



**SCHOOL OF COMMERCE
DEPARTMENT OF MARKETING MANAGEMENT
POST GRADUATE PROGRAM**

Determinants of Vehicles Buying Decision: in case of Addis Ababa

By: Cheru Jima

Advisor: Getie Andualem (PhD)

*A Thesis Submitted in Partial Fulfilment of the Requirements for
the Award of Master of Art in Marketing Management.*

**June, 2018
Addis Ababa, Ethiopia**

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Approval/Certificate

ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE
GRADUATE STUDIES

DEPARTMENT OF MARKETING MANAGEMENT

This is to certify that, the thesis worked by Cheru Jima, entitled: *“Determinants of Vehicles Buying Decision in Addis Ababa”* was carried out under strict supervision and has been approved for submission to the Addis Ababa University School of Commerce Graduate Studies Department Of Marketing Management in Partial Fulfilment of the Requirements for the Award of Master of Art in Marketing Management assembles with the regulation of university and meets the accepted standards with respect to originality and quality.

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Letter of Declaration

I, the signer, declares that this thesis entitled as “*Determinants of Vehicles Buying Decision in Addis Ababa, Ethiopia*” is my original work and has not been presented for a degree in any other university and that all the sources of material used for the thesis have been duly acknowledged.

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Acknowledgement

First and foremost, I would like to express my deepest gratitude to the almighty God for his blessing and for making me accomplish this success. Secondly, I would like to forward special gratitude and appreciation to my advisor, Getie Andualem (PhD) for his precious comments and suggestions during the progress of this study. Then, my gratitude go to all the participants of this study who gave their time and provided their valuable information. Finally, I am very grateful for my family who has been supporting me in every step of my life. Moreover, my heartfelt thanks go to everyone that has contributed to this thesis directly or indirectly.

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Cheru Jima

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Addis Ababa, Ethiopia

Abstract

Understanding the consumer behavior, what factors affect buying behavior and how buyers make a purchase decision helps to market the goods or services successfully. The main objective of this paper was to investigate determinants of vehicles buying decision. The hypothesis that consists of five independent variables and one dependent variable was developed in parallel with research questions and research objectives. The representatives of the study were taken from Addis Ababa using quota and convenience sampling. A total of 390 questionnaires were distributed to sub cities found in Addis Ababa and 378 were returned. But, 371 were valid and used for statistical analysis. Due to the nature of study undertaken, explanatory research design was used. Based on the exploration from theoretical and empirical review, private automobile owners were found to be purchase their Vehicles influenced by multiple factors. There were a positive and significant effect relationship between Price and vehicle buying decision with effect of ($\beta=0.342$) followed by brand of the car (with effect of $\beta=0.244$), and social factor (with effect of $\beta=0.211$). Conversely, there were no significant relationship between two variables that are cost of ownership ($\beta=0.072$) and feature of the car ($\beta=0.057$) and vehicle decision making. Expect p-value of feature of the car and cost of ownership, all the factors were significant with p-value less than $p=0.05$ but the p-value of feature of the car and cost of ownership were not less than the common alpha level of 0.05, which indicates that, statistically not significant. The regression analysis for this study specified that the independent variables are predictors of buying decision which is confirmed by R square 0.499. The factors predict the value of vehicles decision making by 50%. Price of the car, brand of the car and external factors were variables that highly considered by vehicle buyers during purchase decision making. The study revealed that cost of ownership and feature of the car are insignificant and don't considered by buyers.

Keywords; Cost of ownership, Brand, Price, Feature, Social factors and Vehicle buying decision.

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Chapter One

Introduction

This chapter deals with background of the study, the basic statements of the problem, objectives of the study, research hypothesis, significance of the study, limitation of the study, and organization of the thesis.

1.1 Background of the study

Understanding the consumer behaviour helps to market the products or services successfully. Consumer behaviour is important for any organization. If the organization failed to analysis how a customer will behave, the company will face losses. Consumer behaviour is very complex because each consumer has different mind and attitude towards purchase, consumption and disposal of product (Solomon, 2009). When Companies understand a consumer, they can speak directly to him and his needs. This special communication not only increases the consumer's ability to understand the value in Firms' product, but it also increases sales. Consumers buy what they understand and what they see value in (Lake, 2009).

Consumer behavior is the behavior that the consumers display in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs. It focuses on how individual makes decisions to spend their available resource (time, money, and effort) on consumption related items (Schieffman and Kanuk 2009).

According to Wilson and Gilligan (2005) there are eight questions which support any understanding of buyer behaviour:

- ❖ Who is in the market and what is the extent of their power with regard to the organization?
- ❖ What do they buy?
- ❖ Why do they buy?
- ❖ Who is involved in the buying?
- ❖ How do they buy?
- ❖ When do they buy?
- ❖ Where do they buy?

Based on the above definitions given by different authors, consumer behaviour is very important for any firms.

While buying a specific product, particularly in high involvement type of purchase, consumers pass through five stages.

- ❖ A consumer becomes aware of a need. This need is triggered either internally or externally.
- ❖ After the need is identified, the consumer goes through a process to search for solutions that will fulfil that need. This search involves identifying criteria that's important to his/her. Then she/he begins to search for a location where can find the solution.
- ❖ The consumers evaluate the alternatives or options. They take the information collected in Step 2 and process that information in order to evaluate the options and arrive at a decision.
- ❖ The consumer makes the purchase based on the information processed in Step 3. In this step, the consumer determines where to purchase and how to purchase as well as when should purchase.
- ❖ The consumer evaluates the purchase (Lake 2009).

At these stages, the consumer decision making process influenced by different factors. Consumers can make a buying decision based on others word of mouth, TV advertisement, the quality of product, and other marketing mix. According to Kotler (2012) consumer's buying behavior is influenced by cultural, social, and personal factors.

According to Schiller and Pillay (2015), Ethiopia has the lowest motorization rate globally, with only two cars per 1000 inhabitants in 2015. Sales of new vehicles per annual in 2015 were 18000 in Ethiopia. Out of this, only 15% were new vehicles and the rest (85%) were second hand Vehicles.

The current transportation problem in Addis Ababa is at its hot point, and the problem is increasing by the day. For the city's 3.7 million people, getting around is challenging. In addition to road infrastructure, one of the major factors contributing to the problem is the imbalance between the limited amount of service providers and the ever growing number of community.

1.2 Statement of the problem

The decision of buying a car is a high involvement decision making. It is characterized by high value of the product; a lot of risk associated with and may bought once in a life time or few times in a life time. To minimize the risk related with, buyers of such product make a decision carefully. For instance, in car buyers can look for speed, economy, comfort, style, space, maintenance etc.

It is observed that in Ethiopia, buyers are considering limited models and second-hand car is highly control the automobile industry. Considering limited model can sightless consumers to alternative vehicles that may be better for their needs or make them satisfy if buying decision made critically. To determine which vehicle is best, consumers should set emotion aside and focus on doing their homework, comparing different models, and assessing their real wants and needs.

Schiller and Pillay (2015) nowadays, vehicles are offering a range of advanced safety features. But many buyers don't know which features are most important and/or what to look for when comparing vehicles. It is estimated that 18,000 vehicles are brought into the Ethiopia's automobile market each year. The majority of these are second-hand vehicles. Each year, 2,000 new Toyotas and between 5,000 and 7,000 used Toyotas are imported. Clearly, Toyota controls approximately 65% of the total market (new and second-hand) due to its reputation as being reliable and inexpensive to maintain (Schiller and Pillay, 2015). From this, it is possible to observe that Ethiopian buyers are attractive towards Toyota brands. Theoretically, activities like extensive information search, evaluation of alternatives based on different features of the car, safety features, after sales service, examination of the car as far as the market is dominated by second hand are very essential. When buying a used car, condition is everything.

The Ethiopian automobile market is growing. It requires the automotive manufacturers and car dealers to understand the consumers' preference on time, factors determine buying decision and take fast action to reflect market changes quickly. So, it is very attentive to know consumers' preference and factors affect buying behavior in today's fast changing car market and how the consumers' buying process is (what is the critical elements of making their buying decision are and how do they respond to the process). It also helps consumers to know the most

important factors to be considered when making a buying decision of vehicle. It is observed from different media programs (for example Automotive Journal), there are several individuals who are not satisfied with their post purchase stage in Ethiopian context.

Therefore, this research work was undertaken against the above background and explores the factors that have strong association with consumer buying behaviour in case of Addis Ababa.

1.3 Research Questions

1.3.1 Basic Research Question

What are the key factors determine vehicles buying decision?

1.3.2 Specific Research Questions

- ✓ What is the relationship between price of the car and vehicles buying decision?
- ✓ What is the relationship between brand of the car and vehicles buying decision?
- ✓ What is the relationship between cost of ownership and vehicles buying decision?
- ✓ What is the relationship between external factors and vehicles buying decision?
- ✓ What is the relationship between features of the car and vehicles buying decision?

1.4 Objectives of the Study

1.4.1 General Objective of the Study

The main objective of this study was to examine the key determinants of consumers' vehicle buying decision based on primary collected records of Addis Ababa, Ethiopia.

1.4.2 Specific Objectives of the Study

In the light of this major objective, the specific objectives of the study were:

- ✓ To investigate the relationship between price of the car and vehicles buying decision
- ✓ To examine the relationship between brand of the car and vehicles buying decision
- ✓ To ascertain the relationship between cost of ownership and vehicles buying decision.
- ✓ To observe the relationship between social factors and vehicles buying decision
- ✓ To explore the relationship between feature of the car and vehicles buying decision

1.5 Research Hypothesis

H₁ There is a positive and significant relationship between price of the car and vehicles buying decision.

H₂ There is a positive and significant relationship between brand of the car and vehicles buying decision.

H₃ There is a positive and significant relationship between cost of ownership and vehicles buying decision.

H₄ There is a positive and significant relationship between social factors and vehicles buying decision.

H₅ There is a positive and significant relationship between features of the car and vehicles buying decision.

1.6 Definitions of Key Terms

Total Cost of ownership (TCO) is an estimate of the total cost to own a car for a five-year period. It includes all the expenses spent on fuel, insurance, maintenance, repairs, service, interest on loan payments and the losses incurred due to depreciation of the car at the end of the same period (Mahindra Vehicles).

Price is the total amount that being exchange by the customer to obtain a benefit of the product or service owning (Kotler and Armstrong, 2011).

Social Factors: factors like social influence (working partners, family pressure and peer pressure) and to show status

Brand: a name, term, design, symbol or any other feature that identifies one seller's good or service as distinct from those of other sellers (American Marketing Association).

Buying decision: Buying decision process is a series of choices made by a consumer prior to making a purchase that begins once the consumer has established a willingness to buy. The consumer must then decide where to make the purchase, what brand, model, or size to purchase, when to make the purchase, how much to spend, and what method of payment will be used (Dictionary of marketing terms from all business.com).

1.7 Significance of the Study

The study was offer various benefits for different stakeholders.

- ❖ It helps those companies participating in automobile industry through identifying the key determinants of consumers' buying decision. Based on this, they can develop a marketing strategy that enables them to satisfy their customers and compete with in the industry.
- ❖ The study enables the researcher to develop a research skill on the marketing area.
- ❖ It helps as a reference for further study who is interested in conducting the study in the area

Therefore, this study was designed to identify factors that determine buying decision of consumers as a case study based on a household survey at Addis Ababa.

1.8 Scope of the Study

To manage this research, scope of the study was delimited to determinants of buying decision of consumers' when purchasing automobile.

The study was conducted in Addis Ababa, the capital of Ethiopia. The area is located at 8⁰ 55' and 9⁰ 05' North latitude and 38⁰ 40' and 38⁰ 05' East longitude (CSA, 2008), with elevation of 2355 meters above sea level. Addis Ababa city has an estimated population over 3 million (3,103,999) of which 1, 479,000 (47.65%) are men and 1, 624,999 (52.35%) are women. Addis Ababa, selected purposively due to the city is a center where most of the car are bought and used.

The Study conducted by gathering information from respondents who's their age is greater than 18 years. According to Ethiopian driving license rule, any person applying for motorcycle or automobile driver's qualification license shall have attained the age of not less than 18 years (Federal Negarit Gazeta, Proclamation No. 600/2008).

1.9 Organization of the Paper

The study organized in five chapters.

Chapter one covers Background of the Study, Statement of the Problem, Basic Research Questions, Objectives of the study, hypotheses of the study, operational definitions, Significance of the study, and Delimitation/scope of the study.

Chapter two deals with the literature review: review of related literature, review of empirical literature and conceptual Framework

Chapter three describes the design of the research; Population and sampling techniques, Sources and instruments of data collection, Procedures of Data Collection, Methods of Data analysis, Reliability and Validity

Chapter four presents results/findings of the study and interpret and/or discuss the findings.

Finally, chapter five summarizes the findings, shows conclusions and recommendations.

Chapter Two

Review of Related Literature

2.1) Introduction

This chapters deals with theoretical review, empirical review and conceptual framework of the study.

Theoretical review of the research: This part is deals with definition of concepts on consumer decision making, factors or determinants of consumer decision making, model of consumer decision making, levels of consumers decision making, Decision making process and types of Buying Behavior

Empirical review of the research: it summarizes major research findings in relation to the research area.

Conceptual framework: based on the literature review part of theoretical and empirical review, it shows the nature of relationships between research variables.

2.2: Theoretical review

2.2.1: Definition of Consumer Behavior

Consumers

Consumers are individuals and households that buy the firms product for personal consumption (Sata, 2013). Khan (2006) Consumer generally refers to any one engaging in any one or all the activities stated in our definition. The traditional viewpoint was to define consumers strictly in terms of economic goods and services and purchasers of products offered for sale. The view now has been broadened. It now also holds that monetary change is not essential for the definition of consumers. Few potential adopters of free services, or even philosophic ideas can be encompassed by this definition.

Consumer behavior

The field of consumer behavior is rooted in a marketing concept. Consumer behavior is much more than buying things, it also embraces the study about how having or not having things affect our lives, and how one possessions influences the way we feel about ourselves and about

each other-our state of being (Naresh K. Malhotra, 2007). The field of consumer behavior is the study of individuals, groups, or organizations and the processes they use to select, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on consumer and society (Delbert Hawkins, 2010). According to (Lake, 2009), Consumer behavior represents the study of individuals and the activities that take place to satisfy their realized needs. Consumer behaviour can be defined as the decision-making process and physical activity involved in acquiring, evaluating, using and disposing of goods and services (khan, 2010). (Kottler & Keller, 2012) Consumer behavior is the study of how individuals, groups, and organizations select, buy, use, and dispose of goods, services, ideas, or experiences to satisfy their needs and wants. Consumer behavior reflects the totality of consumers' decisions with respect to the acquisition, consumption, and disposition of goods, services, activities, experiences, people, and ideas by (human) decision-making units over time (Hoyer & Macinnis, 2010).

Consumers purchasing behavior

Consumer purchasing behavior refers to the buying behavior of the ultimate consumer.

Consumer buying behavior is the sum total of a consumer's attitudes, preferences, intentions and decisions regarding the consumer's behavior in the marketplace when purchasing a product or service (Rani, 2014).

A process of buying starts in the minds of the consumer, which leads to the finding of alternatives between products that can be acquired with their relative advantages and disadvantages.

From the above discussion of consumer behaviour definition given by different Authors, Consumer behaviour starts from how individuals identify needs, how they make decision, factors affecting buying decision, behaviours that consumers show after consumption of the product and how they give feedback related to the product consumed. The heart of Consumer buyer behavior is the buying behavior of final consumers' individuals and households that buy goods and services for personal consumption.

2.2.2. Model of Consumer Behavior

Consumers make many buying decisions every day. The study of consumer buying decisions helps firms to answer questions about what consumers buy, where they buy, how and how much they buy, when they buy, and why they buy.

According to Kotler & Armstrong (2014), the central question for marketers is: How do consumers respond to various marketing efforts the company might use. The starting point is the stimulus response model of buyer behavior shown in Figure 2.1. This figure shows that marketing and other stimuli enter the consumer's "black box" and produce certain responses. Marketers must figure out what is in the buyer's black box. Marketing stimuli consist of the Four Ps: product, price, place, and promotion. Other stimuli include major forces and events in the buyer's environment: economic, technological, political, and cultural. All these inputs enter the buyer's black box, where they are turned into a set of observable buyer responses: product choice, brand choice, dealer choice, purchase timing, and purchase amount. The marketer wants to understand how the stimuli are changed into responses inside the consumer's black box, which has two parts. First, the buyer's characteristics influence how he or she perceives and reacts to the stimuli. Second, the buyer's decision process itself affects the buyer's behavior.

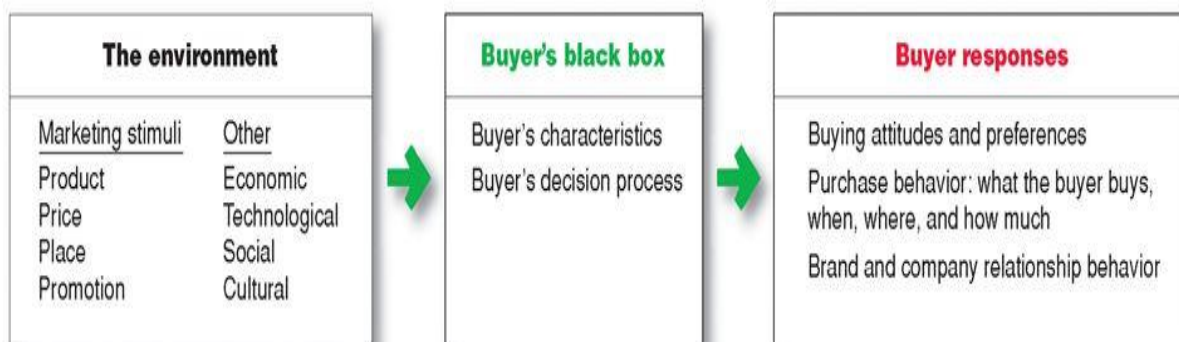


Figure 2.1: Model of Consumer Behavior. (Kotler & Armstrong 2014, 158)

2.2.3. Levels of Consumer Decision Making

Extensive Problem Solving:

It is related with a lot of information needed, must establish a set of criteria for evaluation, a search by the consumer to establish the necessary product criteria and to evaluate knowledgeably the most suitable product to fulfill a need (Schiffman, Kanuk and Wisenblit, 2010).

Limited Problem Solving:

This is characterized by Criteria for evaluation established, Fine tuning with additional information and a limited search by a consumer for a product that will satisfy his or her basic criteria from among a selected group of brands (Schiffman, Kanuk and Wisenblit, 2010).

Routinized Response Behavior.

According to this level, usually consumers review what they already know about the product and service.

2. 2.4 Models of Consumers: Four Views of Consumer Decision Making

An Economic View:

According to this model, Rational Customers have to be aware of all available product alternatives and to be capable of correctly ranking each alternative in terms of its benefits and disadvantages (Schiffman, Kanuk and Wisenblit, 2010).

A Passive View:

It is opposite to rational economic view of consumers. It represents the consumer as basically submissive to the self-serving interest and promotional efforts of marketers. Consumers are perceived as impulsive and irrational purchasers. The principal limitation of the passive model is that it fails to recognize that the consumer plays an equal, if not dominant, role in many buying situations (Schiffman, Kanuk and Wisenblit, 2010).

A Cognitive View:

It portrays the consumer as a thinking problem solver. Consumers are pictured as actively searching for products and services that fulfill their needs and enrich their lives. The cognitive view focuses on the process by which consumer seek and evaluate information about selected brands. Consumers are viewed as information processors. Information processing leads to formation of preferences and purchase decision (Schiffman, Kanuk and Wisenblit, 2010).

An Emotional View:

Consumers associate deep feelings or emotions with certain purchases. These feelings and emotions are likely to be highly involving. When a consumer makes what is basically an emotional purchase decision, less emphasis is placed on the search for pre-purchase information. More emphasis is placed on current mood & feelings (Schiffman, Kanuk and Wisenblit, 2010)

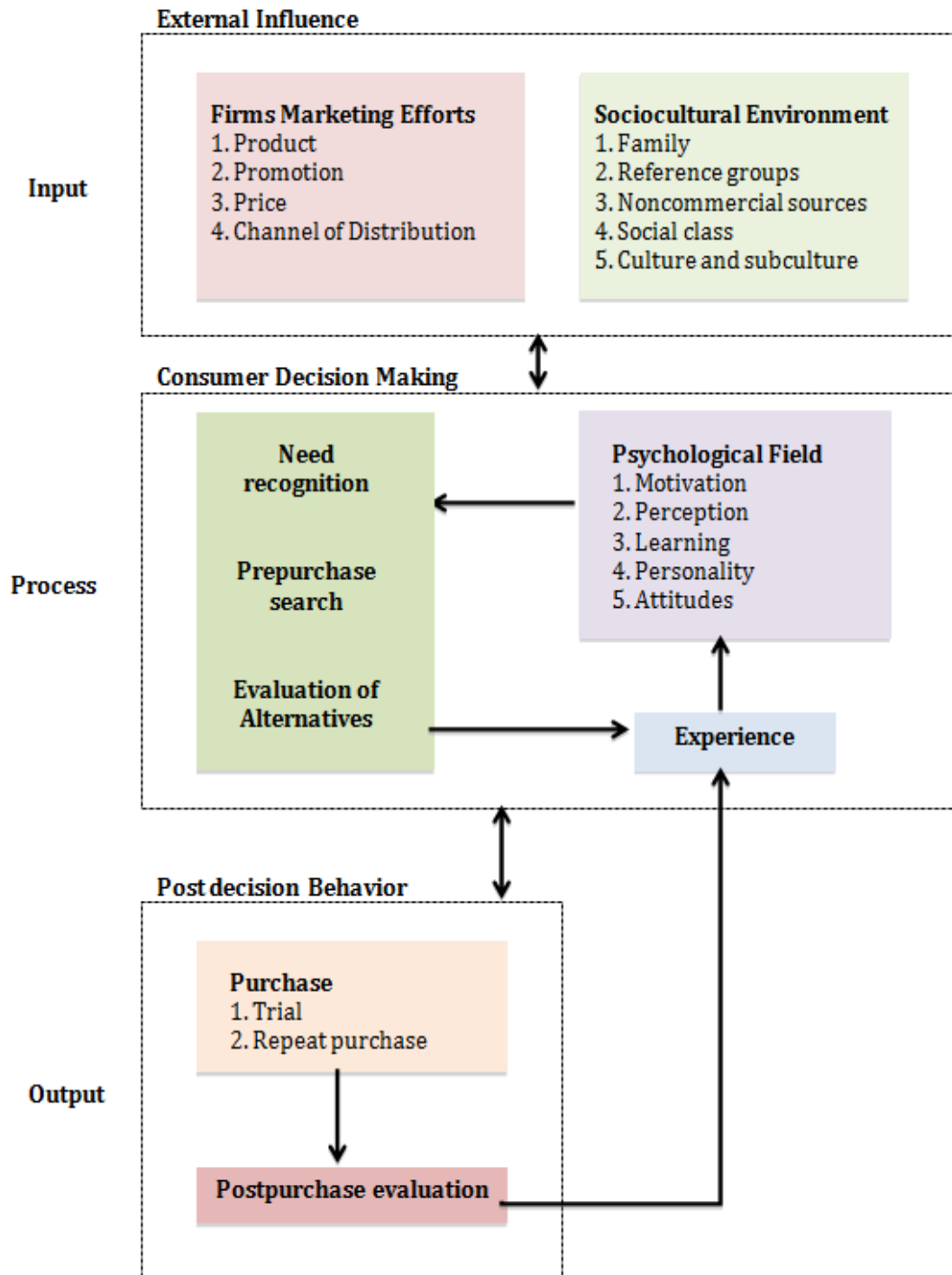


Figure 2.2: Consumer Decision Making Model (Schiffman, Kanuk and Wisenblit, 2010, p75)

2.2.5 Factors Affect Consumer Behavior

Input

External influences that serves as sources of information about a product and influence a consumer product-related values, attitudes and behaviour. Input factors are marketing mix activities and non-marketing socio-cultural influences.

Marketing Inputs

These inputs are related with specific marketing mix strategies that consist of product itself, mass media, direct marketing, personal selling and other promotional efforts, pricing policy and the selection of distribution channels (Schiffman, Kanuk and Wisenblit, 2010).

Non-Marketing Mix Inputs

A consumer's buying behavior is influenced by cultural, social, and personal factors. Of these, cultural factors exert the broadest and deepest influence.

Cultural Factors

According to Kotler & Armstrong (2014), Culture, subculture, and social class are particularly important the cultural factors that influence consumer buying behavior.

Culture is the set of basic values, perceptions, wants, and behaviors learned by a member of society from family and other important institutions.

Subcultures a group of people with shared value systems based on common life experiences and situations. Sub-culture includes nationalities, religions, racial groups, and geographic regions.

Social class is relatively permanent and ordered divisions in a society whose members share similar values, interests, and behaviors. Social class members may categorized (lower, upper, middle class,) upper uppers.) Show distinct product and brand preferences in many areas, including clothing, home furnishings, leisure activities, and automobiles.

Social Factors Influencing Buyer Behavior

Consumer's behavior is influenced by such social factors as reference groups, family, and social roles and statuses.

Reference Groups

Reference groups consist of all of the groups that have a direct (face-to-face) or indirect influence on a person's attitudes or behavior. Groups that have a direct influence on a person are called membership groups. Some primary membership groups are family, friends, neighbors, and co-workers, with whom individuals interact fairly continuously and informally. Secondary groups, such as professional and trade-union groups, tend to be more formal and require less continuous interaction (Kotler, 2001).

The family of orientation consists of one's parents and siblings. From parents, a person acquires an orientation toward religion, politics, and economics as well as a sense of personal ambition, self-worth, and love. A more direct influence on the everyday buying behavior of adults is the family of procreation namely, one's spouse and children.

Roles and Status. A person participates in many groups, such as family, clubs, or organizations. The person's position in each group can be defined in terms of role and status. A role consists of the activities that a person is expected to perform. Each role carries a status (Kotler & Armstrong, 2014).

Personal Factors Influencing Buyer Behavior

A buyer's decisions also are influenced by personal characteristics such as the buyer's age and life-cycle stage, occupation, economic situation, lifestyle, and personality and self-concept.

Age and life-cycle stage

People change the goods and services they buy over their life time. Tastes in food, clothes, furniture, and recreation are often age related. Buying is also shaped by the stage of the family life cycle-the stages through which families might pass as they mature over time. Marketers often define their target markets in terms of life-cycle stage and develop appropriate products and marketing plans for each stage (Kotler & Armstrong, 2014).

Determinants of Vehicles Buying Decision

Occupation

A person's occupation affects the goods and services bought: Blue-collar workers tend to buy more rugged work clothes, whereas executives buy more business suits. Marketers try to identify the occupational groups that have an above-average interest in their products and services. A company can even specialize in making products needed by a given occupational group.

Economic Situation

A person's economic situation will affect product choice. Marketers of income-sensitive goods watch trends in personal income, savings, and interest rates. If economic indicators point to a recession, marketers can take steps to redesign, reposition, and reprice their products closely. Some marketers target consumers who have lots of money and resources, charging prices to match (Kotler, 2001).

Lifestyle

People from the same subculture, social class, and occupation may actually lead quite different lifestyles. A lifestyle is the person's pattern of living in the world as expressed in activities, interests, and opinions. Lifestyle portrays the "whole person" interacting with his or her environment (Kotler & Armstrong, 2008).

Personality refers to the unique psychological characteristics that lead to relatively consistent and lasting responses to one's own environment. Personality is usually described in terms of traits such as self-confidence, dominance, sociability, autonomy, defensiveness, adaptability, and aggressiveness. Personality can be useful in analyzing consumer behavior for certain product or brand choices (Kotler & Armstrong, 2008).

Psychological Factors Influencing Buyer Behavior

In general, a person's buying choices are influenced by the psychological factors of motivation, perception, learning, beliefs, and attitudes.

Motivation

A person has many needs at any given time. Some needs are biogenic; they arise from physiological states of tension such as hunger, thirst, discomfort. Other needs are psychogenic; they arise from psychological states of tension such as the need for recognition, esteem, or belonging. A need becomes a motive when it is aroused to a sufficient level of intensity. A motive is a need that is sufficiently pressing to drive the person to act.

There are three of the best known that carry different implications for consumer analysis and marketing strategy (Kotler & Armstrong, 2015).

Sigmund Freud assumed that the psychological forces shaping people's behavior are largely unconscious, and that a person cannot fully understand his or her own motivations. A technique called laddering can be used to trace a person's motivations from the stated instrumental ones to the more terminal ones. Then the marketer can decide at what level to develop the message and appeal. In line with Freud's theory, consumers react not only to the stated capabilities of specific brands, but also to other, less conscious cues. Successful marketers are therefore mindful that shape, size, weight, material, color, and brand name can all trigger certain associations and emotions.

Maslow's theory. Abraham Maslow sought to explain why people are driven by particular needs at particular times. His theory is that human needs are arranged in a hierarchy, from the most to the least pressing. In order of importance, these five categories are physiological, safety, social, esteem, and self-actualization needs. A consumer will try to satisfy the most important need first; when that need is satisfied, the person will try to satisfy the next-most pressing need. Maslow's theory helps marketers understand how various products fit into the plans, goals, and lives of consumers (Kotler, 2001).

Herzberg's theory. Frederick Herzberg developed a two-factor theory that distinguishes dissatisfiers (factors that cause dissatisfaction) from satisfiers (factors that cause satisfaction). The absence of dissatisfiers is not enough; satisfiers must be actively present to motivate a purchase. For example, a computer that comes without a warranty would be a dissatisfier. Yet the presence of a product warranty would not act as a satisfier or motivator of a purchase, because it is not a source of intrinsic satisfaction with the computer. Ease of use would,

however, be a satisfier for a computer buyer. In line with this theory, marketers should avoid dis satisfiers that might un-sell their products. They should also identify and supply the major satisfiers or motivators of purchase, because these satisfiers determine which brand consumers will buy (Kotler, 2001).

Perception

A motivated person is ready to act. How the person acts is influenced by his or her own perception of the situation. All of us learn by the flow of information through our five senses: sight, hearing, smell, touch, and taste. Perception is the process by which people select, organize, and interpret information to form a meaningful picture of the world (Kotler & Armstrong, 2014).

Learning

When people act, they learn. Learning describes changes in an individual's behavior arising from experience. Learning theorists say that most human behavior is learned. Learning occurs through the interplay of drives, stimuli, cues, responses, and reinforcement (Kotler & Armstrong, 2014).

Beliefs and attitudes

Through doing and learning, people acquire beliefs and attitudes. These, in turn, influence their buying behavior. A belief is a descriptive thought that a person has about something. Beliefs may be based on real knowledge, opinion, or faith and may or may not carry an-emotional charge (Kotler & Armstrong, 2014).

People have attitudes regarding religion, politics, clothes, music, food, and almost everything else. Attitude describes a person's relatively consistent evaluations, feelings, and tendencies toward an object or idea (Kotler & Armstrong, 2014).

2.2.6: Types of Buying Behavior

	High Involvement	Low Involvement
Significant differences between brands	Complex Buying Behavior	Variety Seeking Behavior
Few differences between brands	Dissonance Reducing Buying Behavior	Habitual Buying Behavior

Figure 2.3 Types of Buying Behavior. Adopted from (Kotler 2001, 98)

Complex buying behavior applies when product is expensive, bought infrequently, risky, and self-expressive; buyer first develops beliefs about the product, then develops attitudes about it, and finally makes a thoughtful choice (Kotler, 2001).

Dissonance-reducing behavior applies when the product is expensive, bought infrequently, and risky; buyer shops around and buys fairly quickly, then later experiences dissonance but stays alert to information supporting the purchase decision (Kotler, 2001).

Variety-seeking buying behavior applies when buyer switches brands for the sake of variety rather than dissatisfaction; buyer has some beliefs about the product, chooses a brand with little evaluation, and evaluates the product during consumption (Kotler, 2001).

Habitual buying behavior applies when the product is low-cost and frequently purchased; buyers do not pass through normal sequence of belief, attitude, and behavior but instead make decisions based on brand familiarity (Kotler, 2001).

2.2.7 Decision making process

Assel H (2001) defined that Consumers evaluate brands in a detailed and comprehensive manner. More information is sought and more brands are evaluated. For a consumer engaging in complex decision making, there are 5 steps.

Problem recognition

Problem recognition is the perceived difference between an ideal and an actual state. This is a critical stage in the decision process because it motivates the consumer to action. The ideal state is the way that consumers would like a situation to be (having an excellent camera or wearing attractive clothing). The actual state is the real situation as consumers perceive it now. Problem recognition occurs if consumers become aware of a discrepancy between the actual state and the ideal state (“My camera is too old” or “My clothing is out of date”) (Hoyer & Macinnis, 2010).

Hawkins & Mothersbaugh (2010) define Problem recognition as the result of a discrepancy between a desired state and an actual state that is sufficient to arouse and activate the decision process. An actual state is the way an individual perceives his or her feelings and situation to be at the present time. A desired state is the way an individual wants to feel or be at the present time.

Solomon et al, (2006), Problem recognition occurs whenever the consumer sees a significant difference between his or her current state of affairs and some desired or ideal state. The consumer perceives there is a problem to be solved, which may be large or small, simple or complex. A person who unexpectedly runs out of petrol on the motorway has a problem, as does the person who becomes dissatisfied with the image of his or her car, even though there may be nothing mechanically wrong with it.

Kotler and Keller (2010), The buying process starts when the buyer recognizes a problem or need triggered by internal or external stimuli. With an internal stimulus, one of the person's normal needs hunger, thirst, sex rises to a threshold level and becomes a drive. A need can also be aroused by an external stimulus.

Information search

Schiffman et al (2010), stage in the consumer decision-making process in which the consumer perceives a need and actively seeks out information concerning products that will help satisfy that need. It is a stage in the consumer decision-making process in which the consumer appraises the benefits to be derived from each of the product alternatives being considered.

Information sources can be roughly broken down into two kinds: internal and external. As a result of prior experience and simply living in a consumer culture, each of us often has some degree of knowledge about many products already in our memory. When confronted with a purchase decision, we may engage in internal search by scanning our own memory bank to assemble information about different product alternatives. Usually, though, even the most market-aware of us needs to supplement this knowledge with external search, where information is obtained from advertisements, friends, or just plain people-watching.

According to Kottler and Keller, (2006) consumers often search for limited amounts of information. Major information sources to which consumers will turn fall into four groups:

- Personal. Family, friends, neighbors, acquaintances
- Commercial. Advertising, Web sites, salespersons, dealers, packaging, displays
- Public. Mass media, consumer-rating organizations
- Experiential. Handling, examining, using the product

Each source performs a different function in influencing the buying decision. Commercial sources normally perform an information function, whereas personal sources perform a legitimizing or evaluation function.

Evaluation of Alternatives

Schiffman & Kanuk (2010); when evaluating potential alternatives, consumers tend to use two types of information. Evoked set: list of brands or models from which they plan to make their selection. Criteria: the criteria they will use to evaluate the models.

The consumers evoked set is distinguished from his or her inept set which brands that a consumer excludes from purchase consideration because they are felt to be unacceptable or they are seen inferior. And from inert Set which consists of brands that a consumer is indifferent toward because they are perceived as having no particular advantage (Schiffman & Kanuk, 2010).

Issues in Alternative Evaluation:

- Evoked Set
- Criteria Used for Evaluating Brands
- Consumer Decision Rules
- Lifestyles as a Consumer Decision Strategy
- Incomplete Information and Non-comparable Alternatives
- Series of Decisions
- Decision Rules and Marketing Strategy
- Consumption Vision

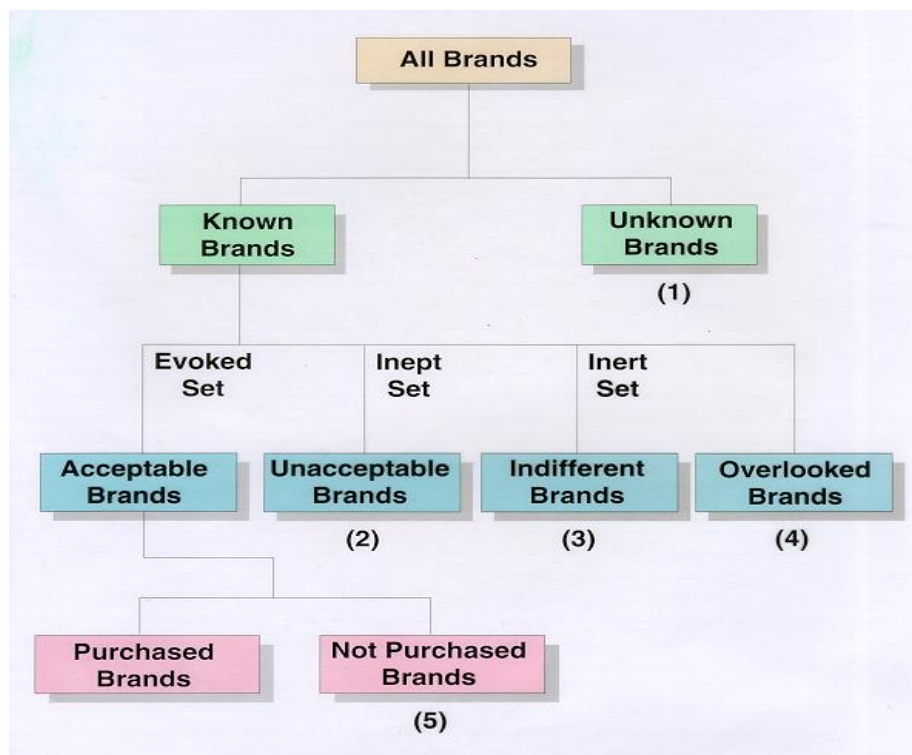


Figure 2.4 Brand Decision (Schiffman and Kanuk, 2010, pp. 370)

Solomon et al, (2006) How do consumers decide which criteria are important, and how do consumers narrow down product alternatives to an acceptable number and eventually choose one instead of the others. The answer varies depending upon the decision-making process used. A consumer engaged in extended problem-solving may carefully evaluate several brands, whereas someone making a habitual decision may not consider any alternatives to their normal brand. Furthermore, some evidence indicates that more extended processing occurs in situations in which negative emotions are aroused due to conflicts among the choices available. This is most likely to occur where difficult trade-offs are involved, as when a person must choose between the risks involved in undergoing a bypass operation versus the potential improvement in his or her life if the operation is successful.

Decision Rules

Strategies used by consumers to guide decision making. Some decision rules use product characteristics to guide decisions. And some decision rules rely on stored information in consumers' memories to guide decisions

- Compensatory
- Non-compensatory

Compensatory

Based on this rule, consumers select the best overall brand. Consumer evaluates brand options in terms of each relevant attribute and computes a weighted or summated score for each brand. The consumer chooses the brand with the highest score. A compensatory model because a positive score on one attribute can outweigh a negative score on another attribute (Schifam & Kanuk, 2010).

Non-compensatory Decision Rules

Conjunctive Decision Rule Consumer sets a minimum standard for each attribute and if a brand fails to pass any standard, it is dropped from consideration. Reduces a large consideration set to a manageable size. And often used in conjunction with another decision rule (Schifam & Kanuk, 2010).

Disjunctive Decision Rule Consumer sets a minimum acceptable standard as the cutoff point for each attribute. Any brand that exceeds the cutoff point is accepted. Reduces large

consideration set to a more manageable number of alternatives. Consumer may settle for the first satisfactory brand as final choice or may use another decision rule.

Lexicographic Decision Rule. The consumer ranks the attributes according to importance and then selects the brand that is superior on the most important attribute. If one brand ranks sufficiently high on just one attribute, it will be selected regardless of how it scores on other attributes (Schifam & Kanuk, 2010).

Purchase Decision

Assel (2001) No Purchase decision may occur. The consumer might be made delay to purchase or not to buy due to different constraints (word of mouth, price, product availability and others). Michael and Belch, (2006) at some point in the buying process, the consumer must stop searching for and evaluating information about alternative brands in the evoked set and make a purchase decision. As an outcome of the alternative evaluation stage, the consumer may develop a purchase intention or predisposition to buy a certain brand. Purchase intentions are generally based on a matching of purchase motives with attributes or characteristics of brands under consideration.

A purchase decision is not the same as an actual purchase. Once a consumer chooses which brand to buy, he or she must still implement the decision and make the actual purchase. Additional decisions may be needed, such as when to buy, where to buy, and how much money to spend. Often, there is a time delay between the formation of a purchase intention or decision and the actual purchase, particularly for highly involved and complex purchases such as automobiles, personal computers, and consumer durables (Michael and Belch, 2006).

For non-durable products, which include many low-involvement items such as consumer package goods, the time between the decision and the actual purchase may be short. Before leaving home, the consumer may make a shopping list that includes specific brand names because the consumer has developed brand loyalty a preference for a particular brand that results in its repeated purchase. Marketers strive to develop and maintain brand loyalty among consumers. They use reminder advertising to keep their brand names in front of consumers, maintain prominent shelf positions and displays in stores, and run periodic promotions to deter consumers from switching brands (Michael and Belch, 2006).

Post purchase Evaluation

(Michael and Belch, 2006), the consumer decision process does not end with the purchase. After using the product or service, the consumer compares the level of performance with expectations and is either satisfied or dissatisfied. Satisfaction occurs when the consumer's expectations are either met or exceeded; dissatisfaction results when performance is below expectations. The post purchase evaluation process is important because the feedback acquired from actual use of a product will influence the likelihood of future purchases. Positive performance means the brand is retained in the evoked set and increases the likelihood it will be purchased again. Unfavorable outcomes may lead the consumer to form negative attitudes toward the brand, lessening the likelihood it will be purchased again or even eliminating it from the consumer's evoked set.

Another possible outcome of purchase is cognitive dissonance, a feeling of psychological tension or post-purchase doubt that a consumer experiences after making a difficult purchase choice. Dissonance is more likely to occur in important decisions where the consumer must choose among close alternatives (especially if the unchosen alternative has unique or desirable features that the selected alternative does not have) (Schiffman and Kanuk, 2010).

Consumers experiencing cognitive dissonance may use a number of strategies to attempt to reduce it. They may seek out reassurance and opinions from others to confirm the wisdom of their purchase decision, lower their attitudes or opinions of the unchosen alternative, deny or distort any information that does not support the choice they made, or look for information that does support their choice. An important source of supportive information is advertising; consumers tend to be more attentive to advertising for the brand they have chosen. Thus, it may be important for companies to advertise to reinforce consumer decisions to purchase their brands (Schiffman and Kanuk, 2010).

Marketers must recognize the importance of the post-purchase evaluation stage. Dissatisfied consumers who experience dissonance not only are unlikely to repurchase the marketer's product but may also spread negative word-of-mouth information that deters others from purchasing the product or service. The best guarantee of favorable post-purchase evaluations is to provide consumers with a quality product or service that always meets their expectations.

Marketers must be sure their advertising and other forms of promotion do not create unreasonable expectations their products cannot meet (Schiffman and Kanuk, 2010).

Outcomes

Neutral Feeling: Actual product performance matches pre-purchase expectations.

Positive disconfirmation of expectations/Satisfaction: Actual product performance exceeds pre-purchase expectations.

Negative disconfirmation of expectations/Dissatisfaction: Actual product performance is below pre-purchase expectations (Schiffman and Kanuk, 2010).

2.3 Empirical Review

The empirical review of the study, summarizes and rounds on the below issues that undertaken by different researcher and authors on the area.

Price of the Vehicles

Based on the study undertaken by (Jenny Zhan & Brenda Vrkljan, 2011), Participants ranked price in purchases of both secondhand and new vehicles and accounted for long term costs of vehicles into their vehicle selection, including insurance and fuel. Kumar (2014) concluded that price, and as the determinants of buying the car. Farshid Haji, Khodaverdi Khan & Dr.VijitSupinit, (2015), price of a car affects their buying decision the most. Vikram Shende, (2014) affordability of car price is the most important factors for purchasing a segment car. Tadios Abebe, (2014), concluded that price factors contribute to the selection of car brands in Addis Ababa.

Prieto Marc, Caemmerer Barbara (2013) income affects purchase decision positively. Vikram Shende (2014) identified that increase in disposable income seems to be the most important reason for buying a car. Based on his discussion it was reflected in the growth of the per capita income and consequently the growth of the Indian automobile Industry.

Brand

Kumar (2014), Brand in market have been considered important for evaluation of car. Farshid Haji, Khodaverdi Khan & Dr.Vijit Supinit (2015), the brand of a car affects their buying decision mostly. Bedman Narteh, Raphael Odoom, Mahama Braimah, Samuel Buame, (2012).

The study established that the attributes of a car, emotional connection, external influences, awareness and accessibility make a strong and significant contribution to automobile brand choice in Ghana. Tadios Abebe, (2014), intrinsic (Car attributes) extrinsic to the car associated with the brands such as, Attributes, Accessibility and other external influences determine the car brand choice in Addis Ababa. Dixon and Hill (2009) identified that brand name is the important factor when buying a new car.

Regarding to country of origin, the study conducted by Prieto Marc and Caemmerer Barbara (2013), tells us the country of origin influence buying behavior of high segment of car. And they prefer domestic made for small segment car.

Product Feature

Gautam Raj Kumar (2014), Style/design, mileage of the vehicle, and brand loyalty as the most important factors of attraction for purchase decisions. Farshid Haji, Khodaverdi Khan & Dr.Vijit Supinit, (2015), color of the car is the factor that least affects buying decision. Dixon and Hill (2009) identified that the important factors when buying a new car are size/practicality, reliability, comfort, appearance and performance.

Farshid Haji Khodaverdi Khan & Dr.Vijit Supinit (2015), safety is the least factor that determines buying decision of the car. Based on the study conducted by Jenny Zhan & Brenda Vrkljan (2011), safety was not a strong influence on vehicle purchase considerations. Participants believed that safety design in cars had vastly improved and expressed that it is now impossible to purchase a car that is unsafe. Dixon and Hill (2009) recognized as a factor that determine buying decision.

Cost of Ownership

Kumar (2014), Most of the customers have evaluated cars on the basis of, 'Presales and post sales services, environmental friendly concerns 'guarantee/warrantee schemes and availability of spare parts. Dixon and Hill (2009) identified that the important factors when buying a new car are fuel consumption, appearance, insurance costs and cost of road tax.

Social Factors

Vikram Shende (2014), the growing family needs like working partners, increasing family size, status, etc. add to the motives of buying a car. Based on the study conducted by Kumar (2014), customers have bought car to have status in the society under family pressure and peer pressure and personal need.

Prateek Maheshwari, Nitin Seth, Anoop Kumar Gupta (2016), effective advertisements have a positive impact on consumer buying behavior of automobile. It was suggested that customer's attitude can be shaped favorably through effective advertising. Which means that this can increase buying decision of customers effectively.

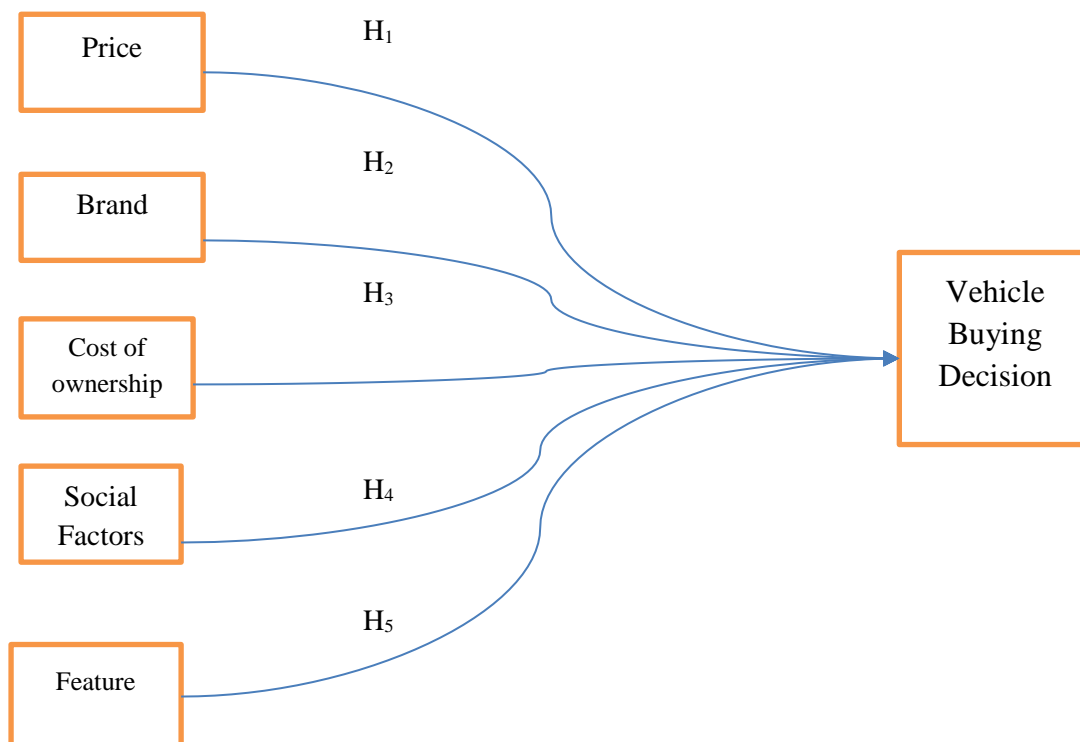
Prieto Marc and Caemmerer Barbara (2013) suggested that economic, individual and household characteristics impact on car segment choice, as well as the decision of whether to buy a new or a used car. As reported by Lee and Govindan (2014), the top ten motivators influencing the purchase of a new or used car based on order were fuel economy/environmental, reliability, brand has a good reputation, price/value for money, performance/engine power, safety, exterior appearance, riding and driving comfort, inexpensive to service/repair, and internal space.

2.4. Conceptual Framework

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

Independent Variables

Dependent Variable



2.5 Conceptual Framework modified based on article of (Farshid Haji, Khodaverdi Khan and Dr. Vijit Supinit, 2015, p 454)

Chapter Three

Research Design and Methodology

This study is about key determinants of automobile buying decision. To achieve the objective of the study, this chapter focuses on the research approach, research design, sampling technique type of data source, technique of data collection and method of data analysis.

3.1 Research Approach/Paradigm

There are quantitative approach and qualitative approach in Research. The quantitative approach involves the collection of quantitative data, which are put to rigorous quantitative analysis in a formal and rigid manner. The qualitative approach uses the method of subjective assessment of opinions, behaviour and attitudes. Quantitative research engages in systematic and scientific investigation of quantitative properties and phenomena and their relationships. The objective of quantitative research is to develop and employ mathematical models, theories and hypotheses pertaining to natural phenomena. The process of measurement is central to quantitative research because it provides the fundamental connection between empirical observation and mathematical expression of an attribute (Abiy, et al., 2009).

This study starts with hypothesis and the end result will be conformation or rejection of the developed hypothesis. As far as the aim of this study is to investigate “determinates of consumers’ vehicles purchase decisions”, it is highly structured and delimited. Due to different constraints, depth analysis of large number of sample is unattainable. Concerning to this study, it is quantitative research approach and deductive type of reasoning.

3.2 Research Design

Research design is a mapping strategy. It is essentially a statement of the object of the inquiry and the strategies for collecting the evidences, analyzing the evidences and reporting the findings (Singh, 2006).

Explanatory research is conducted in order to identify the extent and nature of cause-and-effect relationships. Explanatory studies are studies that show relationships between variables in order to explain certain problems or events (Saunders, et al., 2007). Since the objective this

research was to investigate the relationship between variables that is determinants of purchasing decision (independent variables) and buying decision (dependent variable), it is explanatory research design in nature.

3.3 Target Population

Population or universe means, the entire mass of observations, the parent group from which a sample is to be formed. In research methodology population means the characteristics of a specific group (Singh, 2006). Based on this, target population is the collection of elements or objects that possess the information sought by the researcher and about which inferences are to be made. To conduct this study, the subject or target population was owners of personal vehicles in Addis Ababa.

3.4 Sampling Design

Sampling involves selecting a relatively small numbers of elements (characteristics) from a larger defined group of elements and expecting that the information gathered from the small group of elements will provide accurate judgement about the larger group (Shukla,2008). Sampling is a procedure, process or technique of choosing a sub-group from a population to participate in the study. In quantitative research, it is believed that if the sample is chosen carefully using the correct procedure, it is then possible to generalise the results to the whole of the research population (Catherine Dawson, 2002).

3.5 Sampling Technique and Procedure

To minimize sample error, the representative of the population was assigned carefully. As the target of the study is large, and due to the unknown number of cars, the researcher selected sample from the population by adopting the non- probability sampling: quota and convenience sampling technique. The target population was grouped in to 10 sub-cities and 39 respondents were taken. Then based on the given quota by using convenience sampling technique, from different organizations (Hotels, Banks, Educational institutions and offices) the selected individuals were asked.

3.6 Sample size

According to Kothari (2004) if the population happens to be infinite, then the formula is different from sample size calculation of finite population. To determine the sample size for unknown population the following formula, which is based on 95% confidence interval and 5% error term, is recommended by scholars.

$$SS = \frac{Z^2 \times (P) \times (1 - P)}{c^2}$$
$$ss = \frac{1.96^2 \times .5 \times (1 - .5)}{0.05^2}$$
$$ss = \frac{3.8416 \times .5 \times .5}{0.0025}$$
$$SS = 385$$

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

To give equal chance for each sub-city the sample size was 390 that is 10*39.

3.7 Sources of Data

The data collection is the accumulation of specific evidence that will enable the researcher to properly analyze the results of all activities by his research design and procedures (Singh, 2006). To conduct this study both primary and secondary sources of data were used.

3.7.1 Primary Source

Primary data is gathered by using of closed and open ended questionnaires, which is used self-administered. According to Kothari (2004) primary data which is collected afresh and for the first time, and thus happen to be original in character. The primary source was used by exhausting respondents' response.

3.7.2 Secondary Source

As secondary data for this study were used from different source like Publications of government, journal, books, reports by research scholars and students were used.

3.8. Data Collection Methodology

The data in use to analyze the determinants of vehicles buying decision making was obtained through survey. The instrument used to collect the primary data was questionnaire.

The questionnaire had three sections.

The first part is related with respondents' general (demographic) information (age, gender, occupation, income and education qualification). The second part is about determinants of vehicles buying decision making. The third part is associated with the dependent variable i.e. decision making dependent variable. The second part of the questionnaire contains different sections, and each section represents a variable in the research model (the independent and dependent). In this section, responses were measured on a 5-point Likert scale, ranging from one (strongly disagree) to five (strongly agree).

3.8 Data Analysis Method

After the data is gathered from different sources that is through primary and secondary source activities like reviewing and analyzing to form some sort of findings and conclusion are the next and critical step. To process and analyze the collected data, percentage and table were used. Causal/ regression analysis is concerned with the study of how one or more variables affect changes in another variable. It is thus a study of functional relationships existing between two or more variables (Kothari, 2004). To check the significant differences in determinants of buying decision, and to give necessary conclusion and recommendations correlation and regression analysis were adopted. Correlation analysis studies the joint variation of two or more variables for determining the amount of correlation between two or more variables.

3.9 Validity and Reliability

3.9.1 Validity

Validity of a method is given when a logical link is established between the questions and objectives. To reduce subjectivity, the questionnaire is revised many times after both external (with other people) and internal discussion. The developed questionnaire sent to the advisor and the correction was made based on comments. The questionnaire was evaluated and commented by different research experts and professionals. The participants are asked to give comments and opinion on statements used in the questionnaire in terms of clarity and completeness. After carrying out the pilot survey, revisions were made to questions that are not clear to solve all ambiguities. This is important to increase the validities of the questionnaires before applying it on the full-scale survey.

3.9.2 Reliability

Calculating Cronbach's alpha (α) is common practice when multiple-item of measurement concepts or constructs are employed because it is easier to use in comparison other estimate (Willson, 2003). Cronbach's alphas combined with inter- item correlation to determine the internal reliability of measurement instrument was used.

Chapter Four

Data Analysis and Interpretation

The purpose of this study was to investigate the key determinants of consumers' vehicle buying decision. A total of 390 questionnaire were distributed to sub cities found in Addis Ababa and 378 were returned. But, 371 were usable and used for statistical analysis. Responses by the vehicle owners to some items of the questionnaire were compiled into tables according to the main variables being studied. Descriptive analysis for instance percentage, mean, and standard deviation were used in examining variables that are (Price of the vehicles, Brand of the vehicles, Features of the vehicles, Costs of ownership and Social factors). The inferential statistics used in analyzing the collected data were Correlation and regression analysis.

4.1. Demographic characteristics of respondents

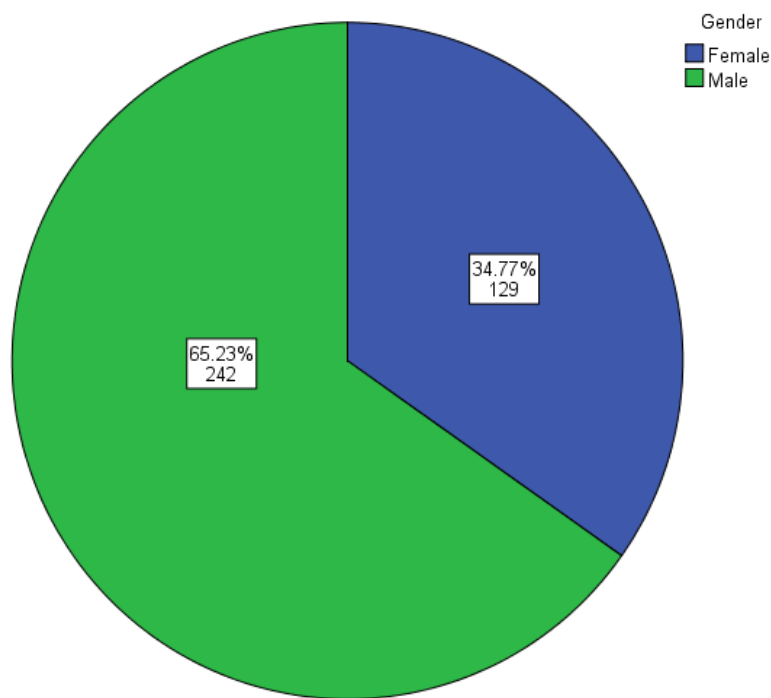


Figure 4.1 Respondents' Gender (Source: Survey Result, 2018)

The descriptive analysis from figure 4.1 indicates that 65.23 percent of the respondents were males while 34.77 percent were females.

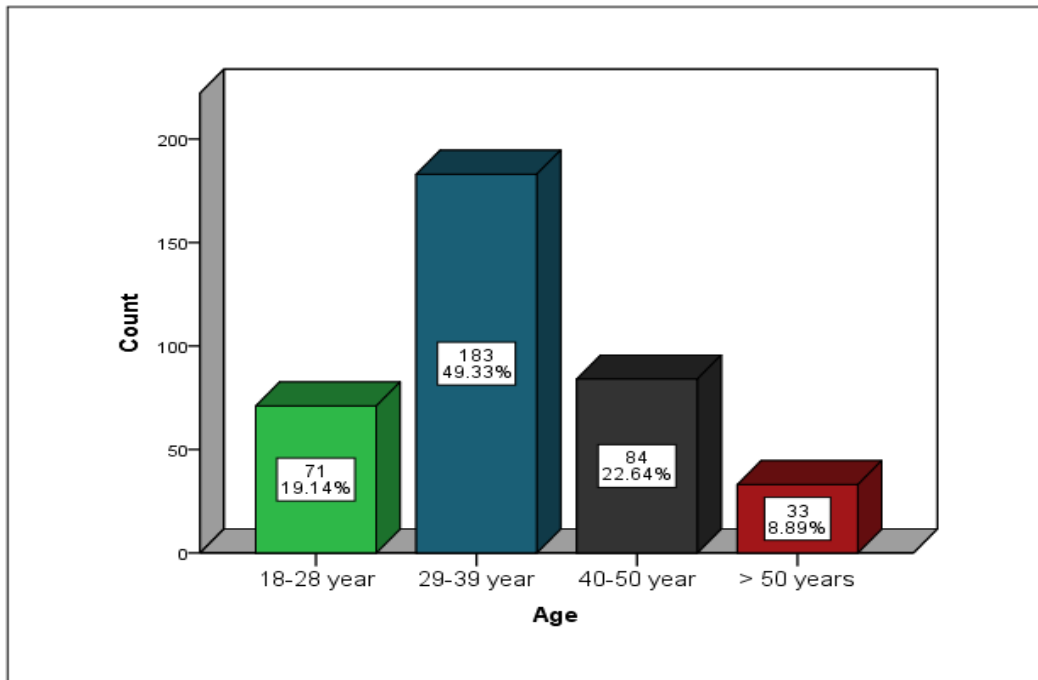


Figure 4.2 Respondents' Age (Source: Survey Result, 2018)

As revealed on figure 4.2, half (49.33%) of the respondents were found in the age range of 29 to 39 years which followed by 40-50 age years with 22.64 percent. In other words, 72 percent of respondents found in age range of 29-50 years.

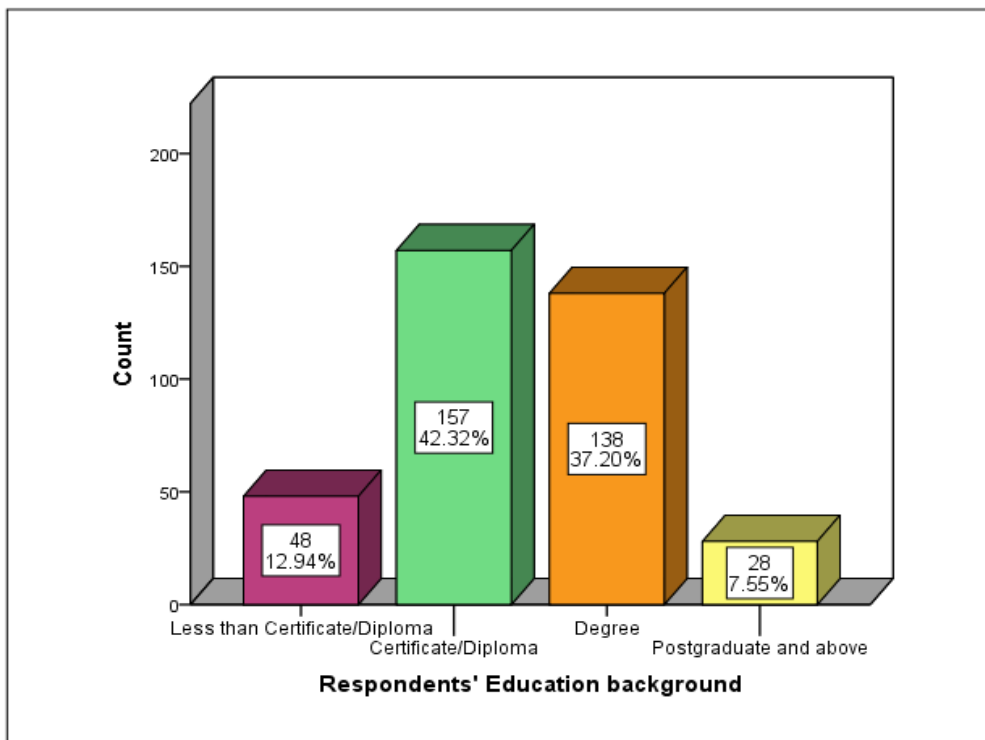


Figure 4.3 Respondents' Educational Background (Source: Survey Result, 2018)

In terms of Educational back ground, greatest part of the respondents were diploma holders with 42.3 percent and followed by first degree holders' 37.2 percent. Diploma and first-degree holders have the portion of 79.5 percent.

		Frequency	Percent
Valid	below 7000	30	8.1
	between 7001-11500	124	33.4
	between 11501-17500	114	30.7
	greater than 17500	103	27.8
	Total	371	100.0

Table 4.1 Respondents' monthly income in Birr (Source: Survey Result, 2018)

Table 4.1 shows that 33.4 percent of respondents average monthly income ranges from 7001 to 11500 ETB and respondents with 11501 to 17500 monthly income have a portion of 30.7 percent. Monthly income for 27.8 percent of respondents' is greater than 17500ETB and 8.1 percent of respondents' monthly income is below 7000ETB. Based on this, majority (above 58.5 percent) of Vehicles owners' monthly income is greater than 11500ETB.

		Frequency	Percent
Valid	Own	121	32.6
	Rent	213	57.4
	Other	37	10.0
	Total	371	100.0

Table 4.2 Respondents' Residence type (Source: Survey Result, 2018)

Regarding to Primary Residence, the greatest part of the respondents that is 57.4 percent are living in rent house while 32.6 percent have their own home and 10 percent of the respondents are living with their families. It implies that vehicle is taken as a basic need.

		Frequency	Percent
Valid	Employed	194	52.3
	Self Employed	120	32.3
	Unemployed	31	8.4
	Housewife	6	1.6
	Student	12	3.2
	Retired	8	2.2
	Total	371	100.0

Table 4.3 Respondents' occupation (Source: Survey Result, 2018)

As shown on table 4.3, majority of the respondents that is 52.3 percent are employment within different organizations. 32.3 percent of the respondents are self-employed. 8.4 percent, 3.2 percent, 2.2 percent and 1.6 percent of the respondents are unemployed, student, retired and housewife respectively.

		Frequency	Percent
Valid	Top management	69	18.6
	Middle management	141	38.0
	Lower Management	53	14.3
	Staff	34	9.2
	Other	74	19.9
	Total	371	100.0

Table 4.4 Respondents' Job Position (Source: Survey Result, 2018)

The greatest part of the respondents (38%) are middle level managers followed by top managers (18.6%) and lower managers (14.3%). This indicates 71% of the respondents are managers with different management hierarchy. Others (includes student, self-employed and house wife) have a portion of 19.9 and staff have only 9.2 percent.

4.2 Vehicle brands used by respondents

Table 4.5 shows an analysis of vehicle brands used by respondents. The results indicate that Toyota has the highest number of users with 203 users representing 54.7 percent. Next to

Toyota; Lifan, Hyundai, BMW, and Nissan users represent 34 (9.2%), 24 (6.5%), 15 (4%) and 14 (3.8%) of the respondents. Mercedes (12 respondents), Ford (7 respondents), Daihatsu (7 respondents), Audi (6 respondents), Suzuki (5 respondents), Kia, Peugeot, VW, Holland cars and BYD (4 respondents each). Honda, Terios and Land rover (3 Respondents each). There are only 2 respondents with Renault vehicle. 13 respondents (3.5 %) were categorized under other which includes the brands that are not justified by respondents. It is possible to say that Toyota (Vitz, Corolla, RAV4 and Yaris) controls the market with the highest percentage.

Brand		Frequency	Percent
Valid	Toyota	203	54.7
	Mercedes	12	3.2
	Hyundai	24	6.5
	Lifan	34	9.2
	Kia	4	1.1
	Peugout	4	1.1
	Suzuki	5	1.3
	Daihatsu	7	1.9
	BMW	15	4.0
	Ford	7	1.9
	VW	4	1.1
	Terios	3	.8
	Nissan	14	3.8
	Holland cars	4	1.1
	Renault	2	.5
	Honda	3	.8
	BYD	4	1.1
	land rover	3	.8
	Audi	6	1.6
	Other	13	3.5
Total	371	100.0	

Table 4.5 Respondents' Vehicle Brand (Source: Survey Result, 2018)

		Frequency	Percent
Valid	Yes	176	47.4
	No	195	52.6
	Total	371	100.0

Table 4.6 Respondents' plan to buy the same Brand (Source: Survey Result, 2018)

Based on table 4.6, majority of respondents (52.6%) were not willing to buy their current brand if they have a plan to make a purchase decision and 176 (47.4%) are willing to buy the current brand. This tells us majority of the respondents want to shift from current to others.

		Frequency	Percent
Valid	Very important	149	40.2
	Important	164	44.2
	Neutral	49	13.2
	not important	5	1.3
	very unimportant	4	1.1
	Total	371	100.0

Table 4.7 Importance level of having a Vehicle in personal life (Source: Survey Result, 2018)

For 149 (40.2%) and 164 (44.2%) of the respondents answered that vehicle is a very important and an important product in their personal life respectively. This indicates that vehicle is a basic product in our personal life.

4.3 Factors Affecting Vehicle Buying Decision.

To analyze respondents' vehicle buying decision, five factors were used namely Price, Brand, Social Factors, Feature of the car and cost of ownership. Each Variable was represented by specific statements. To analyze determinants of vehicle buying decision, descriptive statistics of mean and standard deviation were used. The mean indicates to what extent the sample group in average agrees or disagrees with the different statements. The higher the mean the more the respondents agree with the statement while the lower the mean the more the respondents disagree with the statement.

4.3.1 Price of the Car

	Value for money is a factor that considered when buying a car	Price negotiation with customer offering discount is the important factor in choosing vehicles	I prefer the low priced vehicles when making a purchase decision
N	371	371	371
Mean	3.83	3.70	3.63
Std. Deviation	.857	.989	.998
Minimum	1	1	1
Maximum	5	5	5

Table 4.8 Mean analysis related to Price of the car (Source: Survey Result, 2018)

Mean, which is descriptive statistics was used to evaluate the effect of Price on vehicles buying decision. As shown on table 4.8 price contains three statements which each statement is all about effect of price. Based on respondents' response, all statements are taken in to account when deciding for vehicle. The most significant consideration among Price is over all the core value of the product with mean 3.83. Offering discount and low-priced vehicles scored a mean value of 3.7 and 3.63 respectively.

4.3.2 Brand of the Car

	Foreign car brands are superior in terms of quality and performance	I prefer to purchase a domestic car brand because of my patriotism	I prefer my Vehicle due to brand popularity	I prefer my Vehicle due to Country of origin
N	371	371	371	371
Mean	3.76	3.62	3.59	3.65
Std. Deviation	.961	1.173	1.005	1.111
Minimum	1	1	1	1
Maximum	5	5	5	5

Table 4.9 mean analysis related to Brand of the Car (Source: Survey Result, 2018)

Brand of the car is represented by four statements. Based on the data taken from respondents that developed in likert scale, they have placed their level of agreements. "Foreign car brands are superior in terms of quality and performance" scored the highest mean (3.76) followed by

preference of country of origin (3.65) and preference of domestic car brand because of patriotism (3.62). Preference of vehicle due to brand popularity scores a lowest mean with values of 3.59.

4.3.3 Features of the Car

	Type of fuel (Petrol/Diesel /CNG etc.) is the important factor in choosing vehicles	Size (capacity) is the important factor in choosing vehicles	Safety features (e.g. airbag etc.) is the important factor in choosing vehicles	Engine power/engine size is the important factor in choosing vehicles	Color is the important factor in choosing vehicles	Advanced Technology (creativity & innovation) is the important factor in choosing vehicles
N	371	371	371	371	371	371
Mean	3.26	3.34	3.33	3.24	2.96	3.27
Std. Deviation	.947	1.018	.898	.927	.922	.867
Minimum	1	1	1	1	1	1
Maximum	5	5	5	5	5	5

Table 4.10 mean analysis related to Features of the Car (Source: Survey Result, 2018)

Features of the car contains six statements. Respondents were asked to express their level of agreements with the given parameters. Size/Capacity as considered for buying decision and scores the highest mean of 3.34 values and followed by Safety of the car 3.33 mean value. Respondent's shows their level of agreements for advanced technology, type of fuel, engine power and color of the car with mean value of 3.27, 3.26, 3.24 and 2.96 respectively.

4.3.4 Cost of ownership

As assumed in table 4.11 the highest and lowest mean score were 2.15 (Spare parts exchange cost and availability) and 1.83 (After Sales Service and Repairing Cost) respectively. This shows that respondents expressed their disagreement to the statements of cost of ownership when a buying decision.

	Fuel usage /consumption is the important factor in choosing vehicles	Insurance costs is the important factor in choosing vehicles	After-sales service and Repairing costs is the important factor in choosing vehicles	Spare parts exchange costs and availability is the important factor in choosing vehicles	Loan & payment facilities is the important factor in choosing vehicles
N	371	371	371	371	371
Mean	1.89	1.90	1.83	2.15	2.10
Std. Deviation	.893	.861	.877	.951	.898
Minimum	1	1	1	1	1
Maximum	4	4	5	5	5

Table 4.11 Mean analysis related to Cost of ownership (Source: Survey Result, 2018)

4.3.5 Social Factor

Social Factors contain six statements. Respondents were asked to express their level of agreements with the given parameters. Family's vehicle consideration scores the highest (3.86) followed by preference of new car while making a decision (M=3.82). Statements like I prefer a car that used by high social class, I prefer Car that reflects my social status, I buy a car recommended by expertise and I prefer a wel advertised Vehicle score a mean value of M=3.64, M=3.68, M=3.41 and M=3.28 respectively.

	I buy a car recommend ed by expertise	I prefer a car that used by my Families	I prefer Car that reflects social status	I prefer a wel advertised Vehicle	I prefer a new than second hand	I prefer a car that used by high social class
N	371	371	371	371	371	371
Mean	3.41	3.86	3.58	3.28	3.82	3.64
Std. Deviation	1.115	.913	1.174	1.119	.921	1.095
Minimum	1	1	1	1	1	1
Maximum	5	5	5	5	5	5

Table 4.12 mean analysis of Social Factor (Source: Survey Result, 2018)

	Price	Brand	Feature	Cost of owner	Social factor
N	371	371	371	371	371
Mean	3.7206	3.6536	3.2403	1.9720	3.5988
Std. Deviation	.73935	.72199	.54370	.64437	.68497
Minimum	1	1	1	1	1
Maximum	5	5	5	4	5

Table 4.13 Mean values of variables (Source: Survey Result, 2018)

The summary of mean factors; price, brand, features, cost of ownership and social factors were calculated and presented in Table 4.13. The table shows that, the mean value of four variables that are Price (M=3.7206), Brand (M=3.6536), External Factors (M=3.5988), and features of the car (3.2403) are above the borderline (3) of the scale and the mean value of one variable that is cost of ownership was below 3. The highest mean score recorded was for price related factors (M=3.7206) while the lowest score was recorded for Cost of Ownership related factors (M=1.9720).

4.4 Reliability test

Cronbach's alpha was calculated to study the reliability of all the items (24) each variable of the study. The five variables in the study were Price, Brand, Features, Cost of Ownership and Social Factors.

Dimension	Cronbach's Alpha	N of Items
Price	.674	3
Brand	.707	4
Features	.706	6
Cost of Ownership	.766	5
Social Factors	.720	6
Overall Scale Reliability	.799	24

Table 4.14 Reliability Statistics Result (Source: Survey Result, 2018)

The value of good alpha is 0.7 or more (Hair et al., 2010); however, at the early stages of research, it can be accepted at the level of 0.5 or 0.6 (Churchill, 1979). The statistical analysis of this study shows that Cronbach's alpha is greater than 0.7 that was 0.799 (79.9%).

4.5 Correlation Analysis

The value of the coefficient (r) ranges from -1 up to +1. The value of coefficient of correlation (r) indicates the strength and direction of the relationship. The implication of coefficient (r) value is as follows:

- ❖ Exactly -1. A perfect downhill (negative) linear relationship
- ❖ -0.70. A strong downhill (negative) linear relationship
- ❖ -0.50. A moderate downhill (negative) relationship
- ❖ -0.30. A weak downhill (negative) linear relationship
- ❖ 0. No linear relationship
- ❖ +0.30. A weak uphill (positive) linear relationship
- ❖ +0.50. A moderate uphill (positive) relationship
- ❖ +0.70. A strong uphill (positive) linear relationship
- ❖ Exactly +1. A perfect uphill (positive) linear relationship

		Vehicles Buying Decision	Price	Brand	Feature	Cost of owner	Social Factor
Vehicles Buying Decision	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	371					
Price	Pearson Correlation	.611**	1				
	Sig. (2-tailed)	.000					
	N	371	371				
Brand	Pearson Correlation	.603**	.576**	1			
	Sig. (2-tailed)	.000	.000				
	N	371	371	371			
Feature	Pearson Correlation	.252**	.198**	.302**	1		
	Sig. (2-tailed)	.000	.000	.000			
	N	371	371	371	371		
Cost owner	Pearson Correlation	.039	-.071	-.035	-.002	1	
	Sig. (2-tailed)	.459	.170	.507	.965		
	N	371	371	371	371	371	
Social Factor	Pearson Correlation	.594**	.579**	.698**	.258**	-.001	1
	Sig. (2-tailed)	.000	.000	.000	.000	.978	
	N	371	371	371	371	371	371

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

Table 4.15 Relationship among Variables (Source: Survey Result, 2018)

Pearson correlation analysis was used to provide evidence of convergent validity. The result in table 4.15 shows there is a positive and significant relationship between all independent variables and dependent variable except the relationship between cost of ownership and vehicle decision making. The result shows the strength and significance at (price $r= 0.611$, $p< 0.01$, brand $r=0.603$, $p<0.01$, social factor, $r=0.594$, $p<0.01$ and feature, $r=0.252$, $p<0.01$). The relation between cost of ownership and vehicle decision making is positive but very close to zero and not significant that is $p>0.01$.

Variables	Direction	Strength
Price	+Ve	Moderate near to high
Brand	+Ve	Moderate
Feature	+Ve	Weak
Cost of ownership	+Ve	Very Weak close to zero
Social Factor	+Ve	Moderate

Table 4.16 Summary of Correlation analysis

4.6 Multiple Linear Regression Analysis

Correlation between two variables does not imply that one event causes the second to occur. Multiple regression is a statistical technique through which one can analyze the relationship and effect between a dependent or criterion variable and a set of independent or predictor variable.

Assumptions Testing in Multiple Regression

Multicollinearity

Multicollinearity occurs when the independent variables are too highly correlated with each other.

Multicollinearity may be checked multiple ways:

- 1) Correlation matrix – When computing a matrix of Pearson’s bivariate correlations among all independent variables, the magnitude of the correlation coefficients should be less than .80. ***This is satisfied condition since the maximum correlation magnitude is $r=0.698$.***

- 2) Variance Inflation Factor (VIF) – The VIFs of the linear regression indicate the degree that the variances in the regression estimates are increased due to multicollinearity. VIF values higher than 10 indicate that multicollinearity is a problem. *This condition is also satisfied from table 4.18, the maximum VIF result is 2.198.*

Normality and Linearity test

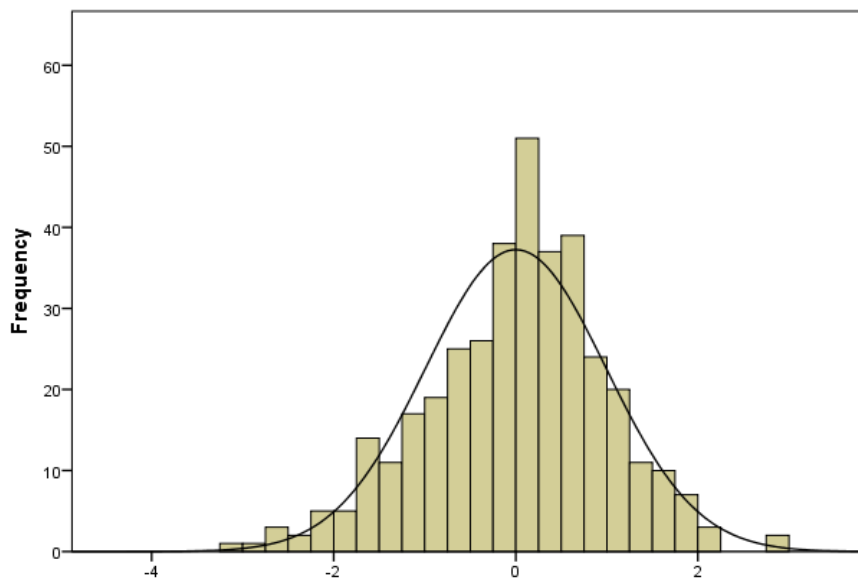


Figure 4.4 Histogram of regression standardized residual

The shape of the histogram follows the shape of the normal curve fairly well. Q-Q plots display the observed values against normally distributed data (represented by the line). Normally distributed data fall along the line. In the Normal Probability Plot it is expected that points will lie in a reasonably straight diagonal line from bottom left to top right (the dot should be along the line). This would suggest no major deviations from normality since the points on the graph forms a line as shown on the below figure. The points were proportionally disseminated around a diagonal line, so linearity shape was observed.

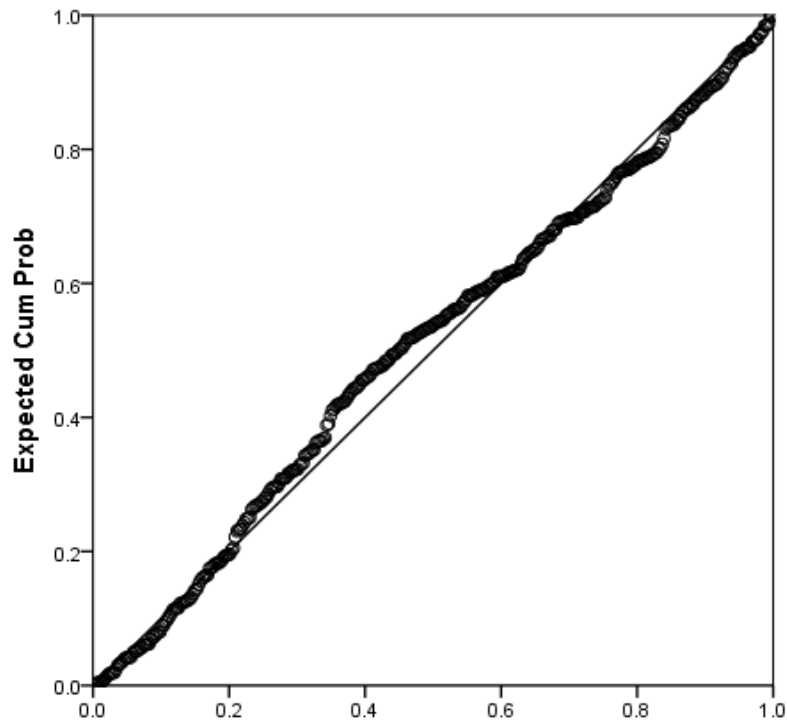


Figure 4.5 Normal P-P plot of regression standardized residual

The regression analysis is the model summary that includes the R square and the standard of the error term for the model. R Square (called the coefficient of determination) tells us the proportion of the variance in the dependent variable (Vehicles buying Decision) that can be explained by variation in the independent variables Price, Brand, Cost of Ownership, Social Factors and Features of the Car).

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.706 ^a	.499	.492	.504

a. Predictors: (Constant), External Factor, Cost of owner, Feature, Price, Brand

b. Dependent Variable: Vehicles Buying Decision

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
	1 (Constant)	.357	.215				1.663	.097		
Price	.327	.046	.342	7.178	.000	.611	.352	.266	.604	1.656
Brand	.238	.054	.244	4.431	.000	.603	.226	.164	.455	2.198
Feature	.074	.051	.057	1.456	.146	.252	.076	.054	.904	1.106
Cost of ownership	.079	.041	.072	1.931	.054	.039	.101	.072	.992	1.008
Social Factor	.218	.056	.211	3.879	.000	.594	.199	.144	.463	2.160

Table 4.17 Coefficient of variables of regression analysis (Source: Survey Result, 2018)

Coefficient for the constant and independent variable helps to predict the dependent variable using independent variables. As shown in Table 4.18, three elements were significant independent variables in the regression model. These are Price, Brand and Social Factors with significance p value less than .05. However, the p-value for Cost of ownership (p=0.054) and Feature of the Car (0.146) is greater than the common alpha level of 0.05, which indicates that it is not statistically significant. The results provide support for; H_1 H_2 , and H_4), but H_3 and H_5 were rejected in the current study. This means that in Addis Ababa, automobile owners do not significantly consider cost of ownership and Feature of the car in their purchase decisions.

It is demonstrated that the independent variables are strong predictors of buying decision. It is confirmed by R square 0.499. This tells us that the independent variables estimate 49.9% of the variability of the dependent in the study. Or it is to mean Price, Brand, Features, Cost of ownership and Social factors determines the decision making by 50% and 50% is other factors that households consider.

The model was

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

Where,

Y- Dependent Variable

β_0 - Constant (Coefficient of Intercept)

X1 ... X5 - Independent Variables

$\beta_1 \dots \beta_5$ - Regression Coefficient of Independent Variables

ϵ - Random Error

For this study the model was,

$$Y=0.357+0.342(P) + 0.244(B) + .0072(CW) + 0.211(SF) + 0.057(F) + \epsilon$$

Where

Y=Vehicle buying decision

P=Price of the Car

B= Brand of the car

CW=Cost of ownership

SF=Social influence

F=Features of the car

4.7 Discussion of Findings

H₁ There is a positive and significant relationship between price of the car and vehicles buying decision.

Results from the research findings showed a significant positive relationship between price and vehicles buying decision. It tells us individuals consider a price when making a decision for vehicle buying. According to Jenny Zhan & Brenda Vrkljan (2011), Participants ranked price in purchases of both secondhand and new vehicles. Kumar (2014) concluded that price as the determinants of buying the car. Farshid Haji, Khodaverdi Khan & Dr.Vijit Supinit, (2015), price of a car affects their buying decision the most. Vikram Shende (2014) affordability of car price is the most important factors for purchasing a particular car segment. Tadios Abebe, (2014), concluded that price contributes to the selection of car brands in Addis Ababa. ***Based on this, the study is consistent with what authors on the area researched.***

H₂ There is a positive and significant relationship between brand of the car and vehicles buying decision.

It is also reported that a brand of the car has a positive relationship with buying decision making of car. And the relation is also significant. It is supported by different researchers as a brand is the factor that determines buying decision of a vehicle. Farshid Haji, Khodaverdi Khan & Dr.Vijit Supinit, (2015), and Bedman Narteh, Raphael Odoom, Mahama Braimah, Samuel Buame (2012) stated that brand in market have been considered important for evaluation of car. ***Based on this, the study is consistent with what authors on the area concluded.***

H₃ There is a positive and significant relationship between cost of ownership and vehicles buying decision.

It is discussed that cost of ownership is not significant and r coefficient is close to zero. It means that individuals do not consider cost of ownership to make a vehicle purchase decision. Jenny Zhan & Brenda Vrkljan (2011), Participants consider insurance and fuel when making a decision when buying a car. This opposes the study. So, it is ***not consistent with what authors on the area concluded.***

H₄ There is a positive and significant relationship between the Social Factors and vehicles buying decision.

According to this study, it is shown that there is a high positive relationship between social factors and vehicles buying decision. It supported by authors as social factors considered by customers when making a purchase decision for vehicle. Vikram Shende (2014), the growing family needs like working partners, increasing family size, status, etc. add to the motives of buying a car. Kumar (2014), the customers have bought car to have status in the society under family pressure and peer pressure and personal need. ***Based on this, the study is consistent with what authors on the area concluded.***

H₅ There is a positive and significant relationship between Features of a car and vehicles buying decision.

Based on the statistical analysis, there is a positive low and not significant relationship between features of the car and vehicles buying decision. According to Farshid Haji, Khodaverdi Khan & Dr. Viji Supinit (2015) and Jenny Zhan & Brenda Vrkljan (2011), safety is the least and not strong factor that determines buying decision of the car. Participants believed that safety design in cars had vastly improved and expressed that it is now impossible to purchase a car that is unsafe. ***So, the study is consistent with what authors on the area concluded.***

In Summary, price ($\beta=0.342$), Brand ($\beta=0.244$) and Social factor ($\beta=0.211$) have a significant influence on vehicle buying decision at 95% confidence level ($p<0.05$). Cost of ownership and features of the car don't have a significance impact on Vehicle Buying decision since $P>0.05$.

Test of Hypotheses

Variable	Hypotheses Acceptance	Remark
Price (H₁)	Supported	
Brand (H₂)	Supported	
Cost of ownership (H₃)	Not Supported	Coefficient is close to zero & statistically not significant
Social Factors (H₄)	Supported	
Features (H₅)	Not Supported	statistically not significant

Table 4.18 Test of Hypotheses based on correlation and regression analysis.

Chapter Five

Summary, Conclusion and Recommendation

To analyze the data collected in this study discussed in previous chapter, descriptive and inferential techniques were used. This chapter contains conclusions and future research suggestions in this area.

Summary

This study aims to investigate determinants of vehicles buying decision in case of Addis Ababa. Factors such as; price, brand, cost of ownership, social factors and features of the car were taken to investigate the relationship and impact between these variables with decision making. To answer the research question and to achieve this objective a conceptual model was developed based theoretical and empirical review of the research.

Quantitative research approach and deductive type of reasoning were used for this study. The study is Explanatory research design in nature due to it is conducted to identify the extent and nature of cause-and-effect relationships that is independents and dependent variable. As data collection methodology, administered questionnaires' was distributed to the representative of the study. The collected response was analysed by using both descriptive and inferential statistics.

The descriptive analysis of the study shows that majority of respondents were males, found in the age range of 29-50 years and diploma and degree holders. Wide range of respondent's monthly income was above 11500ETB, living in rental house, are employment and managers with different management hierarchy.

The regression result demonstrates that there is a positive and significant relationship between three elements these are Price, Brand and Social Factors and decision making dependent variable. However, the relationship and impact between two variables (cost of ownership & feature of the car) and vehicles decision making is statistically insignificant. Independent variables determine or predict the decision making by 50% and 50% is other factors that households consider.

5.1 Conclusions

The study revolves around *determinants of Vehicles buying decision*. There are different factors that influence the buying decision of vehicles. By considering different theoretical and empirical (research conducted by different authors), five variables were sorted and discussed. These factors are; Price of the Vehicles, Brand of the Vehicles, cost of ownership, social factors and features of the vehicles. Each factor contains different statements that is a minimum of three statements and a maximum of six statements. The respondents were asked to give their agreement for likert scale type question. Their response was investigated through using mean, standard deviation, correlation and regression.

Based on the analysis made, there was a positive and significant relationship and effect between Price and Vehicle buying decision with effect of ($r=0.342$) followed by brand of the car (with effect of $r=0.244$), and social factor (with effect of $r=0.211$). Conversely, there were no significant relationship between two variables (Cost of ownership and Feature of the Car) and Vehicle decision making.

Expect p-value of feature of the car and cost of ownership, all the factors were significant with p-value less than $p=0.05$ but the p-value of feature of the car and cost of ownership were not less than the common alpha level of 0.05, which indicates that it is not statistically significant.

The regression analysis for this study indicates that the independent variable are strong predictors of buying decision which is confirmed by R Square 0.499. In other words, individuals consider these factors and determine the value of decision making by 50 %.

Buyers of automobiles are strongly and significantly consider price of the car, brand of the car and influenced by family, expert's opinion and status. However, they do not consider cost of ownership that are costs that they incurred after sales (insurance cost, fuel consumption, maintenance cost and others). In addition to this, they expect and believed that feature in cars is vastly improved and compulsory part.

5.2. Recommendation and future research suggestions

Based on the analysis and conclusion made regarding to this study, the following recommendation are given.

The correlation analysis shows that there is a strong positive relationship between price of the car, brand of the car and external influence. Regression analysis tells us these factors predicts the dependent variables (Vehicles decision making) with strong r square.

- ❖ It is advisable, Manufacturers and dealers should incorporate marketing programs to create strong, unique and favorable brand image.
- ❖ They should be capable enough in persuading the buyers as the price of their car is reasonable by using different additional features of the car.
- ❖ The communication program that is promotion should consider social factors like influence of relatives, peers, expertise's and others. For instance, *associating the product with special group, event or cause* is the right strategy.

This study was conducted based on the data collected from limited area that is it was delimited to Addis Ababa. It is recommended for future researcher to expand the range of context (for example to regional towns) which helps to compare the result of different areas. Variables like role and impact of *broker*, impact of *gender, age*, regulation related to *tax*, level of *education* and *occupation* can be additional areas that could be researched.

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Appendixes

Appendix One

Questionnaire on Determinants of vehicles Buying Decision

Dear Respondent,

My name is Cheru Jima. I am a post-graduate Student at Addis Ababa university school of commerce and Currently, I am doing research on the title “Determinants of vehicles buying decision in case of Addis Ababa” for the partial fulfilment of Masters of Art Degree in Marketing Management and you are requested to participate in this research by filling the following questionnaires. The objective of this questionnaire is to gather information on research entitled, above and only for academic purpose. Therefore, your honest and sincere cooperation in filling this questionnaire will be highly helpful for successful accomplishment of the study.

Thank you in advance for your cooperation!

Direction: Please answer the below questions by putting “X” sign in the box of your answer.

1. Gender:

Male Female

2. Age:

(a) < 35 years (b) 35-45 years (c) > 45 years

3. Education:

(a) Less than Certificate/Diploma (b) Certificate/Diploma
(c) Degree (d) Postgraduate and above

4. Monthly Income in ETB

(a) Below 7000 (b) 7001-11500
(c) 11501-17500 (d) greater than 17500

5. Primary Residence:

(a) Own (b) Rent (c) Other

Determinants of Vehicles Buying Decision

6. Occupation:

- (a) Employed [] (b) Self Employed [] (c) Unemployed []
(d) Housewife [] (e) Student [] (f) Retired []

7. Job position (In case, you are retired, please tick your ex-job position)

- (a) Top management [] (b) Middle management []
(c) Supervisor [] (d) Staff []

8. Please indicate the brand of your Vehicle

.....
.....

9. If you have a plan, Will you buy the same brand of car again?

- (a) Yes [] (b) No []

10. What is the importance level of having a car in your personal life?

- (a) Very important [] (b) Important [] (c) Neutral []
(d) Not important [] (e) Very unimportant []

11. independent Variable Related Questionnaires

Please rate the following statement by putting “X” on the appropriate number on a 5- point Likert scale where 1 = Strongly dis-agree 2 = dis-agree 3 = Neutral 4 = agree 5 = strongly agree

No	Determinants of Vehicles Buying Decision	Levels of Agreement				
		Strongly agree (5)	Agree (4)	Neutral (3)	Dis-agree (2)	Strongly dis-agree (1)
11.A	Price					
	Value for money is a factor that considered when buying a car					
	Price negotiation with customer offering discount is the important factor in choosing vehicles					
	I prefer the low priced vehicles when making a purchase decision					
11.B	Brand					
	Foreign car brands are superior in terms of quality and performance					
	I prefer to purchase a domestic car brand because of my patriotism					
	I prefer my Vehicle due to brand popularity					
	I prefer my Vehicle due to Country of origin					
11.C	Features					
	Type of fuel (Petrol/Diesel/CNG etc.) is the important factor in choosing vehicles					
	Size (capacity) is the important factor in choosing vehicles					
	Safety features (e.g. airbag etc.) is the important factor in choosing vehicles					
	Engine power/engine size is the important factor in choosing vehicles					
	Color is the important factor in choosing vehicles					
	Advanced Technology (creativity & innovation) is the important factor in choosing vehicles					

Determinants of Vehicles Buying Decision

		Cost of Ownership				
11.D	Fuel usage /consumption is the important factor in choosing vehicles					
	Insurance costs is the important factor in choosing vehicles					
	After-sales service and Repairing costs is the important factor in choosing vehicles					
	Spare parts exchange costs and availability is the important factor in choosing vehicles					
	Loan & payment facilities is the important factor in choosing vehicles					
		Social Factor				
11. E	I buy a car recommended by expertise					
	I prefer a car that used by my Families					
	I prefer Car that reflects social status					
	I prefer a wel advertised Vehicle					
	I prefer a new car than second hand					

12. What is your level of agreement with the about factors as determinants of Vehicle buying Decision?

- (a) Strongly disagree (1) [] b) Disagree (2) []
- c) Neutral (3) [] d) agree (4) []
- e) Strongly agree (5) []

13. Would you like to offer suggestions on any aspect of determinants of vehicles buying decision which is not covered in this survey?

.....

Thank you for offering your precious time to fill the questionnaire!

Cheru Jima

Addis Ababa, Ethiopia

Appendix Two

መጠይቅ

መኪና የመግዛት ውሳኔን የሚመለከቱ ዋና ዋና ነገሮች መጠይቅ

ውድ መልስ ሰጪ

ሥሜ ቸሩ ጅማ ይባላል በአዲስአበባ ዩኒቨርሲቲ ኮሌጅ የድህረ ምረቃ ተማሪ ስሁን በአሁኑ ሰዓት በአዲስ አበባ ያሉ መኪና ገዥዎች ውሳኔን የሚነኩ እና ዋና ነገሮች የተሰኘውን ለገበያ አስተዳደር በድህረ ምረቃ ዲግሪ የሚሆነውን ጥናታዊ ፅሁፍ እየሰራው ነው ሆኖም እርሶ ይህን መጠይቅ በመሞላት እንዲተባበሩኝ በትህትና እጠይቃለሁ። የዚህ መጠይቅ ዓላማ ከላይ ርዕሱ ለተጠቀሰው ጥናታዊ ፅሁፍ መረጃ ለመሰብሰብ እና ለትምህርት ብቻ ነው። ስለዚህም የእርሶ አውነተኝነት እና የተከበረ ትብብርዎ ለጥናቱ ውጤታማነት ይረዳል።

ለትብብርዎ ምስጋናዬን በቅድሚያ አቀርባለሁ !

ለሚከተሉት ጥያቄዎች በሰጥኖቼ ውስጥ (X) ምልክት በማድረግ ይመልሱ።

1. ያታ

ወንድ [] ሴት []

2. ዕድሜ

ሀ. 18-28 ዓመት [] ለ. 29-39 ዓመት []

ሐ. 40-50 ዓመት [] ሐ. >50 ዓመት []

3. የትምህርት ደረጃ

ሀ. የምስክር ወረቀት / ዲፕሎማ በታች [] ለ. የምስክር ወረቀት / ዲፕሎማ []

ሐ. ዲግሪ [] ሙ. ማስተርስ እና ከዛ በላይ []

4. ወርሃዊ ገቢ በኢትዮጵያ ብር

ሀ. ከ7000 በታች [] ለ. ከ7001-17500 []

ሐ. ከ11501-17500 [] ሙ. ከ17500 በላይ []

5. መኖሪያ

ሀ. የራስ [] ለ. ኪራይ [] ሐ. ሌላ []

6. ስራ

ሀ. ተቀጣሪ [] ለ. የግል []

ሐ. የለኝም [] ሙ. የቤት እመቤት []

ሠ. ተማሪ [] ሩ. ጡረተኛ []

7. የስራ ደረጃ

ሀ. ከፍተኛ ሥራ አስኪያጅ [] ለ. ምክትል ስራ አስኪያጅ []

ሐ. ተቆጣጣሪ [] ሙ. ሠራተኛ []

8. እባክዎን የመኪናዎችን የምርት ስም ይጥቀሱ

.....
.....
.....

9. ዕቅዱ ካለዎት ድጋሜ አንድ አይነት ምርት የሁነ መኪና ይገዛሉ?

ሀ. አዎ [] ለ. አይ []

10. በእርስዎ የግል ህይወት ውስጥ መኪና መኖሩ ምን ያህል ጠቃሚ ነው ይላሉ

ሀ. በጣም ጠቃሚ [] ለ. ጠቃሚ []

ሐ. ከሁለቱም አይደለሁም [] ሙ. አይጠቅምም []

ሠ. በጣም አይጠቅምም []

ከዚህ በመቀጠል በሠንጠረዥ ውስጥ የተዘረዘሩት መኪና በሚገዙበት /በሚመርጡበት ጊዜ ከግንዛቤ የሚገቡ ተፅዕኖ የሚያገርጉ ነገሮች/ ሁኔታዎች ናቸው። እያንዳንዱ ነገር/ሁኔታ እርሶ መኪና በሚገዙበት/በሚመርጡበት ጊዜ ምን ያህል ከግንዛቤ እንደሚያስገቧቸው ወይም ተፅዕኖ የሚያደርጉትን የደረጃ ልክ በመምረጥ (X) ምልክት ያድርጉ።

11. መኪና በሚገዙበት /በሚመርጡበት ጊዜ ከግንዛቤ የሚገቡ ተፅዕኖ የሚያገርጉ ነገሮች/ ሁኔታዎች

መለኪያ					
	በጥብቅ አስማማለው	እስማማለው	ገለልተኛ	አልስማማም	በጥፋ አልስማማም
	5	4	3	2	1
ዋጋ					
መኪና ለመግዛት ዋጋ ዋነኛ ጉዳይ ነው					
ከደንበኛ ጋር የሚደረግ የዋጋ ድርድር እና የዋጋ ቅናሽ መኪና ለመግዛት ወሳኝ ነው					
መኪና ስገዛ ርካሽ መኪናዎችን እመርጣለው					
ብራንድ					
የውጭ ምርት የሆኑ መኪናዎች በጥራትም ሆነ በብቃት ይበልጣሉ					
መኪናዬን በምርቱ ሥም ዝና እመርጠዋለው					
መኪናዬን በተመረቀበት አገር እና ለውጭዊ አካላት ሥል እመርጠዋለው					
አገር ወዳድ በመሆኔ አገር ውስጥ የተመረቱ ወይም የተገጣጠሙ መኪናዎችን እመርጣለው					
ዋና መለያ ፀባይ					
የሚጠቀመው የነዳጅ አይነት (ቤንዚን, ናፍታ, ወዘተ) መኪና ለመግዛት ወሳኝ ጉዳይ ነው					

Determinants of Vehicles Buying Decision

የደህንነት አካላት (ለምሳሌ ኢር ባግ)መኪና ለመምረጥ ወሳኝ ጉዳይ ነው					
የሞተር ጉልበት / መጠን መኪና ለመምረጥ ወሳኝ ጉዳይ ነው					
ከለር መኪና ለመምረጥ ወሳኝ ጉዳይ ነው					
የለቀ ቴክኖሎጂ መኪና ለመግዛት ወሳኝ ጉዳይ ነው					
ከተገዛ በሁሉ ያለው ወጪ					
ከባለቤትነት ጋር ተያይዞ የሚመጣ ወጪም					
ከባለቤትነት ጋር ተያይዞ የሚመጣ ወጪም					
የነዳጅ ፍጆታው መኪና ለመምረጥ ዋነኛ ጉዳይ ነው					
የመድን ሽፋን ወጪ መኪና ለመምረጥ ዋነኛ ጉዳይ ነው					
የእድሳት እና ማስጠገኛ ዋጋ መኪና ለመምረጥ ዋነኛ ጉዳይ ነው					
የመለዋወጫ ዋጋ እና አቅርቦት መኪና ለመግዛት ዋነኛው ጉዳይ ነው					
ብድር እና የአከፋፈል ሥርዓት መኪና ለመምረጥ ዋነኛ ጉዳይ ነው					
ማሕበረሰብ ጉዳዮች					
መኪና የምግዛው በባለሙያ ጥቆማ ነው					
ቤተሰቦች የሚጠቀሙትን መኪና እመርጣለው					
በማሕበረሰብ ውስጥ ያለን ደረጃ የሚጠቀም መኪና እመርጣለው					
በማስታወቂያ ላይ በደንብ የተነገረላትን መኪና እመርጣለው					
ከአገላገሉ መኪና አዲስ እመርጣለው					

12. ከላይ በተጠቀሱት መኪና የመግዛት ውሳኔን በሚነኩ ጉዳዮች ምን ያህል ይስማማሉ

ሀ. በጥብቅ አልስማማም ለ. አልስማማም

ሐ. ገለልተኛ መ. እስማማለው

ሠ. በጥብቅ እስማማለው

13. ከላይ በተጠቀሱት መኪና የመግዛት ውሳኔን ከሚነኩ ጉዳዮች በተጨማሪ በዚህ ጥናት ውስጥ አልተካተተም የሚሉት ካሉ?

.....
.....
.....
.....

ስለተሳትፈዎ አመሰግናለሁ።