FACTORS AFFECTING CONSUMER PRICE PERCEPTION OF USED CAR IN ETHIOPIA: IN THE CASE OF ADDIS ABABA

ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

By

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ADDIS ABABA, ETHIOPIA

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A THESIS RESEARCH SUBMITTED TO ST. MARY'S UNIVERSITY POSTGRADUATE PROGRAMS IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTERS OF MARKETING MANAGEMENT

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ST. MARY'S UNIVERSITY
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Abstract

The main objective of this study is to examine factors affecting consumer price perception of used car in Ethiopia: in the case of Addis Ababa. It attempted to examine the effect of perceived value, perceived benefits, perceived quality, reference group influence and perceived risk on price of used car. Four independent variables were included in this study. The dependent variable in this study is price of used car and independent variables are perceived value, perceived benefits, perceived quality, reference group influence and perceived risk. In this study, descriptive and explanatory research design was used. The study applied quantitative research approach. Primary data, through structured questionnaire, was collected from samples of 167 respondents. Purposive sampling method was used to draw the sample from the total population. Data were analyzed using both descriptive and inferential statistics with the help of SPSS version23. The result shows that perceived value, perceived benefits, perceived quality, reference group influence and perceived risk has significant and positive effect on price of used car at 5% level of significance. Hence, the customers should purchase the used cars based on the requirements and conveniences; government may interfere and restructure the existing car market that must be re-shaped again to maintain consumers' rights and consumerism protection to get trust-able car market in the city; and the buyers should evaluate the value of things in their minds when consumers consider buying used cars and evaluate the value of things in their minds. The consumers should gather all information about the cars.

Key words: consumer price perception, perceived value and perceived risk

CHAPTER ONE

INTRODUCTION

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

1.1. Background of the study

Price is unquestionably one of the most important marketplace cues. The pervasive influence of price is due to the fact that the price cue is present in all purchase situations and at a minimum represents to all consumers the amount of economic outlay that must be sacrificed in order to engage in a given purchase transaction. Price is a complex stimulus and many consumers perceive price more broadly than strictly in its "negative role" as an outlay of economic resources (Groonos, 2018).

Erickson and Johansson (2005) modeled the dual role of the price cue within a single study and found that price-level perceptions had a direct negative effect on purchase intentions and an indirect positive effect on purchase intentions via product quality perceptions. Our premise is that if the price cue is indeed a complex stimulus, finer discrimination in consumer perceptions of both the positive and negative roles of price appear plausible. As recently noted by Dickson and Sawyer (2010), "what is clear is that shoppers are very heterogeneous in terms of their attention and reaction to price and price promotions."

Understanding the buying behavior of the target market is the essential task of marketing manager under modern marketing (kotler, 2009). It is not easy to predict the complex mind of the consumers as each individual is a unique product of genetics, environment and experience. Consumer behavior considers the many reasons personal, situational, psychological, and social why people shop for products, buy and use them, sometimes become loyal customers, and then dispose of them.

From the perspective of research significance, it is of guiding significance to the marketing strategy of the second-hand car market and the formulation of enterprise strategy. The core of

marketing strategy in any market is consumers. How used car consumers make purchasing decisions, through what channels, how to obtain vehicle information, and how to make adjustments or changes to meet the needs of consumers are all issues that dealers need to think about deeply when faced with changes in the buying behavior of used car consumers. Grasp the secondhand car consumer purchase motivation and decision influencing factors. The purpose of this study is to examine factors affecting consumer price perception of used car in Ethiopia: in the case of Addis Ababa.

1.2. Statement of the problem

Consumer behavior is study of what consumers buy and understand how the decision-making process goes and how it affects consumers' buying behavior (Solomon 2004). Purchase behavior is an important key point for consumers during considering and evaluating of certain product.

Price perception is the perceived worth of a product or service in the consumer's mind. It is one of the leading variables in the consumer's buying process. Buyers are unaware of the true cost of production for the products they buy make buying decisions based on an internal feeling about how much certain products are worth and which brand offers them the best value (Antony,2020).

Ethiopian automobile market is dominated by used imported cars, imported brand new cars and very few brand new local manufactured cars. Recently Ethiopian consumers demand for cars are increasing maybe it is because of the economic growth or because of the changing living standards or both. The reasons could be many like growth of Addis Ababa city, travelling place to place becoming difficult, lack of modern transportation and opening of new business venture (i.e. Ride healing business). Accordingly, automotive market demand is growing and the price of automobile has shown a big shift.

Consumer buying intention towards any product is analyzed through the brand or product reliability and reputation in the market. Whenever the consumer decides to purchase any automobile in his decision-making patterns the intensity of the factors increases. A customers buying decision are attracted for buying any automobile vehicle are based on the products reliability in the market. There are various factors affecting price of used car in automobile

market. This study focuses on the effect of perceived value, perceived benefits, perceived quality, and reference group influence and perceived risk on price of used car in automobile market(Khan,2021).

The researcher finds out even though the basic principle of deprecation clearly states that the value of an asset decreases over time, due in particular to wear and tear; the price of imported used cars with over 15 year plus age is currently appreciating more than or equal to new imported or assembled(manufactured) automobiles in Ethiopia. Hence, considering the current price appreciation of used cars in Ethiopia especially in Addis Ababa. The researcher notified gap between the general price perception and consumers purchasing decision making process of used cars in Ethiopia. The study also focused on variables such as perceived value, perceived benefits, perceived quality, reference group influence and perceived risk. Moreover, quantitative research method was employed to triangulate the findings where the study used explanatory research design; however, previous study used descriptive research design. Thus, study tried to examine factors affecting price perception of used car in Ethiopia in case of Addis Ababa city. Therefore, the main objective of the study is to examine factors affecting consumer price perception of used car in Ethiopia: the case of Addis Ababa.

1.3. Research Questions

1. What is the effect of perceived value on price of used car in automobile market?
2. What is the effect of perceived benefits on price of used car in automobile market?
3. What is the effect of perceived quality on price of used car in automobile market?
4. What is the effect of reference group influence on price of used car in automobile market?
5. What is the effect of perceived risk on price of used car in automobile market?

1.4 Research Objective

1.4.1 General objective

The general objective of the study is to examine factors affecting consumer price perception of used car in Ethiopia: in the case of Addis Ababa.

1.4.1.Specific objectives

- To examine the effect of perceived value on price of used car in automobile market.
- To examine the effect of perceived benefits on price of used car in automobile market
- To examine the effect of perceived quality on price of used car in automobile market
- To examine the effect of reference group influence on price of used car in automobile market
- To examine the effect of perceived risk on price of used car in automobile market.

1.5. Hypothesis of the study

Ho: Perceived value has no effect on price of used car in automobile market.

H1: Perceived value has significant and positive effect on price of used car in automobile market.

Ho: Perceived benefits has no effect on price of used car in automobile market.

H1: Perceived benefits has significant and positive effect on price of used car in automobile market.

Ho: Perceived quality has no effect on price of used car in automobile market.

H1: Perceived quality has significant and positive effect on price of used car in automobile market.

Ho: Reference group influence has no effect on price of used car in automobile market.

H1: Reference group influence has significant and positive effect on price of used car in automobile market.

Ho: Perceived risk has no effect on price of used car in automobile market.

H1: Perceived risk has significant and positive effect on price of used car in automobile market.

1.6. Significance of the study

Even though there are research conducted on factors affecting consumers buying behavior of locally manufactured cars vs. imported used cars in Ethiopia, as to the researcher understanding there is no in-depth research conducted so far on the consumer price perception of used car in Ethiopia in case of Addis Ababa city. Therefore, this research will contribute for policy makers and implementer to understand the gap in relation to the current consumer price perception of used car in Ethiopia and plan or take corrective action and contribute to the overall automobile market. Finally, it will serve as input for those who have the interest to conduct further study and research on the subject area.

1.7. Scope of the Study

This research could be constrained by different factors such as time, finance, and other resources. Because of these factors, the research was delimited conceptually, geographically, methodologically and timely. The delimitation are explained separately in the next paragraphs.

Conceptually, the study confined to the dependent variable (price of used car) and the independent variables (perceived value, perceived benefits, perceived quality, reference group influence and perceived risk).

Geographically, the study also could be delimited to Nefas Selk Lafto sub city. This study also delimited in the Nefas Selk Lafto sub city area only due to time, resource, finance, and other resource constraints to investigate the topic under study in all the other areas where the organization is operating. Therefore, the delimitation help to focus and make a deep study with the available resource.

The study also methodologically delimited. The study applied mainly on a quantitative approach using a questionnaire that contains closed-ended questions for collecting data from the participants. The advantage of using this approach is that it makes it convenient to cover a large sample size to collect and analyze data within a short period of time.

1.8. Organization of the Study

The study is organized in five chapters. Chapter one incorporates introduction, backgrounds of the study, statements of the problems, research question, objectives of the study, significance of the study and scope of the study. Chapter two presents review of related (theoretical and empirical) literature's. The third chapter comprises of the methodology of the study while chapter four present data presentation, analysis and discussion and the last chapter draw conclusions, forward recommendations and suggestion for further research

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. Theoretical Related Literature

2.1.1 Definition of Consumer Price Perception and Related Concepts

Perception is the process through which one gathers, processes, and interprets information from the environment. How a consumer perceives a particular product is important for the marketer in the sense that it will affect consumer's decision. Consumer behavior is the process whereby individuals decide whether, what, when, where, how, and from whom to purchase goods and services. Consumer behavior most probably became an important field of study with the development of the so-called marketing concept. The influence of the marketing is that the need to define benefits sought by consumers in the marketplace, followed by the drafting of marketing plans supporting the needs of consumers (Assael, 1995).

2.1.2 Models of Human behavior

It is an extremely difficult task to uncover the reasons why people buy, as they are subject to many influences. Human beings can therefore be viewed from both economic perspective and social theory perspective. Therefore, models of human behavior provide valuable input to consumer behavior, since they attempt to provide insights into why human beings, and therefore consumers, rationalize purchase decisions (Gould, 1979).

2.1.2.1 The Marshallian Economic Model

It Argues that individual buyers will spend their income on goods that will offer the greatest satisfaction, depending on their taste and the relative prices of goods. The model is also not very informative because it simply portrays the buyer as acting in his best interest.

The Marshallian model provided three useful behavioral hypotheses which are

1. The lower the price of a product, the greater the sales will be for that product
2. The lower the price of a substitute product is than that of a specific product, the greater the sales of the substitute product will be.
3. The sales of a product will be higher, provided it is not an inferior product, if the real income is higher.

4. Lastly states that greater volumes of sales will follow as promotional expenditure is increased

Generally, the model offers a useful frame of reference for analyzing only a small portion of the consumer's psyche but economic factors alone cannot explain all variations in the sales and buying process.

2.1.2.2 The Veblen Ian social-psychological model

Argues that man is perceived to be a so-called "social animal", where man conforms to norms of its larger culture and to more specific standards of subcultures and face-to-face groups in which humans operate. This implies that human behavior and needs are molded by present group memberships (Gould; 1979).In order to determine the demand for products, the most important social influences impacting on such product demands should be determined. So it's important for the marketer to consider the impact of different social influences, which include social class, subculture, reference groups and face-to-face groups.

2.1.2.3 Pavlovian learning model

It argues that Learning occurred due to a process of association and that a large component of human behavior was conditioned in this way. The model does contribute to marketing by providing insights to the marketer concerning consumer behavior and advertising strategy.

2.1.2.4 The Freudian psychoanalytical model

The model states that psychological forces shaping people's behavior are largely unconscious, resulting in people not being able to fully understand their own motivations. From marketing implication, the model argues that consumers are motivated by both symbolic and economic-functional product concerns.

2.1.2.5 Maslow's hierarchy of needs

Since consumer decision-making process commences with the identification or recognition of a need; it's important to consider the hierarchy of needs. The theory assumes there are five basic levels of human needs, ranging from lower-level (biogenic) needs to more important, higher-level (psychogenic) needs. Consumers, therefore, seek to first satisfy lower-level needs before attending to higher-level needs. Generally, the theory propose that the hierarchy of needs comprise five distinct levels which are physiological needs, safety and security needs, social needs, ego need and self-actualization (Schiffman & Kanuk ,1997).

2.1.3.Price Perception Constructs

To identify the number of ways consumers may attend and react to price and price promotions, we performed an extensive review of the pricing and sales promotion literature. Additionally, a pilot study was conducted in a classroom setting in which 94 students majoring in business responded to open-ended questions about how they perceive, and may be influenced by, price information in the marketplace. Five constructs consistent with a perception of price in its negative role and two constructs consistent with a perception of price in its positive role were identified. These constructs are discussed next.

2.1.3.1. Negative Role of Price

Value consciousness: Perception of the price cue for some consumers can be characterized by a concern with the ratio of quality received to price paid in a purchase transaction. Several researchers have defined the concept of "value" in terms consistent with this perspective

(Lichtenstein, Netemeyer, and Burton 1990; Tellis and Gaeth 1990; Thaler 1985; Zeithaml 1988). Consequently, value consciousness is conceptualized here as reflecting a concern for price paid relative to quality received.

Price consciousness: Perception of the price cue for some consumers can be characterized more narrowly as reflecting price consciousness. Though the term "price consciousness" has been used by different researchers to refer to a variety of price-related cognitions (cf. Zeithaml 1984), we use the term in a very narrow sense to refer to the degree to which the consumer focuses exclusively on paying low prices. This definition is also consistent with those employed by several researchers (Erickson and Johansson 1985; Lichtenstein, Bloch, and Black 1988; Monroe and Petroshius 1981; Tellis and Gaeth 1990).

Coupon proneness: Perception of the price cue in its negative role may also be related to the form in which the price cue is presented. Consistent with this perspective, several researchers have argued that a price reduction in coupon form may produce an increase in consumer response beyond that which would result from an equivalent lower noncoupon price (Lichtenstein, Netemeyer, and Burton 1990). Cotton and Babb (1978) and Schindler (1990) found empirical support for this notion. These findings imply that the increase in sales resulting from a price offered in coupon form over the increase that would result from an equivalent lower no coupon price seemingly must be due to an increased sensitivity to price in its negative role when it is offered in coupon form. Lichtenstein, Netemeyer, and Burton (1990, p. 56) referred to this heightened sensitivity as reflecting "coupon proneness" and defined the construct as "an increased propensity to respond to a purchase offer because the coupon form of the purchase offer positively affects purchase evaluations." The same conceptualization appears appropriate for the present study and is employed here

Sale proneness: a rationale very similar to that for coupon proneness suggests that for some consumers, an increased sensitivity to price in its negative role is related to the price being in sale form, that is, a discount from the regular selling price (e.g., "regular price $1.99, sale price $1.29"). Advertising a sale price with an accompanying reference price (i.e., a comparative price advertisement) has been found to increase perceptions of value over the level that would result from an equivalent purchase price not presented in sale form (cf. Monroe and Chapman 1987). Because of the more favorable price evaluations caused by a purchase price being in sale form, we characterize such consumers' perception of price in its negative role as reflecting sale proneness. Consequently, on the basis of the deal proneness conceptualization of Lichtenstein, Netemeyer, and Burton (1990), we define sale proneness as "an increased propensity to respond to a purchase offer because the sale form in which the price is presented positively affects purchase evaluations."

Price mavens: The perception of price in its negative role may be related to a desire to be informed about marketplace prices in order to transmit such information to other people. Support for this notion is provided by Feick and Price (1987), who show that some consumers can be described as "market mavens" because of their desire to be informed about the marketplace so that they can transmit information to others. Because of the general salience of

price information in the marketplace, and consistent with the focus of the present study, we take a narrower perspective of the market maven by considering only one piece of marketplace information, price. That is, a sensitivity to price in its negative role for some consumers may reflect a desire to be a "price maven," a source of low-price information for other people. By modifying the definition of the market maven provided by Feick and Price (1987, p. 85), we define price mavenism as the degree to which an individual is a source for price information for many kinds of products and places to shop for the lowest prices, initiates discussions with consumers, and responds to requests from consumers for marketplace price information.

2.1.3.2. Positive Role of Price

Price-quality schema: For some consumers, the price cue may be perceived in a positive role because of an inference that the level of the price cue is related positively to the level of product quality (cf. Erickson and Johansson 1985). To the degree consumers perceive price in this way, they view higher prices more favorably because of perceptions of increases in product quality for additional monetary outlays (cf. Lichtenstein, Bloch, and Black 1988). In fact, because consumers who perceive price in this way actually prefer paying higher prices, their behavior has been referred to as "price seeking" (Tellis and Gaeth 1990). Though evidence suggests that the use of price as a surrogate indicator of product quality varies across situations and products being evaluated (cf. Monroe and Krishnan 1985), findings from several studies also support the notion that some consumers are simply more likely than others to use price as a general indicator of quality across situations and products (e.g., Lichtenstein and Burton 1989; Peterson and Wilson 1985). Consequently, in this study we focus on the generalizable construct of a positive association between price and perceived quality and define price-quality schema as the generalized belief across product categories that the level of the price cue is related positively to the quality level of the product.

Prestige sensitivity: Similar to perceptions of the price cue based on what it signals to the purchaser about product quality (i.e., a price-quality schema) are perceptions of the price cue due to inferences about what it signals to other people about the purchaser. For example, to the degree a consumer purchases an expensive wine not because of quality perceptions per se, but because of his or her perception that others will perceive the high price as reflective of internal traits of the purchaser (e.g., being a "big spender")-that is, a correspondent inference attribution (cf. Calder and Burnkrant 1977; Jones and Davis 1965)-the positive perception of the price cue is based on perceptions of what it signals to others in a social sense. Therefore, we define prestige sensitivity as favorable perceptions of the price cue based on feelings of prominence and status that higher prices signal to other people about the purchaser.

2.1.4. Factor Affecting Consumer Behavior

Generally, consumers can be categorized to individual and organizational consumers. Individual consumers try to satisfy their own needs and wants by purchasing for themselves or satisfy the need of others by buying for them. These individual consumers can come from different backgrounds, ages and life stages. A consumer's buying behaviors influenced by cultural, social, personal and psychological factors. These four factors will be the key aspects towards what influential a consumer's behavior when purchasing (Kardes et al.2011).

- **Social factors:** -Every individual has someone around influencing their buying decisions. The important social factors are: reference groups, family, role and status. (Perreau, 2014).
- **Cultural factors:** -Basically, culture is the part of every society and is the important cause of person wants and behavior. An individual will be influenced by his family, his friends, his cultural environment or society that will teach him values, preferences as well common behaviors to their own culture.
- **Personal factors:** - An individual's decisions are influenced by personal factors such as a buyer's age and life cycle state, occupation, income, lifestyle, and personality and self-concept. (Solomon 2004).
- **Psychological factors:** - A buyer's choices are also influenced by psychological factors, such as motivation, perception, learning, and beliefs and attitudes. These needs can be biological like thirst or psychological arising from the need of recognition or belonging.

2.2.Empirical Related Literature

In inquiry to examine into and measure the consumer price perspective and consumer behavior. Concerning the connection between parts of the s price perspective and consumer decision making behavior a lot of work seems to propose that different factor affect buyer behavior in general even though the level of effect each factors have different.

Giuliani Isabella et al. (2012) among the variables that affect the consumer's purchase decision is the price, which has a significant influence on communication factors concerning the advantages of purchasing a product or hiring a service. Price can be accompanied by a "discount," which increases the perceived value of the product for the purchaser.

Baughn and Yaprak, (1993) study country of origin has a positive impact on consumer purchase intention. Country-of-origin image is an important driver of consumers' evaluation of products and buying decision. The researchers view has taken a cognitive approach to studying its effect on consumer attitude formation and purchase intentions. In 1970, in his paper Lemon Market: Quality Uncertainty and Market Mechanism, American economist Akerlof took the used car market as an example and proposed the theory of information asymmetry and adverse selection for the first time. Information asymmetry means that in the transaction, the seller and the buyer have different information about the product, and generally, the seller has more information about the product. Adverse selection means that the trading subject with high product quality will withdraw from the trading market under a certain price level. In contrast, the trading subject with low product quality will enter the market. The problem of adverse selection in the used car market is rooted in the asymmetry of the quality information of the secondhand car between the buyer and the seller, who knows the actual quality of the car (the performance, maintenance degree, and damage degree of the used car, etc.). However, the buyer does not know; the buyer is only willing to pay the average price to buy the car, resulting in the high-quality used car being out of the market; in the equilibrium situation, the transaction is low-quality cars, the extreme situation is that the used car market will not exist. Using the car market as an example,

Purohit (1992) studied the relationship between used car prices and the market for new cars and found that the constant introduction of new models impacts used car values. If the new model changes little, its used car price will be firm; if the new model changes significantly, its used car

will depreciate quickly. Meanwhile, it is pointed out that the value of used cars will also affect consumers' willingness to buy new cars. If the depreciation of used cars is slow, consumers will be more willing to buy this new car. He (2003) and Cheng (2004) made a comparative analysis of the different development statuses of used vehicles at home and abroad. They put forward some suggestions for the primary critical problems existing in developing the domestic used vehicle market. Xiao (2007) studied the appraisal method of used cars based on the replacement cost method, added the value rate, and improved the calculation method of the new rate in the research. In studying the factors affecting the value of used cars,

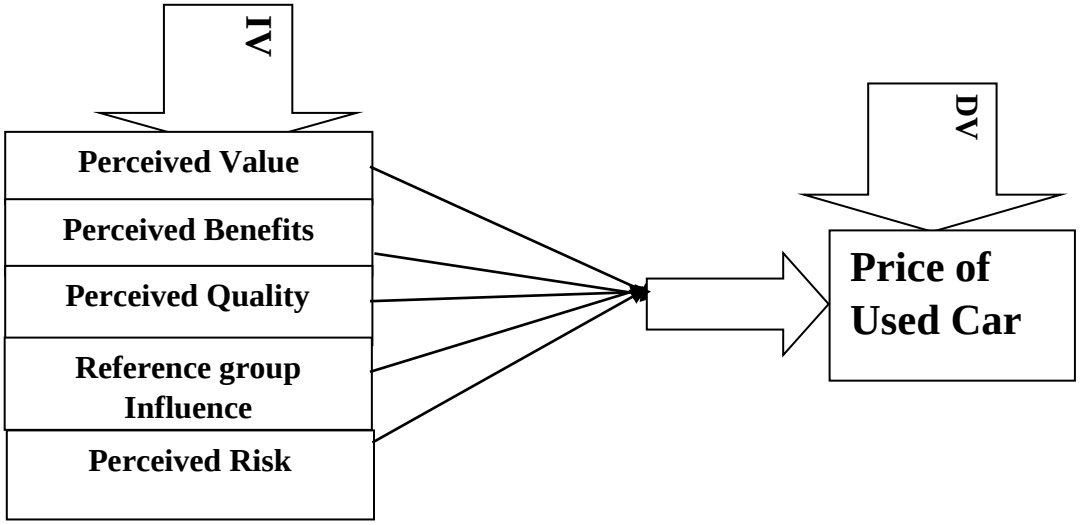
Feng & Wang (2008) extracted the substantive factor, economic factor, and functional factor by the factor analysis method, among which the substantive factor had the most significant influence. Liu (2009) analyzed the development status of China's used car market and the main problems and pointed out that the root cause is a market failure caused by asymmetric information. Through empirical research, Gai (2009) found that three influencing factors, namely basic factor, value-added factor, and additional factor, impact consumers' used car purchase behavior.

Tong (2010) uses the theory of information asymmetry to make a game analysis of the behavior of both buyers and sellers in used car trading and establishes the corresponding risk prevention model with the principal-agent theory. Liu (2010) analyzed the differences between domestic and foreign used car trading links from the five aspects of car collection, evaluation, and after-sales, elaborated the reasons for the gap between China and developed countries, and summarized the bottlenecks in the development of China's used car market. Quan (2011) analyzed the information asymmetry in the used car trade and its influence on the development of China's used car market and put forward some measures to regulate the used car market using the information asymmetry theory. perceived value, perceived benefits, perceived quality, reference group influence and perceived risk.

2.3. Conceptual Frame Work

Conceptual framework means that concepts that relate to one another were used to explain the research problem. Since price of used car is influenced by various factors, there is a need to understand what influences price of used car. These factors include perceived value, perceived benefits, perceived quality, reference group influence and perceived risk. The influence of these factors to the revenue generation is very important but it is noteworthy that the management has no (little) control over them (Wanjiku, 2009). Nevertheless, the factors must be closely monitored to ensure that stringent measures are taken within the best time to either take advantage of the opportunities or combat the threats found in the external environment.

2.3. Conceptual Framework



Source: Wang(2023)

Figure 2. 1:Conceptual Frame work

CHAPTER THREE

METHODOLOGY OF THE STUDY

3.1 Description of the Study Area

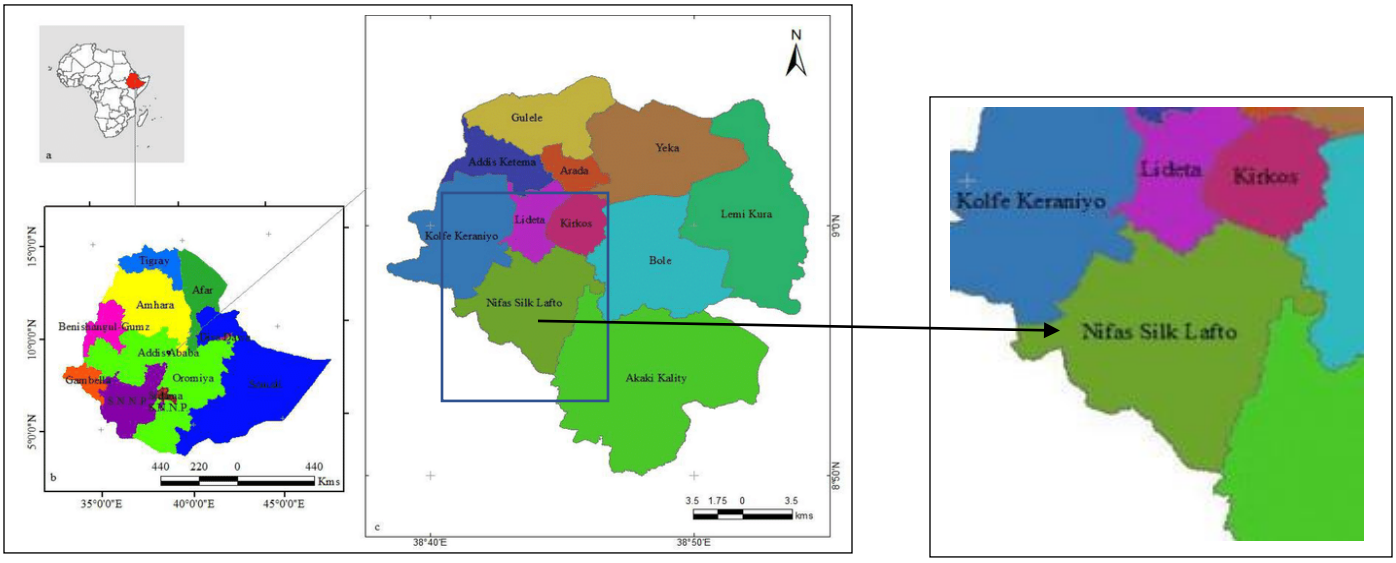


Figure 3. 1: Location Map of Addis Ababa and Nefas Silk Lafto Sub City.

The city lies a few kilometers west of the East African Rift and is the capital city of Ethiopia located in the geographical epicenter of the country.

The capital city is surrounded by the regional state of Oromia and is populated by people from the different regions of Ethiopia. It located at coordination of 9°1′48″N 38°44′24″E longitude.

The total area of the city is 527 km2 (203 sq mi) and as of 2023 the total population of the capital city is of 5,460,591 at 5,165.1/km2 (13,378/sq mi) density.

3.2. Research Approach

This study applied quantitative research approach in order to examine factors affecting consumer price perception of used car in Ethiopia: the case of Addis Ababa. A quantitative approach is one in which the researcher collects, analyzes, and or "integrates" quantitative data in a single study to understand a research problem (Creswell, 2003). Quantitative research; is an approach for testing objective theories by examining the relationship among variables. These variables in turn can be measured, typically on instruments, so that numbered data can be analyzed using statistical procedures building in protections against bias, controlling for alternative explanations, and being able to generalize and replicate the finding (Creswell 2013).

3.3. Research Design

The study used both descriptive and explanatory research design. The primary purpose of the study was to examine factors affecting consumer price perception of used car in Ethiopia: the case of Addis Ababa. Descriptive research design was used to describe independent and dependent variables and it is a scientific method of carrying out a systematic or formal inquiry in which data was collected and analyzed in order to describe the current conditions, terms concerning a certain specific field Problem (Mugenda &Mugenda, 2003). Descriptive kind of research was used to obtain information concerning the current status of the phenomena to describe what exists with respect to variables or conditions in a situation. Explanatory research design was also used in this study to see the direction of relationship and strength between independent and dependent variables. Explanatory research design was used to explain and predict the cause-and-effect relationships between variables. Explanatory research seeks explanations of observed phenomena, problems, or behaviors. Explanatory research seeks answers to why and how types of questions. It attempts to "connect the dots" in research, by identifying causal factors and outcomes of the target phenomenon (Bhattacherjee, 2012). Explanatory research attempts to clarify why and how there is a relationship between two aspects of a situation or phenomenon (Kumar, 2011).

3.4. Population and Sampling Design

3.4.1. Population of the Study

According to Donald et al (2003), population is the total collection of elements about which we wish to make some inferences or it is the entire group of people, events or things of interest that the researcher wishes to investigate. So, this study needs to make a survey that includes owners of automobiles. The target population of the study was a number of registered automobiles found at the Addis Ababa from which the sample frame, sample size and sample unit of the study was taken. The target population is 640,000 registered automobiles in Addis Ababa which are categorized under five categories based on the service type or the service license plate given. So, the result of the study was generalized to this target population.

Table 2.1: - Code, Type and number of Automobiles

No	Category of automobiles	Category type	No of automobiles	
1	Code 1	Taxi	36,000	
2	Code 2	Private	**Old**	100,000
			A	100,000
			B	100,000
			C	21,000
3	Code 3	Business	**Old**	**100,000**
			A	**100,000**
			B	**50,000**
4	Code 4	Governmental		32,000
5	Code 5	NGO		1000
Total				**640,000**

Source: Addis Ababa Transport Authority (2023).

3.4.2. Sample Size Determination

According to the report of Addis Ababa Transport Authority (2023), city has a total number 640,000 registered automobile. As time and resource is considered the sample size was purposefully driven from code 3 (business) automobiles categories which are a total of 250,000. The sample size of the study was developed by using Raosoft (2004) sample size determination calculators; from the population size of 250,000 code 3(business) automobiles. With confidence level of 95%, response distribution of 85% and 0.05(5%) statistical significance set margin of error the sample size of the study is 196 automobile owners.

3.4.3. Sample Selection Technique

Sampling is a process that involves the selection of enough number of individual units of study from the study population so that by studying the total individual units (sample), will aid in understanding the properties and characteristics of the population elements at large. According to Bryman (2008), sampling is the process of selecting several objects or individuals for a study in a manner that the selected objects or individuals can be used to represent the entire population. This study used purposive sampling method to draw the sample from the population. Purposive sampling refers to intentionally selecting participants based on their characteristics, knowledge, experiences, or some other criteria.

3.5. Source of Data

3.5.1. Primary Source of Data

The study was used both primary and secondary data as sources of information. Primary data was collected from automobile owners that are sampled for this study through questionnaire. Primary data largely come from respondents was collected especially to answer key research questions.

3.5.2. Secondary Source of Data

As sources of secondary data sources, the researcher reviewed different books, journals, archived researches and documented reports.

3.6. Methods of Data Collection

The researcher used survey questionnaire as an important method in this study. In line with this the researcher developed a questionnaire containing closed ended questions as an instrument of data collection to increase statistical efficiency of the data. This questionnaire was distributed to 196 respondents on the issue related with factors affecting consumer price perception of used car in Ethiopia: the case of Addis Ababa. A set of questionnaire anchored on Likert-type scale (ranged from strongly disagrees to strongly agree) was designed to measure the degree to which respondents agree or disagree.

3.7. Methods of Data Analysis

Once data is processed using computerized system, further transformation of the these data to look for patterns and relationship between and/or among data groups was done. In this study, descriptive statistics was used to analyze and describe a collection of quantitative data on the current consumer price perception of used car in Ethiopia in case of Addis Ababa city by using frequency tables, percentages, arithmetic mean, and standard deviation as well as inferential statistics analysis (multiple linear regression) through the use of Statistical Package for Social Scientists (SPSS) version 23 relevant methods of data analysis.

3.8. Multiple Linear Regression Function

The equations of multiple regressions on this study were generally built around two sets of variables, namely dependent variable (price of used car) and independent variables (perceived value, perceived benefits, perceived quality, reference group influence and perceived risk). The basic objective of using regression equation on the study was to make the study more effective at describing, understanding and predicting the stated variables. Therefore, the form of the model is given by:

$$Y = \beta 0 + \beta 1 PE_1, \beta 2 PB_2 + \beta 3 PQ_3 + \beta 4 RGI_4 + \beta 5 PR_5$$

Where:

Y = is the dependent variable- price of used car

PE_1= perceived value, PB_2= perceived benefits, PQ_3= perceived quality, RGI_4= reference group influence and PR_5 = perceived risk, are the independent variables. β0 is the intercept term,

constant which would be equal to the mean if all slope coefficients are 0. The β1, β2, β3, β4 and β5, are the coefficients associated with each independent variable which measures the change in the mean value of Y, per unit change in their respective independent variables. Accordingly, this statistical technique was applied to explain the relationships between dependent and independent variables. It regressed the price of used car (dependent variable) on the selected linear combination of the independent variables (perceived value, perceived benefits, perceived quality, reference group influence and perceived risk) using multiple regressions.

3.9. Validity & Reliability Analysis

3.9.1.Validity of Research Instrument

Validity is the degree to which a test measures what it purports to measure (Creswell,2009). Its primary purpose is to increase the accuracy and usefulness of findings by eliminating or controlling as many confounding variables as possible, which allows for greater confidence in the findings of a given study. To increase the validity of the study the researcher followed the following techniques. First, the instrument was tested by distributing questionnaire. Second the questionnaire was refined based on the respondent comment and finally the proper detection obtained from advisor was taken. Furthermore statistical inferences were used to test the relationship of variable and to give inference for the dependent variable.

3.9.2. Reliability of Research Instrument

Table 3. 1: Reliability Statistics

Constructs	Cronbach's Alpha value
Perceived value	0.725
Perceived benefits	0.838
Perceived quality	0.703
Reference group influence	0.756
Perceived risk	0.812

Source: Output Survey, 2024

The reliability of a standardized test is usually expressed as a correlation coefficient, which measures the strength of association between variables. While different level of reliability are required, depending on nature and purpose of scale, Nunnally (1998) as cited by Pallant(2013) recommends a minimum level of 0.7. As shown in above Table:3.1, Cronbach's Alpha value for perceived value (0.725), perceived benefits (0.838), perceived quality (0.703), reference group influence (0.756) and perceived risk (0.812) are in the recommended range which shows that the data is reliable.

3.10. Ethical Considerations

Ethical consideration is essential at the time of data collection and at the time of interpretation of data. So the researcher was consider the relevance and usefulness of the research. In addition, the researcher was keep in mind the objective of inquiry in the questionnaire, why the information is required, and for what purpose it is needed. Finally, after the data is collected the researcher analyzed the data correctly and reported unbiased findings.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION

Introduction

This chapter presents research finding of the study carried out to assess the current consumer price perception of used car in Ethiopia in case of Addis Ababa city. The chapter is guided by research objective which is to examine the effect of perceived value, perceived benefits, perceived quality, reference group influence and perceived risk on price of used car. The study was targeted 196 respondents in Addis Ababa, Ethiopia. Out of this only 167 of them returned back questionnaires representing 85% response rate.

4.1 Demographic Characteristics of Respondents

Figure 4. 1: Demographic Characteristics of Respondents

Gender of respondents	**Frequency**	**Percent**
Male	149	89.2
Female	18	10.8
Total	167	100.0
Age of respondents	**Frequency**	**Percent**
Below21	8	4.8
21-29	44	26.3
30-38	24	14.4
Above39	91	54.5
Total	167	100.0
Education level of respondents	**Frequency**	**Percent**
Elementary class 1-8 grade	25	15.0
High school/Grade 9-12	59	35.3
College Diploma	43	25.7
Bachelor Degree	30	18.0
Masters Degree and Above	10	6.0

Total	167	100.0

As shown in table 4.1 above, the majority of respondents 149(89.2%) are male and the remaining 18(10.8%) respondents are female. This indicates the majority of sampled respondents are male.

In line with age of respondents, majority of respondents 91(54.5%) are above39 age, followed by those who are between the age of 21-29 which constitutes 44(26.3%), then those between 30-38 years which constitutes 24(14.4%), then by those who are below 21 which constitutes 8(4.8%). This indicates the majority of sampled respondents are those in the younger age category.

Regarding education of respondents, the majority 59(35.3%) of respondents attend high school/Grade 9-12, followed by those who have a college diploma which constitutes 43(25.7%), then followed by those who have a bachelor degree 30(18%), followed by those who attend elementary class 1-8 grade which constitutes 25(15%) and finally by those who achieved Master's Degree and above which constitutes 10(6%).Regarding income of respondents, the majority 68(40.7%) of respondents earn between 20,000 ETB – 30,000ETB, followed by those who earn 30,001ETB and above which constitutes 44(26.3%), then followed by those who earn between 15,001 ETB- 20,000 ETB which consists of 37(22.2%), followed by those who earn 10,001 ETB - 15,000 ETB which constitutes 10(6%) and finally by those who earn below 10,000 ETB which constitutes 8(4.8%).

4.2. Result of Descriptive Statistics

In this part of the thesis all Likert type questionnaires were get into analysis and interpretation. For five point Likert types questionnaires according to Al-Sayaad, Rabea & Samrah (2006), as cited by Bassam (2013),the mean range from 1-1.8, 1.8-2.6, 2.6-3.4,3.4-4.2 and 4.2-5 falls in response option of strongly disagree, disagree, neither agree nor disagree, agree and strongly agree category. Therefore, while making interpretation of the results of mean and standard deviation the scales where obtained from the sample of respondents were reassigned in line with this category to make the interpretation easy and clear.

4.2.1. Perceived Value

Figure 4. 2: Perceived Value

Perceived Value	N	Mean	Std. Deviation
I think the used car can meet my car purchase needs very well	167	3.86	.702
On the whole, I think buying a used car is worth it	167	3.42	.816
Buying a used car as a means of transportation can facilitate daily travel	167	3.54	.665
Grand Mean/Standard Deviation		3.60	.727

Source: Output Survey, 2024

The result from table 4.2 above, shows that respondents agree used car can meet their car purchase needs very well with mean score of 3.86 and a standard deviation of 0.702. Similarly, respondents agree that on the whole they think buying a used car is worth with mean score of 3.42 and a standard deviation of 0.816. The respondents agree that buying a used car as a means of transportation can facilitate daily travel with mean score of 3.54 and a standard deviation of 0.665. Furthermore, the grand mean of the overall items were 3.60 with standard deviation 0.727. Thus, used car can meet their car purchase needs very well, buying a used car is worth and buying a used car as a means of transportation can facilitate daily travel.

4.2.2. Perceived Benefits

Figure 4. 3: Perceived Benefits

Perceived Benefits	N	Mean	Std. Deviation
Buying a used car can improve the quality of life compared to not owning a car.	167	3.44	.691
Buying a used car can add more fun to life than not owning one	167	3.41	.730
Used cars are still very durable	167	3.56	1.079
Grand Mean/Standard Deviation		3.47	.833

As shown in table 4.3, the respondents agree that buying a used car can improve the quality of life compared to not owning a car with a mean score of 3.44 and a standard deviation of 0.691. Similarly, the respondents agree that buying a used car can add more fun to life than not owning one with a mean score of 3.41 and a standard deviation of 0.730. Additionally, the respondents agree that used cars are still very durable with a mean score of 3.56 and a standard deviation of 1.079. The grand mean of the overall items were 3.47 with standard deviation 0.833. Thus, buying a used car can improve the quality of life compared to not owning a car, buying a used car can add more fun to life than not owning one and used cars are still very durable.

4.2.3. Perceived Quality

Figure 4. 4: Perceived Quality

Perceived Quality	N	Mean	Std. Deviation
The quality of used cars is relatively stable and reliable	167	3.40	1.135
The quality of the used car is up to my acceptable quality standard	167	3.39	1.161
I do not think the quality gap between used cars and new cars is that big	167	3.31	1.064
Grand Mean/Standard Deviation		3.36	1.120

As shown in Table 4.4, the respondents agree that the quality of used cars is relatively stable and reliable with a mean score of 3.40 and a standard deviation of 1.135. Similarly, the respondents agree that the quality of the used car is up to my acceptable quality standard with a mean score of 3.39 and a standard deviation of 1.161.Additionally, the respondents agree that they do not think the quality gap between used cars and new cars is that big with a mean score of 3.31 and a standard deviation of 1.064. The grand mean of the overall items were 3.36 with

standard deviation 1.120. Hence, the quality of used cars is relatively stable and reliable, the quality of the used car is up to my acceptable quality standard and they do not think the quality gap between used cars and new cars is that big.

4.2.4.Reference Group Influence

Figure 4. 5: Reference Group Influence

Reference Group Influence	N	Mean	Std. Deviation
If a friend familiar with cars recommends a used car to me, I will buy and use it.	167	3.42	.816
I would also consider buying a used car if many of my acquaintances were using one	167	3.54	.665
If I had a used car, I think I would be more involved with my friends who use it	167	3.44	.691
Grand Mean/Standard Deviation		3.46	.742

As shown in above table, the respondents agree that If a friend familiar with cars recommends a used car to them, they will buy and use it with a mean score of 3.42 and a standard deviation of 0.816. Similarly, the respondents agree that they would also consider buying a used car if many of their acquaintances were using one with a mean score of 3.54 and a standard deviation of 0.665.Additionally, the respondents agree that if they had a used car, they think they would be more involved with their friends who use it with a mean score of 3.44 and a standard deviation of 0.691. The grand mean of the overall items were 3.46 with standard deviation 0.742. Therefore, if a friend familiar with cars recommends a used car to them, they will buy and use it, they would also consider buying a used car if many of their acquaintances were using one and f they had a used car, they think they would be more involved with their friends who use it.

4.2.5. Perceived Risk

Figure 4. 6: Perceived Risk

Perceived Risk	N	Mean	Std. Deviation
I worried about buying used cars that have been modified or modified after an accident	167	3.56	1.079
I worry that used cars may have frequent problems and need frequent repairs	167	3.68	1.126
I worry that buying a used car will cost me more in repairs and maintenance later	167	3.52	.930
I am afraid I may be cheated when I buy a used car	167	3.57	.928
I worried about the after-sales service of used cars	167	3.42	.816
Grand Mean/Standard Deviation		3.55	.975

As shown in Table 4.6, the respondents agree that they worried about buying used cars that have been modified or modified after an accident with a mean score of 3.56 and a standard deviation of 1.079. Similarly, the respondents agree that they worry that used cars may have frequent problems and need frequent repairs with a mean score of 3.68 and a standard deviation of 1.126. Additionally, the respondents agree that they worry that buying a used car will cost them more in repairs and maintenance later with a mean score of 3.52 and a standard deviation of 0.930.

Similarly, the respondents agree that they afraid to be cheated when they buy a used car which is supported by a mean score of 3.57 and a standard deviation of 0.928. Similarly, the respondents agree that they worried about the after-sales service of used cars which is supported by a mean score of 3.42 and a standard deviation of 0.816. The grand mean of the overall items were 3.55 with standard deviation 0.975. Hence, the consumers about buying used cars that have been modified or modified after an accident, frequent problems and need frequent repairs, buying a used car will cost them more in repairs and maintenance later, they afraid to be cheated when they buy a used car and they worried about the after-sales service of used cars.

4.2.6. Price of Used Car

Figure 4. 7: Price of Used car

Price of Used car	N	Mean	Std. Deviation
Given my current financial situation, the price of used cars is still high	167	3.54	.665
If I'm going to buy a used car, I want to wait for the price level to come down before I buy	167	3.44	.691
I think buying and using a used car will still put a certain amount of financial pressure on my life	167	3.46	1.409

As shown in Table 4.7, the respondents agree that given their current financial situation, the price of used cars is still high with a mean score of 3.54 and a standard deviation of 0.665. Similarly, the respondents agree that if they are going to buy a used car, they want to wait for the price level to come down before they buy with a mean score of 3.44 and a standard deviation of 0.691. Additionally, the respondents agree that they think buying and using a used car will still put a certain amount of financial pressure on their life with a mean score of 3.46 and a standard deviation of 1.409. Thus, given their current financial situation, the price of used cars is still high, if they are going to buy a used car, they want to wait for the price level to come down before they buy and they think buying and using a used car will still put a certain amount of financial pressure on their life.

4.3. Inferential Analysis

4.3.1. Correlation Analysis

4.3.1.1. Pearson's Product Moment Correlation Coefficient

Correlation analysis is used to describe the strength or magnitude and direction of the linear relationship between two variables (Pallant, 2010, p.128). In this paper pearson's product moment correlation is used whether there is significant relation between the independent variables namely motivation, job security, work environment, training and work life balance with the dependent variable employee performance.

Figure 4.8: Correlation result interpretation guide

Correlation value in range	Interpretation
0.00 to 0.19	Weak/ very low correlation
0.20 to 0.39	Low correlation
0.40 to 0.59	Moderate correlation
0.60 to 0.79	High correlation
0.8 to 1.0	Very high correlation

Source: Adopted from Marczyk et al. (2005)

The Pearson coefficient r ranges from -1 up to 1. -1 shows perfectly negative relationship, 0 show no relationship and 1 perfectly positive relationship. For the rest of the values is used the above guideline.

Figure 4.9: Pearson's Product Moment Correlation Coefficient

Constructs		PRICEOFUSEDCAR
PERCEIVEDVALUE	Pearson Correlation	.757**
	Sig. (2-tailed)	.000
	N	167
PERCEIVEDBENEFIT	Pearson Correlation	.735**
	Sig. (2-tailed)	.000
	N	167
PERCEIVEDQUALITY	Pearson Correlation	.795**
	Sig. (2-tailed)	.000
	N	167
REFERENCEGROUP	Pearson Correlation	.710**
	Sig. (2-tailed)	.000
	N	167
PERCEIVEDRISK	Pearson Correlation	.747**
	Sig. (2-tailed)	.000
	N	167
PRICEOFUSEDCAR	Pearson Correlation	1
	Sig. (2-tailed)	
	N	167

Source: Output Survey, 2024

Table 4.9; depicts that the correlation between perceived value and price of used car. This coefficient shows that there is a positive relationship between perceived value and price of used car. The (**) highlights that the probability of this correlation coefficient occurring by chance alone is less than 0.05 (5 percent). This correlation coefficient is therefore statistically significant. Thus, there is positive and significant relationship between perceived value and price of used car ($r=0.757, p<0.05$). Its small significance level ($p < 0.05$) indicate that it is very unlikely that these variables are independent of each other. This implies that at 5% level of significance the perceived value plays a significant role in influencing price of used car. Since the values of r-obtained were between 0.60 to 0.79, it was categorized as strong correlation (Evans, 1996). Additionally, there is positive and significant relationship between perceived value and price of used car ($r=0.757, p<0.05$) which is statistically significant at 95% confidence level. This implies that perceived value plays a significant role in influencing price of used car. Since the values of r-obtained were between 0.60 to 0.79, it was categorized as strong correlation (Evans, 1996).

Additionally, there is positive and significant relationship between perceived benefits and price of used car ($r=0.735, p<0.05$) which is statistically significant at 95% confidence level. This implies that perceived a benefits plays significant role in influencing price of used car. Since the values of r-obtained were between 0.60 to 0.79, it was categorized as strong correlation (Evans, 1996).

There is also positive and significant correlation between perceived quality and price of used car ($r=0.795, p<0.05$). This indicates that there is a statistically significant ($p <0.05$) linear relationship between these two variables such that the more perceived quality, the more it influences price of used car. The (**) highlights that the probability of this correlation coefficient occurring by chance alone is less than 0.05 (5 percent). This correlation coefficient is therefore statistically significant. Since the values of r-obtained were between 0.60 to 0.79, it was categorized as strong correlation (Evans, 1996).

Additionally, there is positive and significant relationship between reference group influence and price of used car (r=0.710,p<0.05) which is statistically significant at 95% confidence level. This implies that reference group influence plays a significant role in influencing price of used car.

There is also negative and significant correlation between perceived risk and price of used car (r=0.747,p <0.05). This indicates that there is a statistically significant (p <0.05) linear relationship between these two variables such that the more perceived risk, the more it influences price of used car. The (**) highlights that the probability of this correlation coefficient occurring by chance alone is less than 0.05 (5 percent). This correlation coefficient is therefore statistically significant.

4.3.2. Assumption of Multiple Regression Test

4.3.2.1. Sample size Test

Multiple linear regressions require sufficient cases or sample size. According to Tabachnick and Fidell (2013) the formula for calculating sample size requirements, taking into account the number of independent variables: N > 50 + 8m (where m = number of independent variables). Therefore, in this thesis there are four independent variables. According to the given formula, the required sample size should be above 90. In this thesis the sample size is 167 quite larger than the minimum threshold value. Hence, in this thesis this assumption met the requirements.

4.3.2.2. Normality Test

Figure 4.10: Normality Test

	N	Skewness		Kurtosis	
Constructs	Statistic	Statistic	Std. Error	Statistic	Std. Error
PERCEIVEDVALUE	167	-.735	.188	-.723	.374
PERCEIVEDBENEFIT	167	.590	.188	-1.257	.374
PERCEIVEDQUALITY	167	-.907	.188	-.588	.374
REFERENCEGROUP	167	.723	.188	-1.047	.374
PERCEIVEDRISK	167	.015	.188	-1.463	.374
PRICEOFUSEDCAR	167	.008	.188	-.744	.374

Source: Output Survey, 2024

According to Hair et al., (1998), if the value of skewness ranges between -2 to 2 and for kurtosis ranges between -3 to 3, then the normality is assumed. Therefore, as the data can be seen in table 4.10, it is within the recommended range which shows that the data is normally distributed.

4.3.2.3. Multicollinearity Test

Figure 4. 11: Multi Co- linearity Test

Model		Collinearity Statistics	
		Tolerance	VIF
1	PERCEIVEDVALUE	.392	2.551
	PERCEIVEDBENEFIT	.492	2.033
	PERCEIVEDQUALITY	.420	2.383
	REFERENCEGROUP	.491	2.038
	PERCEIVEDRISK	.415	2.409

a. Dependent Variable: PRICEOFUSEDCAR

Source: Output Survey, 2024

The rule of thumb for a large VIF value is ten (Keith, 2006; Shieh, 2010). Based on this, the VIF value of this study is less than critical value of 10 indicated that there was no problem of multi-co linearity. Small values for tolerance and large VIF values show the presence of multicollinearity (Keith, 2006) as cited by **Error! Reference source not found.**. Thus, we require **Error! Reference source not found.**a VIF value less than ten and a tolerance value approach to one; this means that the variable is completely uncorrelated with the other independent variables.

4.3.2.4. Auto Correlation

Figure 4. 12:Auto Correlation

Model	Durbin-Watson
1	2.047

Source: Output Survey, 2024

Fah (2007) argue that Durbin-Watson tests can be used to see if adjacent observations are correlated. The statistics ranges in value from 0 to 4. If there is no correlation between successive residuals, the Durbin-Watson statistic should be close to 2. Values close to 0 indicate

that successive residuals are positively correlated, while values close to 4 indicate strong negative correlation. Therefore, in this study there was no problem of auto correlation because Durbin Watson test was 2.047 ~2. So, we can say this assumption has been met.

4.3.3. Regression Analysis

4.3.3.1. Coefficient of Determination

Figure 4. 8: Model summary for independent variable

Model	R	R Square	Adjusted R Square
1	.900[a]	.810	.804

Source: Output Survey, 2024

As illustrated on Table 4.13 above, model summary is used to measure the statistical significance of the effect of the four independent variables such as perceived value, perceived benefits, perceived quality, reference group influence and perceived risk on price of used car. Accordingly, the linear regression of the different independent variables and the dependent variable is explained. As the output from SPSS showed that, the Adjusted R Square describes the amount of variance explained by a set of predictor variables. In this study, the value is 0.804, which indicates that 80% of the variance in the dependent variable is explained by the independent variables in the model. Thus, the value of adjusted R^2 =0.804 shows that 80% of price of used car is attributed to due to perceived value, perceived benefits, perceived quality, reference group influence and perceived risk and the remaining 20% of the variance is explained by variables which are not included in the model.

4.3.3.2.Analysis of Variance (ANOVA)

Figure 4. 9: Analysis of Variance (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	123.021	5	24.604	136.918	.000[b]
	Residual	28.932	161	.180		
	Total	151.953	166			

a. Dependent Variable: PRICEOFUSEDCAR

b. Predictors: (Constant), PERCEIVEDRISK, PERCEIVEDBENEFIT, REFERENCEGROUP, PERCEIVEDQUALITY, PERCEIVEDVALUE

Source: Output Survey, 2024

From ANOVA Table 4.14 above, the processed data had a significance level of 0.000 which shows that the data was ideal for making conclusion on population's parameter as the value of significance (p-value) is less than 0.05. The significance value which is less than 0.05 is an indication that the model is statistically significant. Thus indicates, possibility of rejecting null hypothesis and at least one independent variable has significant effect on price of used car.

4.3.3.3. Regression Coefficients

Figure 4. 10: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-3.491	.373		-9.362	.000
PERCEIVEDVALUE	.153	.050	.167	3.043	.003
PERCEIVEDBENEFIT	.170	.038	.220	4.495	.000
PERCEIVEDQUALITY	.278	.044	.338	6.359	.000
REFERENCEGROUP	.137	.035	.191	3.898	.000
PERCEIVEDRISK	.354	.120	.157	2.936	.004

a. Dependent Variable: PRICEOFUSEDCAR

Source: Output Survey, 2024

The output from SPSS shows that the p-values for perceived value, perceived benefits, perceived quality, reference group influence and perceived risk are less than 0.05. Thus, we can conclude that these variables significantly and positively affect price of used car.

4.4. Analysis and Discussion

4.4.1 The Effect of Perceived Value on Price of Used Car

In the Table 4.15 above, the p-values for perceived value were (0.003) which is less than 0.05. Thus, we can conclude that perceived value significantly and positively affects price of used car. The unstandardized coefficient of perceived value is 0.153, holding other predictors constant, one unit of increase in perceived value results in 0.153 increase in price of used car.

On the other hand, standardized beta coefficient of perceived value with beta value of 0.167, shows that average amount the dependent variable, price of used car, increases by 0.167 when

the perceived value increases by one standard deviation (all other independent variables are held constant). This indicates perceived value affects price of used car with beta value of 0.167.

4.4.2. The Effect of Perceived Benefits on Price of Used Car

In the Table 4.15 above, the p-values for perceived benefits were (0.000) which is less than 0.05. Thus, we can conclude that perceived benefits significantly and positively affects price of used car. The unstandardized coefficient of perceived benefits is 0.170, holding other predictors constant, one unit of increase in perceived benefits results in 0.170 increase in price of used car. On the other hand, standardized beta coefficient of perceived benefits with beta value of 0.220, shows that average amount the dependent variable, price of used car, increases by 0.220 when the perceived benefits increases by one standard deviation (all Other independent variables are held constant). This indicates perceived benefits affects price of used car with beta value of 0.167.

4.4.2. The Effect of Perceived Quality on Price of Used Car

In the Table 4.15 above, the p-values for perceived quality were (0.000) which is less than 0.05. Thus, we can conclude that perceived quality significantly and positively affects price of used car. The unstandardized coefficient of perceived quality is 0.278, holding other predictors constant, one unit of increase in perceived quality results in 0.278 increases in price of used car. On the other hand, standardized beta coefficient of perceived quality with beta value of 0.338, shows that average amount the dependent variable, price of used car, increases by 0.338 when the perceived quality increases by one standard deviation (all Other independent variables are held constant). This indicates perceived quality affects price of used car with beta value of 0.338.

4.4.2. The Effect of Reference Group Influence on Price of Used Car

In the Table 4.15 above, the p-values for reference group influence were (0.000) which is less than 0.05. Thus, we can conclude that reference group influence significantly and positively affects price of used car. The unstandardized coefficient of reference group influence is 0.137, holding other predictors constant, one unit of increase in reference group influence results in 0.137 increases in price of used car.

On the other hand, standardized beta coefficient of reference group influence with beta value of 0.191, shows that average amount the dependent variable, price of used car, increases by 0.191

when the reference group influence increases by one standard deviation (all other independent variables are held constant). This indicates reference group influence affects price of used car with beta value of 0.191.

4.4.2. The Effect of perceived risk on Price of Used Car

In the Table 4.15 above, the p-values for perceived risk were (0.004) which is less than 0.05. Thus, we can conclude that perceived risk significantly and positively affects price of used car. The unstandardized coefficient of perceived risk is 0.354, holding other predictors constant, one unit of increase in perceived risk results in 0.354 increases in price of used car.

On the other hand, standardized beta coefficient of perceived risk with beta value of 0.157, shows that average amount the dependent variable, price of used car, increases by 0.157 when the perceived risk increases by one standard deviation (all other independent variables are held constant). This indicates perceived risk affects price of used car with beta value of 0.157.

4.5. Hypotheses Test

Proposed hypothesis tested based on the results of the multiple regression analysis. By looking at the Sig.-value in table 4.15, it is possible to interpret whether the particular independent variable has a significant relationship with the dependent variables. Hypothesis is rejected when the Sig. value is smaller than 0.05; and a null hypothesis is accepted when the p value is equal or larger than 0.05 (Pallant, 2010).

The hypothesis which states that perceived value has no effect on price of used car is tested at 5% level of significance. Based on this, the p-value of perceived value (sig=0.003) is less than 0.05. Thus, the null hypothesis is rejected and concluded that the perceived value has significant effect on price of used car.

The hypothesis which states that perceived benefits has no effect on price of used car is tested at 5% level of significance. Based on this, the p-value of perceived benefits (sig=0.000) is less than 0.05. Thus, the null hypothesis is rejected and concluded that the perceived benefits has significant effect on price of used car.

The hypothesis which states that perceived quality has no effect on price of used car is tested at 5% level of significance. Based on this, the p-value of perceived quality (sig=0.000) is less

than 0.05. Thus, the null hypothesis is rejected and concluded that the perceived quality has significant effect on price of used car.

The hypothesis which states that reference group influence has no effect on price of used car is tested at 5% level of significance. Based on this, the p-value of reference group influence (sig=0.000) is less than 0.05. Thus, the null hypothesis is rejected and concluded that the reference group influence has significant effect on price of used car.

The hypothesis which states that perceived risk has no effect on price of used car is tested at 5% level of significance. Based on this, the p-value of perceived risk (sig=0.004) is less than 0.05. Thus, the null hypothesis is rejected and concluded that the perceived risk has significant effect on price of used car.

CHAPTER FIVE

SUMMARY OF MAJOR FINDINGS, CONCLUSION AND RECOMMENDATION

Introduction

This chapter presents conclusion and recommendation based on the findings of the study.

5.1. Summary of Major Findings

The main objective of this study was to assess the current consumer price perception of used car in Ethiopia in case of Addis Ababa city. The chapter is guided by research objective which is to examine the effect of perceived value, perceived benefits, perceived quality, reference group influence and perceived risk on price of used car. Five independent variables were included in this study. The dependent variable in this study is price of used car and independent variables are perceived value, perceived benefits, perceived quality, reference group influence and perceived risk.

- The correlation analysis shows that all independent variables such as perceived value, perceived benefits, perceived quality, reference group influence and perceived risk have significant and positive relationship with price of used car.
- The multiple linear regression analysis also reveals that the model which includes five independent variables which includes perceived value, perceived benefits, perceived quality, reference group influence and perceived risk can 80% successfully explain predicts variations in the dependent variable which is price of used car. Thus, perceived value, perceived benefits, perceived quality, reference group influence and perceived risk significantly and positively affect price of used car. Therefore, all the developed null hypotheses are rejected.

5.2. Conclusion

The results provide strong evidence that perceived value significantly and positively affects price of used car. Thus, used car can meet their car purchase needs very well, buying a used car is worth and buying a used car as a means of transportation can facilitate daily travel.

The results provide strong evidence that perceived benefits significantly and positively affects price of used car. Thus, buying a used car can improve the quality of life compared to not owning a car, buying a used car can add more fun to life than not owning one and used cars are still very durable.

The results provide strong evidence that perceived quality significantly and positively affects price of used car. Hence, the quality of used cars is relatively stable and reliable, the quality of the used car is up to my acceptable quality standard and they do not think the quality gap between used cars and new cars is that big.

The results provide strong evidence that reference group influence significantly and positively affects price of used car. Therefore, If a friend familiar with cars recommends a used car to them, they will buy and use it, they would also consider buying a used car if many of their acquaintances were using one and f they had a used car, they think they would be more involved with their friends who use it.

The results provide strong evidence that perceived risk significantly and positively affects price of used car. Hence, the consumers about buying used cars that have been modified or modified after an accident, frequent problems and need frequent repairs, buying a used car will cost them more in repairs and maintenance later, they afraid to be cheated when they buy a used car and they worried about the after-sales service of used cars.

5.3. Recommendation

The results provide strong evidence that perceived value significantly and positively affects price of used car. So consumers should use other consumers' perspectives for reference, take all factors into consideration and consider carefully when they purchase a second-hand car.

The results provide strong evidence that perceived benefits significantly and positively affects price of used car. The customers should purchase the used cars based on the requirements and conveniences.

The results provide strong evidence that perceived quality significantly and positively affects price of used car. Government may interfere and restructure the existing car market that must be re-shaped again to maintain consumers' rights and consumerism protection to get trustable car market in the city.

The results provide strong evidence that reference group influence significantly and positively affects price of used car. On the other hand, it is easy to find that consumers hardly pay attention on 'After-sales service'. Because second-hand cars are used, maybe some equipment in the car cannot work well. Therefore, the consumer should assure 'After-sales service' of to be purchased vehicle.

The results provide strong evidence that perceived risk significantly and positively affects price of used car. The buyers should evaluate the value of things in their minds and evaluate the value of things in their minds. The consumers should gather all information about the cars before purchasing which is supported by expert.

5.4. Suggestions for Further Research

This conclusion is based on the data from 167 respondents. The sample is so small compared with the population. So, I suggest that further research need to increase sample size to increases the precision of the study. In addition, this study only investigates some factors affecting price of used car. Further research can focus on more factors and find the relationship between them. Furthermore, this survey is based on quantitative data collected from the automobile owners, So further research should incorporate qualitative data from market dealers too.

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APPENDIX I
QUESTIONNAIRE

ST. MARY'S UNIVERSITY

Introduction

Questionnaires to be filled by the Customers

This questionnaire is designed to generate data for the study entitled "Assessment of the current consumer price perception of used car in Ethiopia: The case of Addis Ababa city". You do not need to provide your personal details. Your responses will also be treated in aggregate with similar other responses confidentially. None of your responses will be used for any purpose other than this particular study. Please put "√" mark on your choice in the space provided. Please don't mention your name or any other identification. I would like to thank you for your time and collaboration in advance

Thank you for participating!

Part One: Demographic Characteristics

1. Gender A. Male □ B. Female □

2. Age Category A. Below 21 years ☐ C. 22 to 29 years□

B. 30 to 38 years □ D. Above 39 year□

3. Educational qualification A. Elementary class 1-8 grade □ B. High school/Grade 9-12 □
C.College Diploma □ D. Bachelor Degree □ E. Masters Degree and Above □

4. Income/month 1. Below 10,000 ETB☐ 2. 10,001 ETB - 15,000 ETB ☐ 3. 15,001 ETB- 20,000 ETB ☐ 4. 20,000 ETB – 30,000ETB ☐ E. 30,001ETB and above

Part Two: Question Related with the current Consumer Price Perception of Used car

This section deals with your opinion toward the factors affecting current consumer price perception of used car. You should rank each statement as follows; Put (√) sign as you choose in the box.

Strongly disagree	**Disagree**	**Neutral**	**Agree**	**Strongly agree**
1	2	3	4	5

1	perceived value	**1**	**2**	**3**	**4**	**5**
1.1	I think the used car can meet my car purchase needs very well					
1.2	On the whole, I think buying a used car is worth it					
1.3	Buying a used car as a means of transportation can facilitate daily travel					

2	perceived benefits	**1**	**2**	**3**	**4**	**5**
2.1	Buying a used car can improve the quality of life compared to not owning a car.					
2.2	Buying a used car can add more fun to life than not owning one					
2.3	Used cars are still very durable					

3	perceived quality	**1**	**2**	**3**	**4**	**5**
3.1	The quality of used cars is relatively stable and reliable					
3.2	The quality of the used car is up to my acceptable quality standard					
3.3	I do not think the quality gap between used cars and new cars is that big					

4	reference group influence	**1**	**2**	**3**	**4**	**5**
4.1	If a friend familiar with cars recommends a used car to me, I will buy and use it.					
4.2	I would also consider buying a used car if many of my acquaintances were using one					
4.3	If I had a used car, I think I would be more involved with my friends who use it					

5	perceived risk	**1**	**2**	**3**	**4**	**5**
5.1	I don't worried about buying used cars that have been modified or modified after an accident					
5.2	I don't worry that used cars may have frequent problems and need frequent repairs					
5.3	I don't worry that buying a used car will cost me more in repairs and maintenance later					
5.4	I am not afraid I may be cheated when I buy a used car					
5.5	I don't worried about the after-sales service of used cars					

6	*Price of Used car*	**1**	**2**	**3**	**4**	**5**
6.1	Given my current financial situation, the price of used cars is still high					
6.2	If I'm going to buy a used car, I want to wait for the price level to come down before I buy					
6.3	I think buying and using a used car will still put a certain amount of financial pressure on my life					

ቅድስት ማርያም ዩኒቨርሲቲ

መጠይቆች

መግቢያ

በደንበኞች የሚሞሉ መጠይቆች

ይህ መጠይቅ "በኢትዮጵያ ያገለገሉ መኪናዎች ወቅታዊ የፍጆታ ዋጋ ግንዛቤ፡ የአዲስ አበባ ከተማ ጉዳይ" በሚል ርዕስ ለጥናቱ መረጃ ለማመንጨት ታስቦ የተዘጋጀ ነው። የግል ዝርዝሮችዎን ማቅረብ አያስፈልግዎትም። የእርስዎ ምላሾች እንዲሁ ከሌሎች ተመሳሳይ ምላሾች ጋር በድምሩ በምስጢር ይታከማሉ። ማንኛቸውም ምላሾችዎ ከዚህ የተለየ ጥናት ውጭ ለሌላ ዓላማ ጥቅም ላይ አይውሉም። እባክዎ በመረጡት ቦታ ላይ "√" ምልክት ያድርጉ። እባክህ ስምህን ወይም ሌላ መታወቂያህን አትጥቀስ። ስለ ጊዜዎ እና ትብብርዎ አስቀድመው ላመሰግናችሁ እፈልጋለሁ።

ስለተሳተፉ እናመሰግናለን!

ክፍል አንድ፡ የስነ-ሕዝብ ባህሪያት

1. ጾታ ሀ. ወንድ □ ለ. ሴት □

2. የዕድሜ ምድብ ሀ. ከ21 ዓመት በታች □ ሐ. ከ22 እስከ 29 ዓመት

ለ. ከ30 እስከ 38 ዓመት □ D. ከ39 ዓመት በላይ □

3. የትምህርት መመዘኛ ሀ. አንደኛ ደረጃ 1-8 ክፍል □ ለ. ሁለተኛ ደረጃ ትምህርት ቤት 9-12ኛ ክፍል □ C.ኮሌጅ ዲፕሎማ □ D. ባችለር ዲግሪ □ ሠ. የማስተርስ ዲግሪ እና ከዚያ በላይ □

4. ገቢ/ወር 1. ከ10,000 ETB በታች□ 2. 10,001 ETB - 15,000 ETB □

3. 15,001 ETB- 20,000 ETB □ 4. 20,000 ETB - 30,000ETB □

ክፍል ሁለት፡ ጥያቄ ከአሁኑ የሸማቾች ዋጋ ያገለገለ መኪና ግንዛቤ ጋር የተያያዘ

ይህ ክፍል የአሁኑን የሸማቾች ዋጋ ያገለገለ መኪና ግንዛቤን በሚነኩ ምክንያቶች ላይ የእርስዎን አስተያየት ይመለከታል። እያንዳንዱን መግለጫ እንደሚከተለው ደረጃ መስጠት አለብዎት; በመረጡት ሳጥን ውስጥ (√) ምልክት ያድርጉ።

በጣም አልስማማም	አልስማማም	ገለልተኛ	እስማማለሁ	በጣም እስማማለሁ።
1	2	3	4	5

1	የተገነዘበ ዋጋ	**1**	**2**	**3**	**4**	**5**
1.1	ያገለገለው መኪና የእኔን የመኪና ግዢ ፍላጎት በሚገባ ሊያሟላ የሚችል ይመስለኛል					
1.2	በአጠቃላይ, ያገለገለ መኪና መግዛት ዋጋ ያለው ይመስለኛል					
1.3	ያገለገሉ መኪናዎችን በመጓጓዝነት መግዛት የዕለት ተዕለት ጉዞን ያመቻቻል					

2	የተገነዘቡ ጥቅሞች	**1**	**2**	**3**	**4**	**5**
2.1	ያገለገለ መኪና መግዛት የመኪና ባለቤት ከሌለው ጋር ሲነፃፀር የህይወት ጥራትን ያሻሽላል					
2.2	ያገለገለ መኪና መግዛት በባለቤትነት ካለመኖር የበለጠ ደስታን ይጨምራል					
2.3	ያገለገሉ መኪኖች አሁንም በጣም ዘላቂ ናቸው።					

3	የተገነዘበ ጥራት	**1**	**2**	**3**	**4**	**5**
3.1	ያገለገሉ መኪኖች ጥራት በአንጻራዊ ሁኔታ የተረጋጋ እና አስተማማኝ ነው					
3.2	ያገለገለው መኪና ጥራት በእኔ ተቀባይነት ያለው የጥራት ደረጃ ነው።					
3.3	ባገለገሉ መኪኖች እና አዳዲስ መኪኖች መካከል ያለው የጥራት ልዩነት ያን ያህል ትልቅ አይመስለኝም።					

4	ቡድን ተጽእኖ	**1**	**2**	**3**	**4**	**5**
4.1	መኪናን የሚያውቅ ጓደኛዬ ያገለገለ መኪና ቢጠቁመኝ ገዝቼ እጠቀምበታለሁ።					
4.2	ብዙ የምታውቃቸው ሰዎች የሚጠቀሙ ከሆነ ያገለገለ መኪና ለመግዛት አስባለሁ።					
4.3	ያገለገለ መኪና ቢኖረኝ፣ ከሚጠቀሙት ጓደኞቼ ጋር የበለጠ እሳተፍ ነበር ብዬ አስባለሁ።					

5	የተገነዘበ አደጋ	**1**	**2**	**3**	**4**	**5**
5.1	ከአደጋ በኋላ የተሻሻሉ ወይም የተሻሻሉ ያገለገሉ መኪናዎችን ስለመግዛት አልጨነቅም።					
5.2	ያገለገሉ መኪኖች በተደጋጋሚ ችግሮች ሊኖሩባቸው እና ተደጋጋሚ ጥገና እንደሚያስፈልጋቸው አልጨነቅም።					
5.3	ያገለገለ መኪና መግዛት በኋላ ለጥገና እና ለጥገና የበለጠ እንደሚያስከፍለኝ አልጨነቅም።					
5.4.	ያገለገለ መኪና ስገዛ እንዳታለልክ አልፈራም።					
5.5	ያገለገሉ መኪኖች ከሽያጭ በኋላ ስላለው አገልግሎት አልጨነቅም።					

6	ያገለገሉ መኪና ዋጋ	**1**	**2**	**3**	**4**	**5**
6.1	አሁን ካለኝ የፋይናንስ ሁኔታ አንጻር ያገለገሉ መኪኖች ዋጋ አሁንም ከፍተኛ ነው።					
6.2	ያገለገለ መኪና የምገዛ ከሆነ ከመግዛቴ በፊት የዋጋ ደረጃ እስኪወርድ ድረስ መጠበቅ እፈልጋለሁ					
6.3	ያገለገለ መኪና መግዛት እና መጠቀም አሁንም በህይወቴ ላይ የተወሰነ የገንዘብ ጫና የሚፈጥር ይመስለኛል					