



## **Decision making patterns of Car purchasing consumers in Nepal**

**Name: Samir Sapkota**

**Supervisor: Ann-Christine Sved**

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<p><b>Abstract:</b>  This thesis is about consumer decision making process while purchasing cars in Nepal. The main purpose of this study is to find out the patterns of decision making strategies that the purchasers of cars apply in Nepal. The research also aims to find out the buying behavior of Nepalese car purchasing consumers and the level of pre-purchase information seeking. The research shades light on the general attitude towards shopping of Nepalese consumers and the time spent and channels used for information search before purchasing a car. The important factors and their level of importance for the consumers is also tried to find in the present thesis. The relationship between different variables and their role in decision making is one of the most interesting findings. In addition, family decision making is also taken into consideration for answering the research questions in more explained way. This is a quantitative research and this research draws upon secondary sources including books, articles, journals, and internet based materials. And the primary sources including discussions, survey, and questionnaires.</p>	
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## **1. INTRODUCTION**

The basic objective of any marketing program is to persuade consumers to choose a particular option over many other alternative available in the market. To achieve this objective, it is very important to know about consumer decision making process involving pre-purchase information seeking and integration of information to arrive at final purchase decision. Consumer behavior involves the psychological processes that consumers go through in recognizing needs, finding ways to solve these needs, collect and interpret information, make plans, and implement these plans, make purchase decisions and post purchase behavior (Kumra R 2006). Because, the development of effective marketing plans and strategies for any market rests on a proper knowledge of how consumer go about making purchase decisions.

Several theoretical models have been developed that describe how consumers make decisions for high involvement goods ( (Bettman, 1979), (Engel, et al., 1982), (Howard & Sheth, 1969). These models of consumer decision making process postulate that for high involvement goods (like cars), consumers in general are likely to engage in extensive pre-purchase information seeking, develop choice set out of several alternatives in choice set by using rationale decision criteria and rules. These models assume that consumers possess some prior knowledge about the product markets because of ongoing search; the past purchase experience and diffusion of information from other buyers; presence of many alternatives sources of information; availability of many models and brands; well-developed choice criteria; and a certain degree of education to engage in information search and evaluation of alternatives to make an optimum choice.

### **1.1 Background of the Study**

In Nepal, especially in urban areas, the adoption of many high involvement goods such as automobiles (cars and motor-cycles), televisions, home appliances, furniture and others seem to be growing. Although no data is available about their adoption rates, but the growing traffic, increasing demand of furniture, growing numbers of video libraries are some indicatives of increasing adoption of high involvement products in Nepal. The present study is going to deal about the purchasing behavior of car purchasing consumers in Nepal. In the present thesis, we try to find out the decision-making patterns of car purchasing consumers in Nepal. The consumers selected for the study are the recent car owners i.e., persons who purchased car within the last one year. Since cars are expensive and people purchase either the new one or the used one, both the new and used cars are used for collecting data in the present study. Car

is denoted as high involvement product because purchasing of car is expensive and it possess the risk of emotional consequences if a mistake is made. According to Neil Kokemuller, a high involvement purchase exists when a consumer must buy a product or service that is expensive, or that poses the risk of significant emotional consequences if a mistake is made. Unlike in the past, consumers have some options to choose from resulting in competition among retailers. Thus, the knowledge of marketing in general, and consumers' decision-making process for high involvement goods is gradually becoming competition in the market.

Nepal is a small country with high population. The area of Nepal is 147,181 square kilometers with population of more than 30 million. It is situated in the lap of Himalayas. The financial status of the country is growing with increasing standard of living. The use of private vehicles is increasing day by day. The number of car purchasing consumers is increasing especially in Kathmandu, the capital city of Nepal. According to the data of Transportation Management Department, more than 160,000 cars are registered in Kathmandu till date. More than 20 different brands and 50 models of cars run on the streets of Kathmandu. The first car introduced in Nepal was the 1938 model Mercedes Benz which was bestowed by Adolf Hitler to late King Tribhuwan in 1940. The car was then carried by 100 people as there were no road access to Kathmandu valley. (Kumar 2015).



Figure 1: People carrying the first ever car in Nepal

Source: (Kumar 2015), Cars didn't carry people, people carried cars

How applicable are the models of consumer decision making behavior developed in Western countries for understanding consumer decision making behavior in the context of a developing

country such as Nepal? The model of consumer behavior are inductively derived based on research studies in a very different context. Because of different characteristics of the product/markets and consumer in Nepal, the applicability of these models for Nepalese market environment become an important research questions. Unfortunately, the research aimed at understanding consumers' decision-making process is virtually nonexistent in Nepal. Although there may be a few proprietary market research studies conducted to solve specific problems of individual organizations, the results of such research are not available in public. Besides, this kind of research may have very little to do with the consumer decision making process in general. In the absence of research in this area, researchers are forced to make assumption about the way Nepalese consumers make purchase decisions which may not be valid. Due to the lack of any empirical work in this area, marketers also must assume the validity of decision models developed elsewhere while developing their marketing plans and strategies. In the absence of an "indigenous model", it is anybody's guess how robust these models are to capture the consumer decision making process in Nepal or other undeveloped markets.

## **1.2 Introduction to Consumer Behavior**

Consumer behavior is the study of the processes involved when individuals or groups select, purchase, use or dispose of products, services, ideas, or experiences to satisfy needs and desires (Solomon, Bamossy, Askegaard & Hogg, 2006). It is rather a good idea to call it a broad perspective of marketing. Getting deeper into the consumers, their taste, their information seeking process and the decision-making process is followed by the post purchase activities and brand loyalty. Consumer behavior is the behavior that consumers display in searching for, purchasing, using, evaluating, and disposing of the products and services that they expect will satisfy their needs (Schiffman, O'Cass, Paladino & Carlson, 2014). Schiffman (2014) further state that consumer behavior focuses on how individual consumers, families, or households make decisions to spend their available resources on consumption-related items. Perner (2008) shades light on the consumer behavior stating that the consumer behavior is the study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and the society. Consumer behavior is the mental and emotional processes and the observable behavior of consumers during searching, purchasing, and post consumption of a product and service (Batra & Kazmi, 2004). In case of car purchasing, the consumers first search for available information about cars (Which model to buy? What is the budget? Which brand? Where to buy?) For this the consumers search for best



possible alternative from the available alternatives. The purchasing decision is made after evaluation of different alternatives and the post purchase follows the purchasing behavior. So, consumer behavior is an overall process starting from the identifying the needs to the purchasing decision and post purchase activities.

The European perspective of Consumer behavior, categorizes consumers according to their age, gender, income, or occupation. The description of the consumers differs in accordance to their demographic characteristics. Especially the categorization of consumers helps marketers in many ways. The information search of consumers is also different for different group of consumers. For example, the young consumers prefer to search for the information on the internet and check the reviews whereas the old consumers prefer to use the print media for searching information. The personality and attitudes of consumers are important factors in defining consumer behavior. This affects the search strategies and the ways of information search. Cultural norms and values are other factors that define the behavior of consumers. Culture plays an important role in deciding the buying behavior of consumers. The marketers also develop the market segmentation which helps in deciding what products to sell for which group of consumers. Therefore, the demographic characteristics, personal values, attitudes and personalities, social and cultural characteristics define the consumer behavior in general (Solomon, Bamossy, Askegaard & Hogg, 2006).

### **1.3 Research questions**

Any kind of research work is accomplished to answer certain questions. In this case, the research questions shall be as follows:

- i) What patterns of decision making strategies consumers develop while making purchase of cars in Kathmandu?
- ii) To what extent the consumers seek for pre-purchase information?
- iii) What are the criteria for making a purchase decision and what are the circumstances for the evaluation of alternatives?

### **1.4 Importance of the study**

The finding of this study is likely to be useful several groups of people who are directly or indirectly concerned with the diffusion of knowledge about products/markets. Specifically, this study is likely to be useful to the following groups of individuals:

- 1) To the marketers: Marketers are concerned with the development of effective marketing program and strategy to persuade the prospective buyer to choose a particular product and brand. In the pursuit of this objectives, this study is likely to provide valuable inputs specially in the areas of communication strategies.
- 2) To the Academicians/ Researchers: Academicians and researchers are basically concerned with the understanding how consumer make buying decisions. In the absence of any study on consumer decision making process, the academicians/researchers need to rely upon their assumption about the ways consumers make decisions, and the models developed in different context. This study of its kind in Nepal is likely to provide the foundation for basic research on consumer buying behavior for high involvement goods in Nepal.
- 3) To the Public Policy Makers: Public policy makers are concerned with protection of consumer's interest in the market place. In Nepal, this objective becomes even more important than in developed countries due to low level of consumer knowledge and absence of independent agencies that provide objectives information. The knowledge of the extent of pre-purchase information seeking and decision criteria consumers use will obviously help the policy makers to develop consumer friendly model.

## **1.5 Limitations of the Study**

There are some limitations of the study:

- a) The findings of the research may not be used as generalizations because of the sample used in the present study. Despite sincere efforts, random sample could not be extracted which forced the use of convenient sample for the study.
- b) The geographical region selected in the present study is Kathmandu, where mostly educated and financially strong people reside. Thus, the purchase decision of the people might be different than that of other cities.
- c) The study focuses mainly on the information search before making purchase decision. There might however be some other variables more significant in explaining the search and choice behavior of consumers.

- d) The study fails to get higher response rate which might generate the results in a different way than it really is.

## **1.6 Layout of the Study**

The study is mainly divided into five chapters. First chapter has introduced the research problems, together with specific objectives this study seeks to attain and its importance to different groups of society like marketers, researchers, academicians, and policy makers. The second chapter records facts pertaining to the consumer decision process as resulted from the review of available literatures. This chapter presents an overview of consumer decision process at the outset. Then switching over to specific aspects of different components of consumer decision process it provides extensive review of patterns of search strategies, purchasing behavior, sources of information, level of information seeking, and determinants of search behavior. This chapter also includes the discussion of product/market situation of Nepal. The models of consumer behavior in other countries will also be evaluated and compared to that of Nepal. The third chapter is Research Methodology. Data type, sampling and data collection methods, questionnaires etc. are described in this chapter. Data analysis is the fourth chapter. Different analytical tools are used for analysis of the data collected. The last chapter is to summarize the whole study, derive conclusions from the study, and provide recommendations and future research directions.

## **2. THEORETICAL FRAMEWORK**

Consumer decision process has remained an important area of theoretical and empirical research for long. The understanding of why consumers behave as they do and the reasons thereof has tremendous implications both for the marketers and the public policy makers. While this understanding is likely to help marketers match their marketing mix with the needs of different consumer segments, it can also enable public policy makers to formulate such consumer education programs and mandatory regulations for businesses as deemed necessary to promote consumer welfare.

The research in consumer behavior receives added significance in a product-market environment. The buying behavior of Nepalese customers are still characterized by limited information search, limited purchasing alternatives and unbiased sources of information.

Present study is an attempt in this direction which is aimed at examining the decision process of car purchasers in Kathmandu (Capital city of Nepal). In order to provide a framework for this study, available literature on different components of consumer decision process has been reviewed and presented in subsequent headings.

## **2.1 Consumer Decision Process: An Overview**

Although the number and complexity of operations carried out by a consumer varies with the type of purchase involved, the consumer buying in general has been regarded as a problem-solving activity (Howard & Sheth, 1969), (Hansen, 1972). Despite the discernible differences in the intensity of problem solving as such (extensive problem solving, limited problem solving, and routinized response behavior), the consumer decision making process involves a myriad of decisions made with respect to the choice of the product, brand, vendor, buying quantity, delivery time, modes of payment etc. (Kotler, 2009). According to Kumra R (2006), various steps of consumer decision making consists of need recognition, pre-purchase search, and evaluation of alternatives. Further he adds that the purchase decision also depends on the psychology of the buyer. For this purpose, he proposes four different views on consumer decision making; Economic person, Passive person, Cognitive person, and Emotional person. A normative consumer decision model as postulated by (Engel, et al., 1982) involves five steps of problem recognition, information search, alternative evaluation, choice and outcomes. As argued by Bettman (1978), these steps, however, need not be sequential. Per him, it is too simplistic a view to say that decisions are made after all information deemed necessary have been gathered because choice and information acquisition occur simultaneously. Moreover, the stages of decision process are also affected by decision inputs (marketing mix offered by the firms) and socio-cultural background of the decision maker (Schiffman & Lazer, 1990). The chief assumption of such flow chart model of consumer decision making is that alternatives exist for a buyer and he/she is rational enough to judge the consequences of each action on him/her by evaluating them on the basis of information available either in their memory or from external sources of information. Kotler (2009) proposes five different stages of consumer decision making process as follows:

- Need Recognition
- Information Search
- Evaluation of Alternatives
- Purchase
- Post-Purchase Behavior

### **2.1.1 Need Recognition**

The existence of a problem (ungratified needs) triggers off a series of activities that end up with a choice made by the buyers. Consumers need for a product or product class may be aroused either by internal stimuli such as hunger, thirst or by external stimuli resulting from consumer's interaction with the external environment. For any kind of purchase, need is the primary factor. According to Abraham Maslow, Needs varies from basic needs to self-actualization need. Needs that are low in a hierarchical level generates more enthusiasm to purchase, meaning that people want to fulfill their basic needs first and then gradually step towards next level of needs. The level of need also decides how fast and how often the purchase is going to take place. The urgency leads to the purchase decision without information search or seeking for alternatives whereas secondary needs take long to reach the purchasing stage. Whenever a buyer identifies ungratified needs there is also a level of urgency attached to it which will affect the buying decision. (Kotler, 2009).

### **2.1.2 Information Search**

Unlike in routinized response behavior in which need recognition automatically leads to choice behavior due to previous learning in the purchase of low involvement items, in a unique purchase situation devoid of previous learning and experience, problem recognition leads to search for information. The information search can be either from internal sources (memory) or from external sources such as friends, relatives, colleagues, advertisements, dealers, product testing organizations etc. Moreover, internet has been the most powerful tool of information searching. Internet search is categorized as external source from where a buyer can search for information regarding every products and services just by a single click. The globe fits in the internet as it provides all the vital information from all around the world. Wide range of alternatives, reviews from the previous users, online discussion forums, comparison with different brands and different shops can be done with the help of internet without losing valuable time. However, researches show that the internet is used for seeking important information but has not been trusted completely. It has also been criticized because of the fake information and fake pages over the internet. Consumers are more likely to rely on traditional search strategies. Information search enables consumers to develop a set of buying alternatives from among which they can make a choice. The emergence of this situation pushes them ahead on to the next step of decision process which is evaluation of alternatives. (Kotler, 2009).

### **2.1.3 Evaluation of Alternatives**

Having come up with a set of buying alternatives consumers tend to evaluate each of them on their attributes and their relative worth to them to arrive at the final choice. Consumers may use various compensatory and non-compensatory models while evaluating alternatives on different dimensions. Compensatory model helps in subtracting the weaker alternatives by stronger alternatives and obtain the positive results thereof. In case of non-compensatory model, the best alternative is the one that fulfils at least one of the required attributes. No matter how they are evaluated consumers at this stage are able to come up with the decision as to the brand they would buy. As indicated to use simplifying strategy and instead of making rigorous comparisons of alternative brands, simply choose a brand based on the recommendation of others. Consumers' evaluation of products is affected by their appearance, taste, texture or smell, package and shape, and moreover by the subtle factors, such as the symbolism used in the brand name (Solomon, Bamossy, Askegaard & Hogg, 2006).

### **2.1.4 Purchase Decision and Outcomes**

Consumers evaluation of alternatives set their preferences across alternative brands and they are likely to choose the brand which is most preferred. At this stage, consumers execute their purchase intention. Satisfaction or dissatisfaction with the newly bought product may be the outcomes of the execution of purchase intention. While positive experience tends to routinize decision process for future purchases, the negative experience may stimulate buyers to consider new alternative and undertake increased amount of search in similar buying situations in future. Purchase decision is affected by various factors like demographic profile of the buyers, cultural aspects, social and traditional values, and the preferences. Of course, the consumers decide individually but it is influenced by different factors. In some circumstances, the purchase decisions might be as the society wants while sometimes even the religious belief might affect the decision making. (Kotler, 2009).

### **2.1.5 Post Purchase Behavior**

Post purchase behavior of consumers is more or less related to satisfaction or dissatisfaction from the products. In case of car, the customer analyses the performance of the car every day and checks whether it meets his/her expectations. The satisfaction leads to further promotion of the product while the dissatisfaction leads to stop the further purchasing of the same product. This may even lead to unfollow the certain brand. The post purchase behavior of consumers is

characterized by the level of education, attitude and personality of a person, or the family background. 'When a product succeeds in satisfying a consumer's specific needs or desires, it may be rewarded with many years of brand or store loyalty, a bond between product or outlet and consumers that may be very difficult for competitors to break.' (Solomon, Bamossy, Askegaard & Hogg, 2006). So, post purchase behavior of consumers decides if the product remain in market for long.

## **2.2 Patterns of Search strategies**

The buyers of cars obtain desired information from different sources. In addition to visiting the showrooms and other seller sponsored sources, the customers search for the cars through internet (automobile company's website), advertisements, company brochures, company handbooks and so on. Moreover, the search strategies can be interpersonal (as recommended by friends, family members, co-workers) or neutral (consumer reports, books, and magazines). However, these sources of information obviously vary on several dimensions such as accessibility, cost, credibility, nature of information content etc. For example, product ratings provided by consumer reports are more credible than the information provided through advertisements. As such consumers are likely to make selective use of different sources of information.

Kolar & Zabkar (2014) in their study state that the purchasing strategies of customers differ according to their attitudes, personality traits, and the demographic conditions. The general attitudes of consumers can be ethnocentrism, shopping hedonism, value shopping, pragmatism, or peer influence. These attitudes of consumers are more likely to affect the search strategies they use to search for the information. Ethnocentric consumers can limit their search within their own ethnic group or a similar cultural setting. For example, in Nepalese context, the ethnocentric customers can limit their search for Indian brands only. They are less likely to go for European or American brands because they would believe that Indian culture is more like theirs. Hedonic consumers, who usually do the shopping for fun and luxury, might go for luxurious brands. The search strategies for this consumer group will be different. They are more likely to search for luxurious cars through the internet. On the contrary, value shoppers look for quality rather than luxury. The value seeking customers would like to get more information about the product. Their search strategies are based on visiting the dealer and checking the company's brochures. This group of consumers won't rely on the advertisements and internet based search strategies. On the other hand, pragmatic consumers like to check the reviews of the product. They tend to focus on reviews of the products rather than visiting the

website or checking advertisements. Peer influence is another factor that affects the search strategy of the consumers. Use of purchase pals is the best purchasing strategy these group of consumers apply. Studies show that newer and less experienced purchasers use purchase pals (assist by peers) to substitute peer's knowledge and ability to compensate their inability and lack of expertise.

Similarly, the different personality traits also influence in consumers search strategies. Many researchers believe that there are big five personality traits of consumers which affect their buying behaviour (Buss, 1995) (McCrae & Costa, 1997). The study accomplished by Kolar & Zabkar (2014) also focuses on the fact that the big five personality traits influence the buying behaviour of consumers and will also affect in their search strategies. The big five personality traits of customers are named as extraversion, agreeableness, conscientiousness, neuroticism, and openness. The group of consumers that likes to be socially expressive and who are excited about the changes and novelty are extraversion personality. They are most likely to gather information from the reviews from previous users. They also visit the showrooms and dealers personally and collect information during their search of the cars. For car purchasing, in the context of Nepal, these consumers have greater chance to get a fair price and excellent service. Trust, altruism, kindness, and affection characterize agreeableness personality of consumers. The search strategies for this group would be relying on peer's advice rather than searching for information by themselves. The buying decisions come as a result of interpersonal sources. Another group of consumers, who are organized with high level of thinking and goal-directed behaviours are the real information collectors. They collect information from every possible source. Any sources that contain information about the necessary products are of equal importance to these consumers. They would like to search for information elsewhere. However, the studies show that the certain product characteristics such as risk, complexity, purchase frequency favour the use of interpersonal sources to other sources.

Perner (2008), defines consumer behaviour as the psychology of marketing. The decision-making theory proposed by him is very much related to Nepalese context. In his book, he mentions about family decision making which is exactly the scenario of Nepalese car purchasers. The purchasing of car in Nepal is mostly the family decision which changes the direction of information search. Perner (2008) argues that there is no common view of everyone while making family decisions. Although there is differing perception, the decision maker is the one that affects the final decision making. Further he adds, the decision maker determines issues as:



- Whether to buy
- Which product to buy
- Which brand to buy
- Where to buy
- When to buy etc.

The information search in family circumstances can be more specific. There is no need to check for the best deals or the customer reviews because the decision is made within the family members. However, friends or colleagues can influence the decision maker. Perner suggests that the consumer decision making and information search depends on the consumer involvement. Consumer involvement is a heightened state of awareness that motivates consumers to seek out, attend to, and think about product information prior to purchase (Schiffman & Kanuk, 2004). It is about how much effort a consumer applies on searching for a product. Perner states that the consumer involvement depends on different factors such as the market status, consumer characteristics and situational characteristics. Consumer involvement is further divided into two categories and it is believed that the search strategies and decision making differs between the temporary involvement and enduring involvement. Temporary involvement is the behaviour where consumer's intention is not to remain involved in certain product category for a long time while in enduring involvement the consumer tend to remain interested in certain product category even the intention is not to make a purchase immediately. The following figures show the search strategies and the decision-making process for these two categories of consumer involvement:

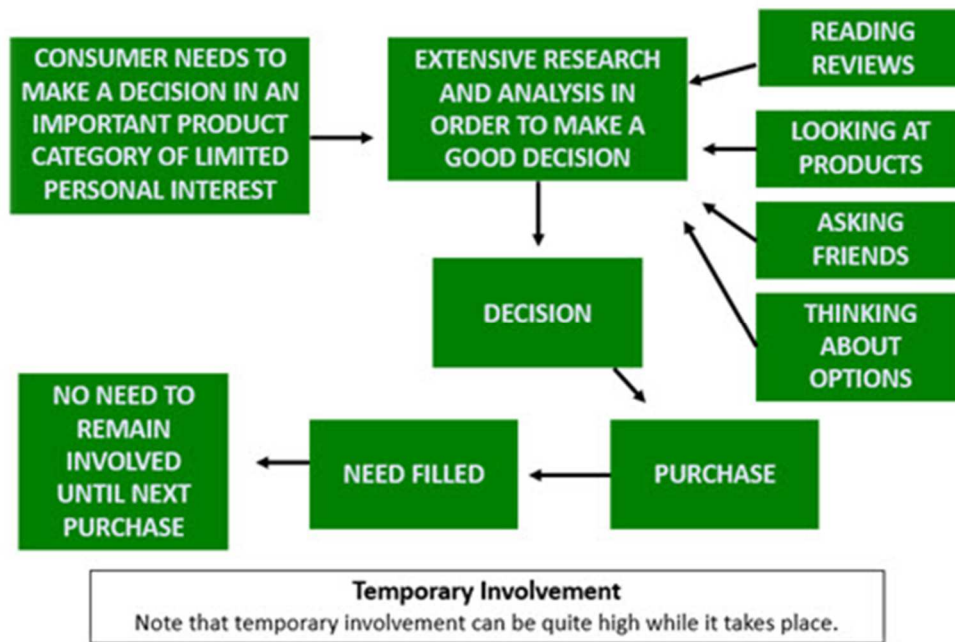


Figure 2: Temporary involvement: decision making process and information search  
 Source: Perner, L. (2008) 'Consumer behavior: the psychology of Marketing'

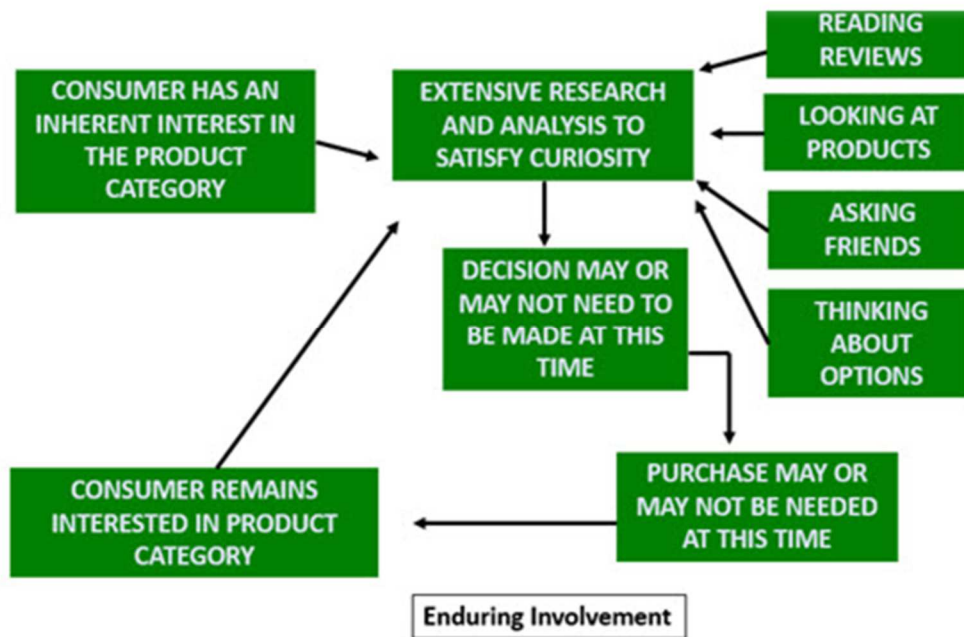


Figure 3: Enduring Involvement: Decision making process and Information Search  
 Source: Perner, L. (2008) 'Consumer behavior: the psychology of Marketing'

Above figure suggests that there are two types of market researchers: one research and analyze the market in order to make good decision while other research and analyze the market in order

to satisfy the curiosity. In either circumstances the search strategies of the consumers remain the same.

The Caspian Sea Journal (2016), sheds light on two other kind of search strategies: Internal and external search. The survey was conducted in Iran, for the laptop purchasers. Laptop purchasing also possess emotional attachment and desire to get the best, so it can be considered that the search strategy for car purchasing will also be the same. The total of 293 questionnaires were collected and analyzed using exploratory factor analysis (EFA) and confirmatory factor analysis (CFA). Internal search is the strategy which involves referring to the information in buyer's memory, or post purchase analysis of the previous purchase of similar product. So, it is all about reviewing the previous purchase experiences. On the other hand, external search is to gather information from friends, advertisements, and promotion programs along with checking information about the product in internet and the manufacturers manual. The study depicts that the average of external search is 0.63 while the average of internal search is 0.61, showing the number of consumers relying on external search as maximum.

To sum up, the consumer information system consists of several information sources such as interpersonal, commercial, external, or internal, personal inspection, neutral etc. While seeking information, consumers have option to produce information from any of these sources or their combinations. Despite of growing use of internet, still in many places the high involvement products buyers prefer to make extensive use of interpersonal sources at different stages of a decision process. However, they do not only rely on the information from single source.

### **2.3 Review of Available Literatures**

William C. Johnson and Lieh-Ching Chang of Nova Southeastern University has conducted the comparative study of car buying behavior between American and Chinese people living in North America. According to the study, both American and Chinese consumers prefer Japanese cars to American cars because of the quality. The cultural differences, attitudes towards the products and personality traits influence consumers in making their purchase decisions (Kolar & Zabkar, 2014). These differences differentiate American car buyers from Chinese car buyers. The results of the study suggest that both Chinese and American car buyers prioritize low cost while making their purchasing decisions. The pre-purchase information seeking is important for car buyers in American society and almost all the consumers seek for pre-purchase information. The study finds differences in pre-purchase information gathering process. The

Americans would like to conduct a research by themselves before purchasing cars whereas Chinese customers like to take suggestions from their friends before making a purchase decision. Although both consumers prefer to rely on their previous experiences, brand image is in high importance (Johnson & Chang). A similar study was conducted by Furse, Punj, and Stewart (1984) in which purchasing behaviour of American car buyers was studied. The results show that almost 81% of the buyers used to make purchase decision based on their previous experience and 19% of the buyers were purchase pal assisted shoppers with less experience and little confidence in their ability to judge the cars. The level of pre-purchase information seeking was almost out of question to 19% of the car buyers whereas others used to collect information through advertisements and personal visit to the dealers. As in the present studies low cost and mileage was the priority to American car buyers which were followed by colour, quality, and the model. Comparing the study of Johnson & Chang and Furse, Punj, & Stewart (1984) the purchasing behaviour of American Consumers seem to remain the same. The tendency to rely on purchase pals before making purchase decisions seem to be unchanged. The study of Vietnamese car purchasers (Cuong, 2014) shows that most of the purchasers seek information from the previous car owners which is followed by information seeking over the internet, referring to family/friends and visiting the car dealers. The study further shows that economic aspect, sale services, and after-sale services have positive effect on car purchasing decision. Vietnamese car purchasers usually prefer to choose a car with affordable price, less maintaining cost, fuel saving, and high salvage value. However, the Vietanemese consumers are unaware of the performance factors like maximum speed, engine power, balancing, engine sound etc., safety factors like brakes, air bags, alarm system etc. The conclusion shows that economic aspects and services offered plays important role rather than safety and comfort (Cuong, 2014).

2014 global automotive consumer study shows that the Gen Y consumers in Europe states affordability and cost to be the top reasons for not owning the vehicle. Gen Y consumers are the group of consumers that were born during 1980s and has access to latest technologies ever since their birth. The report thus concludes that 81% of the consumers are interested in buying cars but the condition is that the vehicles should be cheaper, more fuel efficient, and there should be more affordable payment options. The study also shows that family and friends of European consumers mostly influence the purchase decisions. Among the Gen Y consumers who participated in survey, 59% would like to refer family and friends before making purchase decisions. 49% of the consumers rely on car reviews on independent websites, 42% consumers check manufacturer websites before purchasing cars. News articles/ media reviews are friendly

to 40% of Gen Y consumers while 37% would like to visit the salesperson and 20% regard social networking sites to be significant in making purchase decision (Deloitte, 2014).

Although the models of consumer behaviour describe the consumer decision making process for car purchasing following a certain pattern characterizing extensive information seeking and evaluation of different alternatives, the review of studies on consumer decision making indicate that consumers follow different decision-making strategies. The review shows that only a portion of consumers seem to confirm the decision-making process described by theoretical models. Rest of the consumers have been able to develop various kinds of simplified decision-making strategies. These results should be seen in the context of product-markets where these studies took place. These studies were conducted using samples from European and American markets which are well developed to permit an individual to engage in extensive search for information. Many sources of information are available in these markets. Because of the availability of a large number of alternatives, models, brands, and a large number of stores carrying them, information search and evaluation of alternatives become worthwhile in such markets. The extensive decision-making process is further facilitated by a high level of education, access to high speed internet, experiences of previous uses in advanced countries. Despite such situation, many individuals seem to prefer simplified decision-making process.

Characteristics of market and consumers of Nepal are very different than those of the western countries. In general, product-market in Nepal are characterized by scarcity and uncertainty of supply of products. The auto market is very uncertain because of the political instability and road conditions. Besides, the number of car dealers are relatively fewer. As a result, consumers usually have very limited choice.

Consumer behaviour is a vast subject and it has many different aspects. It is not possible to include each aspect in the study. So, the present study addresses only few aspects related to consumer decision making process. It would be wise to say that still a big portion of consumer decision making process remains untouched in the present study. This is a qualitative research and the main method of data collection is questionnaire. Different questions are framed together to form a set of questionnaires. The questions included in the thesis are aimed to understand the decision-making patterns of car purchasing consumers in Nepal. The questionnaire is mainly divided into six parts:

- a) The background questions: - These questions are used for the general information about the respondents like age, gender, education etc. Some of the questions are used in

studying the relationship with other variables. The background questions are Q1, Q2, and Q4. (see appendix for questionnaires)

- b) Questions related to knowledge about cars: - These questions are to know the brand awareness of the consumers, knowledge about cars, and familiarity with the cars. These questions are important to observe the decision-making patterns. The questions are Q4, Q5, Q6, Q7, Q16, Q17, Q18, and Q19. (see appendix for questionnaires)
- c) Questions related to pre-purchase information seeking: - These questions are related to information search before purchasing a car, the time spent in different information sources etc. The questions are Q9, Q10, Q11, Q13, and Q14. (see appendix for questionnaires)
- d) Questions related to the factors affecting decision process: - These questions are framed to find the answers about how the choice of car is made. The questions are Q12 and Q20. (see appendix for questionnaires)
- e) Questions related to the attitude towards shopping: - The questions are related to the general attitude of car purchasing consumers in Nepal. Q15 represents this type of questions. (see appendix for questionnaires)
- f) Questions related to family involvement: - Family decision making is also important in a major purchase like car. The questions are to know about the level of family involvement. The questions are Q3 and Q21. (see appendix for questionnaires)

The questionnaire does not contain few of the above-mentioned theories like the temporary and enduring involvement of decision making, the cultural and ethnic factors in decision making, the Gen X and Gen Y consumers, and the personality traits of the consumers. Moreover, the theories are related to consumer behaviour and they are the base of present study. The following chapters discuss more about the methodology used in the present study and the analysis of data.

### **3. RESEARCH METHODOLOGY**

With a view to attain the overall objective of examining consumer decision making process for purchasing cars in Nepal, this study attempts to identify and analyze pre-purchase activities performed by Nepalese buyers. In this attempt efforts are made to obtain information pertaining to the specific aspects of decision making process from the buyers themselves. In this chapter, a description of the nature of data and the procedures for collecting and analyzing the data is provided in detail.

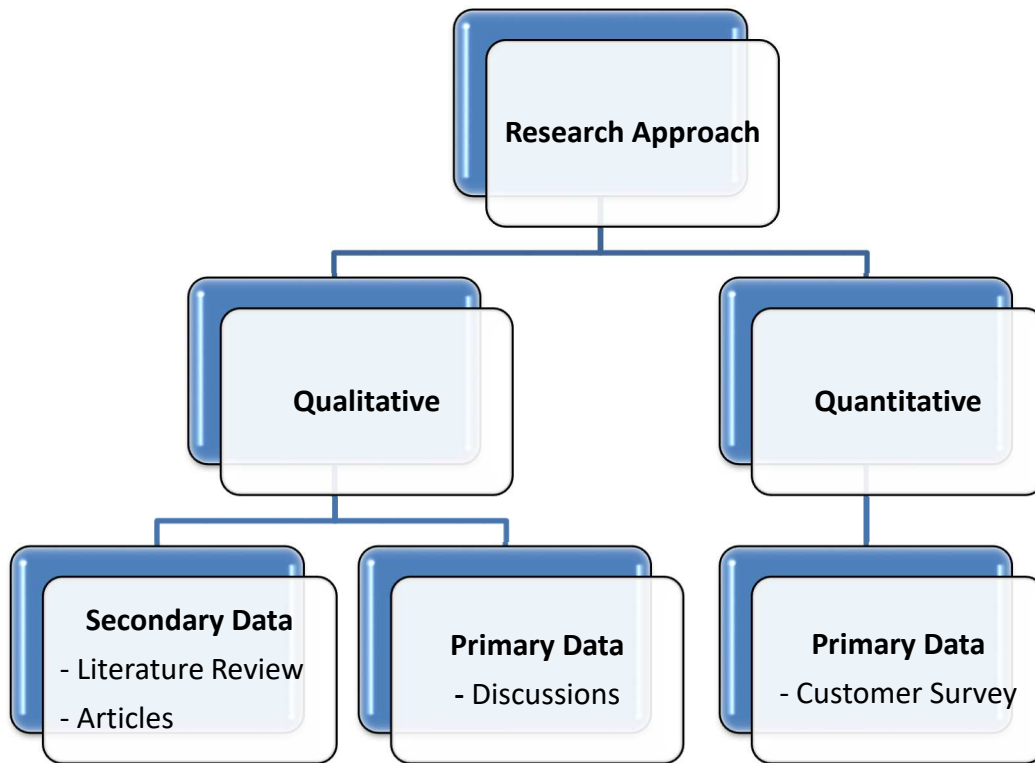


Figure 4: Research Methodology

### 3.1 Nature of data

The data used for the present study is mostly primary data. The primary data is collected from the questionnaires. The set of questionnaires is prepared based on the research questions. The questionnaires are distributed to 200 recent car owners, whose information was received from the National Transportation Management Department and different car dealers in Kathmandu. The discussion was conducted with the information officer in the National Transportation Management Department. In the discussion, he was asked for the general information like the number of registered private cars inside Kathmandu valley and the specific information like the number of persons who purchased cars in the last 12 months. Another discussion was conducted with the contact persons of two different automobile dealers; Sipradi Trading Pvt. Ltd. and Agni Incorporate Pvt. Ltd. from where the information of car purchasers was obtained. The discussion took place for almost 1 hour in 3 different segments.

The present study also uses secondary data. Secondary data represents to the information that was already collected by others. The sources of secondary data are books, scientific journals, articles, and different web sources. The secondary data is used mainly for the literature review.

The secondary data has been important for identifying various aspects of consumer decision making process.

Thus, the present study is based on quantitative as well as qualitative approach. Under qualitative approach discussion is used as a method of collecting primary data whereas literature reviews and articles are used to obtain secondary data. On the contrary, customer survey is conducted through the set of questionnaires to obtain primary data under the quantitative approach.

### **3.2 Sample and Data Collection**

The car is a sample product for the present study. The car might be either the new one or the used one but the respondents are the one who purchased the car not earlier than 12 months. The theories of consumer behavior indicate that consumer decision making process tends to be elaborative and extensive for the products that require extensive level of problem solving. In the day to day purchases the pre-purchase activities are minimal. Hence, Car is chosen as the sample product; the buying of which represents exceptional decisional behavior likely to involve all the pre-purchase processes postulated by the theories of consumer behavior. In the product-market situation like in Nepal, consumers are likely to be more careful in framing their purchase decisions while purchasing cars. Therefore, this study is supposed to help find the consumer decision making process in high risk situation.

#### **3.2.1 Sample of Respondents**

The sample of respondents used in this study constitute 200 recent car buyers in Kathmandu valley. Kathmandu valley is chosen as the geographical region to draw the sample because the car traffic here is tremendous compared to any other cities. As learnt from the office of The National Transportation Management Department more than 160,000 cars are registered in Kathmandu valley by December 2016. As the study deals with the decision-making process involved before purchasing cars, accuracy is a crucial factor to generate the actual decision process of individuals. So, the sample consists of only those consumers who bought their cars within the last 12 months. The recent car purchasers can be expected to recall the activities they performed while buying their cars with some confidence.



### **3.2.2 Selection of Respondent's Sample**

To generate a list of buyers who bought cars within last 12 months, The National Transportation Management Department (Rastriya Yatayat Byabastha Bibhag) was approached which issues the certificate of registration to the automobiles in Nepal. Unfortunately, despite their willingness to cooperate, the list could not be obtained as their records could not provide complete mailing address of the registrants. The complete details of only few registrants were obtained from there. Two different car dealers were then approached to generate the list of recent purchasers. But we could only get the information of those buyers who purchased cars from those dealers. This way we identified only few car purchasers which was not possible for generating random sample.

To overcome this problem and access at least 200 respondents for the survey, friends, relatives, neighbors are used as link persons to identify recent car purchasers in their respective localities. The recent car purchasers thus identified were personally approached and requested to respond to a set of structured questionnaires at the time of their convenience. In this way, the questionnaires were sent to 200 car purchasers via Email, Facebook, and post. Despite the strong effort we could only get 80 responses which is used for generating results in the present study.

### **3.2.3 Questionnaires**

A comprehensive questionnaire is developed based on the review of literature. The questionnaire includes the questions pertaining to patterns of decision making strategies involved in various stages of decision making process and different factors likely to affect decision process. The questionnaire is divided into three sections. (See appendix for the copy of questionnaire). The first section is to record demographic characteristics of the respondents. It records the general information of the respondents such as age, gender, occupation, and education level of the respondents. The second section records information about the consumers' knowledge about vehicles and their prior experiences with vehicles. The third section is used to explore different aspects of respondent buyer's decision process such as information search, information channel, time spent on different sources, development of choice and evaluation of alternatives. The questions also try to find out some individual and situational variables affecting decision process such as experience, prior preferences, use of

sources of information, search strategies, attitude towards shopping, time pressure and prior knowledge. Google forms is used for developing questionnaires. The answers could be collected in our own drive, thus the use of google form made it easier to prepare questionnaire and collect the responses. Altogether the questionnaire comprises of 37 questions. Most of the questions are multiple choice questions and 5 points Likert scale questions.

### **3.3 Data analysis**

The major tool used for data analysis is SPSS. Besides SPSS, Microsoft Excel is also used for summarizing the responses. The graphs and charts are prepared using Microsoft excel in this study. The set of questions are entered into the mathematical software SPSS. The questions and their responses are manually entered in the software. The descriptive statistics analysis is conducted to describe main features of the data quantitatively. Mean, median, and standard deviation are the major calculations under descriptive statistics. In this thesis, calculation of mean is done to analyze some of the results while frequencies are obtained to generate graph and make the data look better. Crosstabulation analysis and correlation analysis are conducted to study the relationship between different variables. Since most of the variables are nominal and ordinal chi-square test is the preferred method for correlation analysis. Correlation coefficient shows how the different variables are correlated to each other. Chi-square test is conducted in the present study to know the significance of the relationship between different variables. Pearson chi-square, likelihood ratio and Fisher's exact test are the measures of defining significance of the relationship between different variables. Furthermore, Phi and Cramer's V value are used as symmetric measures to check the strength of significant relationship between different variables.

## **4. DATA ANALYSIS AND DISCUSSIONS**

In this chapter, the data collected through discussions and questionnaires are analyzed in a systematic way. The questionnaires and their responses are entered in the mathematical software SPSS from where the general information as well as descriptive statistics, correlation coefficient, and regression analysis are calculated. The results thus generated are discussed to make it simpler.

### **4.1 Demographic Profile of Respondents**

The demographic profile of the respondents include age, sex, occupation, and the level of education of the respondents. It also includes the number of respondents who owned the car previously.

#### 4.1.1 Gender of the Respondents

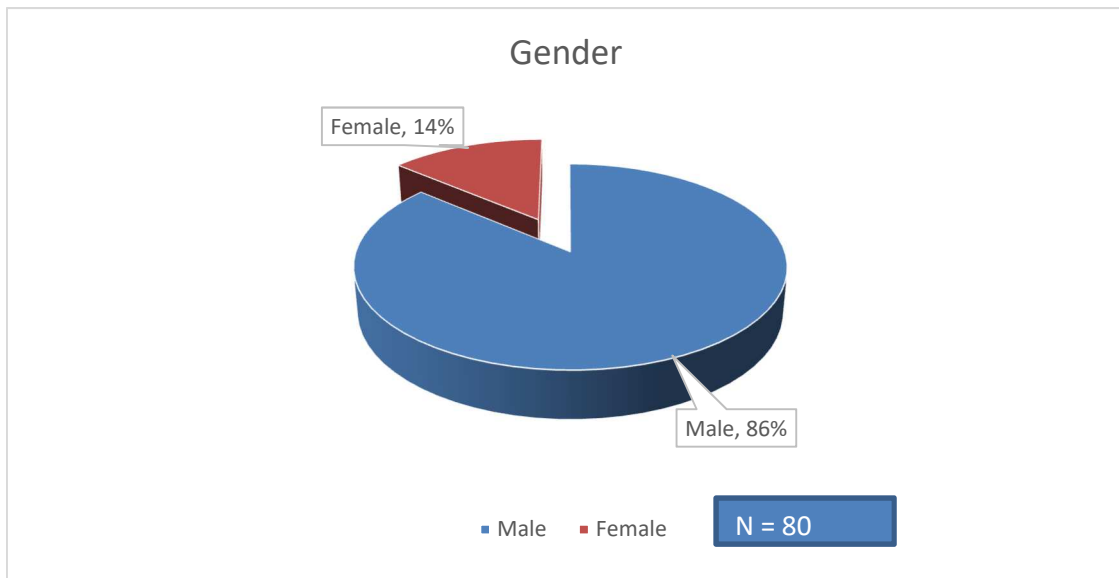


Figure 5: Gender of the respondents

According to the above figure 86% of the respondents are male while 14% of the respondents are female. It is clear from figure 5 that most of the car purchasers in Nepal are male. The chi-square analysis is conducted to find out the relationship between gender and the principal responsible person on deciding a purchase of car. Before chi-square test cross tabulation is shown between the sex and the principal responsibility in purchasing a car. The analysis shows the following result:

**Table 1: Crosstabulation result for Gender and the principal responsible person in buying a car**

		Are you the person who was mainly responsible for buying a new car acquired in your household?		Total
		Yes	No	
Gender	Count	64	5	69
	Male % within Are you the person who was mainly responsible for buying a new car acquired in your household?	92.8%	45.5%	86.2%
	Count	5	6	11
	Female % within Are you the person who was mainly responsible for buying a new car acquired in your household?	7.2%	54.5%	13.8%
Total	Count	69	11	80
	% within Are you the person who was mainly responsible for buying a new car acquired in your household?	100.0%	100.0%	100.0%

The above table shows that 92.8% of the male respondents are responsible in purchasing a car in their household while 7.2% of them are not the principal person that is responsible in buying a car. In case of female respondents, 45.5% of the respondents are mainly responsible for purchasing a car while 54.5% of the respondents are not mainly responsible in buying a car. The data is further analysed with a chi-square test:

**Table 2: Chi-Square Tests for main responsible person in buying a car and gender**

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	17.898 <sup>a</sup>	1	.000		
Continuity Correction <sup>b</sup>	14.131	1	.000		
Likelihood Ratio	13.030	1	.000		
Fisher's Exact Test				.001	.001
Linear-by-Linear Association	17.674	1	.000		
N of Valid Cases	80				

a. 1 cells (25.0%) have expected count less than 5. The minimum expected count is 1.51.

b. Computed only for a 2x2 table

Symmetric Measures			
		Value	Approx. Sig.
Nominal by Nominal	Phi	.473	.000
	Cramer's V	.473	.000
N of Valid Cases		80	

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

Here, 25% of the cells have expected count less than 5 which means the assumptions of chi square are violated. So, we use Fisher's exact test to examine the significance of association between the variables. The value is 0.001 which shows the strong association between gender and the person responsible in buying a car. Therefore, the relation is significant and it can be said that the gender and person responsible in buying a car are dependent to each other. Male consumers are more likely to be the principal responsible person while purchasing a car in Nepal. The phi value of the variables is 0.473 which shows the weak positive relationship between these two variables. The basic conclusion of this is that male car purchasers are basically responsible in buying a new car but the female car purchasers are not the principal person to make decisions. They are the owners but the secondary decision makers.

#### 4.1.2 Age group of the Respondents

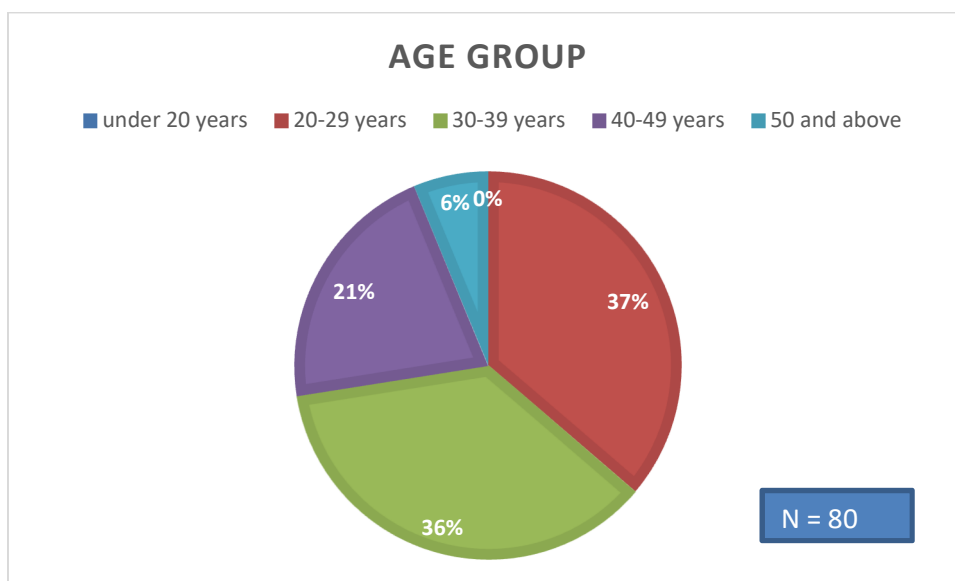


Figure 6: Age group of the respondents

The above figure shows the age group of the respondents. It is clear from figure 6 that there are no respondents whose age is under 20 years. Most of the respondents are between 20 and 29 years of age which comprises 37% of the total respondents. It is followed by age group of 30 to 39 years which is 36%. 21% of the respondents are in the age group of 40 to 49 years while 6% of the respondents are 50 years and above. To sum up the above figure most of the people in Nepal are likely purchase cars in their mid-20s to late 40s.

#### 4.1.3 Occupation of the respondents

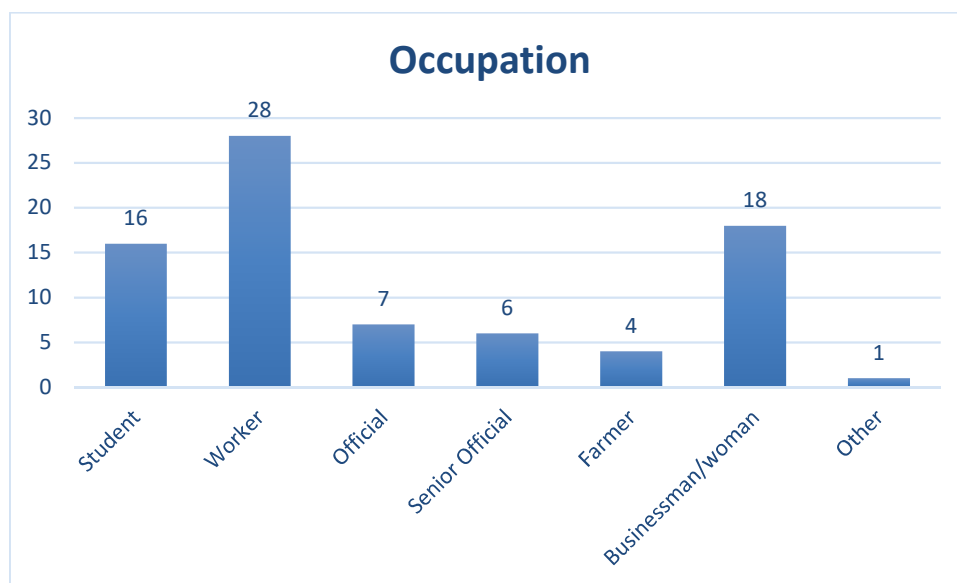


Figure 7: Occupation of the respondents

Figure 7 shows that among 80 respondents, 28 people are workers which comprises 35% of the total respondents while it is followed by 22.5% of business persons who own a car. Students are the third largest group who purchase cars. They account for 20% of the total respondents. This figure could possibly give a hint that the persons who need to travel a lot are more into purchase car. So, the purchase of cars seems to be necessity rather than interest or passion in the context of Nepal.

#### 4.1.4 Previous ownership

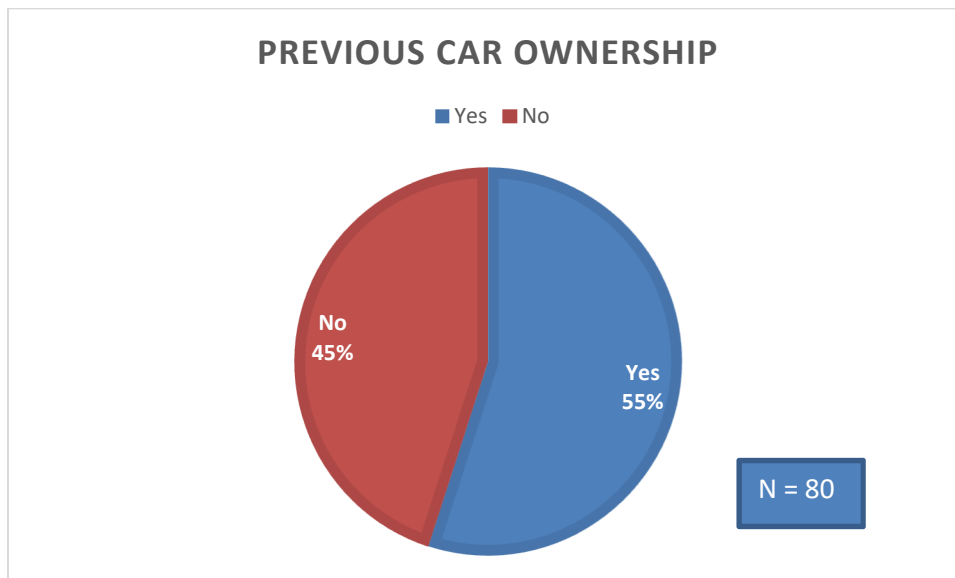


Figure 8: Previous car ownership

According to the data collected it is found that 55% of the car purchasers owned a car prior to the new one while 45% of the car purchasers are the fresh car owners meaning that it is the first time they had ever bought a car. From the results, the assumptions can be made that once a person purchases a car he/she is likely to purchase another after a certain time interval.

#### 4.2 Brand Awareness

It is important to know the brand awareness of the respondents that are taking part in the survey. In this study brand awareness means whether the respondents knew which brand and which model of car they are going to buy before they purchased it. The table below shows the number of respondents and their percentage who knew which brand they wanted to buy and who were unaware of the brand. Brand awareness of the consumers affects the decision-making process of the consumers. The relationship of brand awareness with other variables will also be examined later in this chapter.

**Table 3: Brand and model awareness of the respondents**

**When you thought about buying a new car, did you know which brand you wanted to buy?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	53	66.3	66.3	66.3
	No	27	33.8	33.8	100.0
	Total	80	100.0	100.0	

**When you thought about buying a new car, did you know which model you wanted to buy?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	58	72.5	72.5	72.5
	No	22	27.5	27.5	100.0
	Total	80	100.0	100.0	

From the above table, 66.3 percentage of the respondents knew which brand they are going to buy and 33.8 percentage of the respondents were unaware about which brand they are going to purchase. Similarly, 72.5 percentage of the respondents were aware about the model of the car they are going to purchase while only 27.5 percentage of the consumers responded as they did not know which model of car they are going to purchase. The above table suggests that most of the car purchasing consumers in Kathmandu are aware about the brand. They think about which brand and which model of car they are going to buy before purchasing a new car.

### **4.3 Factors Influencing the choice of car**

There are different factors that influence the choice of car. The factors that are likely to affect the purchase decision of the consumers are:

- a) Recommendation of friends, families, and relatives
- b) Recommendation of salesperson
- c) Buyer's prior experience with the same model or brand
- d) Buyer's own evaluation of different brands and models
- e) Advertisements of the cars

The following table shows the responses from different persons to each of the above factors:



**Table 4: Factors influencing choice of the car**

		Responses		Percent of Cases
		N	Percent	
Factors influencing choice of the cars	Recommendation of a friends/relatives	22	24.7%	39.3%
	Recommendation of a salesperson	3	3.4%	5.4%
	Advertisements of a car	8	9.0%	14.3%
	Your own evaluation of different model of cars	37	41.6%	66.1%
	Your prior experience with the same model	19	21.3%	33.9%
Total		89	100.0%	158.9%

N>80 (Multiple choice response: Respondents have freedom to choose more than one options)

**Case Summary**

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Factors influencing choice of car	56	70.0%	24	30.0%	80	100.0%

Above table shows that out of 80 respondents 56 responded to the question about the factors that influence the consumers in choosing the model or brand of cars while 24 of them left unanswered. Since the multiple-choice question was used for collecting this information there is 89 responses in total. According to the table, most of the consumers make the choice based on their evaluation of different model of cars. Out of 89 responses 37 responses tell that the consumers choose their car by evaluating different models. Another large number of consumers are influenced by the recommendation of their friends, relatives, and colleagues. 22 out of 89 responses has been checked to the alternative that the recommendation of friends, relatives and colleagues influence them. 19 respondents believe that their prior experience with the same model and brand influence the most while choosing the car. It seems like very few respondents are influenced by the advertisements or the recommendation of salesperson while deciding which car to purchase.

Besides these, there are some more factors that consumers consider while purchasing new car. These factors are mostly related to the consumer preferences. Consumers purchase the car by looking at its performance, features, safety measures, price of the car, and the sales and after sales services that the seller provides. The graph below shows the consumer preferences while making a purchase decision:

**Table 5: Consumers Preferences Factors**

		Responses		Percent of Cases
		N	Percent	
Consumer Preferences factors	Features	40	28.2%	74.1%
	Performance	41	28.9%	75.9%
	Price	42	29.6%	77.8%
	After sale service	19	13.4%	35.2%
Total		142	100.0%	263.0%

N>80 (Multiple choice response: Respondents have freedom to choose more than one options)

**Case Summary**

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Preferences	54	67.5%	26	32.5%	80	100.0%

Above table shows that price of the car, performance of the car (performance includes mileage, speed etc.), and features of the car (features includes the safety systems, interior design, comfort etc.) are mostly preferred by the consumers while choosing the car. Because this data was collected through multiple choice question where respondents could choose more than one alternatives, there are altogether 142 responses. Only 54 respondents responded to the preferences factors while 26 left unanswered. The highest number of respondents prioritize price in their decision-making process for purchasing a car. From the table, 42 respondents' purchase decision is based on the price of car. The table also shows that besides price, features and performance of car is also almost equally valued by the consumers. Only few respondents think that the sales and after sales services are most important factors to take into consideration while making a purchase decision.

After the consumers consider the above-mentioned factors, their choice becomes narrower and thus more in-depth consideration is made by the consumers in their choice of the cars. The

consumers at this stage consider rather specific factors like acceleration, mileage, warranty, sportiness and of course price of the car. The graph below shows the in-depth factors that affects the choice behaviour of the car purchasing consumers in Kathmandu valley:

**Table 6: In-depth Factors for choosing a car**

		Responses		Percent of Cases
		N	Percent	
In-depth Factors	Acceleration	17	11.1%	30.4%
	Mileage	46	30.1%	82.1%
	Warranty	27	17.6%	48.2%
	Sportiness	18	11.8%	32.1%
	Price	42	27.5%	75.0%
	Other	1	0.7%	1.8%
	Reliability	1	0.7%	1.8%
	Spare parts and resale value	1	0.7%	1.8%
Total	153	100.0%	273.2%	

N>80 (Multiple choice response: Respondents have freedom to choose more than one options)

**Case Summary**

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
In-depth Factors	56	70.0%	24	30.0%	80	100.0%

To study the in-depth factors that consumers consider while purchasing a car multiple choice question was developed where the respondents could check more than one alternatives. There are altogether 153 responses from 56 respondents. According to the above table, when the consumer looks for more detailed factors, mileage plays an important role. Most of the respondents believe mileage to be the most important factor that affects their choice of a car. 82.1% of the total respondents consider mileage before purchasing a car. People consider mileage to be very important in Nepal because of the condition of roads and the less availability of fuel. However, 75% of the respondents consider price of the car before purchasing it. Around 48% of the respondents consider warranty of a car while making a purchase decision. Some 30% of respondents look for sportiness and acceleration before making a purchase decision. These group of people are those who purchase car for their luxury purposes. Few respondents

considered reliability of vehicle, resale value of spare parts, and attractiveness of design as the factors that affect their choice.

#### 4.4 Pre-Purchase Information

Pre-purchase information seeking is very important while consumers purchase expensive and luxurious goods. Purchasing of car is considered to be a major purchase in Nepal which requires lot of considerations before bringing a new car home. The information that the consumers search for before making any purchases is what we call pre-purchase information seeking. Prior to purchasing a car consumer looks for information in the internet, televisions, newspapers or elsewhere the information is available. But firstly, it is necessary to know if they really look for information before purchasing a car. The diagram below shows the percentage of the respondents who searched for information before purchasing a car and who did not search for information before purchasing a car.

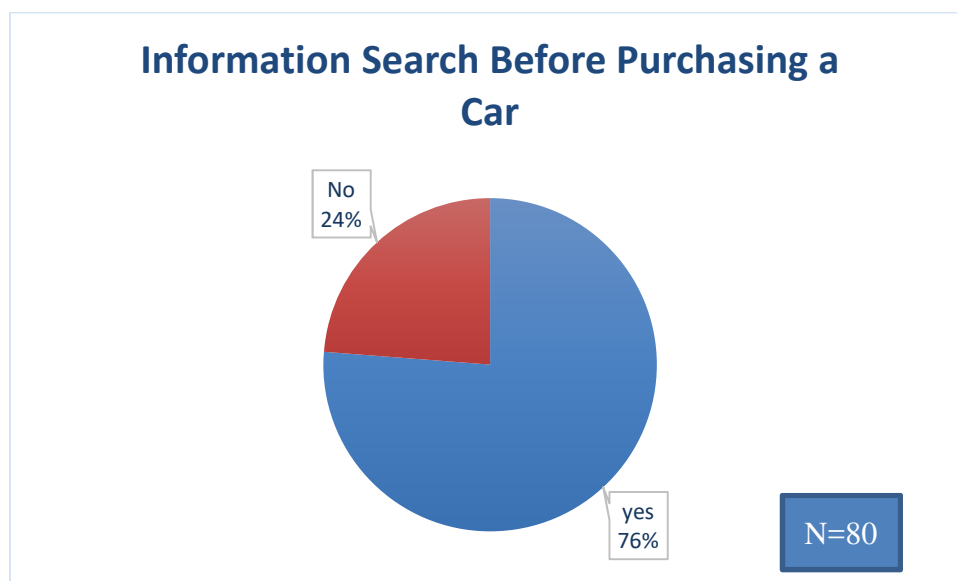


Figure 9: Information search before purchasing a car

The above figure indicates that among the respondents 76% of the respondents searched for information about cars using different information channels while 24% of the respondents did not search for information before purchasing a car. It is clear from the figure that most of the people look for information before deciding which car to purchase. But still there are some consumers who makes the purchase decision without seeking pre-purchase information.

If the consumers search for information about the car, it is very important to know what sources they use for seeking pre-purchase information. The following figure provides insight about what sources and what channels of information are used by Nepalese car purchasing consumers:

**Table 7: Sources of Information**

		Responses		Percent of Cases
		N	Percent	
Sources of Information	Electronic Advertisements	18	17.3%	34.6%
	Printed Advertisements	6	5.8%	11.5%
	Internet	40	38.5%	76.9%
	Company's Brochures	5	4.8%	9.6%
	Visit to Showrooms	35	33.7%	67.3%
Total		104	100.0%	200.0%

N>80 (Multiple choice response: Respondents have freedom to choose more than one options)

**Case Summary**

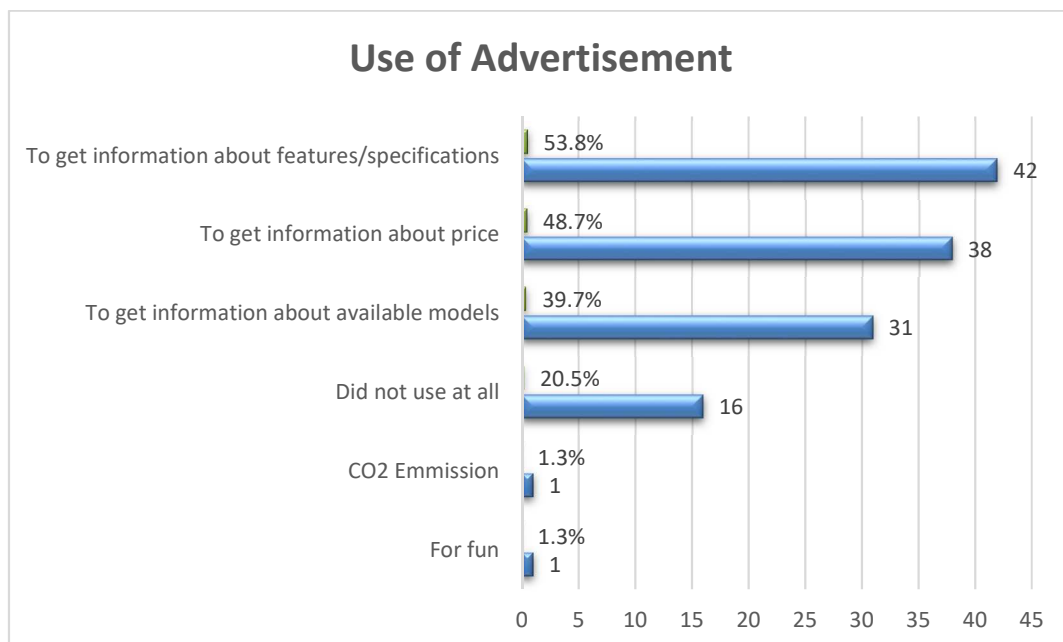
	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Sources of Information	52	65.0%	28	35.0%	80	100.0%

The table above shows the different information channel and how much the consumers use them in searching for information before deciding which car to purchase. There are 104 responses from 52 respondents. The multiple-choice question used for data collection allows the respondents to choose more than one alternatives. According to the table most of the respondents use internet as a source of information. 76.9% of the total respondents use internet as the main source for searching information. A large percentage of people (i.e. 67.3%) visit showrooms to get the information about cars. Only 34.6% of the respondents use electronic advertisements i.e. radio, television for searching information. The printed materials like the newspaper advertisements, and company brochures are used by even less consumers. Generally, car purchasing consumers in Nepal, especially in Kathmandu valley, use internet and visit to showrooms as the major sources of information. However, the result might be different for different geographical region and for larger population.

The study of consumer behaviour shows that the consumers look for different sources of information in the hope of finding something more and something unique. For instance, people surf the internet for detailed and explained information of the product. They also look for the reviews and ratings of certain brands and products. While people visiting showrooms might have different criteria for their information search. The present study tries to find out the reason behind choosing different information channels and how their decision is affected based on the information channel they choose. According to the survey the most commonly used information channels are Advertisements of cars, searching in the internet about cars, visiting to showrooms for information about cars, and the interpersonal sources of information i.e. information acquired from friends, colleagues, family etc. Below is the detailed explanation about the purpose of choosing different information channels for pre-purchase information seeking.

#### 4.4.1 Advertisements

Advertisements play very important role in consumers’ buying behaviour. Consumers either use audio visual advertisements or printed advertisements for collecting information. The study above shows that almost 23% of the respondents use advertisements as the major source of information search. The figure below explains the purpose of relying on advertisements while making a purchase decision:



N>80 (Multiple choice response: Respondents have freedom to choose more than one options)

Figure 10: Purpose of using advertisements as information channel

### Case Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Use of Advertisements	78	97.5%	2	2.5%	80	100.0%

The 129 responses from 78 respondents yielded the above result. The respondents were free to choose more than one options. The purpose of multiple-choice questions is to generate more accurate result. The survey result shows that most of the car purchasing consumers in Nepal used advertisements to get information about the features and specifications of cars. 53.8% of the respondents used advertisements for this purpose. 48.7% of the respondents used it to get information about price of the car. 39.7% of the respondents used advertisements because they could learn about available models in the market. Where 20.5% of the respondents did not use advertisements at all, there were two respondents who used it for fun and to learn about CO2 emission respectively.

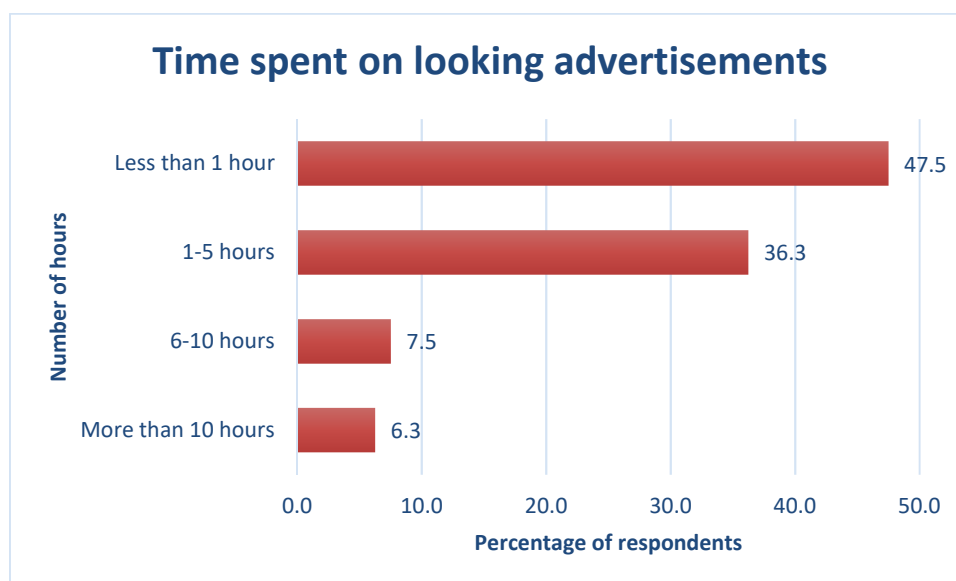


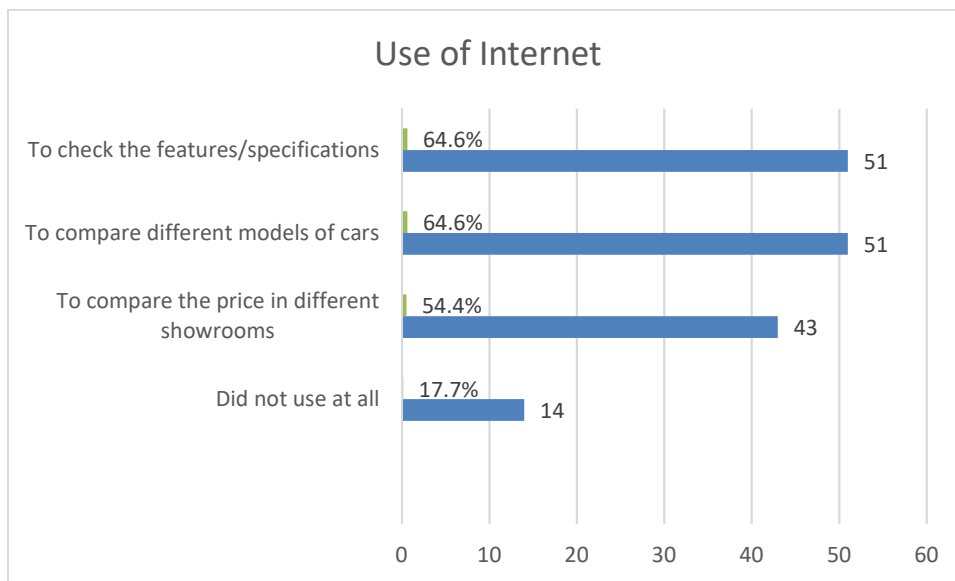
Figure 11: Time spent by consumers on advertisements

According to the above figure, 47.5% of the respondents had looked about cars in advertisements for less than 1 hour while 36.3% of the respondents looked for advertisements for 1 to 5 hours. The number of respondents who looked the advertisements for more than 6 hours are relatively less. Thus, the car purchasing consumers in Nepal are most likely to spend less time in looking advertisements.

To sum up, advertisement is an important source of information for car purchasing consumers in Nepal. Consumers spend around one hour in average in looking advertisements and collecting information. Most of the Nepalese car purchasing consumers use advertisements as a source of information to gather information about the features, specifications, price, and available models of the cars.

#### 4.4.2 Internet

Internet is the most common and easiest way for searching information. The study already showed that in Nepal most of the car purchasing consumers used internet as the main source while searching for pre-purchase information. The following figure and table show explained details about the use of internet and the time spent on information search using internet. This is likely to explain the buying behaviour of Nepalese car purchasing consumers.



N>80 (Multiple choice response: Respondents have freedom to choose more than one options)

Figure 12: Purpose of using internet as information channel

Case Summary						
	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Use of Internet	79	98.8%	1	1.2%	80	100.0%



The above figure is generated from the 79 respondents. The different responses in the multiple-choice question were checked 159 times. According to the above graph 17.7% of the respondents did not use internet as the source of seeking pre-purchase information. The equal percentage of consumers (64.6%) used internet to check the features/specifications of a car and to compare different models of cars. While 54.4% of the respondents used internet to compare price of cars in different showrooms.

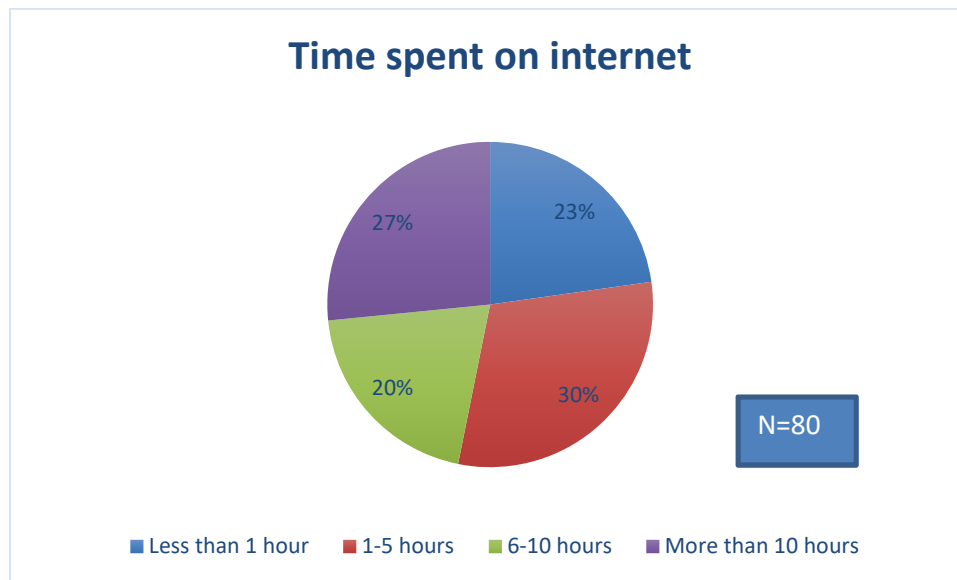


Figure 13: Time spent by the respondents on internet surfing

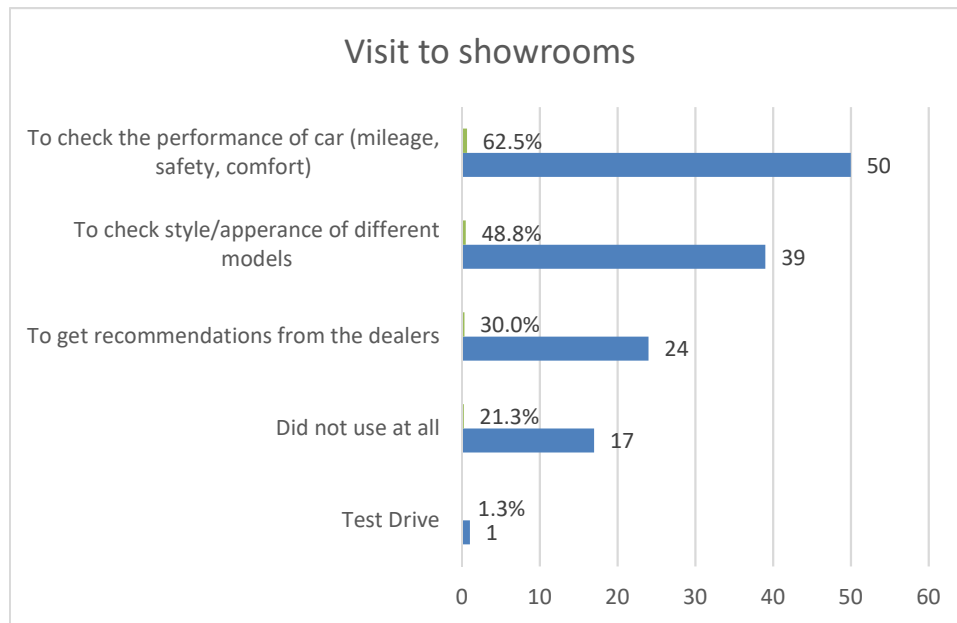
The figure shows that most of the respondents used internet for searching information about cars for about 1 to 5 hours. The number of respondents who used internet for 6 to 10 hours and more than 10 hours are also more. This in total occupies 47% of the total respondents. And 23% of the respondents used internet for less than 1 hour. In general, the figure suggests that most of the consumers in Nepal spend quite a lot of time in internet for searching information about cars.

The study suggests that most number of people in Nepal look for information in the internet before purchasing a car. The main purpose of using internet is to check the features, specifications of the cars and to make comparison about available models of cars.

#### 4.4.3 Visit to Showrooms

Visiting to showrooms to get information about cars is the old school way of collecting information. But still it is regarded as an important source of information especially while

purchasing vehicles. Consumers visit to showrooms not only to collect information about cars but also to test drive and check its performance.



N>80 (Multiple choice response: Respondents have freedom to choose more than one options)

Figure 14: Purpose of visiting showrooms

#### Case Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Visit to showrooms	80	100.0%	0	0.0%	80	100.0%

According to the above figure and table, the car purchasing consumers in Nepal visit showrooms before buying a new car because they want to check the performance of the car and the style of different models of cars. In the multiple-choice questions survey conducted for this study we got 131 responses from 80 respondents where 62.5% of respondents' main purpose of visiting showrooms was to check the performance of the car. Similarly, almost 49% of the respondents visited showrooms to check the style and appearance of different models of cars whereas 30% of the respondents wanted to get recommendations from the dealers. Only 21.3% of the respondents did not visit showrooms before making a purchase decision which explains that a lot of people in Nepal visit showrooms before purchasing a car. Only one of the respondents visited showroom only for a test drive. The table below shows the average time Nepalese car purchasing consumers spend in visiting showrooms:

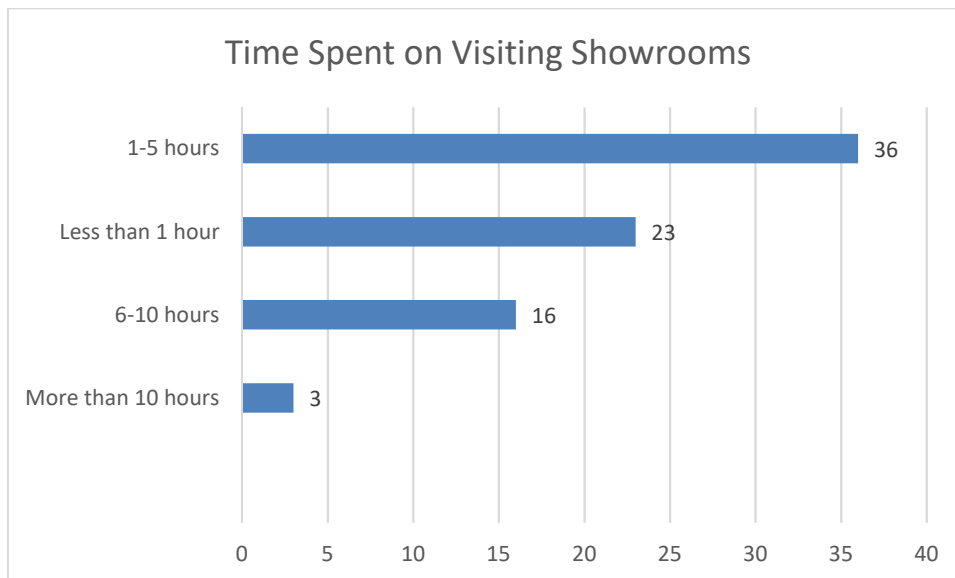


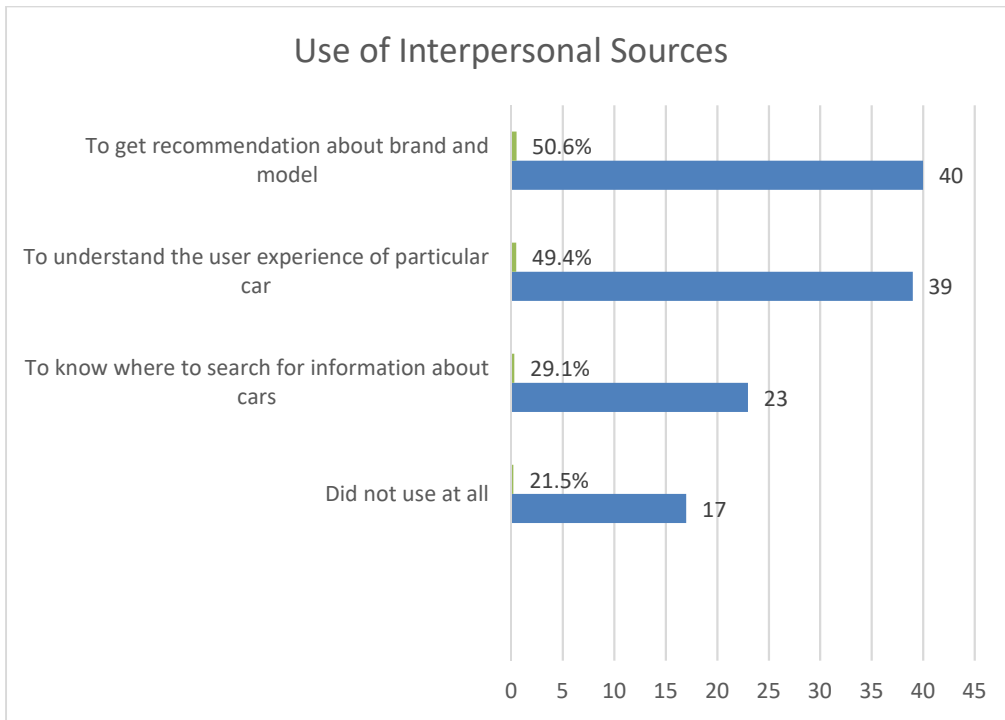
Figure 15: Time spent on visiting showrooms

The above figure shows that the respondents did not spend much time in visiting to the showrooms. Most of the respondents told that they spend about one to five hours in the showroom. The respondents who spent less than 1 hour in showrooms are also high in number while the number of respondents who spend more than 6 hours in showrooms are relatively less. This suggests that the car purchasing consumers in Nepal visit to showrooms just to check the performance of cars and to look at its exterior and interior appearance.

In short, car purchasing consumers in Nepal prefer to visit showrooms before making a purchase. But they do not spend a lot of time in doing so. The main reason of visiting showrooms is to check the performance of a car and the style of a car.

#### 4.4.4 Interpersonal Sources

Interpersonal sources of information are the traditional yet powerful way of searching for information. Interpersonal sources include word of mouth communication. Most of the family, friends, colleagues are the one who provide information. The table and figure below explains why Nepalese car purchasing consumers use interpersonal sources for collecting information and how much time on average they spend on this source of information.



N>80 (Multiple choice response: Respondents have freedom to choose more than one options)

Figure 16: Use of Interpersonal source of information

**Case Summary**

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Interpersonal sources	79	98.8%	1	1.2%	80	100.0%

As from the above table and figure there are 119 responses from 79 respondents. The figure suggests most of the consumers used this source of information to get recommendation about the brand and model of the car and to understand the user experience of car. Almost 51% of the respondents used it for getting recommendation from their friends while 49.4% of the respondents used to learn about the experience from previous owners of the car. As much as 29% respondents used interpersonal source to know where to look for the information about cars. These 29% respondents are those who have very less knowledge about the information sources but are willing to get information about the car before buying it. 21.5% of the total respondents did not use interpersonal sources of information.

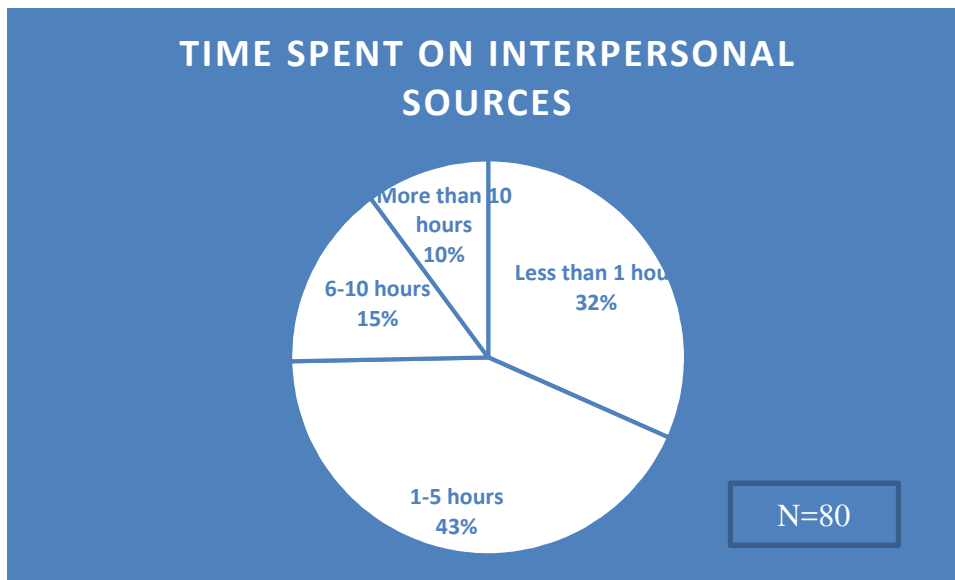


Figure 17: Time spent on interpersonal source for information

According to the figure, most of the respondents spent one to five hours in interpersonal sources (Talking to friends, colleagues, relatives) to get information about the cars. 32% of consumers spent less than one hour in collecting information from the interpersonal sources. 15% and 10% of the respondents spent six to ten hours and more than ten hours respectively.

Thus, a lot of car purchasing consumers in Nepal use interpersonal sources for gathering information about cars. But the time spent on interpersonal sources is not remarkable. Interpersonal sources are mostly used to get information about brand and model of the car and to understand the user experience of cars from the previous owners.

Even though the sample size used in the present study is not large enough to generate accurate data it can be seen from the study that most of the consumers in Nepal seek for pre-purchase information before deciding which car they are going to purchase. Internet is the mostly used source for gathering pre-purchase information whereas the consumers also excessively use other sources of information. Most likely, the consumers spend lot of time in internet to look for information about cars before making a purchase decision. So, it can be concluded from the study that people are aware about the need of information search before making a purchase decision and they spend plenty of time searching for information. The level of pre-purchase information seeking of car purchasers in Nepal is high.

#### 4.5 Attitude towards shopping

Consumers' attitude towards shopping plays a vital role in affecting the decision-making process. Generally, attitude towards shopping refers to the shopping behaviour of consumers. A discussion with the information officer of National Transportation Management Department was conducted to identify general shopping behaviour of car purchasing consumers in Nepal. Through the discussion and through the general market research 7 statements were identified which defined the general shopping behaviour of car purchasing consumers in Nepal. The statements were taken to the respondents and asked if they agree with the statement or disagree with the statement or they are neutral about that statement. The statements developed prior to study are presented in the following table:

<b>Table 8: Attitude towards shopping of car purchasing consumers in Nepal</b>	
1.	I get bored very quickly while searching for information.
2.	I try to avoid shopping for cars by myself.
3.	I do not hurry while making major purchase decisions.
4.	It pays to look around before buying a new car.
5.	I am not good at deciding which brand and which model suits me.
6.	I usually compare price of different brands and models.

The above-mentioned statements are general assumptions or previously studied things about car purchasing consumers. But the present study suggests something that looks as follows:

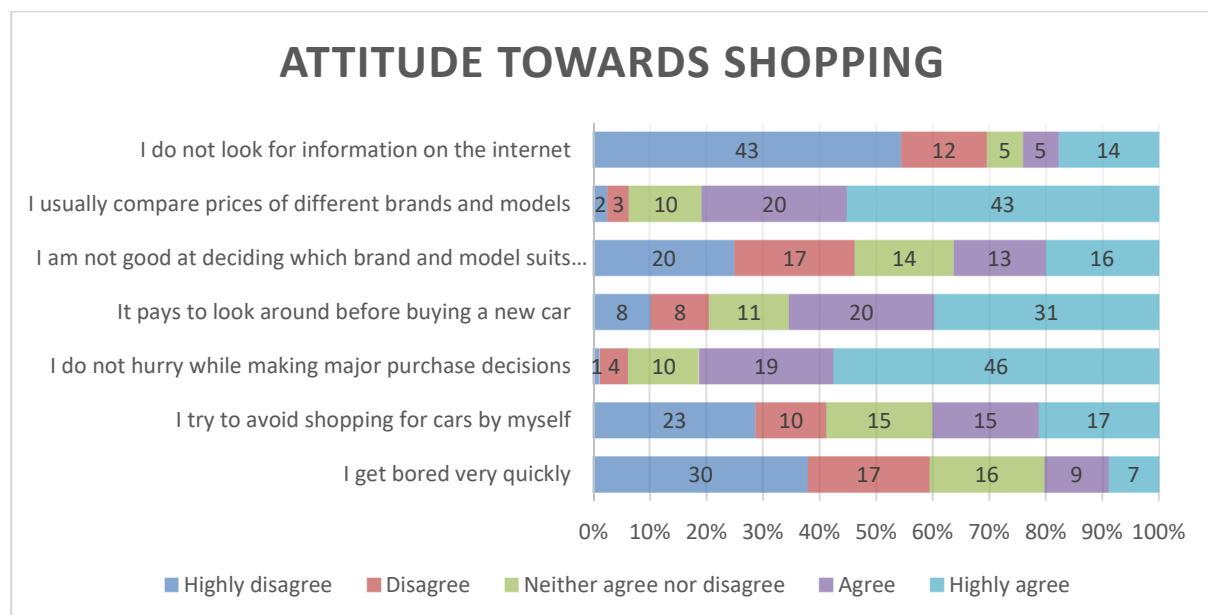


Figure 18: Attitude towards shopping of car purchasing consumers in Nepal

In the above table, we see the number of respondents responding for each attitude towards shopping on a five-point Likert scale. According to the above table we developed the attitude towards shopping that the consumers possess in present. By analysing the results in the above chart, we find the following attitude towards shopping of car purchasing consumers in Nepal:

1. Car purchasing consumers do not hurry while making a purchase decision.
2. Consumers usually compare price of different brands and models before purchasing a car.
3. Most of the consumers think collecting information from different sources costs time and money.
4. Consumers prefer to go and purchase a car on their own but they also equally prefer to go and purchase a car with someone.
5. In Nepal, consumers are confused in deciding which brand and model suits their requirements.
6. Most of the time consumers do not get bored while searching for information and most of the consumers look for information in the internet before purchasing a car.

Different factors play an important role in shaping the purchasing behaviour of consumers. The shopping attitudes are affected by different factors like age, sex, educational level, occupation and so on. The calculation of correlation shows whether there is significant relation between attitude towards shopping and the causing factors.

**Table 9: Crosstabulation of Age and the tendency to avoid shopping alone**

		I try to avoid shopping for cars by myself			Total
		Disagree	Neither agree nor disagree	Agree	
Age_Group	20-29 Years	18	5	6	29
	30-39 Years	12	7	10	29
	40-49 Years	2	3	12	17
	50 and above	1	0	4	5
Total		33	15	32	80

The crosstab analysis above shows that there is increasing trend in the Agree column according to the age. The age group 20 – 29 years do not agree a lot with the statement while the age group 50 and above agrees with the statement the most. Similarly, the disagree column shows

the decreasing trend of the responses according to the age group which suggests us the same thing as the agree column. The chi-square test explains its significance further:

**Table 10: Chi-Square Tests for age group and tendency of shopping for cars alone**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	17.511 <sup>a</sup>	6	.008
Likelihood Ratio	18.950	6	.004
Linear-by-Linear Association	14.425	1	.000
N of Valid Cases	80		

a. 4 cells (33.3%) have expected count less than 5. The minimum expected count is .94.

**Symmetric Measures**

		Value	Approx. Sig.
Nominal by Nominal	Phi	.468	.008
	Cramer's V	.331	.008
N of Valid Cases		80	

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.

In the above table, the chi-square test of age group and the tendency to avoid shopping for cars alone is conducted. The results show that the 33.3% of the cells (greater than 20%) have expected count less than 5 which means that the assumptions of chi-square are violated. The likelihood ratio is the best method to look for the correlation coefficient in this case. The likelihood ratio is 0.004 which is less than 0.05 which shows the significant relationship between these two variables. Thus, the age-group and the tendency to shop for cars alone are related to each other. Increase in age is likely to cause to avoid shopping for cars alone. The Cramer's V value of the relationship is 0.331 meaning that there is a weak positive correlation between these two variables.

**Table 11: Crosstabulation of Did you own a car prior to buying a new one and I am not good at deciding which brand and model suits me**



		I am not good at deciding which brand and model suits me			Total
		Disagree	Neither agree nor disagree	Agree	
Did you own a car prior to buying a new one?	Yes	26	7	11	44
	No	11	7	18	36
Total		37	14	29	80

In the above table, the cross-tabulation analysis shows that the greater percentage of respondents who agree to this statement did not own a car previous to the new one. While the respondents who disagree to this statement are mostly the car owners who already owned a car previous to buying a new one. The chi-square test makes the result simpler:

**Table 12: Chi-Square Tests for previous ownership and deciding brand suitability**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	7.041 <sup>a</sup>	2	.030
Likelihood Ratio	7.165	2	.028
Linear-by-Linear Association	6.876	1	.009
N of Valid Cases	80		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 6.30.

**Symmetric Measures**

		Value	Approx. Sig.
Nominal by Nominal	Phi	.297	.030
	Cramer's V	.297	.030
N of Valid Cases		80	

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

The chi-square assumptions in the above table is not violated because none of the cells have expected count less than 5. In this case pearson chi-square measure is taken into consideration. The value of pearson coefficient is 0.030 which is again less than 0.05. This shows the significant relationship between the two variables. Thus, the consumer that had owned car previously is supposed to be good at deciding which brand and model of car suits him/her. The

Cramer's V correlation is further taken into consideration to check the strength of positive correlation. The value of Cramer's V is 0.297 which means that there is very little degree of positive correlation between previous ownership of car and deciding suitable brand and model.

Generally, brand knowledge and information search are related to each other. In major purchases, when the consumers have good brand knowledge lower-than-expected search activities are likely to take place (Carol A., Lisa A., Anthony D., Joel E., 1994). The following tables shows the statistics of information search with relation to brand knowledge in Nepalese context:

**Table 13: Crosstabulation for When you thought about buying a new car, did you know which brand you wanted to buy and I get bored very quickly while searching information**

			I get bored very quickly while searching information			Total
			Disagree	Neither Agree nor disagree	Agree	
When you thought about buying a new car, did you know which brand you wanted to buy?	Yes	Count	33	9	10	52
		% within I get bored very quickly while searching information	70.2%	56.2%	62.5%	65.8%
	No	Count	14	7	6	27
		% within I get bored very quickly while searching information	29.8%	43.8%	37.5%	34.2%
Total		Count	47	16	16	79
		% within I get bored very quickly while searching information	100.0%	100.0%	100.0%	100.0 %

The results from the cross tabulation are analysed by performing the chi-square test between these two variables as follows:

**Table 14: Chi-Square Tests for brand knowledge and degree of boredom while searching for information**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.133 <sup>a</sup>	2	.568
Likelihood Ratio	1.117	2	.572
Linear-by-Linear Association	.581	1	.446
N of Valid Cases	79		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 5.47.

The chi-square tests give the pearson coefficient value as 0.568 which is greater than the significance level of 0.05. This means that there is no significant relationship between these variables. The brand knowledge before purchasing a car and the degree of boredom while searching for information are completely unrelated to each other.

#### 4.6 Family Involvement

As discussed earlier in this report, family decision making is one of the important factor of decision making process. Especially when it comes to a major purchase. The following figure shows the extent of family involvement in purchasing a car in Nepal:

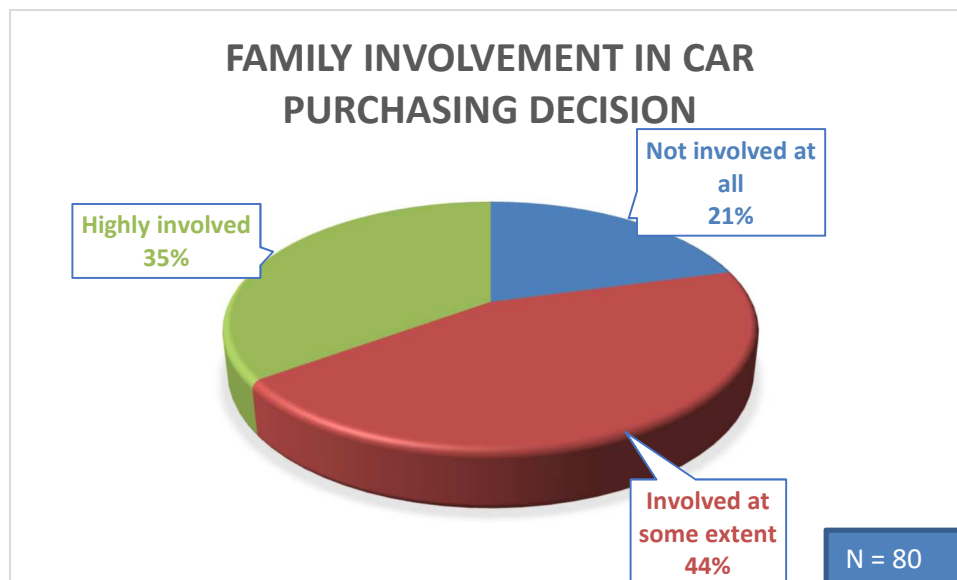


Figure 19: Family Involvement

The above pie chart shows that there was a lot of family involvement in car purchasing decision making in Nepal. 35% of the respondents responded that there was high involvement of their family members while they were deciding about purchasing a car. 44% of the respondents said that their family members were involved at some extent which also shows the involvement of family members even if it is on a small scale. Only 21% of the consumers purchased their cars individually without the consent of their family. This scenario shows that the family decision making is important in Nepal while making a major purchase like cars. Either the family members are highly involved in deciding the purchase or they are partially involved in deciding the purchase. Those who are not involved in this matter are relatively less.

The present study tries to find out the factors that affect in family decision making. The age, gender, and their relationship with family involvement is studied in the section below:

**Table 15: Crosstabulation for Family Involvement and Gender**

		Family involvement			Total	
		Not involved at all	Involved at some extent	Highly involved		
Gender	Male	Count	16	31	19	66
		% within Family involvement	100.0%	91.2%	70.4%	85.7%
	Female	Count	0	3	8	11
		% within Family involvement	0.0%	8.8%	29.6%	14.3%
Total		Count	16	34	27	77
		% within Family involvement	100.0%	100.0%	100.0%	100.0%

As seen from the crosstab analysis, out of 11 female respondents 8 of them agreed that there was a high level of family involvement while purchasing a car. While in case of male respondents, out of 66 only 19 agreed the high involvement of family members in their decision of purchasing a car. Likewise, 31 male respondents stated the involvement of family on some extent and 3 female respondents stated so. The results thus suggest that gender matters in car purchasing decision of Nepalese consumers. If the consumer is female there is a greater chance of high level of family involvement.

The chi-square test is conducted to analyse the results obtained from crosstabulation:

**Table 16: Chi-Square Tests for gender and family involvement**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8.686 <sup>a</sup>	2	.013
Likelihood Ratio	10.049	2	.007
Linear-by-Linear Association	8.041	1	.005
N of Valid Cases	77		

a. 3 cells (50.0%) have expected count less than 5. The minimum expected count is 2.29.

**Symmetric Measures**

		Value	Approx. Sig.
Nominal by Nominal	Phi	.336	.013
	Cramer's V	.336	.013
N of Valid Cases		77	

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

Since the chi-square assumptions in the above table are violated, likelihood ratio is preferred to draw conclusions. The value of likelihood ratio is 0.007 which is less than 0.05, which shows a significant relationship between gender and the family involvement in decision making. The gender of the consumer is likely to affect the extent of family involvement in deciding which car to purchase. The Cramer's V value of 0.336 shows the strength of the above relationship. The value suggests a weak positive correlation between gender and the extent of family involvement in decision making.

In the following table, we try to find out the significance of relationship between age group and family involvement in decision making:

**Table 17: Chi-Square Tests for Age group and Family involvement**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	10.480 <sup>a</sup>	6	.106
Likelihood Ratio	11.485	6	.074
Linear-by-Linear Association	1.133	1	.287

N of Valid Cases	77
------------------	----

a. 4 cells (33.3%) have expected count less than 5. The minimum expected count is 1.04.

In the chi-square test conducted above the correlation coefficient from the likelihood ratio is 0.074 which is greater than the significance level of 0.05. Thus, there is no significant relationship between age group and family involvement in decision making. The age of a consumer and the extent of family involvement are unrelated to each other. Therefore, age group does not determine the level of family involvement in the context of Nepal. The family involvement can be high at any of the age group of consumers.

To sum up, there is a high level of family involvement in reaching a decision about a car purchase in Nepal. The age group does not define the extent of family involvement while the gender affects a lot in family decision making. The study showed 100% involvement of family (either high involvement or low involvement) for female car purchasers. Although the female participants were very less to strongly justify this result, the 100% involvement shows the significant relationship between gender and family involvement in car purchasing decision making in Nepal.

#### 4.7 Knowledge, Familiarity, and Confidence of consumers before purchasing a car

The knowledge about the brand, model, and about the car in general, also affect the decision-making process of a consumer. This would have been much useful to search if the knowledge about cars, familiarity, and confidence of buying a car leads to a purchase. But in the present study it is tried to find out the level of knowledge, familiarity, and confidence in the ability to judge the car before purchasing it. This will obviously let us know about how knowledgeable and how familiar the Nepalese car purchasing consumers are in general. The descriptive statistics about the knowledge, familiarity, and confidence in the ability to judge the car is as follows:

**Table 18: Descriptive Statistics for the consumers knowledge of cars**

	N	Minimum	Maximum	Mean
Please rate your knowledge about cars	80	1.00	3.00	2.1750

Valid N (listwise)				
1= least knowledgeable				
2= Average Knowledgeable				
3= Knowledgeable				

The descriptive statistics of the consumers knowledge about cars show the mean value of 2.1750 which means the Nepalese car purchasing consumers possess slightly more than average knowledge about cars before purchasing it.

**Table 19: Descriptive Statistics for the consumers familiarity with cars**

	N	Minimum	Maximum	Mean
Please describe your familiarity with cars	80	1.00	3.00	2.3125
Valid N (listwise)				
1= Unfamiliar				
2= Neither familiar nor unfamiliar				
3= Familiar				

The table shows the mean value of 2.315 which again means the average familiarity of the consumers with cars. The consumers familiarity about cars is assumed to be determined by whether they previously own a car. The crosstab analysis between familiarity and the previous ownership shows the following result:

**Table 20: Crosstabulation for Did you own a car prior to buying a new one and Familiarity with cars**

			Familiarity with cars			Total
			Unfamiliar	Neither familiar nor unfamiliar	Familiar	
Did you own a car prior to buying a new one?	Yes	Count	6	8	30	44
		% within Familiarity with cars	31.6%	47.1%	68.2%	55.0%
	No	Count	13	9	14	36
		% within Familiarity with cars	68.4%	52.9%	31.8%	45.0%
Total	Count	19	17	44	80	
	% within Familiarity with cars	100.0%	100.0%	100.0%	100.0%	

The results from the crosstabulation analysis show that 68.2% of the consumers who previously owned a car were familiar with cars while 13.6% of them were unfamiliar with the cars. On the other hand, 38.9% of the consumers who did not have a car previously were familiar with the cars. 25% of them were neither familiar nor unfamiliar and 36.1% of them were unfamiliar with the cars. The chi-square test is conducted to check the significance of the relationship and draw further conclusions:

**Table 21: Chi-Square Tests for previous ownership and familiarity with cars**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	7.733 <sup>a</sup>	2	.021
Likelihood Ratio	7.852	2	.020
Linear-by-Linear Association	7.596	1	.006
N of Valid Cases	80		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 7.65.

**Symmetric Measures**

	Value	Approx. Sig.
Nominal by Nominal Phi	.311	.021
Cramer's V	.311	.021
N of Valid Cases	80	

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

Since the chi-square assumptions are not violated in the above calculation, pearson chi-square is preferred to check the significance of relationship between the variables. The pearson chi-square correlation from the above table is 0.021 which is less than 0.05. The results show the significant relationship between previous ownership of cars and familiarity with cars. The consumers who previously owned a car are more likely to be familiar with the cars which makes the decision making easier. The Cramer's value of above calculation is 0.311 which suggests the weak positive correlation between the variables.

**Table 22: Descriptive Statistics for the consumers' confidence in judging a car**



	N	Minimum	Maximum	Mean
While deciding about purchasing a car how much confidence did you have in your ability to judge a car?	79	1.00	3.00	2.0633
1= No confidence				
2= Average confidence				
3= High confidence				

Again, the descriptive statistics show the average value of 2.0633 which means the respondents feel they had average level of confidence in judging a car before buying it.

Thus, car purchasing consumers in Nepal possess average knowledge about the cars (the brand, model, manufacturer of a car, features etc.). The previous owners of a car find themselves extremely familiar with cars while the new buyers seem to be much unfamiliar about the cars. Most of the consumers believe they have neither less nor high confidence in themselves to judge a car before purchasing it. This shows the buying behaviour of most of the Nepalese car purchasing consumers. They do not feel highly confident and extremely knowledgeable before buying a car whereas after purchasing this might be different.

## 5. SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

This chapter basically is the brief discussion about the results of the thesis work. The general objective of this study was to examine the patterns of decision making process of car purchasing consumers in Nepal. The study tried to address the following issues:

- a) Patterns of decision making strategies consumers develop while making purchase of cars in Nepal.
- b) The level of pre-purchase information seeking and
- c) The criteria for making a purchase decision and the circumstances for the evaluation of alternatives.

The study began with the general background which provides the general information of Nepal, market situation of Nepal, and the consumers of Nepal. It was followed by the problem statements and the theoretical framework. Different established theories about consumer behaviour are discussed throughout the report. Various research, discussions, and surveys made

it possible to generate the data and analyse it in such a way that it addresses the research questions stated earlier.

### **5.1 Major findings of the study**

The following findings are obtained based on the empirical survey and choice behaviour of car purchasing consumers of Nepal:

1. The maximum number of car purchasing consumers are male which is the indication of male dominant Nepalese society. The female owners are not the principal persons in decision making. They are the actual owners of car but the decision making is likely to be done by their family, their husband, or some other persons.
2. Most of the consumers know which brand and which model of car they are going to purchase. This is because of the previous ownership of car and the use of different information channel.
3. Car is a major purchase for Nepalese consumers and most of the consumers search for information about cars before making a purchase decision. The internet is the major source of information for car purchasing consumers in Nepal. However, other sources of information like advertisements, talking to friends/colleagues, visiting showrooms are also used by many consumers.
4. The consumers are aware about the pre-purchase information seeking and they love to spend time in searching for information using different sources. However, the time spent in searching information is not outstandingly enough. Consumers do not rely on only one source for information. The results suggest that the people spend little amount of time for many different sources.
5. Interpersonal sources of information (talking to friends, family, colleagues) still is the powerful tool of pre-purchase information seeking for Nepalese consumers. However, consumers spend less time in interpersonal sources for information seeking these days.

6. Compared to the past more positive attitude towards shopping are developed by the Nepalese car purchasing consumers. They take time to reach a purchase decision by considering lot of sources of information. Usually consumers compare price of different brands and models of cars. Consumers are aware about the brands and models but still many of the consumers are not sure about which brand and model meets their requirements.
7. Most of the Nepalese consumers' choice of cars is determined by its price. Economic factor plays the most important role in shaping the consumers decision. Whereas, few consumers like to go for the style and comfort while deciding the purchase of car.
8. The level of family involvement is greater in car purchase in Nepal. Most of the decisions are made with the involvement of family. The gender again determines the level of family involvement. Female consumers are more likely to involve in family decision making than male consumers. As car is a major purchase, family involvement in purchase decision plays an important role.
9. Nepalese car purchasing consumers are those who possess average knowledge about cars before purchasing it. They are also familiar in some extent with the makes and models of cars. And they have average level of confidence in their ability to judge the car before buying it.

In conclusion, the Nepalese car purchasing consumers develop a purchase strategy by determining the factors that are important. The major factor consumers consider is the economic factor. The price of a car, mileage, are the main things that defines the economic factor. After determining the factors, the consumers determine the brand and model of car which meets their expectation. This is followed by pre-purchase information seeking. Adequate amount of information search is necessary for major purchases and Nepalese consumers search for enough information using different sources. However, the time spent in each source is relatively less to get enough information. This is the reason consumers lack the greater level of confidence in their ability to judge a car before purchasing it. Dealer visit, interpersonal sources are also the strong sources of information search as the internet. The family involvement is another important part of purchase decision. Lot of family involvement proves that the car purchase is a major purchase and it takes a family decision making to decide the purchase of a car.

While comparing the findings of the current study with the past studies which has been discussed in literature review section earlier, the findings look as follows:

- a) In a study conducted by William C. Johnson and Lieh-Ching Chang of Nova Southeastern University about the American and Chinese car buyers living in America, it was found that the American consumers prefer quality rather than price. They stated in their study that the Americans prefer Japanese model of cars because of their quality. Whereas the present study about Nepalese car purchasing consumers tells us that the Nepalese consumers prioritize price and mileage while choosing a car. In the same study, American car buyers were found to be doing extensive research about cars before making a purchase decision while Chinese car buyers were likely to rely on the information from their friends, relatives, and colleagues. In the present study, it is found that Nepalese car purchasing consumers also seek for information before purchasing cars and they take recommendations from their friends as well. This shows the common behavior of pre-purchase information seeking of Nepalese car buyers with American and Chinese buyers.
- b) The results from the Global Automotive Consumer Study: Exploring consumer preferences and mobility choices in Europe (2014), the gen Y consumers of Europe choose the cars in same way as the Nepalese consumers. The price and fuel efficiency are the most important factors for the choice of cars for European gen Y consumers. However, the report also suggests that the European consumers seek for simpler and easier payment options along with the price of cars.
- c) The study of Vietnamese car purchasing consumers conducted by Cuong Loc The suggests that Vietnamese consumers value money rather than safety and comfort while purchasing cars. This finding is like the findings from the present study that economic factor is the most important factor in deciding the purchase of cars for Nepalese consumers. The study also shows the resale value and after sale services of the car are taken into consideration by many of Vietnamese car purchasing consumers. Whereas the Nepalese car purchasing consumers do not value the after sales services and the resale value much.

The research has been able to address the research problems to some extent. But because of the small sample size each result of the present study might not be relevant in a greater population.

The geographical selection of the present study is Kathmandu valley which cannot represent the car purchasing behaviour of all the Nepalese consumers. The set of questionnaires used in the study is lengthy and some of the questions are not used for analysis of data. The unnecessary and long questions made it difficult for the respondents to answer all the questions. As a result, we only received 80 answers from the 200 set of questionnaires. Consumer behaviour is a vast study and it is not possible to include every aspect of it in a single research work. Lot of theories that are discussed in the theoretical part are left behind in the analysis part. The results would have been much effective if the consumer group was identified as gen X consumers and gen Y consumers. Thus, further research with greater sample size, greater geographical region, specific consumer group, and more specific questionnaires is recommended.

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## 7. APPENDICES

### Questionnaires related to car purchase

Hi,

I am Samir Sapkota. I am a student of International Business at Arcada University of Applied Sciences Helsinki, Finland. I am currently doing my thesis about consumers decision making process while buying a car. I am interested in finding how individuals make decision while purchasing a car. Since you recently purchased a car. I hope you will help me to conduct this study. I have few questions here and they do not have right or wrong answers. Most of the questions deal with your decision process. Your answers will be collected and utilized anonymously. I hope you will try to answer all the questions. Thank you very much for giving your valuable time.

Samir Sapkota

Arcada University of Applied Sciences

International Business

2017

#### 1. Please specify

---

a. Sex

*Mark only one oval.*

- Male  
 Female  
 Prefer not to say

b. Age group

- Under 20 years  
 20-29 years  
 30-39 years  
 40-49 years  
 50 and above

c. Highest level  
of school

completed *Mark  
only one oval.*

- SLC and below  
 +2  
 Bachelors  
 Masters  
 Phd



2. Would you mind telling your current occupation?

*Mark only one oval.*

- Student
- Worker
- Official
- Senior Official
- Farmer
- Businessman/woman
- Other: \_\_\_\_\_

3. Are you the person who was mainly responsible for buying a new car acquired in your household?

*Mark only one oval.*

- Yes
- No

4. Did you own a car prior to buying a new one?

*Mark only one oval.*

- Yes
- No

5. Since how long have you been driving a car?

*Mark only one oval.*

- Not at all
- At least 1 year but less than 5 years
- At least 5 years but less than 10 years
- 10 years and more

6. When you thought about buying a new car, did you know which brand you wanted to buy?

*Mark only one oval.*

- Yes
- No

7. When you thought about buying a new car, did you know which model you wanted to buy?

*Mark only one oval.*

- Yes (go to Q 8)
- No (go to Q 13)

8. What factors influenced you in your choice of the car you bought recently? (You can check more than 1 alternatives)

*Check all that apply.*

- Recommendation of a friend/ relatives
- Recommendation of a salesperson
- Advertisements of a car
- Your own evaluation of different model of cars
- Your prior experience with the same model
- Other: \_\_\_\_\_

9. Did you search for information about the car before making purchase decision?

*Mark only one oval.*

- Yes (go to Q 10)
- No (go to Q 12)

10. What sources did you use to get information about the particular model of car? (You can check more than 1 alternatives)

*Check all that apply.*

- Electronic Advertisements
- Printed Advertisements
- Internet
- Company's Brochures
- Visit to Showrooms
- Other: \_\_\_\_\_

11. What kind of information did you seek before purchasing a new car? (You can check more than 1 alternatives)

*Check all that apply.*

- Features
- Performance
- Price
- After sale services
- Other: \_\_\_\_\_

12. What factors did you consider to choose the particular model of car? (You can check more than 1 alternatives)

*Check all that apply.*

- Acceleration
- Mileage
- Warranty
- Sportiness
- Price
- Other: \_\_\_\_\_

### 13. Sources of information help individuals in a variety of ways in the process of purchasing.

---

Following are the list of sources and their possible roles. Please check the roles for which you used them while purchasing your car. (You can check more than 1 alternatives)

a. Advertisement

*Check all that apply.*

- Did not use at all
- To get information about available models
- To get information about price
- To get information about features / specifications
- Other: \_\_\_\_\_

b. Internet

*Check all that apply.*

- Did not use at all
- To compare different models of car
- To check the features / specifications
- To compare the price in different showrooms
- Other: \_\_\_\_\_

c. Visits to showrooms (This includes talking to salesperson and test drive)

*Check all that apply.*

- Did not use at all
- To check style / appearance of different models
- To check the performance of cars (mileage, safety, comfort)
- To get recommendations from the dealers
- Other: \_\_\_\_\_

d. Interpersonal sources (Friends, colleagues, relatives)

*Check all that apply.*

- Did not use at all
- To get recommendation about brand and model
- To know where to search for information about cars
- To understand the user experience of particular car
- Other: \_\_\_\_\_

### 14. Before making a purchase decision, approximately how much time did you spend in each of the following activities?

---

a. Talking to friends / colleagues

*Mark only one oval.*

- Less than 1 hour
- 1-5 hours
- 6-10 hours
- More than 10 hours

b. Internet surfing

*Mark only one oval.*

- Less than 1 hour
- 1-5 hours
- 6-10 hours
- More than 10 hours

c. Looking advertisements

*Mark only one oval.*

- Less than 1 hour
- 1-5 hours
- 6-10 hours
- More than 10 hours

d. Visiting showrooms (This includes talking to salesperson and test drive)

*Mark only one oval.*

- Less than 1 hour
- 1-5 hours
- 6-10 hours
- More than 10 hours

## 15. Following statements relate to attitude towards shopping (Here shopping means while purchasing a car).

---

Please indicate your attitude towards shopping by choosing one of the most appropriate option.  
(This is a five-point scale where 1 means highly disagree, 2 means disagree, 3 means neither agree nor disagree, 4 means agree and 5 means highly agree)

a. I get bored very quickly while searching for information

*Mark only one oval.*

	1	2	3	4	5	
Highly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Highly agree

b. I try to avoid shopping for cars by myself

Mark only one oval.

	1	2	3	4	5	
Highly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Highly agree

c. I do not hurry while making major purchase decisions

Mark only one oval.

	1	2	3	4	5	
Highly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Highly agree

d. It pays to look around before buying a new car.

Mark only one oval.

	1	2	3	4	5	
Highly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Highly agree

e. I am not good at deciding which brand and which model suits me.

Mark only one oval.

	1	2	3	4	5	
Highly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Highly agree

f. I usually compare prices of different brands and models.

Mark only one oval.

	1	2	3	4	5	
Highly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Highly agree

g. I do not look for information in the internet before making major purchase decisions.

Mark only one oval.

	1	2	3	4	5	
Highly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Highly agree

16. How did you finance your car?

Mark only one oval.

- Auto loan
- Own saving

17. Please choose one of the options below to rate your knowledge of cars as compared to the average person before you began shopping for car.

*Mark only one oval.*

- One of the least knowledgeable
- Less than average knowledgeable
- Average knowledge
- More than average knowledge
- One of the most knowledgeable

18. Please select one of the options below to describe your familiarity with cars before your shopping for your new car.

*Mark only one oval.*

- Completely unfamiliar
- Unfamiliar
- Neither familiar nor unfamiliar
- Familiar
- Extremely familiar

19. When you were deciding about which car to buy, how much confidence did you have in your ability to judge the cars?

*Mark only one oval.*

- No confidence
- Little confidence
- A moderate amount of confidence
- A lot of confidence
- Total confidence

**20. Below are the factors that influence in car purchasing decision. Please indicate your level of importance by selecting one of the most appropriate options.**

---

This is a five point scale where 1 means Highly unimportant, 2 means Unimportant, 3 means Neither unimportant nor important, 4 means Important, and 5 means Highly Important

a. Economic factor (This includes price of car, fuel consumption, and maintenance cost)

*Mark only one oval.*

1      2      3      4      5

Highly Unimportant      Highly Important

---

b. Performance, Safety and exterior look of the car

*Mark only one oval.*

1      2      3      4      5

Highly Unimportant      Highly Important

---

c. Sales and after sales  
services of the car  
*Mark only one oval.*

1      2      3      4      5

---

Highly Unimportant          Highly Important

---

21. To what extent was the involvement of your family members while  
deciding which car to purchase?

*Mark only one oval.*

- Not involved at all
- Involved at some extent
- Highly involved

---

Thank you