * 0.5) / 0.0025$$

$$SS = 384.16$$

The sample size calculation yielded 384.16 samples, indicating that the optimal sample size for this investigation is at least 384 samples.

3.1.6. Sources of Data

To fully address the research topic, a combination of primary and secondary data is used in this study's conduct. Primary data created especially for the study by the researcher were recognized essential even if they would have time and financial consequences (Malhotra, 2005).. Self-administered questionnaires where all the questions were referred from the previous literatures, both closed- and open-ended, will be used to collect primary data. (Kothari, 2004) claims that original primary data are those that are gathered newly and for the first time, making them unique in nature. By using all of the respondents' responses, the primary source was explored.

Secondary data, according to (Malhotra, 2005), is information gathered for objectives other than the primary research topic. Secondary data was also included in the study. These secondary data came from a variety of books and previously published studies that were pertinent to the subject of the investigation. By using secondary data from government statistics, publications, and journals, the researcher was able to investigate numerous concepts related to the topic and gain a deeper knowledge of it.

A questionnaire were online or hand-delivered to Addis Ababa customers as the main means of gathering data for this study. With the help of this approach, it will be possible to have communication with the intended audience and get insightful data. A systematic and uniform approach to data collection was made possible by the questionnaire's organized architecture.

3.1.7. Data Analysis and presentation Methods

Following collection, the data is processed and examined to provide findings. Quantitative analysis employed in the study, depending on the kind of problem. Tables are utilized to summarize the

answers for the quantitative (numerical) response of descriptive statistics concerning the Factors affecting customers' purchase decisions in the case of Addis Ababa automotive buyers. Measures of and central tendency is also employed.

With SPSS (Statistical Package for Social Science), inferential analysis such as regression and correlation analysis is utilized to evaluate the link between each independent variable and the dependent variable as well as the aggregate effect.

Correlation analysis is also used to conducted relationship between dependent variables Brand image, Brokers Influence, Vehicle Resale Value, Price and automobile operating cost.

Regression analysis is used to determine by what extent factors influence customers' purchasing decisions. Tools like tables and percentage is also used.

For the sake of reducing possibility of getting wrong answers and to ensure the soundness of this study, the following measures were taken.

- ✓ Data was carefully collected from trustworthy sources, from respondents who were willing to cooperate.
- ✓ The questionnaire was based on literature review.
- ✓ The latest SPSS software version was employed to analyze the statistical data and maximum caution were taken during data coding.

3.2. Validity and reliability

3.2.1. Validity

The study's validity was verified by employing data collection procedures with good theoretical basis. Validity of a technique is determined by establishing a logical relationship between questions and objectives. To eliminate subjectivity, the questionnaire was refined several times through external and internal discussions. The prepared questionnaire was forwarded to the adviser, and corrections were made based on feedback. The questionnaire was assessed and commented on by many research specialists and professionals. Participants evaluate questionnaire statements for clarity and completeness. Following the pilot survey, questions that were unclear were revised to eliminate ambiguity. Validating questionnaires is crucial before using them in a larger survey. Research with high validity generates conclusions that relate to genuine traits, characteristics, and fluctuations in the physical or social environment (nebiyou elias 2023).

3.2.2. Reliability

Trochim (2006) defines reliability as the consistency and stability of measurement instruments and methods. To ensure the dependability of study findings, consistent techniques, trustworthy measuring devices, pilot testing, repeated measurements, and suitable statistical analysis will be used. Cronbach's alpha is an important approach for determining reliability since it measures the internal consistency of items in a research instrument such as a survey. On a scale of 0 to 1, higher

values imply more consistency, while 1 represents flawless reliability. Typically, researchers desire a Cronbach's alpha of at least 0.7; however acceptable levels vary by discipline. According to (Neil Salkind,2010), researchers normally strive for a Cronbach's alpha of at least 0.7 for internal consistency dependability, however this threshold may vary depending on the setting and topic of study. SPSS were used to perform Cronbach's alpha tests on the questionnaire to ensure its reliability. Reliability is essential for doing credible empirical research (Pindyck & Rubinfeld, 2017).

Table 3-1 Cronbach's alpha reliability test

Variable	Cronbach's alpha
Brand Image	0.727
Broker Influence	0.817
Vehicle Resale Value	0.656
Price	0.715
Operating Cost	0.770
Purchasing Decision	0.796

Source 3-1 Researcher's survey, 2024

Almost all variables exhibit good internal consistency, suggesting that the items used to measure these constructs are reliable. However, Vehicle Resale Value (0.656) falls slightly below the generally accepted threshold, indicating relatively lower reliability. This may warrant a closer examination of the items measuring this variable to ensure they effectively capture the construct. Overall, the reliability results suggest that most variables are measured consistently, supporting the robustness of the study's measurement instruments.

3.3. Ethical Consideration

Like previous scholarly studies, this one respects the moral principles, ethical considerations, and service confidentiality for respondent privacy and entry data. The questionnaire's design ensures that respondents are not compelled to write their names or shares any personal information, and that the data obtained were kept confidentially and used solely for academic purposes. No individuals in the research suffer any personal injury, and everyone participated in the study had the right to privacy and dignity of treatment. The research kept the information received strictly secret. I acknowledge the help, cooperation, and sources from which the material was gathered.

4. CHAPTER FOUR

4.1. RESULTS AND DISCUSSION

4.1.1. Introduction

This chapter involves the examination of the respondents' demographics as well as the data processing, presentation, and interpretation of the respondents' general information. This research paper is structured according to the Likert scale method of collecting data via questionnaires. It also addresses the research questions, each of which is addressed by analyzing the data collected and presenting the results in tables.

4.1.2. Response rate of respondents

Table 4-1 Respondents' response rate

Questionnaires Distributed	Questionnaires Returned	Percentage
395	384	97.4%

Source 4-1 Researcher's survey, 2024

According to the above table, 395 questionnaires were sent to respondents, and 384 of them were correctly completed and returned, yielding a 97.4% response rate. 50% is a decent response rate, 60% is outstanding, and 70% or more is great for a study, according to Ruta (2017). For additional research and reporting, this response rate is outstanding. This aids the researcher in obtaining thorough and transparent responses to the research questions.

4.1.3. The demographic characteristics of respondents

This section provides a summary of the questionnaire's first section, which asks about the respondents' socio-demographic details (gender, age, occupation, income level, and educational attainment). The primary objective of the socio-demographic analysis in this study is to provide readers with a more comprehensive understanding of the respondents' personal and professional traits.

Table 4-2 Respondents' socio-demographic data of respondents

No	Factor	Categories	quantity	Percentage %
1	Gender	Male	224	58.3
		Female	160	41.7
		Total	384	100
2	Age	18-30	74	19.3
		31-43	169	44.0
		44-56	134	34.9
		Above 56	7	1.8
		Total	384	100

3	Education Level	8 th -12 th	25	6.5
		Certificate/Diploma	113	29.4
		BSc/BA	122	31.8
		MSc/MA	115	29.9
		Above	9	2.3
		Total	384	100
4	Occupation	Self Employed	146	38.0
		Private organization	98	25.5
		Governmental organization	74	19.3
		NGO and International company	49	12.8
		Others	17	4.4
		Total	384	100
5	Income	Below 10,000	26	6.8
		10,000-20,000	25	6.5
		20,001-30,000	73	19.0
		30,001-40,000	145	37.8
		Above 40,000	115	29.9
		Total	384	100

Source 4-2 Researcher's survey, 2024

In terms of gender distribution, as indicated in the demographic data table above, there were 224 men (58.3%) and 164 women (41.7%) among the respondents. This implies that male respondents were more likely to be involved in the Addis Ababa car-buying process.

Regarding age distribution, the largest group of respondents (44%, or 169 respondents) were between the ages of 31 and 43. Next in line were those between the ages of 44 and 56 (34.9%), or 134 respondents. Only 1.8% of respondents were older than 56, while 19.3% of respondents (74 respondents) were between the ages of 18 and 30. This suggests that the majority of respondents in Addis Ababa's car market are in their 30s and 40s, with fewer younger and older respondents.

The majority of respondents had a high level of education; 31.8% (122 respondents) had a BSc or BA degree, and 29.9% (115 respondents) had an MSc or MA degree. Furthermore, 113 respondents, or 29.4%, had a certificate or diploma, and 25 respondents, or 6.5%, had finished grades 8–12. Just 9.3% of respondents had more education than a master's degree. With bachelors and master's degrees being the most common credentials, these findings imply that the majority of car buyers are highly educated.

In terms of occupation, the majority of respondents (146) were self-employed (38%). Following this were 98 respondents who worked for private companies (25.5%) and 74 respondents who were employed by the government (19.3%). Of the smaller groupings, 49 respondents were from foreign companies and non-governmental organizations (12.8%), and 4.4% were employed in other sectors. This suggests that a sizable percentage of car buyers are either self-employed or employed by the private sector.

The vast majority of responses (137.8%, or 145 respondents) were in the 30,001–40,000 ETB income range. Following this were respondents who made above 40,000 ETB (29.9%), which included 115 people, and those who made between 20,001 and 30,000 ETB (19%), which included 73 people. 6.5% (25 respondents) made between 10,000 and 20,000 ETB, while a smaller percentage (6.8%, or 26 respondents) made less than 10,000 ETB. Given that a sizable portion of the market is composed of higher-income people, these numbers imply that the majority of responders are middle- to high-income earners.

According to the demographic data, the majority of Addis Ababa's car buyers are middle-aged, male, educated, and either self-employed or engaged in the private sector. Their largely moderate to high earnings indicate that when they are making purchases, they are likely to give consideration to elements like price, brand image, resale value, and operating costs.

Factors influencing customers' purchasing decisions

From the collected data out of 384 respondents asked about their degree of agreement on brand image, broker influence, vehicle resale value, price, operating cost and automobiles purchasing decision in Addis Ababa

Table 4-3Variables descriptive statistics

Descriptive Statistics			
	N	Mean	Std. Deviation
BRAND IMAGE	384	4.1219	0.64386
BROCKER INFLUENCE	384	3.4495	0.94294
VEHICLE RESELL VALUE	384	4.2807	0.56295
PRICE	384	4.0010	0.71215
OPERATING COST	384	3.9964	0.69964
PURCHASING DECISION	384	3.6000	0.96454

*Source 4-3*Researcher's survey, 2024

The descriptive statistics provide valuable insights into the factors influencing automobile purchasing decisions among buyers in Addis Ababa. The results indicate that **vehicle resell value** has the highest mean score (4.2807) with a relatively low standard deviation (0.56295), suggesting that buyers place significant importance on a vehicle's ability to retain its value over time, with consistent responses across participants. Similarly, **brand image** also holds a high mean score (4.1219) with a standard deviation of (0.64386), implying that the reputation of a vehicle brand

plays a crucial role in consumer decision-making, and respondents have relatively similar perceptions regarding this factor.

Price and operating cost show comparable mean values of 4.0010 and 3.9964, respectively, with moderate standard deviations (0.71215 and 0.69964). This suggests that while price and operating costs are important considerations for buyers, there is some variability in how different individuals perceive their impact. These results indicate that consumers are likely to assess not just the upfront cost but also long-term expenses associated with owning and maintaining a vehicle.

On the other hand, **broker influence** has a lower mean score (3.4495) with a relatively high standard deviation (0.94294), indicating that while some buyers are significantly influenced by brokers, others are not, leading to greater variability in responses. This suggests that the role of brokers in automobile purchases may be subjective and dependent on individual buyer preferences or circumstances.

Finally, **purchasing decision**, which represents the overall decision-making process, has a mean score of 3.6000 with the highest standard deviation (0.96454). This high variability suggests that different respondents weigh the influencing factors differently when making a final decision. The spread in responses indicates that while some buyers may prioritize brand image or resell value, others may focus more on price or broker recommendations.

Overall, the findings highlight that vehicle resell value, brand image, price, and operating costs are key considerations in automobile purchasing decisions in Addis Ababa. However, broker influence appears to be more variable among respondents, and purchasing decisions themselves show the greatest dispersion, indicating that different individuals prioritize factors differently based on their personal preferences and circumstances.

4.1.4. Correlation analysis

The correlation analysis used in this study examines the degree of correlations between the variables under investigation. Convergent validity was demonstrated using Pearson correlation analysis. Pearson correlation coefficients show the strength of a link (from -1.0 to +1.0) as well as its direction (positive or negative).

According to Marczak et al. (2005), correlations are arguably the most fundamental and practical way to assess the relationship between two or more variables. In general, correlations between 0.01 and 0.30 are regarded as minor, those between 0.30 and 0.70 as moderate, those between 0.70 and 0.90 as strong, and those between 0.90 and 1.00 as extremely significant, according to Marczak et al. (2005).

Table 4-4Result of Pearson’s coefficient of correlation

Correlations						
		BRAND IMAGE	BROCKER INFLUENCE	VEHICLE RESELL VALUE	PRICE	OPERATING COST
BRAND IMAGE	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	384				
BROCKER INFLUENCE	Pearson Correlation	-.867**	1			
	Sig. (2-tailed)	.000				
	N	384	384			
VEHICLE RESELL VALUE	Pearson Correlation	.770**	-.831**	1		
	Sig. (2-tailed)	.000	.000			
	N	384	384	384		
PRICE	Pearson Correlation	-.703**	.660**	-.595**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	384	384	384	384	
OPERATING COST	Pearson Correlation	-.816**	.836**	-.693**	.493**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	384	384	384	384	384
**. Correlation is significant at the 0.01 level (2-tailed).						

*Source 4-4*Researcher’s survey, 2024

Important connections between the variables affecting car-buying decisions are shown by the correlation analysis. A good brand reputation raises the perceived resale value of cars, as seen by the substantial positive correlation between brand image and vehicle resale value ($r = 0.770$). On the other hand, there is a negative correlation between Brand Image and Broker Influence ($r = -$

0.867) and Operating Costs ($r = -0.816$). This suggests that cars with a strong brand image are less likely to be affected by brokers and have lower operating costs. Additionally, Brand Image is negatively associated with Price ($r = -0.703$), implying that vehicles from premium or well-regarded brands may be less price-sensitive.

Broker Influence has a positive association with both pricing ($r = 0.660$) and operating costs ($r = 0.836$), suggesting that cars that brokers recommend are frequently more expensive. It does, however, have a negative correlation with both Brand Image ($r = -0.867$) and Vehicle Resale Value ($r = -0.831$), indicating that vehicles recommended by brokers might not be in line with high resale value priorities or strong brand reputations.

The idea that cars from respectable companies hold their worth better over time is supported by the positive correlation between vehicle resale value and brand image ($r = 0.770$). Nevertheless, it has a negative correlation with Price ($r = -0.595$), Broker Influence ($r = -0.831$), and Operating expenses ($r = -0.693$). This suggests that cars with higher resale value are less likely to be affected by brokers, have lower pricing, and have lower operating expenses.

Price and operating costs have a positive correlation ($r = 0.493$), indicating that more expensive cars may also have greater recurring costs. However, price has a negative correlation with both brand image ($r = -0.703$) and vehicle resale value ($r = -0.595$), indicating that high-priced cars do not necessarily indicate a good reputation for the brand or high resale value.

Finally, there is a moderate positive association between Operating Costs and Price ($r = 0.493$) and a substantial positive correlation with Broker Influence ($r = 0.836$), indicating that automobiles advised by brokers are typically more expensive. Operating expenses, on the other hand, have a negative correlation with both vehicle resale value ($r = -0.693$) and brand image ($r = -0.816$), indicating that cars with lower operating costs are more likely to be linked to respectable brands and have greater resale value.

Overall, the findings highlight the interconnected nature of these factors. A strong brand image and higher resale value are associated with reduced reliance on brokers and lower operating costs. Conversely, broker influence often leads to higher costs and lower alignment with brand reputation and resale potential, emphasizing the importance of brand strength and cost efficiency in consumer decision-making.

4.1.5. Tests of Assumptions for Regression Model

The regression model's goodness of fit is shown by the Normal P-P Plot of Regression Standardized Residuals for the dependent variable, purchasing decision. The cumulative probability of observed residuals is plotted versus the expected cumulative probability under a normal distribution in the following figure below. The diagonal line is closely followed by the points, indicating that the residuals are roughly normally distributed. The regression model's assumption of normalcy, which is essential to the reliability of inferential statistics and analysis-based conclusions, is supported by this alignment. The model is reliable for forecasting the dependent variable since it seems to satisfy the normalcy assumption.

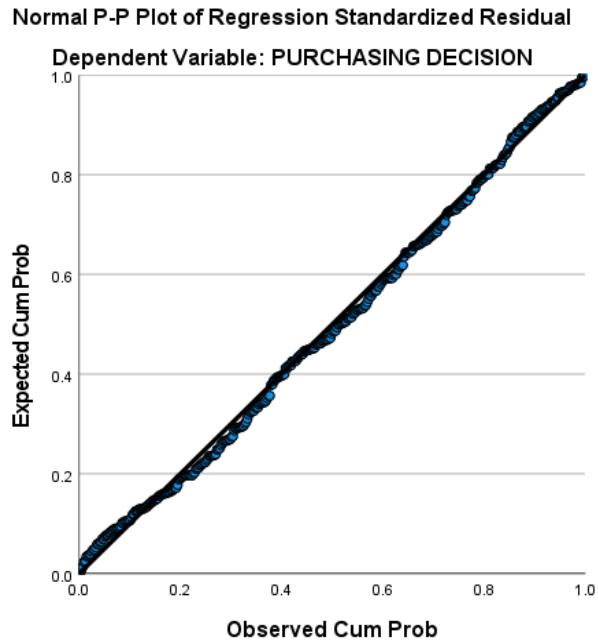


Figure 4-1 Normal P-P Plot

Source 4-5 Researcher's survey, 2024

The distribution of residuals around the mean is displayed in the histogram below, which displays the regression-standardized residuals for the dependent variable, purchasing decision. A bell-shaped curve that nearly mimics a normal distribution is superimposed on the residuals, which are roughly symmetrically distributed. The residuals' normality is further supported by the fact that their mean is almost zero (Mean = $-6.30E-15$) and their standard deviation is nearly one (Std. Dev. = 0.993). This finding validates the regression analysis's assumption of normality by showing that the residuals show no discernible skewness or kurtosis and that the model's predictions match the observed data.

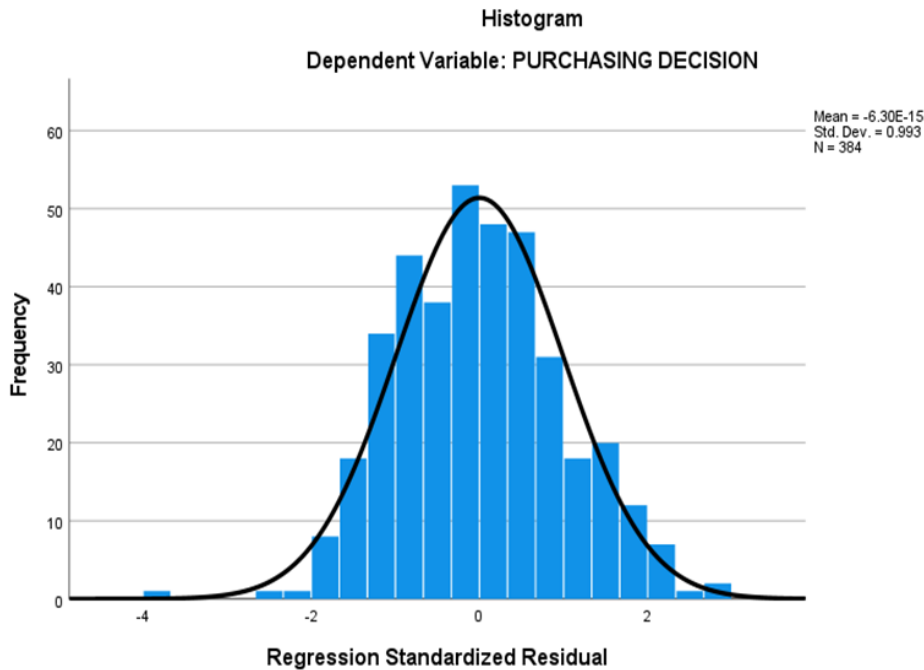


Figure 4-2Histogram Distribution of Residuals

*Source 4-6*Researcher’s survey, 2024

4.1.6. Multi-Collinearity

The correlation between predictor variables is known as multicollinearity, and it can make it difficult to understand the significance of each regression result and its distinct contributions. The degree of multicollinearity was assessed in this study using the Variance Inflation Factor (VIF), with a typical threshold of 10 signifying possible concern.

Table 4-5Variance Inflation Factor test

Model		COLLINEARITY STATISTICS	
		Tolerance	VIF
	BRAND IMAGE	.176	5.680
	BROCKER INFLUENCE	.143	6.976
	VEHICLE RESELL VALUE	.298	3.358
	PRICE	.452	2.211
	OPERATING COST	.243	4.112

*Source 4-7*Researcher’s survey, 2024

All of the predictors showed acceptable levels of multicollinearity, according to the analysis: Price (VIF = 2.211), Vehicle Resell Value (VIF = 3.358), Broker Influence (VIF = 6.976), Brand Image (VIF = 5.680), and Operating Cost (VIF = 4.112). This implies that the predictors were sufficiently independent for reliable regression analysis and that multicollinearity was not a serious concern.

4.1.7. Testing of Autocorrelation

Table 4-6Result of Multi-Collinearity

Model Summary^b					
Model	R	R Square	Adjusted Square	RStd. Error of the Estimate	Durbin-Watson
1	.937 ^a	.879	.877	.33817	1.906

*Source 4-8*Researcher's survey, 2024

The Durbin-Watson (D-W) test is used to identify first-order autocorrelation in a regression model's residuals. The test statistic has a range of 0 to 4. Positive autocorrelation is suggested by numbers much less than 2, and negative autocorrelation is indicated by values greater than 2 and a result around 2 suggests no autocorrelation. Strong autocorrelation can go against regression assumptions and compromise the accuracy of the model's predictions, especially when it comes to values near 0 or 4. The validity of this model is supported by the Durbin-Watson statistic of 1.906, which is near to 2 and indicates that there is little to no autocorrelation in the residuals

4.1.8. Multiple Linear Regression Analysis among study variables

Based on five independent variables operating cost, price, vehicle resell value, brand image, and broker influence the regression analysis offers a reliable model for forecasting purchase decisions.

Table 4-7Result of regression analysis

Model Summary^b					
Model	R	R Square	Adjusted Square	RStd. Error of the Estimate	Durbin-Watson
1	.937^a	.879	.877	.33817	1.906
a. Predictors: (Constant), OPERATING COST, PRICE, VEHICLE RESELL VALUE, BRAND IMAGE, BROCKER INFLUENCE					
b. Dependent Variable: PURCHASING DECISION					

*Source 4-9*Researcher's survey, 2024

Together, the predictors have a considerable linear association with purchase decisions, as evidenced by the R value of 0.937, which shows a very strong positive correlation between the

predictors and the dependent variable. Furthermore, the model's excellent explanatory power is demonstrated by the R Square value of 0.879, which indicates that it accounts for 87.9% of the variation in purchase decisions. By taking into consideration the number of predictors and preventing an overestimation of the model's efficacy, the Adjusted R Square of 0.877 provides additional evidence of the model's dependability.

The projected values closely match the observed data, as indicated by the high degree of precision shown by the Standard Error of the Estimate, which is at 0.33817. All things considered, these metrics demonstrate that the regression model is trustworthy and well-defined, successfully capturing the variables influencing purchase decisions.

Table 4-8 ANOVA

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	313.093	5	62.619	547.564	.000 ^b
	Residual	43.227	378	.114		
	Total	356.320	383			
a. Dependent Variable: PURCHASING DECISION						
b. Predictors: (Constant), OPERATING COST, PRICE, VEHICLE RESELL VALUE, BRAND IMAGE, BROCKER INFLUENCE						

Source 4-10 Researcher's survey, 2024

Based on the independent variables operating cost, price, car resell value, brand image, and broker influence the ANOVA findings validate the regression model's statistical significance in forecasting purchase decisions. A significant amount of the total variation (356.320) in purchase decisions can be explained by the model, as indicated by the regression sum of squares (313.093). On the other hand, a high model fit is shown by the residual sum of squares (43.227), which represents the unexplained variance and is quite minimal. Regression's mean square (62.619), which is determined by dividing the regression sum of squares by its degrees of freedom (5), is noticeably more than the residual mean square (0.114), demonstrating how well the model explains variation.

The F-statistic of 547.564, which compares the explained variance to the unexplained variance, is exceptionally high, further supporting the model's strength. Finally, the p-value ($p < 0.001$) confirms that the model is highly significant, demonstrating that the predictors collectively have a substantial impact on purchasing decisions. These results validate the reliability and robustness of the regression model in understanding the factors influencing purchasing behavior.

4.1.9. Regression Analysis coefficients of the independent variables

The following coefficients in the table below shows how each of the independent factors brand image, broker influence, price, operating cost, and car resell value affects decisions to purchase.

Table 4-9 regression coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.820	.553		10.515	.000
	BRAND IMAGE	.193	.064	.129	3.013	.003
	BROCKER INFLUENCE	-.445	.048	-.435	-9.203	.000
	VEHICLE RESELL VALUE	.149	.056	.087	2.642	.009
	PRICE	-.225	.036	-.166	-6.241	.000
	OPERATING COST	-.303	.050	-.220	-6.059	.000

Source 4-11 Researcher's survey, 2024

The requirement for the constant (5.820) in the model is confirmed by its high significance ($p < 0.001$), which indicates the expected value of purchase decisions when all independent variables are zero. With an unstandardized coefficient of 0.193, purchase decisions are positively impacted by brand image as one-unit rise in brand image results in a 0.193-unit increase in purchasing decisions. This is statistical significance in this impact ($p = 0.003$). In a similar way, a vehicle's perceived resell value positively influences decisions concerning purchase, as evidenced by its unstandardized coefficient of 0.149 ($p = 0.009$).

In contrast, the unstandardized coefficient for broker influence is -0.445, meaning that for every unit increase in broker influence, the number of purchase choices decreases by 0.445. Its tremendous influence is highlighted by the fact that this effect is highly significant ($p < 0.001$). With an unstandardized coefficient of -0.225 ($p < 0.001$), pricing also has a negative impact, indicating that greater prices discourage people from making purchases. Likewise, an unstandardized coefficient of -0.303 ($p < 0.001$) indicates that operating costs have a negative impact on purchasing decisions, discouraging buyers.

In conclusion, the model shows that while broker influence, price, and operating costs have a negative influence on purchasing decisions, brand image and vehicle resell value have a favorable

influence. The significance of each predictor in explaining differences in purchase decisions is confirmed by the fact that they are all statistically significant.

In regression, we can produce a statistical model that allows us to predict values of our outcome variable based on our predictor variable. This model takes the form of a statistical equation where:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5$$

Equation 1 General Regression Equation

Where:

- Y is the dependent variable (Purchasing Decision).
- β_0 is the constant (intercept).
- $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ are the unstandardized coefficients for the independent variables.
- X_1, X_2, X_3, X_4, X_5 are the independent variables (Brand Image, Broker Influence, Vehicle Resell Value, Price, Operating Cost).

Using the values from the coefficients table, the regression equation becomes:

Purchasing Decision = 5.820 + 0.193(Brand Image) - 0.445(Broker Influence) + 0.149(Vehicle Resell Value) - 0.225(Price) - 0.303(Operating Cost)

$$PD = 5.820 + 0.193BI - 0.445BKI + 0.149VRV - 0.225PC - 0.303OPC$$

Equation 2 Regression Equation of the Study

Where

- PD = Purchasing Decision
- BI = Brand Image
- BKI = Broker Influence
- VRV = Vehicle Resell Value
- PC = Price
- OPC = Operating Cost

Based on the regression coefficients table

H1: There is a positive and significant relation between brand image and customer purchasing decision.

- **Coefficient:** +0.193
- **Significance (p-value):** $p = 0.003$ (less than 0.05, significant)

- **Conclusion: Accepted.** Brand image has a positive and significant relationship with purchasing decisions.

H2: There is a negative and significant relation between brokers' influence and purchasing decision.

- **Coefficient:** -0.445
- **Significance (p-value):** $p < 0.001$ (less than 0.05, significant)
- **Conclusion: Accepted.** Broker influence has a negative and significant relationship with purchasing decisions.

H3: There is a positive and significant relation between price and affordability of automobiles and customer purchasing decision.

- **Coefficient:** -0.225
- **Significance (p-value):** $p < 0.001$ (less than 0.05, significant)
- **Conclusion: Rejected.** Price has a negative and significant relationship with purchasing decisions, contrary to the hypothesis.

H4: There is a positive relation between vehicle resell value and customer purchasing decision.

- **Coefficient:** +0.149
- **Significance (p-value):** $p = 0.009$ (less than 0.05, significant)
- **Conclusion: Accepted.** Vehicle resell value has a positive and significant relationship with purchasing decisions.

H5: There is a positive and significant relation between automobile operating cost and purchasing decision.

- **Coefficient:** -0.303
- **Significance (p-value):** $p < 0.001$ (less than 0.05, significant)
- **Conclusion: Rejected.** Operating cost has a negative and significant relationship with purchasing decisions, contrary to the hypothesis.

Final Summary:

Table 4-10 hypothesis summary

Accepted Hypotheses	Rejected Hypotheses
H1, H2, H4	H3, H5

Source 4-12 Researcher's survey, 2024

4.2. Findings and Discussion

The findings from this research study, "Factors Influencing Customers' Purchasing Decisions in the Case of Addis Ababa Automobile Buyers," and the findings from earlier studies on automotive purchasing behavior are compared in this part. By contrasting these results, this conversation highlights trends, similarities, and differences and offers a more comprehensive grasp of the elements influencing car buying decisions.

1. Brand Image

According to this study, brand image has a big impact on Addis Ababa consumers' decisions to buy cars. A positive brand image increases consumer preference by fostering loyalty, trust, and perceived value. This supports the findings of Denaneso (2017), who found that the most important factor influencing brand choice is brand image. In the same way, Nebiyu (2023) emphasized the inclination for global brands such as Hyundai, Suzuki, and Toyota because of their solid reputation and perceived quality.

On the other hand, Cheru (2018) highlighted that, in the local context, price has a greater influence than brand image, despite the latter being substantial. This implies that although brand image is still crucial, consumer demographics and the state of the economy may affect how important it is.

2. Price and Affordability

In this study, price emerged as a key variable, with affordability having a big influence on customers' choices. This result supports the findings of Nebiyu (2023) and Cheru (2018), who both found price to be a significant determinant. In the Addis Ababa market, where economic factors frequently take precedence over other factors, price sensitivity is especially noticeable.

Additionally, Sisay (2017) discovered that fair prices have a favorable influence on decisions to buy, highlighting the necessity of competitive pricing tactics in the automotive industry. Although affordability is still important, Denaneso (2017) and Haroni (2020) found that consumers with more disposable income prioritize brand image and dependability more, pointing to differences in purchase behavior by income level.

3. Brokers' Influence

In a unique way, this study emphasizes how brokers affect Addis Ababa consumers' decisions to buy cars. Brokers frequently mediate transactions and offer market insights, but they also run the risk of skewing the market by making biased recommendations or spreading false information. This is a new addition to the literature because it was mainly ignored in earlier research.

4. Vehicle Resale Value

The importance of car resale value, which has frequently been overlooked in previous studies, is highlighted by this study. Buyers' propensity to invest in particular brands and long-term financial planning are influenced by resale value. Although Cheru (2018) and Sisay (2017) did not specifically examine its effects, they did indirectly address this element by connecting it to perceived quality and brand reliability. This study closes that gap by emphasizing resale value as a crucial factor in the particular economic situation of Addis Ababa.

5. Operating Costs

Customer preferences are heavily influenced by operating costs, such as fuel, maintenance, and insurance. This is consistent with research by Sisay (2017) and Denaneso (2017), who found that maintenance expenses and dependability were important variables. Cheru (2018) pointed out that although cost of ownership is taken into account, pricing and brand image are more important when making decisions. This discrepancy can be the result of different study methodologies or shifting consumer interests.

Key Divergences

While there are significant overlaps, this study diverges from previous research in certain areas:

- **Brokers' Role:** Unlike earlier studies, this research identifies brokers as critical intermediaries who can both aid and distort consumer decision-making.
- **Resale Value:** Prior studies often overlooked resale value, whereas this research highlights its importance in Addis Ababa's market.
- **Operating Costs:** The emphasis on operational cost dynamics, particularly in relation to fuel efficiency and maintenance, reflects a growing consumer awareness of long-term ownership costs.

Through this study, the factors influencing Addis Ababa residents' decisions to buy cars are better understood. The discussion of consumer behavior in the automotive industry is enhanced by the comparison of its findings with earlier studies, which reveals trends and new information. For scholars, practitioners, and policymakers alike, this comparative research provides a thorough view by highlighting the dynamic interaction of economic, social, and psychological aspects.

5. CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

Introduction

This chapter concludes the study findings that were previously presented in the data analysis and presentation. Additionally, it offers recommendations for future project study authors.

5.1. SUMMARY

This study looked into the important elements that influence automotive purchasing decisions among Addis Abeba buyers, with a focus on brand image, broker influence, vehicle resale value, pricing, and operating costs. A quantitative research approach was used, with 384 respondents picked using a convenience sampling method. The demographic profile found that the majority of buyers were male (58.3%), aged 31 to 43 (44%), and self-employed (38%). A high proportion (61.7%) had at least a bachelor's degree, indicating a relatively educated client base.

Regression analysis shed important light on the variables affecting car buyers' decisions. With an R-squared value of 0.879, the model showed impressive explanatory power, meaning that the independent variables could account for 87.9% of the variation in purchase decisions. The model's reliability in capturing the important elements without overestimating their impact was demonstrated by the adjusted R-squared value of 0.877, which validated the model's validity.

Among the independent factors, brand image emerged as a significant positive influencer, with a coefficient of +0.193 and a p-value of 0.003. This data reveals that a one-unit increase in brand image results in a 0.193-unit gain in purchasing decisions, underlining the importance of brand trust and reputation in customer decision-making. Broker influence, on the other hand, had a negative effect, with a very significant p-value (<0.001) and a coefficient of -0.445. This implies that more broker engagement reduces buying decisions, most likely as a result of broker-induced misunderstanding or mistrust, underscoring the need for increased market openness.

With a p-value of 0.009 and a coefficient of +0.149, vehicle resale value likewise shown a positive correlation with purchase decisions. This highlights how important long-term financial factors are in determining customer preferences. On the other side, purchasing decisions were significantly impacted negatively by price and operating costs. Price's p-value was less than 0.001 and its coefficient was -0.225, indicating that consumers are sensitive to affordability and that competitive pricing strategies are necessary. Similar to this, running expenses had a coefficient of -0.303 and a p-value of less than 0.001, suggesting that purchasers place a high value on cost-effectiveness.

A Durbin-Watson score of 1.906 further confirmed the overall model fit, indicating low autocorrelation in the residuals and bolstering the findings' resilience. Furthermore, the total model's p-value was less than 0.001, indicating that the independent variables' combined statistical significance in influencing purchase decisions was confirmed.

The results of hypothesis testing showed that there were substantial positive connections between brands image (H1), broker influence (H2), and car resale value (H4). Contrary to early predictions, price (H3) and operating costs (H5) had notable but unfavorable effects. These findings give stakeholders a thorough grasp of the forces influencing customer behavior in the car industry and point out areas for strategic improvement.

5.2. CONCLUSION

The study's conclusions offer a thorough grasp of the variables affecting Addis Ababa residents' decisions to buy automobiles. The findings demonstrate how psychological and financial factors interact to shape customer behavior and the importance of successfully addressing both tangible and intangible factors.

Brand image turned out to be a very favorable impact, demonstrating how important it is when making selections about what to buy. A strong brand image is a key factor in determining consumer preference since consumers connect it with dependability, trust, and long-term value. Given that decision-making is heavily influenced by emotional and psychological ties, brands that make an effort to cultivate a trustworthy reputation have a higher chance of drawing in and keeping consumers.

Long-term financial considerations are important, as seen by the confirmation of vehicle resale value as a critical component. Vehicles that promise reduced depreciation rates and higher financial returns over time are given priority by Addis Ababa buyers. This preference demonstrates how consumers are drawn to investments that strike a balance between upfront expenses and long-term gains.

Purchase decisions, on the other hand, were significantly impacted negatively by elements like broker influence, high pricing, and operating costs. Because of market manipulation and false information, broker influence in particular has been linked to mistrust, which erodes consumer confidence. Similar to this, outrageous prices and operating expenses turn off potential customers, highlighting how sensitive consumers are to affordability and cost-effectiveness.

The regression model's statistically significant predictors and R-squared value of 87.9% showed its excellent efficacy. This demonstrates how well the analysis was done and how well the variables that were found captured the main factors that influence decisions to buy. These results support the model's robustness as a basis for calculated interventions.

The research also offers important insights into the Addis Ababa car market, showing that a combination of social, psychological, and economic factors influence it. Customers in this industry are picky and frugal, impacted by automobiles' practical features as well as the sentimental bonds they create.

This study's overall findings emphasize the necessity of tackling consumer demands holistically. Affordability and cost-effectiveness are still crucial, but building trust through a company's

reputation and distinct value propositions can boost customer confidence and influence purchases. These observations provide insightful advice to researchers, sellers, and legislators on how to create tactics that suit the demands of consumers and the dynamics of the market.

5.3. RECOMMENDATIONS

For Automobile Sellers:

✓ Enhance Brand Trust and Image:

Make consistent marketing and branding investments to emphasize dependability, excellence, and client happiness.

Present client endorsements and success stories to establish a deep emotional bond with prospective customers.

✓ Promote Resale Value:

Offer guarantees or certifications for automobiles that ensure long-term performance and excellent resale value.

Educate consumers on the financial benefits of investing in automobiles with reduced depreciation rates.

✓ Flexible Pricing and Payment Options:

Create competitive pricing tactics that include trade-in possibilities, installment arrangements, and discounts.

Target middle- and upper-class consumers by matching price strategies to their finances

For Policymakers:

✓ Regulate Broker Activities:

Implement regulations to guarantee openness in broker transactions, minimizing false information and price manipulation.

To standardize industry procedures, brokers should be subject to license or certification criteria.

✓ Incentivize Eco-Friendly Vehicles:

Offer financial incentives or tax breaks for cars that use less gasoline and are more ecologically friendly.

Promote the automotive industry's adoption of sustainable practices that are in line with international environmental objectives.

For Future Research:

✓ Incorporate Additional Variables:

Examine how safety features, after-sales service quality, and technology developments affect consumer choices.

Examine how consumer preferences are affected by fuel efficiency and environmental awareness.

✓ Conduct Longitudinal Studies:

Examine how customer preferences change over time in order to more accurately forecast market trends.

Examine how well sellers' and policymakers' tactics work over the long run to enhance market dynamics.

Stakeholders in the Addis Ababa auto industry can improve consumer satisfaction, build trust, and establish a more effective and transparent marketplace by putting these suggestions into practice.

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Appendix 1: Questionnaire

Online Questionnaire link: <https://forms.gle/KFvozdB3ZU7QDos89>

Addis Ababa University
Faculty of Business and Economics
Masters of Arts in Business Administration

Dear respondents

Thank you for agreeing to take part in conducting the research: Title “Factors influencing customers' purchasing decisions in the case of Addis Ababa automobile buyers” I am Samuel Dagne, currently pursuing my master's in Business Administration at Addis Ababa University Faculty of Business and Economics. I assure you that your information will be used only for academic research purposes and the confidentiality of your response is 100% granted, I kindly request you to answer the entire questions provided below believing that the quality of this research finding highly depends on your honest and accurate information.

Thank you again for your generous time!

Samuel Dagne

Email:samueldagne41@gmail.com

Do you engage in Automobile purchase recently (2021-present)?

Yes

No

If you have answered ‘No’ for the question, this is the end of the questionnaire for you. Once again thanks for your support!

Part I – Background Information

This section collects basic information of the respondent. Please specify the choice that belong to you below, please tick (X) in the box provided

1. Gender

Male

Female

2. Age

18-30 31-43 44-56 Above 56

3. Education level

8th-12th Certificate/Diploma BSc/BA
MSc/MA Above

4. Occupation

Self – Employed Private organization Government Organization
NGO and International Co other

5. Income per a Month

Below 10000 10000-20,000 20,001-30,000 30,001-40,000
Above 40,000

Part II: Question Directly Related With the Study

For the next questions Please indicate the extent to which your level of agreement or disagreement aligns with the following statement. You are kindly requested to put “√”

or

“X” mark on the box which represents your degree of agreement.

1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree,

No	Factors influencing customers' automobile purchasing decisions	Levels of Agreement				
1	Brand image	Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly agree (5)

1	I consider the reputation of the automobile brand before making a purchase decision.					
2	I am more likely to buy automobile from a brand that is well-known in the market.					
3	A strong brand image increases my trust in the quality of the automobile.					
4	I prefer to buy from brands that have positive reviews from other customers.					
5	I perceive automobile from well-established brands to be more reliable than others.					

No	Factors influencing customers' automobile purchasing decisions	Levels of Agreement				
		Strongly dis-agree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly agree (5)
2	Brokers Influence					
1	Recommendations from brokers influence my automobile purchase decision.					
2	I believe brokers provide trustworthy advice when choosing a vehicle.					

3	Brokers often simplify the vehicle selection process for me.					
4	I rely on brokers to help me negotiate better prices when buying a vehicle.					
5	Brokers help me identify vehicles that meet my preferences.					

No	Factors influencing customers' automobile purchasing decisions	Levels of Agreement				
3	Vehicle Resale Value	Strongly dis-agree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly agree (5)
1	My decision to buy a vehicle is influenced by its demand in the used car market.					
2	I research market trends to predict the future resale value of vehicles.					
3	A vehicle with higher resale value is more attractive to me as a buyer.					

4	The potential resale value influences my willingness to pay extra for a vehicle.					
5	I am willing to compromise on features for a vehicle with better resale potential.					

No	Factors influencing customers' automobile purchasing decisions	Levels of Agreement				
		Strongly dis-agree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly agree (5)
4	Price					
1	The price of the automobile significantly impacts my purchasing decision.					
2	I compare prices from multiple sellers before making a purchase decision.					
3	I prefer vehicles that offer good value for money.					
4	I avoid vehicles that are priced beyond my financial capability.					
5	Discounts and price adjustment significantly influence my decision to buy automobile.					

No	Factors influencing customers' automobile purchasing decisions	Levels of Agreement				
5	operating costs	Strongly dis-agree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly agree (5)
1	I consider long-term operating costs before purchasing a automobile.					
2	I consider fuel efficiency as a key factor in my automobile purchase decision.					
3	Maintenance costs strongly influence my decision to buy automobile					
4	I prefer vehicles with lower insurance premiums.					
5	Vehicles with high operating costs discourage me from buying them.					

Part III: Items relate to Dependent variable

No	Dependent variable	Levels of Agreement				
	Purchasing Decision	Strongly dis-agree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly agree (5)
1	My purchasing decision is strongly influenced by my					

	personal satisfaction with the overall buying process.					
2	I prioritize cars that align with my lifestyle and daily needs when making a purchase.					
3	I believe that making an informed decision when purchasing a car is more important than acting quickly.					
4	I rely on past experiences with cars when making my purchasing decisions.					
5	I take significant time to evaluate my options before making an automobile purchase.					

Thank you sincerely for taking the time to provide such valuable information. I deeply appreciate it, and may God bless you