



# Consumer's Motivating Factors In The Purchase Decision Of A Used Car

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This study explores the motivating factors in the purchase decision of a used car from a consumer's perspective. Buying a used car offers a more economical solution compared to new cars. The objective is to understand what motivates consumers in the purchase decision of a used car. The theoretical part of this study goes through the theory of buying, used cars as a product, the used car market in Finland, consumer behaviour and the decision-making process.

The chosen methodology for data gathering was a semi-structured interview as this gives some possibility to sway from the original questions and ideas of the writer. The data was analysed via content analysis and keywords and recurring themes were found. The interviews were divided into six major themes: product, dealership, salesperson, price, payment options, and optional extras. The commissioner of the study is Kamux, a large used car dealer operating in Finland, Sweden, and Germany.

Participants had clear motivators in their selection of a specific car. They wanted the correct size and a reliable used car at a reasonable price. Financing was important and needed to be reasonable in terms of cost. Initially participants felt that the salesperson did not affect the decision but after further analysis it did have an effect. The additional liability commitment (optional limited warranty) needed to be offered at the start of the sales process to have a motivating affect.

The study had mostly expected results related to the consumer's motivations in the purchase decision. There were also some surprising results. It is important for the salesperson to do a thorough need analysis in order to provide good service and a well-fitting car for the customer. Factors such as the size of the car, reliability, condition, price, financing options, trade-in values, and optional limited warranties played significant roles in motivating consumers.

Keywords: purchase decision, used car, motivating factors

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## 1 Introduction

The purchase of a car is a common purchase that many consumers make during their lifetime. A used car is a more financially economical solution when compared to a new car. Buying a used car is an interesting process and there are many motivating and deterring factors that can affect the final decision. Different people in different stages of life want different things from a car. Someone could want a status symbol sports car to let everyone know that they are financially doing well, someone else could want a large family station wagon to move the kids around in and someone could just want a car to get them from point a to point b economically.

As the taxation system for new cars in Finland drives the prices higher, people are looking at used cars as a more affordable alternative to a new one (Valtiovarainministeriö 2023). As new car sales were down 15.6% in the year 2020, mostly due to the outbreak of covid-19, more and more consumers are looking for used cars as an alternative to a new car (Autoalan tiedotuskeskus 2020.) Used car sales also took a large hit when covid-19 first struck Finland but recovered much quicker than new car sales and used car sales actually grew 1.4% during the year 2020 (Autoalan tiedotuskeskus 2022a).

Unlocking the answer to why consumers behave in a certain way is very hard as the answers are sometimes subconscious and even the consumer cannot say exactly why they decided to purchase a specific product. (Kotler & Armstrong 2017, 158). Due to the need to understand the motivators that drive consumers to purchase in used car sales, this research was done for Kamux, the largest used car retailers in Finland and third largest in Europe. Kamux is a Nasdaq Helsinki listed publicly traded company founded in 2003 by the current CEO Juha Kalliokoski. Since its founding in 2003, the company has opened business in Sweden 2012 and Germany in 2015. There are roughly 55 showrooms in Finland, 27 in Sweden and 8 in Germany at the time of writing. Kamux employs roughly 600 people. (Kamux 2021.) As the company aims to grow year over year understanding the motives that drive customers is very important. (Kamux 2023.) The author of this thesis has been at Kamux since 2016 first in sales and later in sales management.

The objective of this study is to understand what the main motivating factors are that drive a consumer in the purchase of a used car. It is important to find out what internal and external motivators drive the decision to buy a specific used car, what obstacles there were to tackle before making the decision and how the consumer actually makes the decision in order to learn how to influence the decision-making process and sell more cars.

## 2 Exploring motivating factors in the purchase decision of a used car

Used cars as a product are very interesting because no two cars are going to be completely identical because the milage, age or condition might be different or then the options on the car are different. There are many factors to consider when choosing a suitable car for yourself. Understanding how consumer find their ideal car, what motivates them to purchase and how they go through the purchase decision is very complex and fascinating. It is important to understand the process in order to understand the key motivators in the purchase decision. This chapter of the study will explore the theory of consumer behaviour, how a consumer arrives at the purchase decision and the psychological process of buying as well as used cars as a product, the used car market and how used car pricing works.

### 2.1 Used cars

A used car is a car that has previously been owned by one or more owners. Compared to new cars a used car offers a more cost-effective option to own a vehicle because they have already undergone a large part of their depreciation (Smith 2021). Used cars are very interesting as a product because essentially no two cars are completely the same and there are almost countless options to choose from. At the time of writing there were 82000 cars for sale on Nettiauto.com which is the most popular online marketplace for both used and new cars in Finland. (Nettiauto 2022.)

Used cars come in countless makes and models and with even more options fitted to them as new and used. Consumers often have specific criteria that a car must meet in order to purchase the specific car. Someone may need more space while another consumer wants a good-looking sporty car. The most common factors when finding cars online come down to make, model, power type, gearbox type, age, milage and of course price. Obviously, there are other criteria, but these are the most searched for ones. One consumer might be looking for a large diesel car and another looking for a small petrol car with an automatic gearbox and these criteria help them find suitable alternatives for them. (Nettiauto 2022.)

#### 2.1.1 The used car market in Finland

The used car market in Finland is a much larger market than new cars. There were 114 200 new cars registered in 2020 while there were 625 000 used car sales as shown in figure 1. This does not include imported used cars if they have not been registered to a car dealer before sale to a consumer. In 2020 almost 46 000 used cars were imported into Finland. (Autoalan tiedotuskeskus 2022b.)

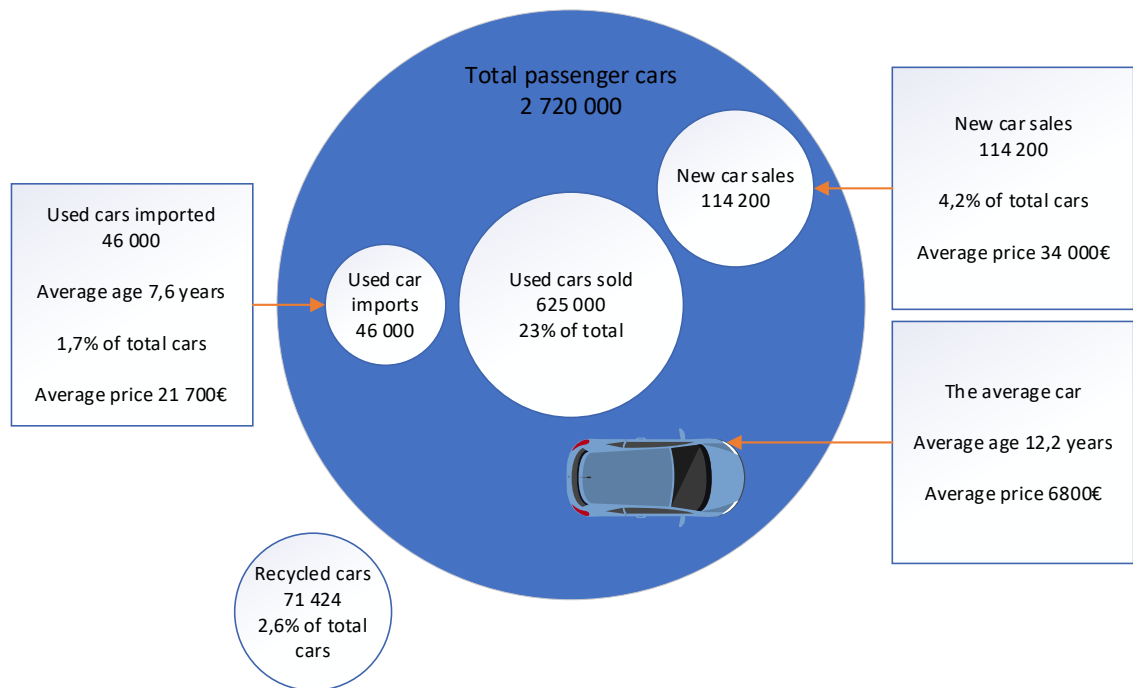


Figure 1: Car sales in Finland (Autoalan Tiedotuskeskus 2021a)

In total almost 700 000 used cars were sold including imported cars making the used car market massive. The total amount of cars in traffic use in Finland was 2 720 000 cars so 23% of those cars changed owners. Roughly half of used car sales are done between consumers. Consumers are mostly selling over 10-year-old cars. There are no real statistics on the total value of used cars sales, but the estimated value of typical used car is 6800€. This would make the used car market worth an estimated 4,7 billion euros making it a massive market. (Autoalan tiedotuskeskus 2021a.)

As shown in figure 2, the average age of cars in Finland has been rising for 60 years and in 2019 the average age of a car was 12.2 years. The EU average age was 11,5 in 2019 which means the Finnish vehicle fleet is on average older than the EU average. This is mostly due to the taxation and cost of new cars making them a less economic option for consumers. (Autoalan tiedotuskeskus 2022c.)

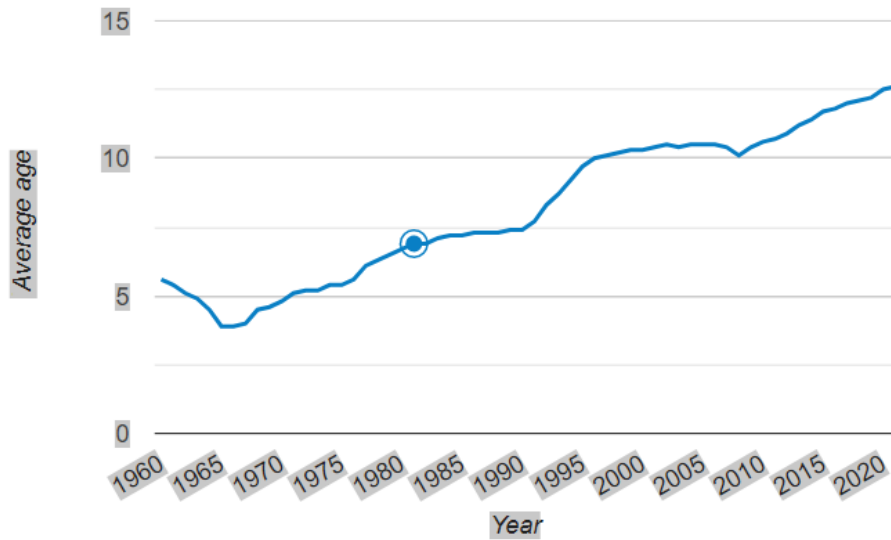


Figure 2: The average age of cars in Finland (Autoalan Tiedotuskeskus 2022c)

As can be seen in figure 3 used car sales took a large dip in March 2020, compared to the year 2019, due to restrictions and fear of the new coronavirus affecting consumers. The maximum drop was 18.5% in April, but by summer, sales had gone back to normal amounts compared to 2019. In total the growth of used car sales compared to 2019 was 1.4%. (Autoalan Tiedotuskeskus 2021b.)

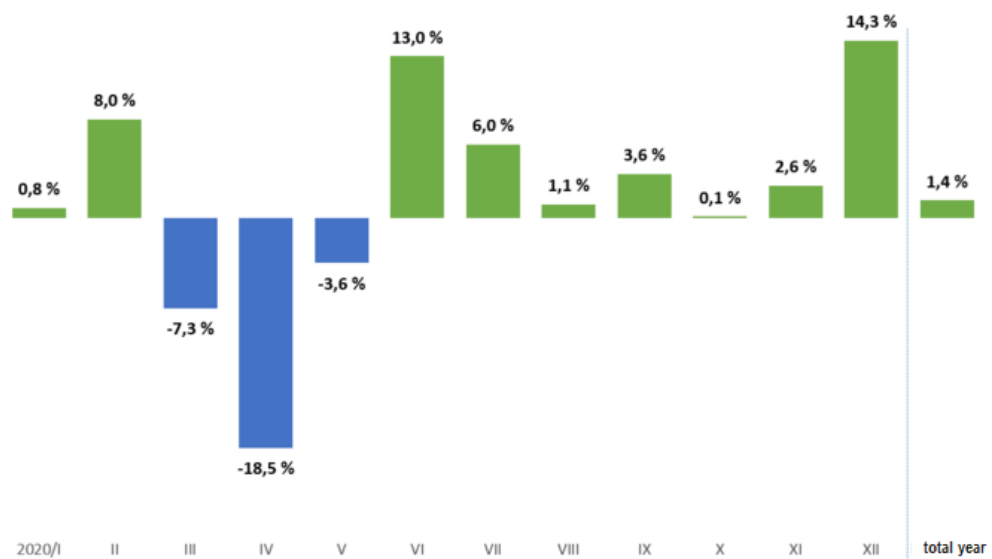


Figure 3: Used car sales in 2020, compared to 2019 (Autoalan Tiedotuskeskus 2021b)



The entire car retail industry is a highly competitive market to be in, especially in used car sales. There are huge amounts of small and large competitors in the market targeting the same customers. Some are focused only on used car like Kamux and some are official dealerships of new car manufacturers that also have used vehicle sales like J. Rinta-Jouppi and VEHO. Kamux is the largest retailer of used cars having sold 55 000 cars of roughly 300 000 cars sold by companies in 2019. As the market is so highly competitive it is important to know what motivates the customer to buy a used car so the company can try to focus on these motivating factors to possibly generate even more sales. (Kamux 2021; Autoalan Tiedotuskeskus 2021a.)

### 2.1.2 Pricing of used cars

The price of a product is obviously one of the most important aspects of a consumers purchase. The price of a used car must be set correctly in order to get them interested in the product and in the end drive sales. Price is one of the 4Ps of the traditional marketing mix that has been widely used for years by marketers. The 4Ps of the marketing mix include: Product, price, promotion and place. Price very important as it is the only one that generates revenue while all the other p´s generate cost. (Kotler 2019, 540; Armstrong, Kotler & Opresnik 2020, 79.)

There are many things that affect the price but mostly they are the same as the most searched for criteria for consumers. Most importantly make, model, power type, gearbox type, age, milage and extras the car has. The same make and model car is worth a lot less if it is from 2010 rather than 2020. The same applies to milage. The same age, make and model car is worth more if it has been driven 50 000km rather than 200 000km. The trim level or option are also something that affect the price of the car. If you have two identical cars regarding make, model, age and milage but one of them has no extras fitted and the other has all possible options fitted, the one with extras is going to be more expensive. The condition of the car is also a very important factor in the sales process. A car that is in perfect condition will be a lot easier to sell compared to one with defects either mechanically or externally. Defects could be a missing service history or dents and scratches in the paint of the car. The effect of these is going to lower the value of a car and make it often harder to sell to a consumer. (Autovex 2022.)

The used car market is essentially based on going-rate pricing mostly. Going rate pricing is defined by Kotler (2019, 530) as when “the firm bases its price largely in competitors’ prices.” This type of pricing strategy is largely used in industrial products such as steel and paper but it is well suited for the used car market also. This means that when pricing a used car, the seller must look at the offerings on the market and set the asking price well relative to competitors. They must also change the price of the product in response to competitors or demand in order to drive more sales. A consumer most likely would not purchase a relatively

similar product at 1000€ more if they are able to purchase a similar product from a competitor for a lower price. (Kotler 2019, 530.)

It is also important to understand the meaning of “price endings” in the consumers decision making process. Having cars priced at 9990€ for example compared to 10000€ might result in more sales due to consumers tending to interpret pricing with the standard left-to-right reading method. The starting price of 9 suggest that the price of the car is in the 9-thousand and not in the 10-thousand range. (Kotler 2019, 517.)

### 2.1.3 Add-on sales

Add-on sales are a great way to for the salesperson to improve the customers satisfaction and general shopping experience. Add-on sales add value and improve the actual product which in this case is the used car. Add-on sales can help close a deal with a customer that might be on the fence about the purchase. Add on sales are great for all parties involved as the consumer gets a more comprehensive product and the salesperson gets more sales. (Ojanen 2010, 97.)

Add-on sales in the used car industry can have many shapes and forms. Most car dealers offer financing as an add-on. Some have an extended warranty service and a casco insurance. Even things like new tyres or servicing can be considered add-on sales.

It is often thought that add-on sales are intrusive or pushy towards the consumer but according to Ojanen (2010) the consumer does not usually view it as such if done correctly. The salesperson needs to understand the consumers’ needs and offer options that suit the consumer and add value to the consumers purchase. According to a survey conducted by Judge Services (2022) customers that where offered these possible add-on sales had a significantly higher net promoter score. For example, consumers that were offered an extended warranty had a net promoter score of 51% versus those who were not offered the extended warranty at 39%. As such we can see that add-on sales are a very important part of the product of used cars.

## 2.2 Understanding motivators and consumer behavior

Understanding consumer behavior is a very important part of understanding what motivating factors there are that drive consumers to make certain decisions. First the consumer needs to have their basic needs met, as can be observed in Maslow’s hierarchy theory, in order to progress through the decision-making process and arrive at a decision. This chapter of the study will go through the theory of what motivates a consumer to make a purchase.

### 2.2.1 Marketing mix and consumer motivation

Marketing mix is an important theory in marketing and it consists of the four Ps: Product, price, place and promotion. These four Ps can be used to derive motivating factors in a

consumers purchase and understand what the most important aspects are. The four Ps can be divided into smaller subcategories as can be seen in figure 4 and then studied separately. (Armstrong et al. 2020, 79.)

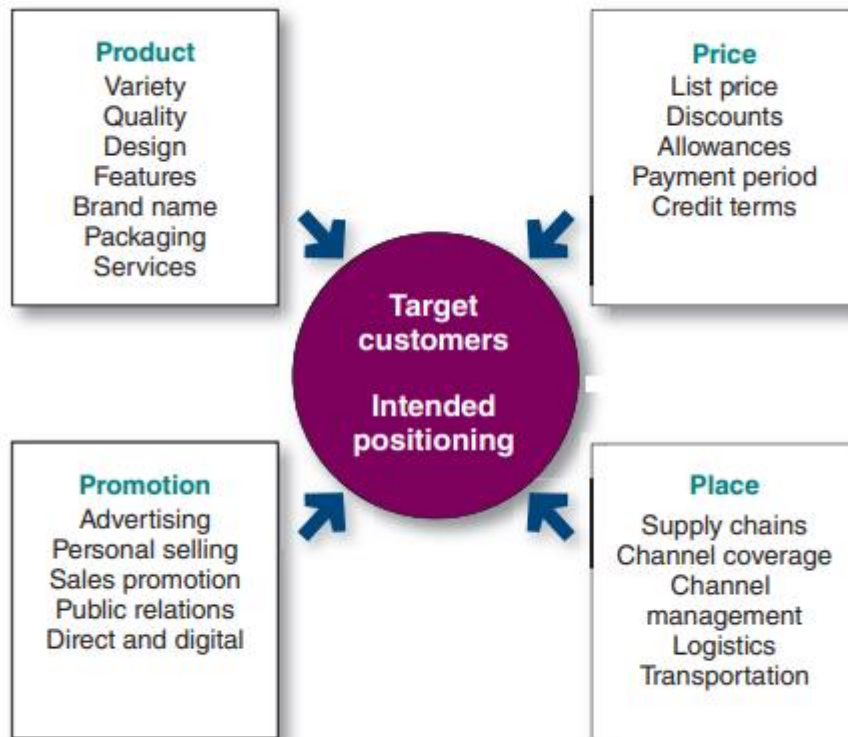


Figure 4: The four Ps of the marketing mix (Armstrong et al. 2020, 79)

The product is of course a very important aspect of consumer motivation. The product is the actual car but also the full product and services package including things like the optional warranty, financing or casco insurance detailed previously. There are thousands of different makes and models of cars but only some fit the consumer's needs. A person looking to find something small to run to the shops with will likely not consider a large van. The product needs to match with the expectations, needs and wants the consumer has. Actual customer service is also a part of the product as the consumer communicates with the salesperson and receives service when they are purchasing a used car from a dealer. If service is not on par with the expectations the consumer has, they might go somewhere else to purchase a similar product if they receive better service. The consumer also expects a certain level of quality from the product. If a used car is in worse condition than they expect that will most likely drive them away from a purchase. The brand name of the dealer is also an important aspect in the purchase of a used car. A large dealer with a reliable and good brand will be more favourable compared to a smaller and less known dealer. (Armstrong et al. 2020, 79.)

There are many psychological aspects behind a consumers purchase decision with regard to price. According to Armstrong et al. (2020, 79) "Price is the amount of money the customers must pay to obtain the product". Consumers often have an internal reference price that they compare to the product price and this is not always the stated price of the product on sale. Kotler (2019,515) sums this up well: "Purchase decisions are based on how consumers perceive price, and what they consider the current price to actually be - not the marketers stated price". In used car sales this can be observed as price negotiations: the consumer wants the car for a lower price than the salesperson originally offered for example the consumers perceived price or reference price. Price also includes possible trade-in allowances in the case of car sales. If the trade in value of their current car is lower than a consumer expects they are less likely to purchase the product as the total price of the product will then be higher than their reference price. Payment period and credit terms are also an important aspect of the total price. If the financing fees and interest rate are too high compared to what the consumer expects it will most likely drive them towards other options. (Armstrong et al. 2020, 79; Kotler 2019, 515-517.)

Place in terms of this study is rather simple. If the car the consumer is interested in is far from them, they are less likely to purchase. If there is no way to see the car closer to home a consumer 1000km away is very unlikely to drive all the way just to see the car. This requires good supply chains, logistics and transportation from the dealer. (Armstrong et al. 2020, 79.) A used car dealer can deal with this issue with logistics and offer transport of the car closer to the consumer or even deliver it to their home. (Kamux 2023.)

Promotion is the act of getting consumers to know that you have certain products and to persuade them to purchase those products from you. This can be done for example via advertising cars online in marketplaces like Nettiauto. A used car dealer may have special campaigns like low interest rates, sales or other special promotions. Promotion is also done by the salespeople at the dealer face to face with the customer in order to persuade them that they have the best product for them. In today's online world promotion is an essential part of the business as consumers most often find suitable option online. (Armstrong et al. 2020, 79.)

### 2.2.2 Maslow's hierarchy applied to used car sales

There are many theories for the motivation of purchases, but best suited for this study is Maslow's pyramid theory as it states that consumers must have their very basic needs fulfilled before they can move on to the higher levels of the pyramid model. This can be applied to the purchase decision of a car well because you are more unlikely to purchase anything that expensive without having your basic needs met first. (Solomon, Bamossy, Askegaard & Hogg 2006, 99.)

Maslow's need hierarchy is a psychological theory. The theory ranks human needs into order of importance and only after the lower needs in the pyramid have been taken care of can the consumer move on to the higher tier of the pyramid. The pyramid is ranked into five tiers: Physiological needs, Safety needs, social need, Esteem needs and finally self-actualisation needs. Physiological needs being the most important and self-actualisation needs the least important.

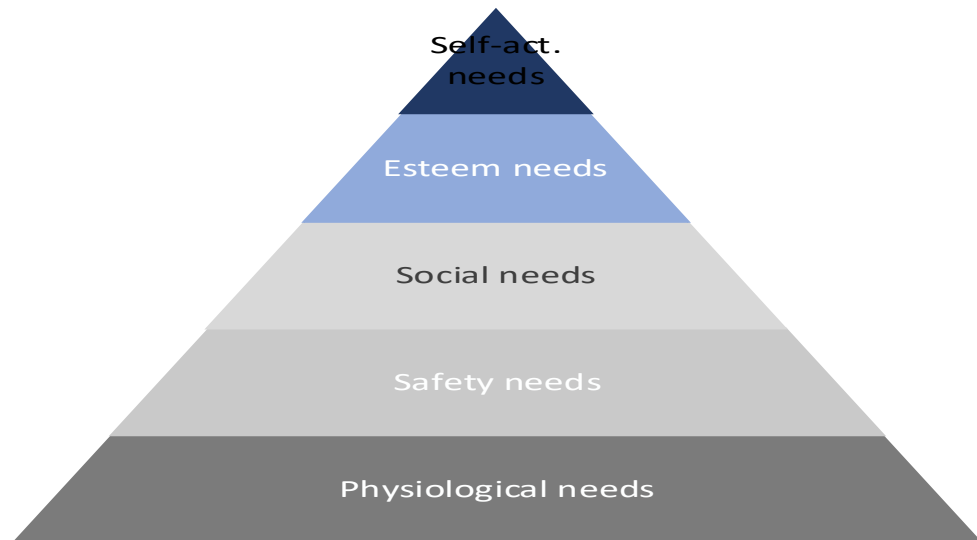


Figure 5: Maslow's hierarchy of needs (Solomon et al. 2006, 99)

Physiological needs include very basic things like food, shelter and water. The most basic needs for human existence. Safety needs are things like financial security, insurance policies and health. Social needs are for example friends, family and possible romantic attachments. Esteem needs are things that can boost your self-esteem or improve the respect from others. Self-actualisation needs are at the top of Maslow's hierarchy and include things that give the consumer self-fulfilment and personal growth and peak experiences. (Kotler 2019, 205.)

This model can also be applied to car sales. Most people will start at looking at the physical aspects of a car: is it big enough, are there enough seats, is the engine the right size etc. Then move onto the safety aspect of the car. Is it safe enough, will it be financially ok to buy it? Then move onto social needs: what will friends and family think about the car. Esteem needs can be thought to be what it makes the owner feel like. A new sports car will make you look successful and boost self-esteem. Self-actualisation will then step into play. A new car might make the consumer feel self-fulfilment. (Solomon et al. 2006, 100.)

### 2.2.3 Consumer behavior

The definition of consumer behaviour according to Solomon et al. (2006, 6) is the "study of how individuals or groups buy, use and dispose goods, services, ideas or experiences to satisfy their needs and wants." The needs and wants of different consumers can vary according to

their culture, life situation and individual characteristics and as such the study of consumer behaviour can be divided into three main areas that are culture of the consumer, social groups of the consumer and the individual consumer. It is possible to study each area separately, although they also mutually affect each other heavily. (Kotler 2019, 196.)

Culture is a very important influencer on buying behaviour. Culture is at the very root of an individual's needs and wants. Culture is essentially a blueprint for human behaviour. Culture can also be divided into smaller subcultures and Kotler says that they include: "nationalities, religions, racial groups and geographic regions." (Kotler 2019, 196.)

There are several social groups that affect the individual consumers behaviour. These groups include reference groups, family and social roles and status. All of these different social groups have an effect on what the consumer wants to purchase. One's family is the most influential social group that affects buying behaviour. For example, if your family has been purchasing a specific product or brand since childhood, the consumer might be more inclined to purchase that same product when it is their time to choose. (Kotler 2019, 198-201.)

The personal characteristics of an individual consumer also have a huge impact on how they behave as a consumer. Personal characteristics include: age, stage in life, occupation, economic situation, personality, lifestyle and values. Age and stage of life have a large impact on the consumers behaviour. A younger childless consumer might not be very interested in the same cars as a parent of a small child will be interested in. A young consumer might be looking at something sporty, while a parent would be looking for something with enough space and safety for their child. The economic situation of a consumer will drive them towards different options. A young consumer that has just started working at a fast-food restaurant most likely will not be buying a 50 000€ car while someone that has been working in a well-paid executive job will more likely be buying that same 50 000€ car. (Kotler 2019, 201; Armstrong et al. 2020, 169-170.)

Lifestyle and values also affect consumer behaviour. Someone with a sporty lifestyle that likes to go on biking trips would need space in their car for a bike while someone who does figure skating as a hobby would not need the same space in a car. Someone with eco-friendly values would want something with low emissions values while someone who does not think about the environment that much would not take emissions into account while making a decision. (Kotler 2019, 202; Armstrong et al. 2020, 170.)

The individual's personality also affects the consumers buying behaviour. Usually, we are more inclined to select brands that have a brand personality that aligns with our own personality. For example, buying a brightly coloured car because a consumer is a cheerful and daring person. In marketing research done by Professor Jennifer Aaker, she identified five different personality traits: Sincerity, excitement, competence, sophistication and ruggedness. During her analysis she found that most well-known brands tend to be high on

one of these traits and that consumers are likely to choose one that matches their own personality traits. (Kotler 2019, 202.)

#### 2.2.4 Key psychological process

Understanding the whys and how's of a consumer's psychological process is essential and a good place to start is the stimulus-response model presented in figure 5. The stimulus-response model is a model where outside information such as marketing and other stimuli enter the consciousness of the consumer and are then processed through a set of psychological processes and certain consumer characteristics which then results in a buying decision process and purchase decision. There are four key psychological processes: Motivation, perception, learning and memory. (Kotler 2019, 205.)

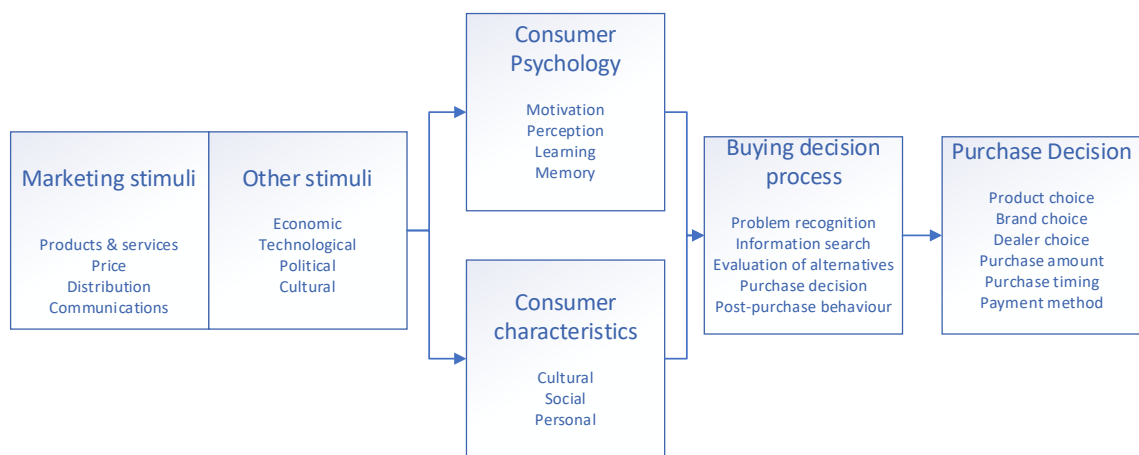


Figure 6: Stimulus-response model (Kotler 2019, 204-205)

As mentioned earlier with Maslow's pyramid all humans have needs, some more basic like food or water and some more complex like the need for recognition or belonging. This need then becomes a motive and when the motive reaches a sufficient level of intensity it drives us to the goal, for example getting a bigger car for a growing family once a baby is born.

#### 2.3 How consumers make purchase decisions

It is essential to try and understand what types of decisions consumers make daily and how they actually make the decision in order to grasp what affects the consumer in the decision-making process. One small thing might push the consumer away from making a purchase decision of a specific product while a well thought out path of purchase might pull the consumer in to buy a product. In this chapter of the study, we will go through the different types of decisions a consumer makes and how they go through the process of making a decision.

### 2.3.1 Buying behavior

There are essentially four different types of consumers buying behaviors that are characterized by the perceived difference in brands and the amount of involvement of the consumer as can be seen in figure 7. If the decision is high in involvement and there are significant differences between the brands then it is complex buying behavior, if there is high involvement but low brand differences then it is dissonance reducing buying behavior. If there is low involvement but there are significant differences between brands then it is called variety seeking buying behavior and if there is low involvement and low differences then it falls into habitual buying behavior. These are explained more thoroughly in the coming chapter. (Kotler & Armstrong 2017, 174.)

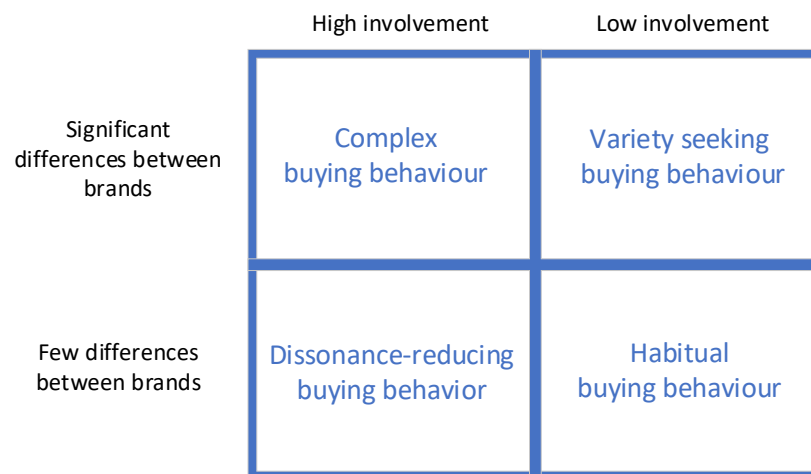


Figure 7: Different types of buying behaviours (Kotler & Armstrong 2017, 174)

Complex buying behavior is when there is high involvement by the consumer and there are significant perceived differences between products or brands. Typically, the consumer is highly involved when the product is infrequently purchased, expensive, risky or self-expressive. An example of this category could be a house or car as these require the consumer to learn about the product and possible alternatives. The consumer then goes through the five-stage decision making process including information search, evaluation of alternatives and the making a decision. These stages are explored in the next chapter. (Kotler & Armstrong 2017, 174.)

Dissonance-reducing buying behavior is when there are relatively low perceived differences between brands or products while there is a high level of involvement of the consumer. The consumer might regard all products within the same price range as having essentially the same characteristics of use. Consumers can make quick decisions and could be motivated by ease of purchase or a good deal. A good example of this is buying a television. The product can be very expensive and is purchased rather infrequently but given a certain price range most televisions can be seen as very similar products with similar properties and



specifications. The consumer can make a quick decision and can be swayed towards a certain brand or product based on a good offer or ease of purchase. After the purchase the consumer might experience post-purchase dissonance if they hear good things about another product or notice something they do not like about the product that they have purchased. (Kotler & Armstrong 2017, 174.)

Variety-seeking buying behavior is when there are large perceived differences between brands or products while there is low involvement of the consumer. The consumer often switches between products simply because of the want for something different rather than dissatisfaction with the original product. An example of this could be buying a soda. The consumer has been buying a cola drink almost every time and has no dissatisfaction towards it, but then decides to buy an orange drink purely out of the want for something different. (Kotler & Armstrong 2017, 174.)

Habitual buying behavior occurs when the consumer has low involvement and there are low perceived differences between the brands or products. When a consumer goes to the store to purchase milk and grabs the same brand every time this is then habitual buying. There is low involvement in this type of low-cost product and there are low perceived differences between brands. The consumer simply purchases the brand that they always have due to habit and passively learned beliefs. (Kotler & Armstrong 2017, 175.)

### 2.3.2 Consumer decision making process

According to Kotler the consumer goes through five different stages while making a decision. As can be seen in figure 8 the stages are problem recognition, information search, evaluation of alternatives, purchase decision and post-purchase behaviour. These stages are explained more thoroughly in the coming chapter. (Kotler 2019, 213-219.)

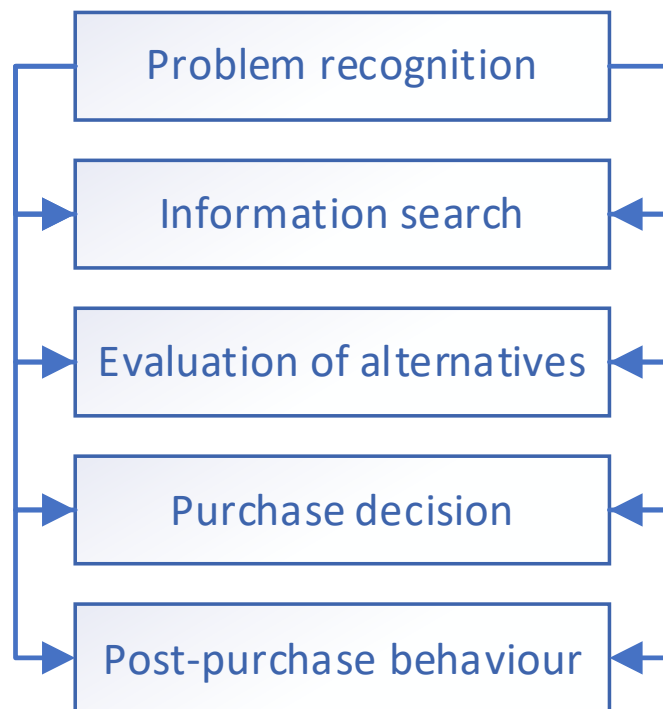


Figure 8: Five-stage decision making process (Kotler 2019, 214)

The buying process starts when a consumer's needs are either triggered by an internal or external stimuli or when a consumer recognises a problem that needs to be solved. An internal stimulus can be something as simple as being hungry or thirsty which then reaches a certain threshold and this then creates a need to seek an answer to that problem. An external stimulus is something that comes from the outside such as seeing a neighbour with a brand-new car or television that then triggers thoughts that they might purchase one themselves. The consumer then often sees a large gap between the current state that they are in and the desired state that they want to be in. The problem recognition process can be triggered naturally for example by needing a larger car because a new child is born into the family but often marketers will set the process in motion with advertisements. (Kotler 2019, 215.)

The second stage of the model is the search for information. According to Kotler there are four main groups for sources of information which are personal, commercial, public and experiential as can be seen in figure 9. The personal group includes family, friend, neighbors among others. People you know and have meaning in your life. Commercial sources include advertising, websites, salespeople, dealer etcetera. Public sources are mass media and consumer-rating organizations that should give objective information about products. Experiential sources are actually seeing and using a product. Information that comes from experience. (Kotler 2019, 215-216.)

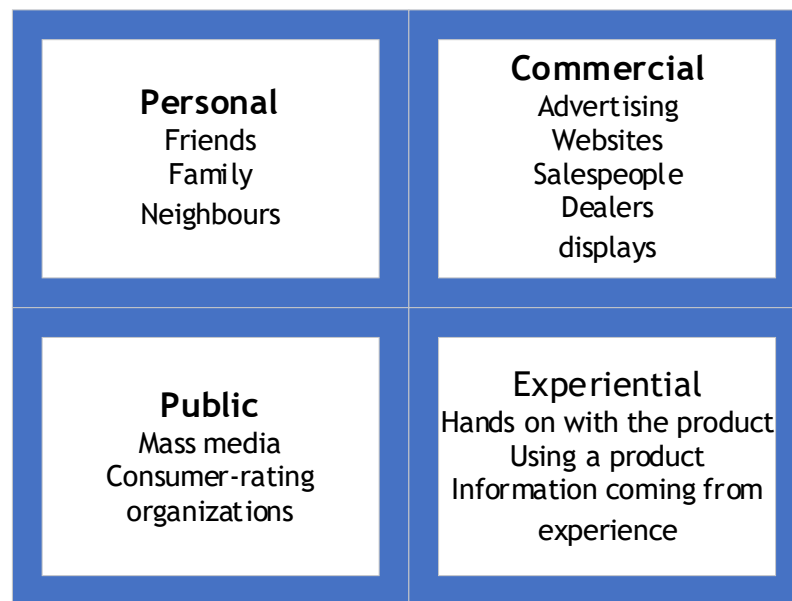


Figure 9: Different sources of information (Kotler 2019, 215)

According to Kotler most information today comes from commercial sources such as advertisements, websites and salespeople, but the most influential sources are personal or public sources. A recommendation from a family member is more likely to be more influential than a marketer's advertisement or salesperson's pitch for a product. Information usually comes from a commercially curated source like websites and advertisements while the personal source serves a legitimization or evaluation role. For example, a car manufacturer might have a great advertisement campaign that gives you lots of information about a new car, but one might turn to a friend or family with experience for evaluations. (Kotler 2019, 215-216.)

The amount of research tends to be greater in relation to how important the purchase is. Some decisions are made almost without any information search such as choosing a soft drink at the shop while some decisions require a more thorough information search. Purchasing a car is usually one that requires lots of information search to decide the best alternatives to suit one's needs. There is also a correlation between prior knowledge and the amount of search done. One would assume that a novice would search for as much information as possible to help in making a decision, but there is actually an inverted-U relationship between prior knowledge and the amount of information search done as can be seen in figure 10. (Solomon et al. 2006, 270-271.)

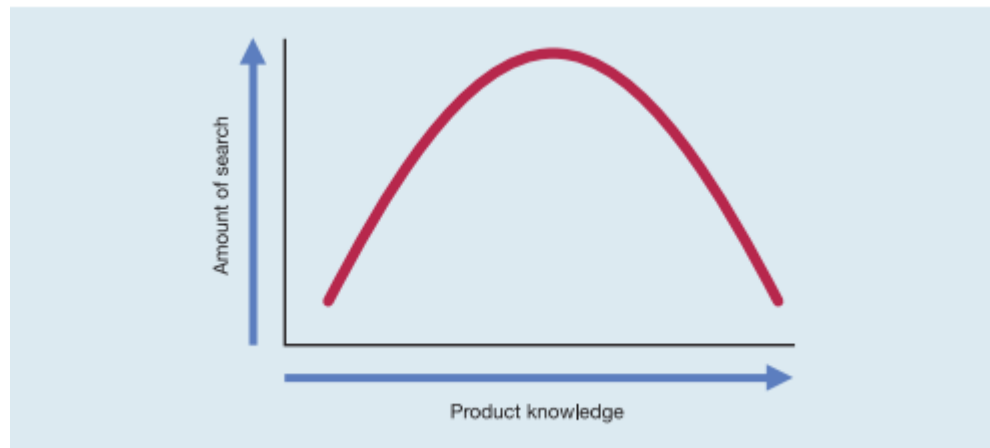


Figure 10: Relationship between the amount of information search and product knowledge (Solomon et al. 2006, 271)

The most research is actually done by a person who has moderate knowledge about the product in question. A complete novice will usually not even know where to start and as such will usually not do that much research. A person who is reasonably knowledgeable about the product will know where to look for information and how to use the information while an expert will most likely know enough about the product to make a decision without large amounts of information search. (Solomon et al. 2006, 270.)

After searching for information about potential solutions to the original problem the consumer comes to the third stage of the decision-making process which is the evaluation of alternatives. According to Kotler there is no single formula that every consumer follows and each consumer is unique. There are a few basic concepts to help understand the process. The consumer is trying to address to original problem or need for example needing a larger car. They are looking for certain benefits of the product they are evaluating and comparing to other similar products. The consumer essentially sees each product as a group of attributes. These attributes then have different abilities to fulfill the consumer's needs. These attributes will change completely depending on the product. In a car a consumer might be looking at the fuel efficiency and general cost of running it while in a hotel room they would be looking at things like location and price for example. According to Kotler (2019, 216) "Consumers will pay the most attention to the attributes that deliver the sought-after benefits". This means that a consumer looking for a large car might not pay as much attention to the handling of a car as they would to the size because the original need was to have a larger car. (Kotler 2019, 216.)

In most cases there are large amounts of alternatives that fit the need of the consumer. The consumer must then identify the alternatives that fit their needs best from all the available ones. The process will vary largely on the type and complexity of the decision being made: are they buying a soda or a car? When buying something small and routine the consumer will

most likely fall into habitual buying and will choose the same soda that they always buy. While purchasing something more substantial like a car they will have to evaluate several brands and products. (Solomon et al. 2006, 272.)

The alternatives can be categorized into a few different sets as shown in figure 11. The evoked set is the set that is already in the consumers mind and those that are most visible in the market place. The alternatives that the consumer would not consider buying, but is aware of are called the inept set and those that are not in consideration at all are called the inert set. A consumer will very likely choose an alternative that is in the evoked set. (Solomon et al. 2006, 274.)

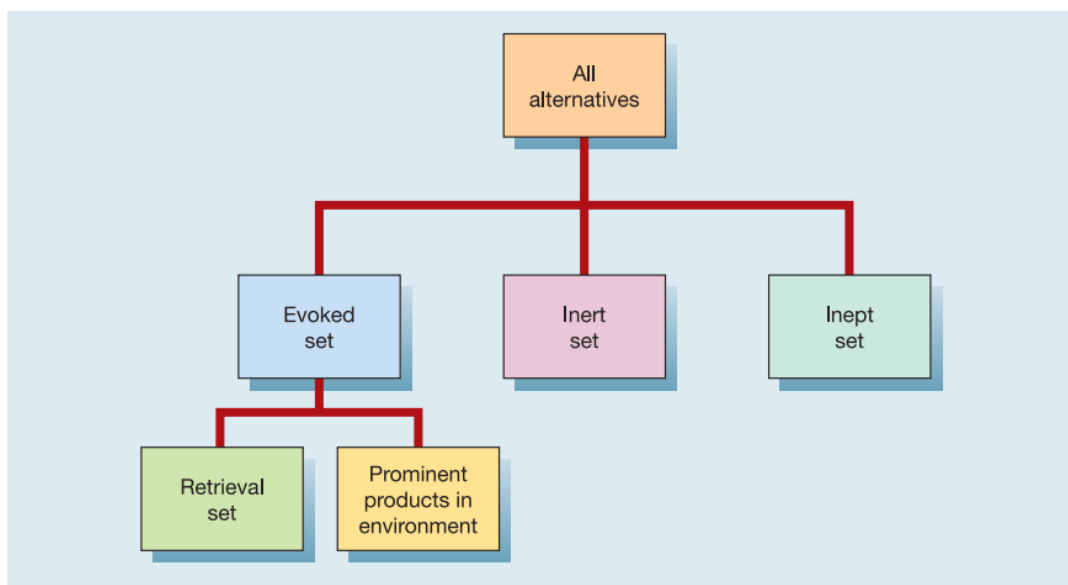


Figure 11: Identifying alternatives (Solomon et al. 2006, 274)

Each individual consumer has beliefs and attitudes that influence the evaluation process. According to Kotler (2019, 217) “A belief is a descriptive thought that a person holds about something” and attitudes are “feelings and action tendencies towards some object or idea”. These beliefs and attitudes will then guide the consumer towards or away from products. A consumer might hold an attitude towards French cars for example. They might think anything French is bad and this will then put all French cars into the inept set of alternatives as the consumer is aware of them, but will not consider it as an alternative for them. Attitudes are very hard to change and will have a large impact on the evaluation of alternatives. (Kotler 2019, 217.)

After the consumer has evaluated the alternatives and formed preferences and possibly a purchase intention, they may have to make multiple sub-decisions in order to reach the final purchase decision. Consumers need to make up to five of these sub-decisions that are as follows: brand as in make and model of a used car, dealer as in the company selling a car, quantity of purchase which in the case of a used car is usually one, timing that suits them for

example the weekend and the method of payment be it financing or one-time payment. (Kotler 2019, 219.)

In the end it is very hard to predict exactly how a consumer will make a choice to purchase a specific product due to human nature. People often make decisions based on emotions but justify the purchase with rational reasons. According to a study 90% of the consumers that bought an above average priced car said they bought the car based on emotional reasons while the rest based their decision on rational reasons. Furthermore 70% consumers that bought a family car said that they bought it for rational reasons while only 30% bought it based on emotions. As such the more expensive the car the more the decision is based on emotions compared to rational reasons. (Aalto & Rubanovitsch 2007, 105.)

Even after the intention to purchase has been made there are still possibilities for the consumer to back out of the decision. There are two main reasons why this might happen as can be seen in figure 12. The attitudes of other and unanticipated situational factors. According to Kotler the attitudes of others might influence the purchase decision depending on “the intensity of the other persons negative attitude towards our preferred alternative and our motivation to comply to the other persons wishes”. If the consumer talks to their father, an expert in used cars, who then expresses a significantly negative attitude towards the consumer’s preferred choice, then that might influence the consumer to not buy. If the consumer talks to a stranger that says that the preferred choice is bad that might not influence the consumer as much due to them not having the motivation to satisfy the other persons wishes as much. (Kotler 2019, 219.)

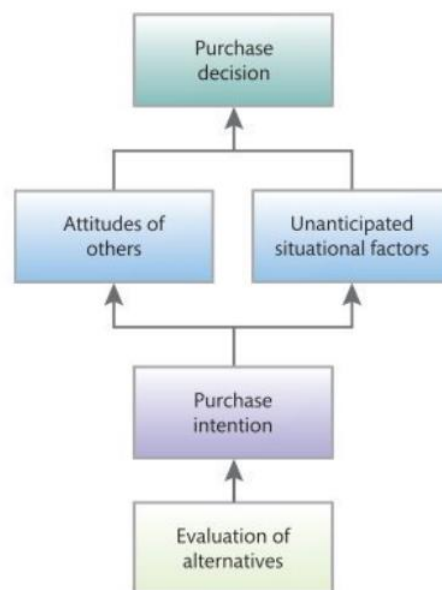


Figure 12: steps between evaluation of alternatives and a purchase decision (Kotler 2019, 219)

The second factor that might intervene in a consumers purchase decision is unanticipated situational factors. Things like losing your job, having to purchase something else more urgently or even a salesperson that might not be satisfactory to the consumer might change the consumers decision. These are very much influenced by the perceived risk of the purchase. The different six types of risks can be seen in figure 13. Functional risk is when the consumer tests a product but it does not perform in the way the consumer has thought, for example a car is too small to fit the entire family. If a consumer thinks that their wellness or health might be risked by a product then that is an assumed physical risk. If a car does not have a good safety rating that could be a physical risk to the consumer. Financial risk is when a consumer feels that the product will not be worth the money to them. If a consumer feels that the value of a car will fall too rapidly, they might consider that a financial risk. Social risks are when the consumer might feel embarrassed or viewed as odd by others. They will feel socially at risk. If a consumer purchases a car that looks funny or is a bright colour they might feel socially risked. Psychological risk can be felt if the consumer feels that the product does not fit their self-image. They might feel that it is not right to them because there might be unfavourable characteristics in the product such as having a family-oriented minivan when you have a young and sporty self-image. Time risk can be caused by the loss of opportunity to find another suitable product if the product fails to meet their needs or has a failure, for example buying a high-risk car that then breaks down and needing to find another one. The amount of risk felt by the consumer will vary according to the amount of money that is being used to make the purchase, one might not think that much when spending a few euros to buy food while spending thousands on a car will cause more risk to the consumer. (Kotler 2019, 219.)



Figure 13: different types of risk in a purchase decision (Kotler 2019, 219)

The purchase decision does not come to an end when the actual purchase has been made, but rather carries on for quite some time after. It is possible for the consumer to experience dissonance about the purchase. This can be caused by hearing good things about the competing brand or product or by noticing unfavorable features about the purchased product. This could mean noticing an issue with a car that has been purchased or realizing there was a better option that could have suited the consumer even better. The consumer will be satisfied if the expectations and the products performance are close to each other. If the expectations are too much above the performance of the product, then the consumer will most likely be dissatisfied with their purchase. The further away the expectations rise above performance the more dissatisfied the consumer will be with the product and vice versa. For example, if a consumer is looking for an economical car and has made a purchase based on that criteria the consumer will be highly dissatisfied if the car ends up being extremely uneconomical. This will create dissonance for the consumer and they are more unlikely to purchase that product again. If the consumer has experienced dissonance and dissatisfaction with the product then they might possibly take some action. They might return or abandon the product. They might decide to never buy the product again or warn their friends not to purchase the product. In the case of a used car, they might tell their friends to not buy from a specific dealer or decide to never buy from them again. It is very important to set realistic expectations for the consumer in order to try and create a long-lasting relationship with them. (Kotler 2019, 220.)

A good example of this process in the case of buying a used car is when a consumer loses their old car, which then sets the process in motion with problem recognition: having no car to move about in. They then call and visit different used car dealers to find suitable alternatives to fix the problem and talk to their friends or family. They then evaluate the alternatives and form a purchase intention to buy a specific used car. They then go and purchase the car which involves paperwork and payment which are sub decision that need to be made in order to complete the purchase. After purchase they use the car and might re-evaluate the purchase decision either experiencing dissonance with their purchase or satisfaction with it. (Peter & Olson 2008, 164.)

### 3 Implementation of the thesis project

To be able to study a subject well and to understand the motivating factors in the purchase decision of a used car it is important to understand the methodology that is used and how to analyze the data gathered into useful information. In this chapter we will go over the commissioner, the methodology and research method used in this thesis and how to analyze the data that is gathered. The chosen method was a semi-structured interview which is a qualitative research method used to gather the data needed for the study. The semi-structured interview was chosen as the method of data collection because it affords the



researcher movement in the direction the study is going according to new findings during the interviews and as such is flexible enough to study the actual motivators of the consumers. (Valli 2018a, 24.)

### 3.1 Commissioner

The commissioner of this thesis is Kamux, a used car dealer that operates in three countries: Finland, Sweden and Germany with Finland being the largest in sales currently. Kamux is the third largest used car dealer in Europe and as such has a need to understand how consumers make decisions and what affects those decisions most. The company aims to be number one in Europe. Kamux was founded in 2003 by Juha Kalliokoski and he currently is the CEO of the company. The company specialises in used car sales and has no other services such as new car sales or servicing in-house. Kamux has grown to have 55 dealers in Finland, 27 in Sweden and 7 in Germany. (Kamux 2021.)

As Kamux is a professional used car dealer the company aims to have the best customer service. The sales process usually begins with the consumer either contacting the dealer online or on the phone or the by visiting a shop in person. When a customer contacts the dealer, the salesperson then starts doing a need analysis to understand what the customer wants and needs from their new car. The salesperson either makes the customer an offer or offers them a test drive depending on how the customer has contacted them. It is important to have good customer service as that can make or break a deal being done. The company offers basically a full package service from start to finish making the customer's job very easy. The company takes care of all the paperwork, insurance, registration etcetera in order to make the purchase as easy as possible for the customer. Some sales happen online or on the phone with the car being delivered to the customer's home or closest dealer and some sales happen face to face at the dealership. It is important to have a tidy looking dealership to give off a professional and welcoming feeling to the customer. All customers must be given friendly and professional service. Once an offer is made the customer can accept that offer or start negotiating. When a price has been agreed the salesperson can offer add-on sales if they have already not offered them.

Kamux offers three main add-on sales. Kamux Plus, Kamux Casco and Financing. These add-on sales are possibly something that generates more sales because they offer peace of mind at a reasonable cost and they also provide consumers with more options for example financing a car that one cannot pay off in one payment. (Kamux 2022a.)

Kamux Plus is an optional additional liability commitment service that provides the consumer with more comprehensive protection for possible technical issues which gives them peace of mind with their purchase. If their car breaks down or has a fault, they are covered within certain specifications depending on their package. The price of this additional liability commitment starts from 549€ for consumers. (Kamux 2022b.)

The casco insurance is an optional insurance package that covers crashes, bumps, scrapes etc to the vehicle. This is a third party provided insurance and at the time of writing it is provided by Pohjola, one of the largest Finnish insurance providers. The prices of the casco insurance start from 399€ for consumers. (Kamux 2022c.)

Financing for a used car gives the consumer more options to purchase. It gives them a possibility to purchase cars that they can't pay in one payment and otherwise would have to skip. Financing is also offered by Kamux to consumers and it has a fixed interest rate and payment giving the consumer predictability for the future. (Kamux 2022d.)

### 3.2 Data gathering

To understand the methodology used in this thesis one must first understand the basics. An interview is a conversation between two or more people in order to gather information about a pre-determined subject. During an interview the interviewer asks questions about the given subject in order to understand it better. An interview can be structured, semi-structured or unstructured. A semi-structured interview is used to gather qualitative data from the target audience. It is a popular and rather simple way to help understand why a consumer acted in a certain way. Rather than handing out a questionnaire to figure out the answers, one just asks the question you want answers to directly from the consumer. This is how we normally do it in our normal day-to-day life. Instead of giving consumers a rigid questionnaire which guides them towards specific answers it gives them a possibility to answer in many different ways and might possibly uncover previously unthought of ideas and themes. As such a semi-structured interview is a good fit for this thesis. It gives consumers the option to answer in completely unexpected ways and to direct the research in new directions. (Valli 2018a, 24.)

A semi-structured interview is as the name states, semi-structured and it lies somewhere between a structured and unstructured interview. There are pre-determined themes that the interviewer wants answers to but lacks the rigidity of a structured interview where there is a specific set of questions and a certain order that they are asked. An unstructured interview might only have one question that guides the whole interview. In a semi-structured interview, the interviewer will have a list of things they want to go through during the interview to make sure that all the themes are dealt with, but the questions and order can be different between each interview. This gives the interviewee more freedom in their answer and the interviewer might uncover previously unknown issues to analyze. (Valli 2018a, 24.)

The goal of this interview was to understand what motivates the consumer in the purchase of a used car and as such the research was conducted on people that have recently gone through the purchase process. Semi-structured is well suited to this as it gives the consumer some possibility to sway in unexpected directions in order to understand the whole picture and possibly uncover unexpected motives. According to Wilson (2014, 24) "Semi-structured interviews are used when there is some knowledge about the topics or issues under

investigation, but further details are still needed.” As I have been in used car sales for more than seven years there is some knowledge into the subject and as such a semi-structured interview is a good tool for data acquisition. (Wilson 2014, 24.)

It is important to understand who to select for the interview in order to get useful data to analyze. The general goal is to select people who are believed to have the information to answer the questions and give the interviewer the data needed. The selection process can be very tiring but finding the correct people does pay off. In my study the interviews were conducted with consumers that had recently purchased a used car because I believe that the most valuable data could be gathered from people that had gone through the thought process of buying a used car and because memories of what motivated them would be fresh. The goal was also to have a selection of ages and gender to get valid information from a wider group. (Valli 2018a, 24.)

The length of an interview will obviously vary between subjects and different people but it should be in relation to the subject and place. People at the airport or train station will have more limited time to give up while someone without a rush to be somewhere will have more time to give to the interview. As consumers at a car dealer tend to not be in a huge hurry to go, there was no significant hurry to conduct the interviews. It is important to set a realistic expectation about the time needed when approaching a possible interviewee. Interviews that are too short may not cover the subject well enough while interviews that are too long may push away possible candidates as they are not willing to give up too much time. The interviews conducted aimed to keep the length of the interview between twenty to thirty minutes in order to keep the subjects happy and responsive and not to feel like they were losing lots of their precious time. (Wilson 2014, 25.)

Interviews were conducted with consumers that had recently purchased a car. Interviews were conducted using video conferencing in order to chat with consumers at a time that suited them. Video conferencing was selected due to the openness and ease of talking to consumers after purchase and being able to read other cues that might not be apparent via written text.

The questions in this interview were divided into 6 general themes as can be seen in figure 14. Product, price, dealership, salesperson, payment options and optional extras. To understand why a consumer bought a specific car one must first understand what their original need was. It might be something like needing a larger car or something that is more economical. There are many different reasons to select a certain model of car and this was a key question to understanding why a consumer purchased. Next is the price of the car, was it important that the price was cheap or would a reasonable price be enough? Consumers often want a great deal but is that why they made a purchase decision? Understanding why a consumer selected to purchase from a specific dealership is also important. Location, selection and reputation can affect how ready the consumer is to make a purchase. The

salesperson can also have a large impact on the sale. Was there something about the salesperson that made the consumer purchase from them? Payment options can also affect the purchase decision. Things like interest, fees and total monthly payment can sway a decision to either end. Optional extras are also a key in understanding the motivators of a consumer. A consumer might have not purchased a used car without an optional warranty or a cheap casco insurance. These six themes were selected in order to understand the whole purchase process of the consumer and to uncover the motivating factors in the purchase decision of a used car.

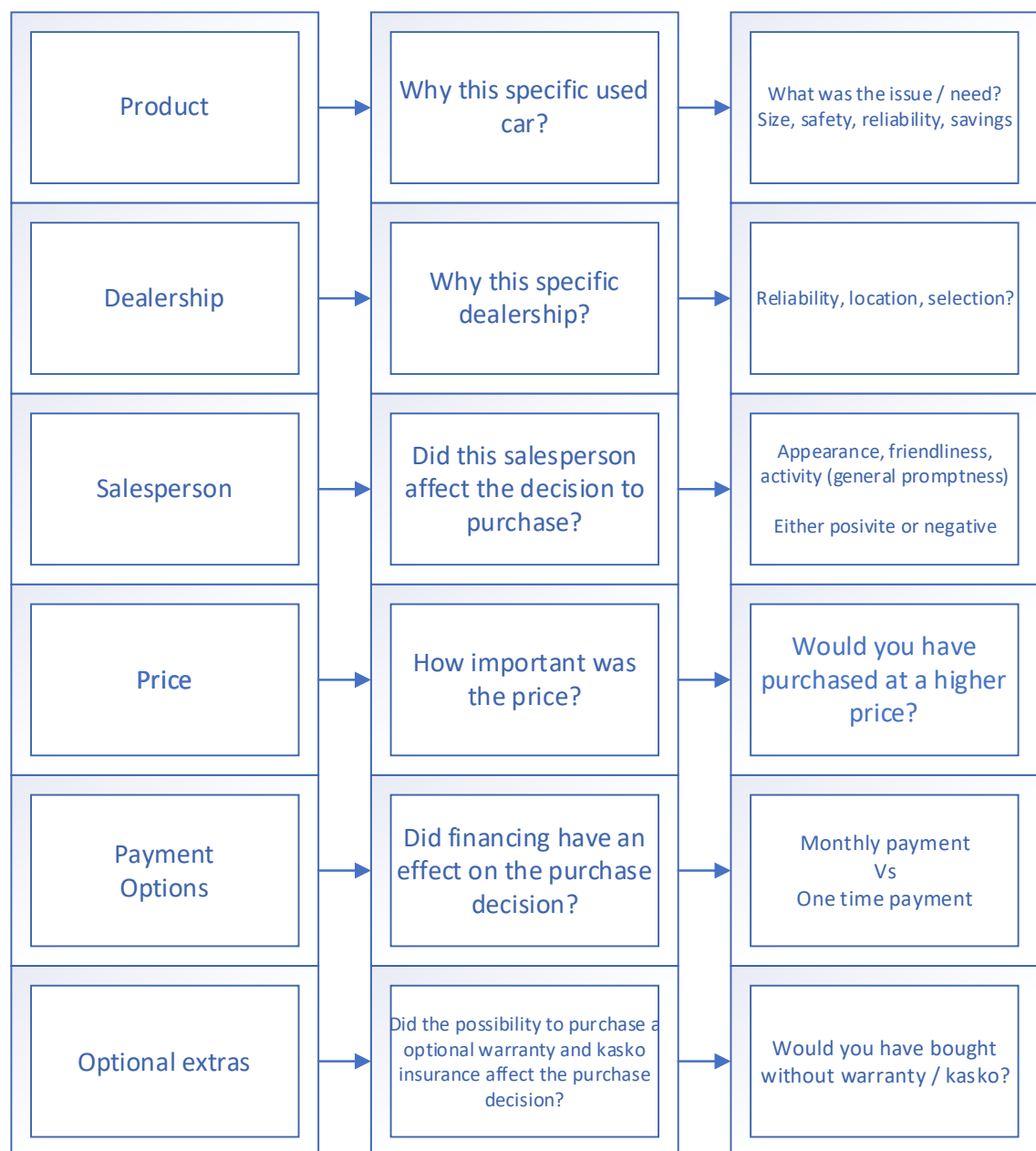


Figure 14: Interview guidelines

### 3.3 Data analysis

To be able to understand the use the data gathered from the semi-structured interviews it is important to understand how to analyze data. In qualitative research the interviews and analysis are a process that evolves constantly as the it goes on. The research problem constantly evolves and might even change completely during interviews and analysis. According to Valli (2018b, 62) the researcher is kind of like a detective that follows leads onward and the research problem constantly gets clearer and clearer. It is paramount to find the most important topics and ideas with which the researcher can understand and make decisions. In the case of understanding the motivating factors of a consumer it is important to find the most important motivators in the purchase of a used car. One must get to the center of the topic and follow leads wherever they might take you in order to best understand the issue at hand. (Valli 2018b, 62.)

As can be seen in figure 15 the analysis of data is a circle in which the researcher possibly goes through the same process multiple times. Gathering data, reviewing it and preliminary analysis should start together and as soon as possible in order to steer research in the right direction and understand arising issues and to adapt to the possible issues. The different stages of data analysis are grouped into these seven categories but are in reality intertwined and do not follow the figure completely but rather the researcher sometimes jumps back to previous stages in order to refine their research. (Ruusuvuori, Nikander & Hyvärinen, 2010, 9.)

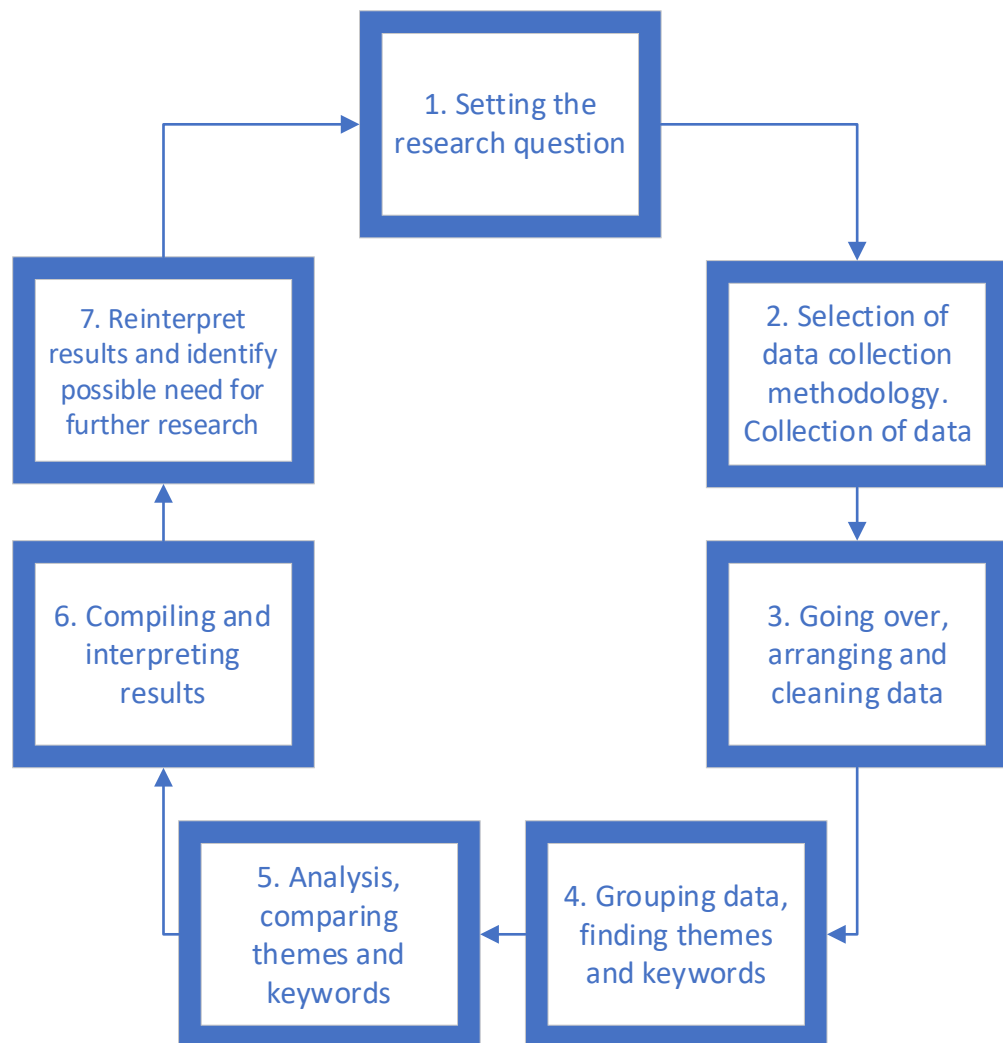


Figure 15: Stages of analysis (Ruusuvuori et. al, 2010, 9)

As the interviews were conducted with open ended questions there is a need to understand the results and to come up with the answer to the research question: what motivating factors are there in the purchase of a used car. The purpose of the data is to understand why consumers make a purchase decision. The interviews need to be somewhat “cleaned up” and arranged in order to find the central factors motivating consumers. The cleaning needs to be done in such a way that nothing of value is lost but that the information gained is short enough to gather conclusions from. (Valli 2018b, 186.)

As the chosen method of data acquisition was a semi-structured interview the data was at least somewhat grouped into themes by the questions and answers. The answers were analyzed as groups to help understand them and compare them to each other. After the interviews were cleaned up and grouped it was easier to analyze the information gained. A central topic rose from each question and answer and that helped understand the information gathered in order to find the answers and conclusion to the research question. On the other

hand, completely new questions rose during interviews and I had to adapt to these. (Valli 2018b, 186.)

The data was gathered by recording the interviews and then they were transcribed to text so that they could be easily gone over multiple times. After the interviews were conducted and transcribed came the time to clean the text to be able to actually analyze the data and understand the answers better. The answers were then grouped by question to filter the information and to see what keywords and themes rose from the answers. From these keywords and themes, it was possible to interpret results from the interviews and to gain an insight into the consumers decision and what it was based on.

## 4 Results

The results of the interviews were mostly in line with the expectations set beforehand, but some interesting new answers and thoughts did rise during interviews and analysis. Mostly the respondents had relatively clear ideas of what motivated them and what their needs were when selecting a car to purchase and making a purchase decision. All participants had a need for a car and while that is a motive to purchase one, the motives can be broken into smaller segments. The interviews were broken down into six major themes that are the same as the question themes and we will explore those in the coming chapter

### 4.1 Product

All respondents said that they chose the make and model based on the physical size and attributes of the vehicle. They had a need for a certain amount of space and did not want to have a car that was too small for their needs. One interviewee had a second child coming and needed to have a larger car in order to fit their growing family in it. On the other hand, another participant said that they wanted a slightly higher car in order to get in and out of it because of existing medical issues like a bad back or knee. The size was one of the most important aspects that all participants said and emphasized in their answers.

All participants also said that they were looking to get a reliable car and had chosen the make of the car somewhat based on the general idea that this manufacturer produces reliable cars. Some participants also said that they had also selected the car based on their previous experiences with the same manufacturer essentially somewhat habitual buying. Mileage also played into the aspect of reliability as it is generally thought that a low mileage car is more reliable than a higher mileage car due to the wear and tear it goes through with use. Age was also tied to the general reliability of the car and participants were looking to get something relatively new in order to save time and hassle if they were to have a car break down and need repairs. All participants wanted a car that was well maintained and that did not have any major cosmetic damage. Most had chosen the car based on the brand image of the

manufacturer and it having certain characteristics or having a good reputation with reliability. None purchased the car based on the outward image the car projected but more based on what they thought of the car in terms of reliability.

If the car were to break down on a trip that would be a catastrophe.  
(Interviewee)

The equipment level of the car was also important but less important than the size and general reliability. One participant said that they would have not purchased if the car did not have a heated windscreen because they liked that feature, but most said that they expected a modern car to have most things they wanted and having more equipment was just a nice extra. Things like a 50000€ not having parking sensors would make them have to think again about the purchase. For some a certain good enough level of equipment was expected with a car and anything more than that was just a bonus and another participant said that they would not have closed a deal without certain equipment fitted to the car. One participant said that they wanted a car with good equipment mostly because of the resell value and ease of reselling a car with above average equipment whilst actually getting to use them while owning the car.

Savings was also a thing that motivated participants in the purchase decision of a specific car. One was buying a petrol car while their old one was one with a diesel engine. The Finnish taxation on cars includes a sort of diesel tax which is usually upwards of 500€ yearly versus the one or two hundred euros on an average petrol car (Traficom 2023). They did not want to pay that large sum of money in tax when they could swap for a petrol car after they had started to drive less after moving and no longer needing to travel long distances for work. One had selected a plug-in hybrid based on the idea of them being able to drive most shorter trips using electricity and saving money compared to driving with petrol in doing so.

#### 4.2 Dealership

Participants were asked about the dealership they purchased from and the most common answer was that this also played a part in the purchase decision. Most said that they would only have purchased the car from a dealer that they felt was responsible and recognizable. They felt that having the seller be a larger dealer meant that they had more security in the case that there was a problem with the car. They felt that a smaller dealer might not be in business if they had an issue with the car later on. Reputation was also something that was mentioned in reference to possible issues with the car. A larger company might have more interest in sorting a problem out in order to preserve their reputation or brand image compared to a smaller one-man shop who might not care that much about their reputation with consumers. Participants also felt that they wanted the ease of purchase a larger shop offered in terms of paperwork, financing etc. They wanted a simple and hassle-free experience when buying a car. One participant felt that a used car dealer will be more



competent in the sale of a used car compared to a new car dealership. All in all participants mostly felt that buying from a larger dealer offered them more security, an easier shopping experience both prior and after the sale and most likely a very similar price compared a smaller dealer.

Why take the risk in buying from a smaller dealer when you can buy from a larger one, most likely at the same price. (Interviewee)

The location of the car and dealership in comparison to the participant played a large role also. Most were not willing to travel a large distance to see and purchase a car. There seemed to be a limit to how far a participant was willing to travel. One mentioned that they could go see the car with ease after work and if it was further away, they would have to think how to get there and if it's even worth it and as a result slowing down the purchase or even blocking it completely. All participants said that if the car would be delivered closer to them then this would remove the distance issue completely. Most said that they would be happy to have a car delivered to them but only if they had the option to cancel and return the car if they were not happy with it.

The selection of different cars the dealer had to offer did not really play a direct part with participants. Most had chosen a car to see prior to visiting the dealership and as such the other cars they had did not really matter. On the other hand, the larger the selection of cars the dealership had meant they might find more suitable options for them at a specific dealership.

#### 4.3 Salesperson

Overall participants interestingly initially felt that the individual salesperson did not influence their decision to purchase a specific car. They felt that the salesperson can guide the purchase but the salesperson was not the reason they closed a deal. After digging further into the subject, it can be seen that the salesperson actually did motivate their decision. One participant said that they bought the car for their wife as a surprise birthday present and the fact that the salesperson was helpful in setting up the surprise for her helped close the deal. A certain expectation of customer service was set by the participants, if that level of service was met, they were happy. If on the other hand that expectation was not met, they felt that they would not have done a deal.

A certain pattern could be seen between people that had selected a car to buy beforehand and people that had not. If they had selected a car beforehand, they expected an average level of service and initially felt that the salesperson did not affect the decision that much. If they had not selected a specific car beforehand, they expected a higher level of service. When they had not selected a car participants expected the salesperson to be quite more active in understanding their needs and wants. Most likely this can be seen as participants

either researching their possible purchase beforehand or not. Participants also felt that it was important to greet the customer promptly when entering the dealership. They felt that if they did not receive service almost instantly that the possibility of closing a deal would be more unlikely. Understanding the customers' needs and wants, being friendly and service oriented were very important to participants. It was also important to not be too pushy in any way. For example one participant pointed out that pushy behaviour could drive them further away from a deal.

Not too pushy, you need to interpret the situation. (Interviewee)

Participants wanted the salesperson to be knowledgeable about the product they were selling to the customer. If they had questions, they expected them to be answered promptly, but not instantly. It was considered ok if the salesperson had to check, but the answer to the question needed to be relatively swift. If the salesperson could not answer their questions in a prompt manner, they felt that would demotivate them to make a purchase.

#### 4.4 Price

Price was felt to be one of the most important key motives in the purchase of a used car. Most participants had a specific range in terms of price that they did not want to exceed. Consumers had a general idea of what the price should be if they had selected a car beforehand. In the age of internet, it is so easy to check prices online and compare similar products to check if the price was right. Understandably no one wants to pay too much for anything, but interestingly when asked if they would have paid more for the car that they purchased most responded yes, saying that because the car was just right for them, they would be ready to push the price slightly upwards. The price of course needs to be within an acceptable range for the specific car and not overpriced.

If the price was at the higher end of the spectrum, I would not have come see the car. (Interviewee)

When trading in a car in part exchange the trade in value was also seen as a motivating factor. Participants had a general idea of how much their current car was worth and had as such set a certain expectation of the value for their current car. If that was met or exceeded, they were more likely to close a deal on the car. If the value set by the customer was not met, they were quite more unlikely to close a deal. In the end the price and the trade in value needed to be reasonable in order to motivate the customer to purchase.

Most participants were not ready to pay the list price of the car and did negotiate the price down from the original. Initially they were attracted by the list price being at the lower end of the price spectrum of similar cars, but in the end were not willing to pay that price. Price negotiations are very commonplace in used car sales and can even be seen as kind of

traditional in the process of buying a car. The customer needs to feel like they are getting a decent price for the car. Interestingly one participant said that if the price is too low, they would begin to suspect the car and if there is something wrong with it that they don't yet see. This could possibly even deter them from making a purchase decision on that specific car.

#### 4.5 Payment options

Payment options were seen a very important part in the purchase of a used car. When making the decision to purchase or not purchase the participants that needed financing would not have done a deal with the dealership if they did not offer financing. When paying with a one-time payment the financing on offer did not matter as much, unless it was a particularly good deal at a very low cost. Participants said that the monthly payment needed to fit within their prior set budget. Someone that was looking to pay financing at 100€ monthly did not want to expand their budget to 200€ monthly. One participant said that if the dealership could not arrange a monthly payment they wanted, they would try to finance it themselves via their bank in order to secure a comfortable monthly payment they were happy with. If the dealership cannot arrange a comfortable payment through them then that would either slow the purchase decision hugely or even completely shut it down.

The cost of financing was also an important part of the purchase decision. Most obviously wanted a cheap financing plan in terms of interest and fees, but would also close a deal with reasonable interest and fees compared to the generally expected market rates. One participant took the importance of financing even further and said that financing is even more important than the price of the car when considering a more expensive car. They said that they would be ready to pay even thousands of euros more for an identical car if the financing deal was better and would make the total price of the car and financing fees lower over the payment period. This mostly affects expensive car in which even 1% more interest can cost thousands more over the entire payment time.

#### 4.6 Optional extras

Optional extras such as an additional liability commitment like Kamux Plus did have an effect on the purchase decision but interestingly it only played a part if it was offered to the customer at the beginning of the decision-making process before actually deciding to purchase the car. The ones that said it was offered at the end of the decision-making process said that it was not a motivating factor and the ones that were offered it at the beginning stages of the decision-making process said that it was a definitive motive to purchase this specific car. As stated, all participant were looking for trouble free ownership of a car with minimal issues. Having some peace of mind with more security in case of issues obviously offers this to some degree.

Participants said that the additional liability commitment needs to be offered and backed by a reputable and recognizable source. If it was from a separate third party, they felt that it did not offer as much value to them compared to a warranty offered by the dealership or even the manufacturer. Buying a used car with the original manufacturer warranty was viewed as a positive motivator by participants. On used cars the manufacturer warranty is not as common as in most cases the original manufacturer warranty is rather short and the one who purchases the car new usually does not resell it within the first few years while the warranty is still valid.

The additional liability commitment needed to be long enough and correctly priced to be seen as a motive to purchase. Pricing is very important in the decision-making process in general and once again the total price of the car needed to be within certain expectations to deliver enough value to the customer to be worth it. A short warranty was seen as not interesting and essentially the minimum expectation that was set by the participants was one year while longer optional warranties were seen as positive options if the price was seen as reasonable.

The service and product need to be believable and need to deliver value for money in case something breaks. (Interviewee)

Casco insurance generally was not seen as an important part of the deal or as a motive to purchase. Most felt that it is so easy today to look up different options for casco that getting a good price on insurance is not that hard. Looking up prices from different insurance companies is very simple and does not take very long in the digital age.

## 5 Conclusions and discussion

As the results were mostly in line with the expectations set forth prior to completing the study the conclusions were also in line. The conclusions that follow are recommendations and findings that the commissioner can take into account and possibly adapt the current way of working to follow the findings of the study. The discussion is mostly reflection on the process of doing the study and how the process went in general.

### 5.1 Conclusions

The results of the study were mostly as expected with the general idea I had at the start of the project but there were some rather surprising findings in the results of the interviews. There are many things that motivate consumers in the purchase decision of a used car. People have different needs and wants from their personal vehicle. Some need a larger car to transport family in and some need a smaller car just to go to work by themselves. Most are looking for a reliable and cost-effective car to purchase and use. Understanding these motives will help the company reach higher sales numbers and generate more profit from sales.

Many things affect the consumers decision in terms of motivation. As can be seen it the results of the interviews one of the most important factors was the actual size of the car the consumer was purchasing. The car needs to run on the right fuel type for the customer be it petrol, diesel, hybrid or electric in order to be cost effective for the customer. The condition of the car also played a large part in the purchase process of the car. The car should be in good condition and have minimal to no defects in order to get the customer motivated. Salespeople need to understand the exact needs of the customer and do a thorough need assessment in order to provide the customer with a car that they will fully consider purchasing.

The price of the car was equally as important compared to the physical aspects of the car. In general, the price needs to be reasonable and at the lower end of the spectrum of comparable cars. If the price is higher there needs to be a justification as to why it is more expensive such as having exceptional options. Financing played a large part in the purchase decision. Having below average costs of financing was a direct motivator but most consumers will close a deal with average financing costs in terms of interest rates and fees. Trade in values need to be on point with the market and expectations in order for the customer to be motivated to purchase a used car.

The optional additional liability agreement and casco insurance need to be offered prior to agreeing to a deal in order to motivate customers in the purchase. If an additional liability agreement was offered after a deal was agreed it did not play a part in the decision but if it was offered prior it did actually motivate the customer in the purchase. As such it is important to offer or even just mention the possibility at the beginning of the sales process as this could sway even more consumers to purchase a car they might not otherwise consider.

The salesperson did not really have an effect according to the customer. This was surprising that the customer felt like this. Generally, it is thought that a good salesman can really push a customer to close a deal with good sales techniques. Most likely the customer does not even realize that the salesperson affected the decision, otherwise any two half decent salespeople could do the same number of sales with the same number of customers. In any case it is important to train salespeople to understand the importance of need assessment and customer service. If the product fits the customer perfectly the car will almost sell itself to them. The dealership itself needs to be neat and tidy with friendly and prompt customer service. It is important to preserve the company image as a reliable and dependable dealer as customers wanted security in their expensive purchase in case of problems.

In conclusion salespeople need to understand the importance and value of a well-done need assessment. Customers are much more motivated to purchase if the product fits their needs well. The price needs to be reasonable but not too cheap. Financing needs to be offered at a reasonable interest rate compared to the general market in order to close deals and the

possibility of an additional liability agreement needs to be offered at an early stage in the sales process to possibly push more customers to purchase.

## 5.2 Discussion

Even though I have been working at Kamux for seven years at the time of writing this, I feel that I further understand how to motivate customers better. Digging into the mind and finding the motives that drive customers in their purchases will help me in my daily work. The findings were mostly in line with what I thought they would be but the fact that customers felt that the salesperson did not influence the purchase was very interesting. I know that salespeople do in fact influence the purchase in some ways. Someone who just gives the customer an offer and does not do call backs or contact them further will unlikely close a deal with them. Hard and persistent work is needed to close most deals and almost no deals will be done without hard work.

The process of writing the thesis was a painstaking one and did also require hard work just like the process of selling cars. Time management was crucial in completing the study and without dedicating many hours, evenings and days to the process, in an otherwise busy family life, it would not be complete. The process was rewarding and interesting and well worth it in the end. Further understanding customers and what motivates or deters them from closing a deal will very likely help me in the future.

I feel that this study will bring actual use to the commissioner in general. It can be utilized to further understand the how's and why's of the consumer. This topic has been studied many times in the past and the answers were mostly expected but with some new findings. The basic idea will likely remain the same in times to come. I personally feel like I learned new ideas on how to close deals and I feel that I further understand the inner workings of the consumer's mind.

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