

FACTORS INFLUENCING CONFIDENCE OF KARACHI CUSTOMERS TOWARDS ONLINE CAR BUYING - A CASE STUDY OF SBT JAPAN

By

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MBA Thesis
1st Half-semester Progress Report

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List of Abbreviations

BCG	Boston Consulting Group
CC	Customer Confidence
CE	Cost Effectiveness
VO	Variety of Options
CS	Customer Service
RFT	Reliability of Funds Transfer
CR	Customer Ratings

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Jan Muhammad

Abstract

Purpose: This research is aimed at acquiring the views of the Karachi customers regarding the online importing of vehicles from Japan and also to identify the factors that enhances or lessen the customer confidence while dealing entirely online, so that they can be worked on and managed well to enhance the trend of online automotive buying in Karachi.

Research method/sampling: Primary research method is taken in account that facilitated the responses of the Karachi customers. A proper close-ended questionnaire was posed to 64 customers; who were new and experienced with the online automotive business dealings. The target population of this research is revolves around students, employees and also businessmen (Dealers). Research responses were entertained on Google docs by salespersons (Ali, Nabeel, Shoaib and Banny) of SBT Japan, after interviewing the Karachi customers. Research sampling totaled to convenience sampling.

Findings of the research: There were a total of five factors in the research, such as Cost effective process, Variety of information, Customer service, reliability and customer ratings that influences (either positively or negatively) the purchase decision of Karachi customers. Out of the five, Reliability and Customer ratings were derived to be really crucial and essential by Karachi customers.

Practical implications of the research: Reliability and Customer ratings were derived to be really important. In this research, Reliability is meant by the safe and secured transfer of funds to the beneficiary institution (SBT Japan) without any fraud or scam, and trust can be evaluated by the customers as to how the company provides services. If a customer is satisfied then he will share his positive experience to other customers which ultimately enhance the customer confidence towards the online buying of vehicles. Once the factors are extracted and identified from the literature review, firms dealing online can use them as a base to enhance the rate of online car buying in Karachi.

Keywords: Customer confidence, reliability, variety of options, customer service, customer ratings, cost effective process

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Chapter 1

Introduction

1.1 Problem Background

Today the markets and industries have been globalized equipping customers with numerous alternatives, from which they can select one or few depending on their priorities such as quality, price, features and specifications. Customer now has become savvier and knows best to use the technology to get benefit from, as the technology is available and almost everyone is updated with it, then, why only few are motivated to buy cars online. Most of the people use internet only to view items posted. Many consider this medium (internet) a better way to obtain information than actually making a purchase.

1.2 Aim of the Study

The aim of this study is to identify the prominent factors that enhances customer confidence or prevent them from buying cars online and also to suggest the measures, if managed well can enhance the rate of online car buying.

1.3 Concerns while dealing online

O'Keefe et al. (2000) and Tan & Thoen (2001) indicated the prominent reason of dealing online can be of trust and the security of funds transferred, as the trust remain the most crucial concern, because the shop is unknown, customer doesn't know the salesperson dealing with and also unaware of the funds, whether transferred to the beneficiary or not? Besides that there are also some beneficial factors (such as cost effective process, variety of alternatives available, reliability of the process, customer service and customer ratings) associated with the online purchase that influence the customer confidence towards buying cars online. Such influences can either be positive or negative depending upon the previous experiences. One, who experiences its influence as positive, makes repeat purchases, whereas those experiencing its negative aspect won't buy and also will prevent others from investing in the business again.

1.4 Requirements while dealing online

Cheung & Lee (2000) and Jarvenpaa et al. (2000) highlighted few requirements and also issues associated with consumers dealing in an online and offline environment. In online buying, it is a preliminary requirement for the consumers to have the technology to communicate with the store owner for the purchase of the product, besides that a high level of trust is requisite in an online shopping environment than physically acquiring products. Trust and reliability both remain important concerns for the individuals dealing online, as the shop is unknown, product quality is unknown, reliability of the online model is unknown, salesperson dealing with customers is unknown and company's visibility is beyond access.

1.5 Time Horizon

Date	9-Sep-15	14-Oct-15	28-Oct-15	25-Nov-15	9-Dec-15	16-Dec-15	30-Dec-15
Days	35 Days	14 Days	27 Days	14 Days	7 Days	14 Days	
Topic	Introduction and Literature Review	Methodology	Questionnaire	Data Analysis - 1	Data Analysis - 2	Critical Debate, Conclusion, Recommendations	Final Meeting

1.6 Limitations of the Study

- This study is limited to the customers of SBT Japan Karachi only
- Due to shortage of time only Karachi was targeted
- Another limitation to this study was of the money constraint
- Furthermore, customers were targeted from different regions but within Karachi, no customer outside Karachi was entertained

1.7 Objectives of Study

The objective of this study is to identify the factors that influence either positively or negatively the customer confidence towards making a decision of purchasing cars online from SBT Japan.

1.8 Ethical Considerations

- Equality was given to both genders (males and females), as their views were entertained and recorded properly.
- While conducting research ethical steps were taken in account. The personal data such as customers contact details, home addresses and personal details were not disclosed.
- Participants actively participated in the research by answering the statements posed to them by SBT's salespersons

1.9 Thesis Organization

The organization of this thesis has been cascaded into six main headers, which are as follows;

Chapter one constitutes of **introduction**; chapter two covers the **literature review**; chapter three explains the **research methodology** undertaken; chapter four **analyze the data** conducted by using the questionnaire; Chapter five covers the **discussion** and chapter six outlines the **conclusions and recommendations**

Chapter 2

Literature Review

2.1 Significance of Internet

Pyle, 1996; Jones & Visayasarthi (1998) supported the prominence of internet by discussing the era of its initiation, since from its beginning, it appeared to be really effective as it targeted various factors such as accessibility, global reach, high level of interactivity, speed, flexibility, large amount of information available, cost effective & efficient process and maintenance. Moreover, Doherty & Ellis-Chadwick (1999), highlighted the fact that retailers have realized the importance of Internet to share information, provide or to receive updated information, involves two way communications with customers (where their queries are entertained by the salesperson especially employed to deal with the customers), collecting of market and research data, promoting of goods and services, in short, when it comes to online retailing it offers an effective, rich and full of flexibility to its customers. As per Pyle (1996), internet opened door to the global connectivity that aids the avenues for business that even not comparable to the benefits extracted from traditional commerce. Moreover, Joines, Scherer & Scheufele (2003) underlined the era of arrival of internet, as when it was introduced it gain popularity, and now if we analyze by looking at the trend of internet users we can observe a rapid increase in its count that gives rise to the opportunities of online shopping, as customer are no longer interested in visiting stores to make purchase as they can do that through online models at any time and at any place.

Vesterby & Chabert (2001) supported the fact that internet medium really makes it easier for the owners to share information regarding their products and service offerings to their potential consumers. A company can meet the individual needs and requirements of the customers more specifically as it the vastest medium which covers almost the whole population, besides that there is low cost associated with the disclosing of information regarding the products and services a company deals in. Furthermore, they also identified the most crucial issue relevant to online shopping, that is, a company should market its products aggressively else they won't be considered by its potential customers. As the physicality is not present in the online models restricting customers to physically view the items listed. Information regarding companies has

been global and information technology by supporting its flow, equips consumers with the accessibility of information regarding products and services available online anywhere and anytime.

No doubt, Internet has gained enormous success in case of individual or business purchases, if we look few years back we will observe the issues associated with the online dealing that restricts the businesses to expand, some of them even exists today, for example, Cockburn & Wilson (1996) identified lack of security in online sites that prevents clients and business to on board or to benefit them from this medium, as the security of transferring funds is a serious and sensitive issue due to the lack of the suitable online payment systems. Furthermore, Jones & Vijayarathy (1998) supported the views of Jones and Vijayarathy by identifying the security in Internet retailing as the most severe.

2.2 Consumer Behavior

Engel et al. (1995) and Schiffman & Kanuk (2000) discussed insights regarding the consumer behavior in detail by identifying and studying the frameworks that are designed to know the consumer behavior more specifically, thoroughly and also help in knowing briefly as to how a consumer makes decision of purchasing online? These frameworks identify the decision making processes of consumers that initiates from identifying the need and ends up at post-purchase evaluation. Besides this there are more stages (pre-purchase search, evaluation of alternatives, the actual purchase) that effects customer's decision making process and push him towards purchasing products online. In short we can conclude that there are five stages that capture the essence of the customer while making a decision of buying online. O'Keefe & McEachern (1998) pointed the fact about these frameworks that they can be applied to both ways of buying (traditional and online) products and not limited to either traditional or online way of purchasing. Therefore, we can use this framework to know the online consumer behavior more briefly.

O'Keefe et al. (2000) and Tan & Thoen (2001) discussed that there are two issues that are associated with the online consumers and also differentiates them from offline consumers. First consumers dealing online must have the technology to deal with the salesperson online. Second a higher degree of trust is required in online buying, as the beneficiary institution is unknown, the funds transferred through the medium is unknown, the reputation of the firm is unknown. These

are the critical issues that a consumer always thinks before availing the online option of buying. Hence we can say that physical shops have now been transformed into electronic or virtual shops. Haubl & Trifts (2000) discussed the importance of Technology by disclosing the fact that it gives birth to a cost-effective process of searching information regarding the product and also help in evaluating the alternatives available, it aids in making the right decision.

Internet shopping is gearing up and also attracting many researchers to view it essential for the upcoming future as the trends have changed and only those will survive who will adapt themselves with the updated technology to effectively cater the customers at their end. Sheth & Parvatiyar (1995) and Jarvenpaa & Traxtinsky (1999) discussed positivity of the Internet shopping and also transactions carried over the internet, although it has quickened its pace, but engaging in internet transactions solely depends upon the customers whether to engage in or not? Stein@eld and Whitten (1999) supported the internet medium by declaring it as the best source of obtaining information before making a purchase and for the post-purchase services that truly lowers customers transaction cost of acquiring a product or service and helps in creating a positive insight in the consumers mind for the web-stores or online market places.

2.3 Crucial insights while dealing online

Online Marketing has quickened its pace; previously customers were interested in knowing about the products and paying against to acquire them. Such products were limited only to low value items (such as buying blankets, computers, LCDs, clocks, watches, apparels and even mobile phones). Let's transform this research towards the grounds of high value items (such as laptops, machines, generators and even automobiles). Can the trend of customers towards products purchasing online differs or remains constant in the case of low value or high value items? Whether the products are of high or low value, it utterly depends upon the customers, as according to them which sort of products lay under the category of high value or low value items? A product's nature can be of high value for the one customer and can be of low for the other.

Cheung & Lee (2000) and Jarvenpaa et al. (2000) discussed the importance of Trust by dictating it as the essential factor in online shopping and in order to work fully on it many researchers have developed models that measures trust and we can say that they have hit the precise definition of it. As discussed by Jarvenpaa et al. (2000) regarding trust and perceived

risk, as both are aligned with each other, we can say that if one buys from a specific website or targets a particular owner for a specific product or service, he feels perceived risk to be very low, that is the reason that pushes him towards the decision making of buying online from that website or owner. Consumers while dealing online views two factors to be essential, one is the perceived size of the company and its reputation, the more the perceived size of the firm and reputation will be, the greater will be the trust on it by the customer.

Momeni & Nazemi (2010) highlighted the vehicle customers, as they make their own choices and judgments depending upon their budget, personal requirements and also on their preferences, such topic gained importance as the dealers were really interested to dig out the information as to what are the preference factors considered by customers while going for the purchase of the vehicles, but knowing customers and identifying their attitude towards the online thing is not a cup of tea (Bheri, 2004), as predicting customers attitude is as difficult as reading the minds of the consumers, as both concepts are aligned.

2.4 Internet as a source of gaining information than purchasing online

Digital or Online Marketing as a new medium has potential of catering different kinds of products and services, but a limitation is experienced at the customer end, as many are using the internet medium just to obtain information than facilitating it as a medium to transfer funds to the beneficiary institution, as three factors enlightened by Johnson (1999) that prevents customers to shop online such as purchase-failures (failing to acquire the products, although the funds has been remitted against it), customer service (how well the employees of the firm facilitates its clients) and security fears (associated with the transferring of the funds, somehow it can lie under the umbrella of reliability, how reliable is the medium of transferring funds).

2.5 Concern of today

Lee (2002) and (Joines et al., 2003, p. 93) pointed out the time when internet was newly introduced (1990s) and provided firms a platform to perform online. Time has passed but still firm lacks in identifying and predicting the online consumer behavior accurately. This doesn't applies to all firms, very few of the firms knows about their customers preferences and also are struggling to effectively market products and make them available to the customer through

online channel. The most important concern in the online shopping has become of identifying the factors that pushes customers to shop online, that restricts him to go with the online option, that influence his decision (Miles et al., 2000; Liu and Arnett, 2000; Cockburn and McKenzie, 2001; Liao and Cheung, 2001; McKnight et al., 2002; Joines et al., 2003; O’Cass and Fenech, 2003). Whereas few researches didn’t find any difference between the views of the customers shopping online and the ones shopping thorough traditional channel. As per them the behavior is considered to be the same for both customers, as they didn’t stressed upon the technology, but identified customer behavior to be the same in both cases; traditional and online (Lee, 2002; Liebermann and Stashevsky, 2002; McKnight et al., 2002; Suh and Han, 2002; Liang and Lai, 2002)

Constantinides (2002) enlightened the fact regarding online marketers know the need of time and also what their customers really want from their end. In order to fulfill the requisite requirements posed, they are working intensely on traditional & physical cues to equip online customers with value added experience. In other words, we can say that they have widened their scope; previously they were concerned alone with the 4Ps techniques to sell the products and services, but now have adapted themselves as per the customers’ requirements to enhance their web experience that mainly comes from the corporate website (the website of the owner or firm). Watchfire Whitepaper Series, 2000 defined web experience as a set of impression that customers or users holds towards the companies dealing online that results when he is targeted severely by virtual marketing techniques and tools (Constantinides, 2002, p. 60). Customers buying behavior and attitude can vary depending upon the marketer’s direct control. The proper web experience highlights all factors such as the searching of products, browsing their options & features, selecting, comparing it with the available alternatives, evaluating information and carrying out transactions with company dealing online. It includes a proper web-experience as all the relevant factors are embraced. In virtual shopping environment design, emotions, atmosphere, reliability, events, all are essential and affects the final purchase decision of the customers shopping online. Therefore, these factors need to be worked on accurately to dig out the desired outcomes. The most accurate example of delivering a proper web experience can be of the corporate websites equipping its customers not only the descriptions of products and services, but also assist them in guiding them with the online buying procedure or how the online buying process of the company works is made clearly known to the customers by the cues, animations and graphics. O’Keefe and McEachern, (1998) supported the positivity of proper back office online infrastructure,

which is a pre-requisite requirement for the online systems to prevail. Therefore, websites must be viewed as essential and should be worked properly to cater the big chunk of customers dealing online that only gets impressed by looking at the websites of the companies. It's a fact the level of potential of a company can be known by investors simply by viewing its websites that dictated its worth more clearly.

2.6 Factors causing customer confidence

Chiu et al. (2005) and Schlosser (2003) considered factors that influence customer's confidence (attitude and perceptions) towards the online shopping. Attitude of customers can be the result of positive or negative feelings associated with the online shopping, as customers have low trust over the web merchants that restrict them to purchase products or services online. Belanger, Hiller, & Smith (2002) discussed results derived from a survey of 9700 online consumers declared that sixty percent of the customers have less trust on the web merchants that restricts them towards the purchasing of products and services. Besides that, Baker, Levy, and Grewal (1992) and Gefen (2002) identified few other factors that affect purchase decisions of consumers are customer service, reliability and responsiveness that provides an incentive to the consumer or restricts them to acquire products or experiences services online. Moreover, Jarvenpaa & Todd (1996-97) discussed the opportunity of physically inspecting the goods that is not available to the consumers in the online models, whereas in Brick and Mortar models customer has the accessibility over the product, one can inspect it thoroughly before paying against. Furthermore, Baty and Lee (1995) deliberated the view that customers desire for convenience and control is thoroughly worked on by the web merchants as web stores are taking initiatives to enable customers to find the information relevant more easily so they can make decision of purchasing online keeping in mind the positivity associated with online shopping

Monsuwe et al. (2004) created a framework that highlights his study allowing understanding of consumer's attitude towards the online shopping. The identified attitudes of customers are not associated with the psychological factors or characteristics and mainly come through learning from prior experiences (these experiences can be positive or negative and surely can affect the buying decision of customers regarding any product or service being offered by company. Bellenger (1980) revealed the attitude of the customers heading towards the online purchase, as most buyers are interested in such products that come with low cost of acquiring its

ownership. Smith and Rupp (2003) debated the reason that equips customer's comfort ability and security that they experience with the purchase. It gives rise to the factors such as convenience and trust, as they hold a major influence over its customers dealing online. Brassington & Pettitt (2000) enlightened the importance of price has become a rising concern for the owners, as consumers are equipped with plenty of options to negotiate the best deal and can use it to negotiate as a competitive weapon. The price is used by customers to effectively evaluate the benefits associated with the product purchase.

Friedman (1999) and Sirdeshmukh et al. (2002) enlightened the views by customers as they have variety of options to choose the best from, the same case is with the merchandisers dealing online, customer switches to competitors products because they don't get the reasonable rates and now they have options (variety of online merchandisers) available to choose the best from depending upon their personal need and requirements. Access to the greater variety is just a click away, because the barriers are less while switching to the competitors brand. Moreover, Farmer (1999) enlightened the fact of low product differentiation identified by the customers then it must need to work on its credibility, trustworthiness and brand recognition of their online models to capture the market of potential customers. As these factors are constitutes high level of trust over the online merchandisers or owners dealing solely online.

World has been globalized equipping customers with plenty of options to choose the best from, this trend has targeted the changing needs of the consumers, as they are moving towards foreign products as much more quality and reliability is associated with them. As per Capgemini (2008) customer preferences are changing and this change has been observed at a quick speed. Competitive pressures are one of the most prominent reasons that pushed automobile companies to look for a competitive edge. Scribd.com (2009) discusses the consumer behavior by declaring it, moving in the progressive stage that is progressing step by step and in order to remain or sustain in the market, this evolution of customers' needs to be correctly anticipated, as Timothy & Patricia Kearney (2006) enlightened the main characteristics of consumers that are associated with the vehicle purchase, includes fuel-efficiency, reasonable pricing, maintenance & reliability, safety is ensured, performance is guaranteed and family or personal needs are catered thoroughly.

(Cheung et al., 2003) stressed upon the importance of online shopping as it has become wide topic of discussion for the practitioners, as they are really interested in identifying the online consumer behavior, this topic has gained importance as around 120 relevant articles have been published only in 2001, dictating its vitality. It has been crucial for them to know it thoroughly to as they are facing intense competition from their competitors and only one can survive who knows and predicts the online behavior of its customers very specifically.

Bruner (1997); Chung-Hoon (2003); Settles (1995) considered Internet to be the best medium to provide the environment that constitutes plenty and updated information about the different suppliers, products or services available online equipping the customers variety of options to go for the one that best hits their personal requirements. Furthermore, Merrilees and Fry (2002) studied the attitudes of customers regarding e-retailers. Efficiency, support and service, these three factors affects consumer's decision either to go for the online option or to simply use the brick and mortar. Moreover, Jarvenpaa et al. (2000) and Lynch (2001), both identified trust as the most essential aspect that creates customer's intention to go with the products available online on the websites of the company owners. As per Hampton-Sosa and Koufaris (2002), company reliability is associated with the consumers' intention to purchase products online. If the customers are satisfied they will make the repeat purchase and one can easily identify the quality of the products simply by observing the repeat purchase trends. Therefore it is one of the preliminary requirements of the company to establish strong relationship with its customers by introducing strategies that enhances the level of trust within customers.

Online shopping is considered to be risky as the shop, shop owners, their reliability and credibility is unknown; therefore basing the decision entirely can be of a major concern. A research was conducted BCG (Boston Consulting Group) that estimates the cost of on boarding new clients to be very high as compared to providing them a platform from where they can initiate their purchases. Furthermore, in support to the research Reichheld and Schefter (2000) suggested that onboarding customers requires more money to be injected and can lead the firm to remain unprofitable for a number of years.

Chapter 3 Conceptual Framework and Research Methodology

3.1 Hypothesis

H₁: Customer confidence (CC) is related with cost effective process (CE) in online purchasing.

H₂: Customer confidence (CC) is related with variety of options (VO) available online

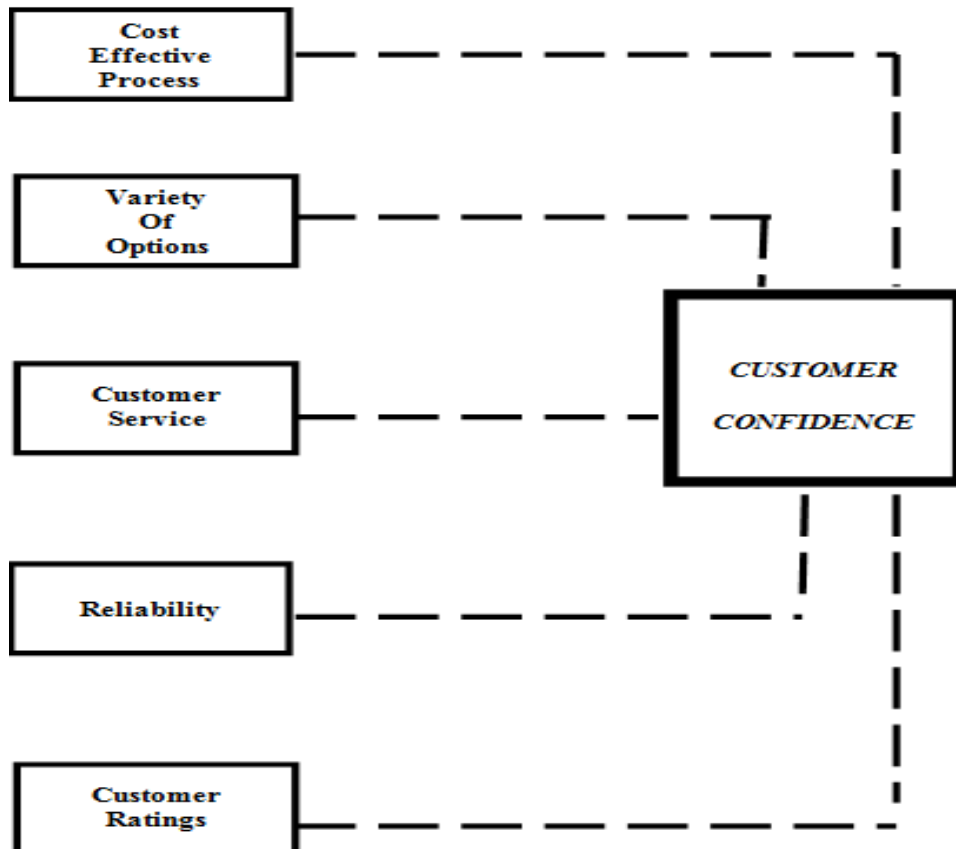
H₃: Customer confidence (CC) is related with customer service (CS)

H₄: Customer confidence (CC) is related with reliability of funds transfer (RFT).

H₅: Customer confidence (CC) is related with customer ratings (CR).

3.2 Conceptual Framework

Figure 3.2.1



3.3 Research Design

3.3.1 Research Type

This research involves primary data collection from the Karachi customers of SBT Japan dealing online, therefore, falls under the category of primary research as the data was recorded by interviewing the customers of Karachi that were targeted randomly.

3.3.2 Nature of Research

The study type revolves around the descriptive research as the primary concern of this research is to describe the relationship of factors with the customer confidence. The factors are considered to be vital and either can enhance or reduce the customer confidence towards undertaking sale online.

3.3.3 Time Horizon

This is a cross-sectional research as the time horizon is less than a year.

3.3.4 Sampling Techniques and Sample Size

- Non probability, convenience sampling was taken into account to record the random responses.
- Sample size was sixty-four, which is valid, considering the number of online dealing companies (SBT Japan, MDK Japan and ICM Japan); but this research is limited at catering the reviews of Karachi customers of SBT Japan only.

3.3.5 Data Collection Method and Instrument

A proper close-ended questionnaire comprising a total of 27 statements, facilitated the views of customers. Four salesperson (Ali, Nabeel, Shoaib, Banny) of SBT Japan were requested to interview customers utilizing the research instrument (questionnaire), so that actual responses can be obtained and entertained accordingly.

The data collection method undertaken is the interviewing of the Karachi customers that falls under the category of primary research. Through this activity responses of Sixty-four

customers were recorded, all posed different views regarding online car buying from SBT Japan, as there were a mix of all customers, including students, employees and businessmen. The activity took 2 weeks as the customer's response rate was really slow but questionnaire containing all statements effectively dig out the value responses from customers end.

3.4 Research Methodology

The close-ended questionnaire facilitated the views of the customers of Karachi regarding the online purchase of vehicle. A total of 27 questions, in accordance with hypothesis, were posed to the customers of SBT Japan to dig-out the valuable information in the form of feedback by interviewing them thoroughly. Customers were interviewed over the telephonic medium by salespersons (Syed Ali Hamza Tremizi, Shoaib Muhammad, Syed Muhammad Nabeel and Binham Banny) of SBT Japan. Customers from Karachi were randomly picked from the database of company and their views were entertained and documented properly.

This activity of collecting and recording responses took around two week (from 30th October, 2015 to 13th November, 2015), as the salespersons were also assigned with their JD's to work on effectively, but true support was experienced from their end at the time of collecting data. Finally, after collecting the data, the response of Karachi customers pertaining to online buying, was analyzed thoroughly on SPSS to identify the findings more specifically.

3.4.1 Cronbach Alpha (Test of Reliability)

Cronbach Alpha is taken into account to know the Inter-items consistency of the constructs pertaining to questionnaire, available in the appendices.

Table 3.4.1

Constructs	Number of Items	Cronbach Alpha
Cost Effectiveness	04	0.673
Variety of Options	03	0.612
Customer Service	08	0.634
Reliability	04	0.761
Customer Ratings	02	0.712
Customer Confidence	06	0.752

Chapter 4 Data Integration and Analysis

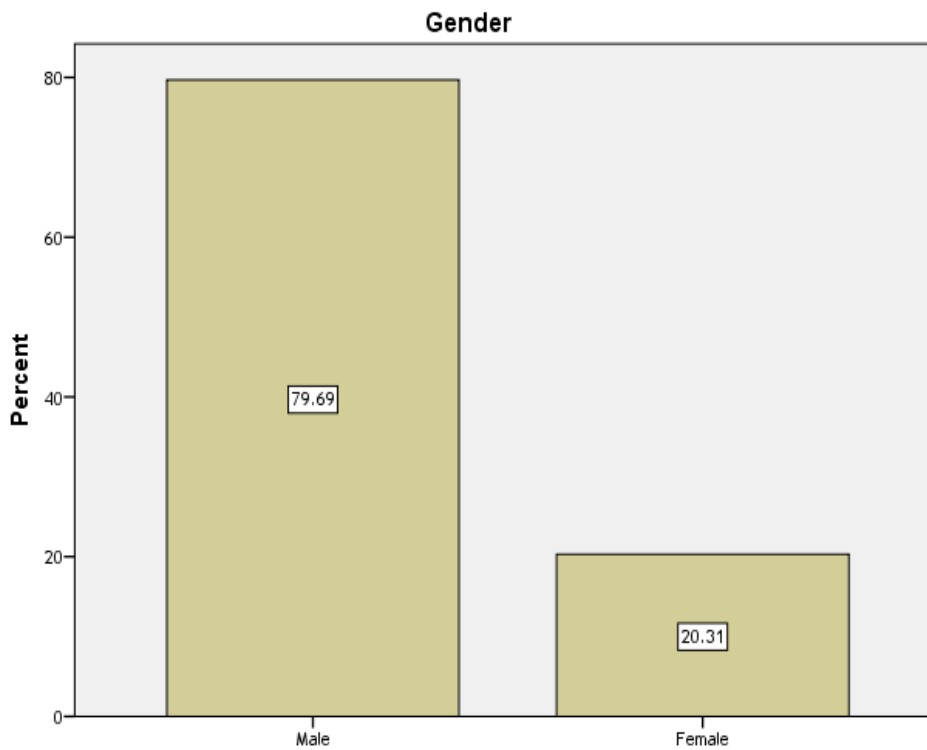
After collecting the data, two tests (Cronbach Alpha and Pearson test of correlation) were taken into account to know specifically regarding the relationship among variables. After testing the data, one significant factor (Reliability) derived to be crucial as it influences the customer confidence.

4.1 Descriptive Statistics

Table: 4.1.1

	Statistics								
	Gender	Occupation	Use	Cost Effectiveness	Variety	Customer Service	Reliability	Customer Ratings	Customer Confidence
Valid	64	64	64	64	64	64	64	64	64
Missing	0	0	0	0	0	0	0	0	0

Figure: 4.1.2

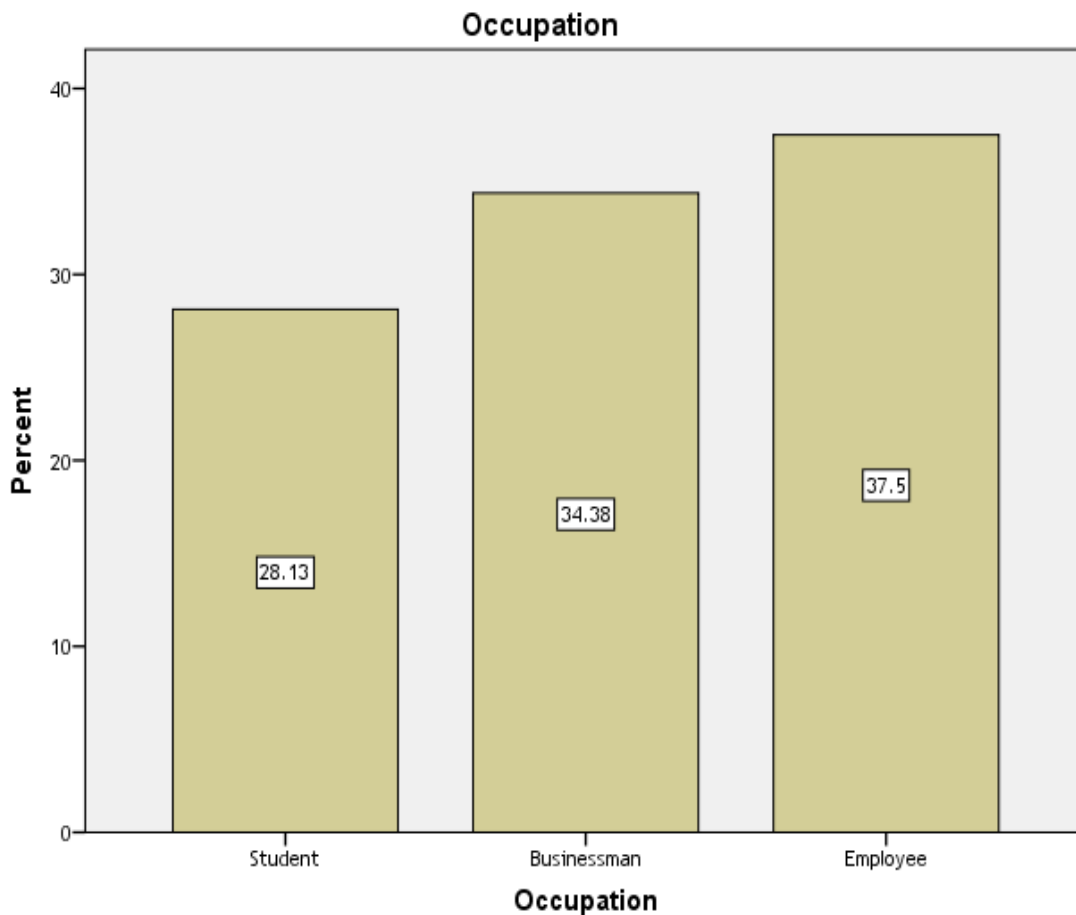


64 responses were obtained catering 51 males and 13 females covering a percentage of 79.69 and 20.31 respectively

Table 4.1.3

		Gender			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	51	79.7	79.7	79.7
	Female	13	20.3	20.3	100.0
Total		64	100.0	100.0	

Figure: 4.1.4

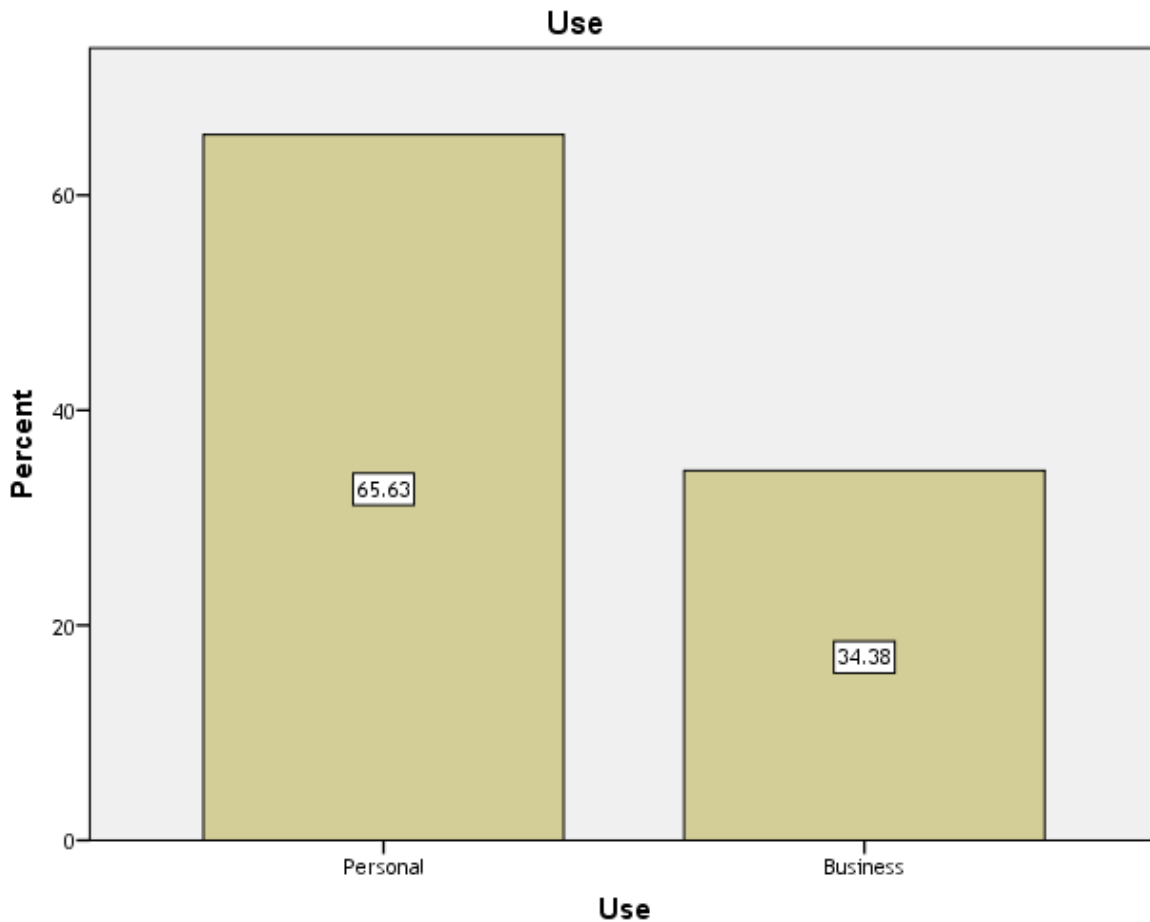


64 responses were obtained catering 51 males and 13 females Out of them 18 respondents were students; 22 were businessmen and 24 were the employees covering a percentage of 28.13, 34.38 and 37.5 respectively

Table 4.1.5

		Occupation			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Student	18	28.1	28.1	28.1
	Businessman	22	34.4	34.4	62.5
	Employee	24	37.5	37.5	100.0
	Total	64	100.0	100.0	

Figure: 4.1.6

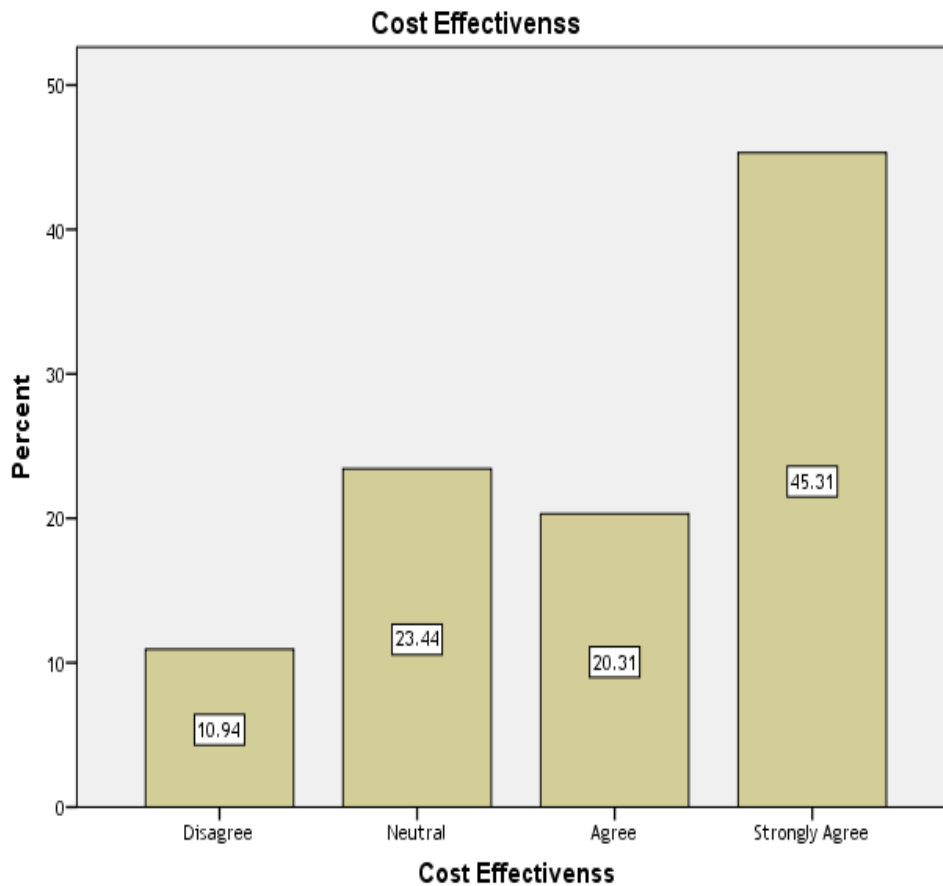


64 responses were obtained catering 51 males and 13 females. Out of them 42 respondents acquire vehicles for their personal use, covering a percentage of 65.63, whereas 22 respondents covering a percentage of 34.38 supported the cause that they obtain vehicles for the purposes of reselling it at a profit.

Table 4.1.7

		Use			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Personal	42	65.6	65.6	65.6
	Business	22	34.4	34.4	100.0
	Total	64	100.0	100.0	

Figure: 4.1.8

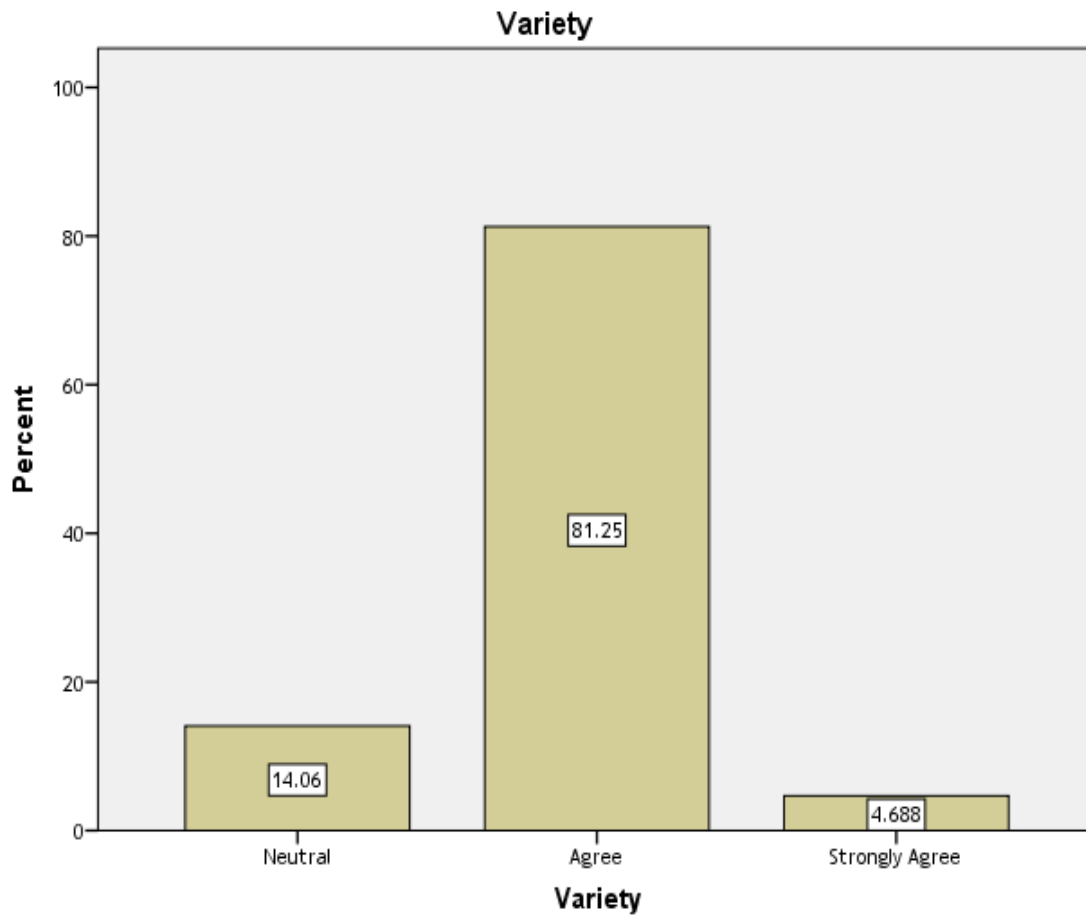


Out of 64 respondents 7 disagreed (10.94%), 15 were neutral (23.44%), 13 agreed (20.31%) and 29 strongly agreed (45.31%) to the fact that online medium is really Cost effective.

Table 4.1.9

		Cost Effectiveness			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	7	10.9	10.9	10.9
	Neutral	15	23.4	23.4	34.4
	Agree	13	20.3	20.3	54.7
	Strongly Agree	29	45.3	45.3	100.0
	Total	64	100.0	100.0	

Figure: 4.1.10

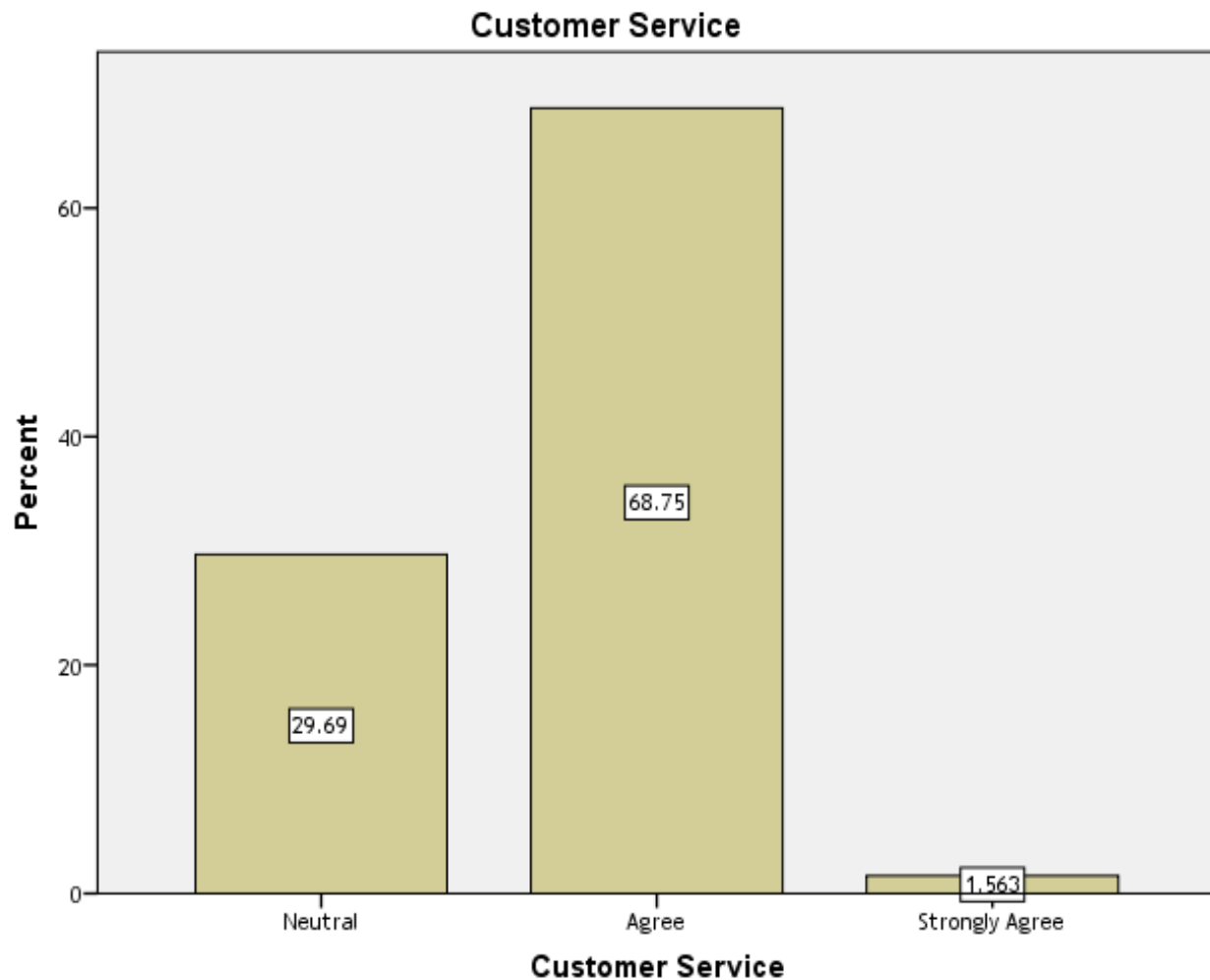


In variety of options, 9 respondents (14.06%) views were neutral whereas 52 (81.25%) agreed and 3 (4.688%) strongly agreed with the fact that in online medium there are plenty of options available catering customers with different needs.

Table 4.1.11

		Variety			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Neutral	9	14.1	14.1	14.1
	Agree	52	81.3	81.3	95.3
	Strongly Agree	3	4.7	4.7	100.0
	Agree	3	4.7	4.7	100.0
Total		64	100.0	100.0	

Figure: 4.1.12

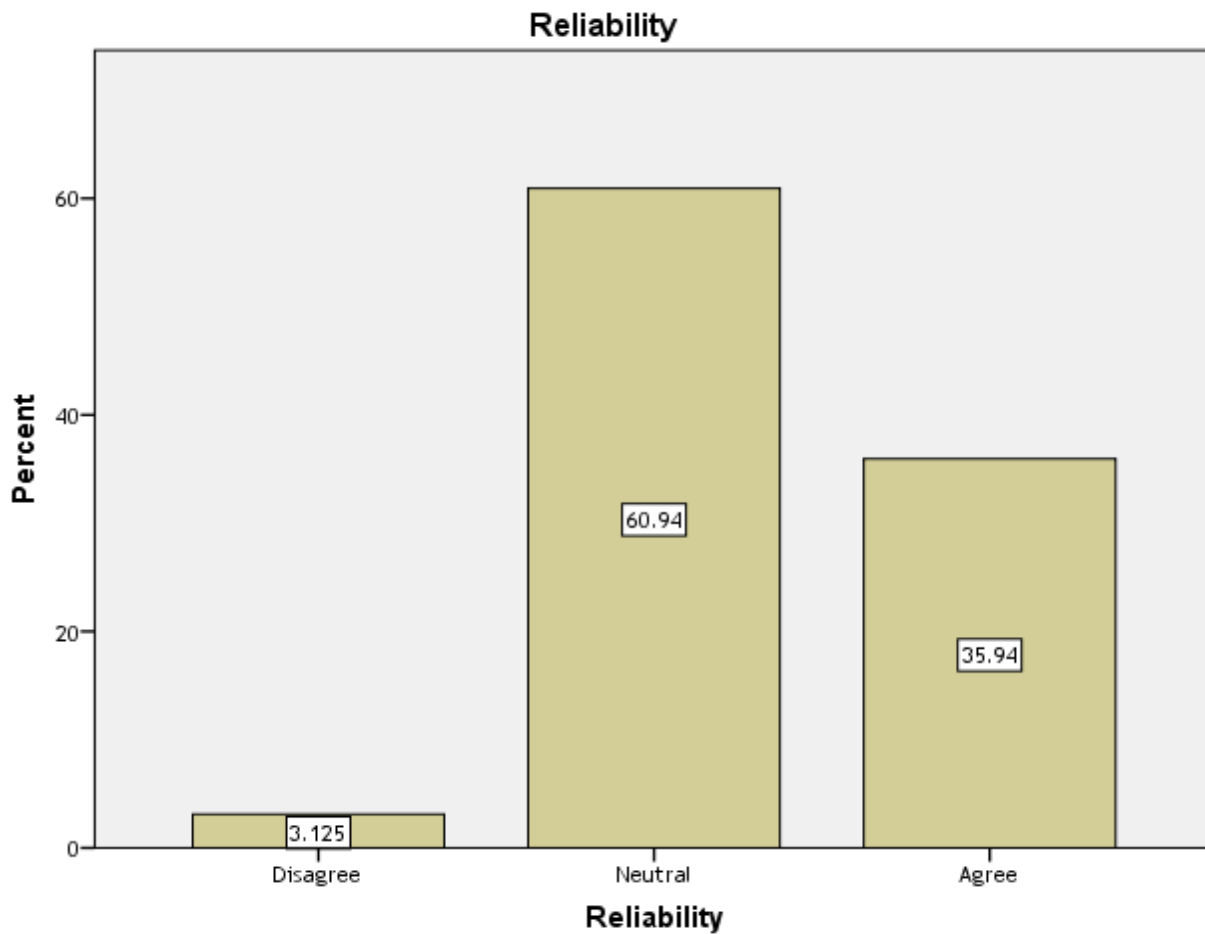


Out of 64, 19 respondent's (29.69%) views were neutral, 44 (68.75%) agreed and 1 strongly agreed (1.563%) with the fact that there is a strong influence of customer service over the purchase decision of customers.

Table 4.1.13

		Customer Service			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Neutral	19	29.7	29.7	29.7
	Agree	44	68.8	68.8	98.4
	Strongly Agree	1	1.6	1.6	100.0
	Total	64	100.0	100.0	

Figure: 4.1.14

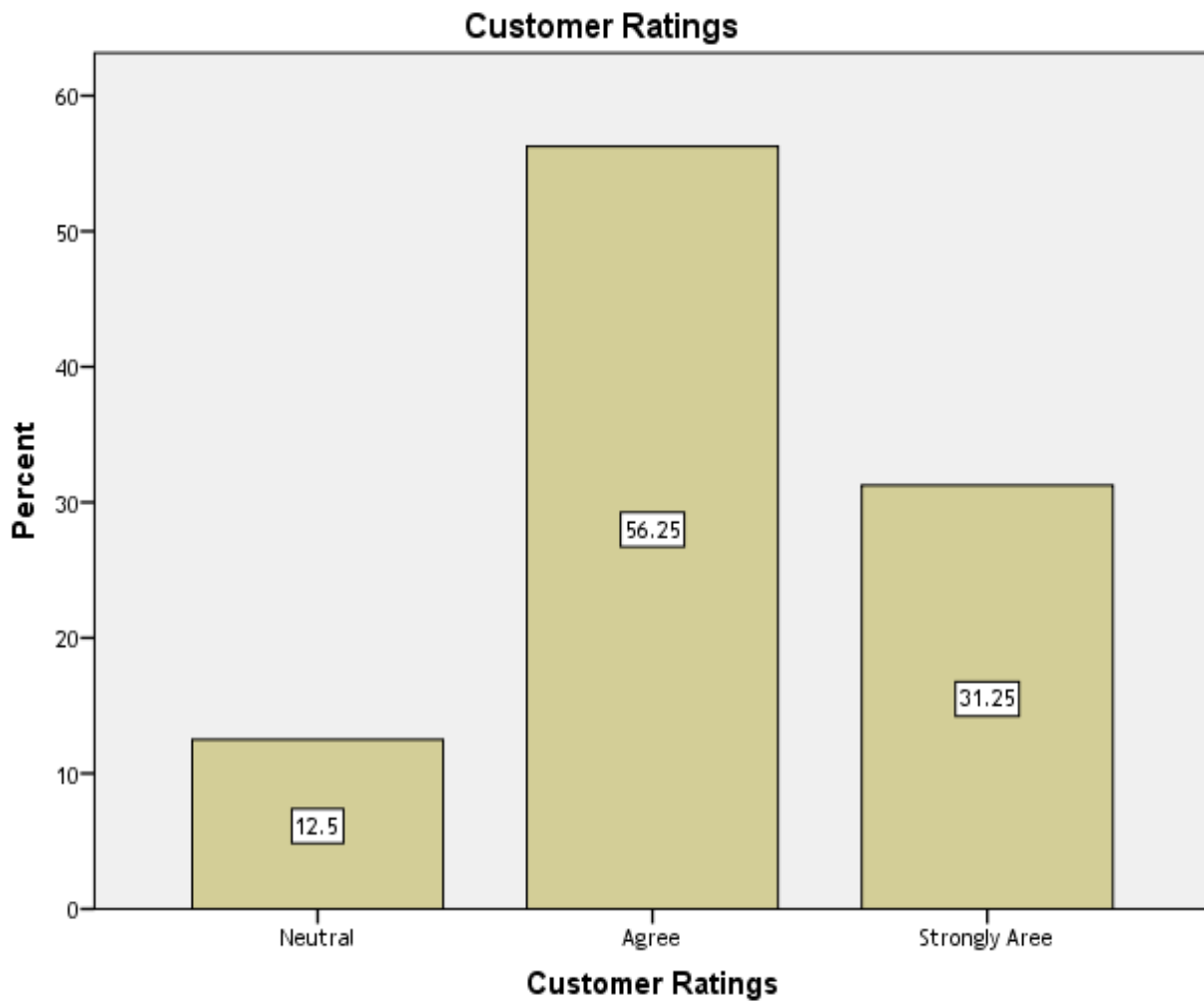


2 respondents (3.125%) opposed reliability, whereas 39 (60.94%) were having neutral views & 23 (35.94%) were in the favor that a change in the reliability of the process can shift consumers to its competitors

Table 4.1.15

		Reliability			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	2	3.1	3.1	3.1
	Neutral	39	60.9	60.9	64.1
	Agree	23	35.9	35.9	100.0
Total		64	100.0	100.0	

Figure: 4.1.16



8 respondents (12.5%) were having neutral views, whereas 36 (56.25%) agreed and 20 (31.25%) strongly agreed with the fact that customer ratings set a strong base for respondents to make a decision of buying online.

Table 4.1.17

		Customer Ratings			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Neutral	8	12.5	12.5	12.5
	Agree	36	56.3	56.3	68.8
	Strongly Agree	20	31.3	31.3	100.0
	Total	64	100.0	100.0	

4.2 Test Analysis (Pearson Test of Correlation)

Pearson test of correlation was undertaken to know the level of correlation among the constructs;

H_{01} : Customer confidence is not related with cost effective process in online purchasing.

H_{1a} : Customer confidence is related with cost effective process in online purchasing.

Table: 4.2.1

		Correlations	
		Cost Effectiveness	Customer Confidence
Cost Effectiveness	Pearson Correlation	1	.183
	Sig. (2-tailed)		.149
	N	64	64
Customer Confidence	Pearson Correlation	.183	1
	Sig. (2-tailed)	.149	
	N	64	64

There is a weak positive correlation between **cost effectiveness** and **customer confidence**, as the value of correlation here is 0.183 that represents a weak relationship; also such relationship is not statistically significant to be considered as value of is 0.149; higher than 0.05.

H₀₂: Customer confidence is not related with variety of options available online

H_{2a}: Customer confidence is related with variety of options available online

Table: 4.2.2

		Correlations	
		Customer Confidence	Variety
Customer Confidence	Pearson Correlation	1	.095
	Sig. (2-tailed)		.453
	N	64	64
Variety	Pearson Correlation	.095	1
	Sig. (2-tailed)	.453	
	N	64	64

There is a weak positive correlation between **Variety** and **Customer confidence**, as the value of correlation here is 0.095; also such relationship is not statistically significant to be considered as value of is 0.453; higher than 0.05.

H₀₃: Customer confidence is not related with customer service

H_{3a}: Customer confidence is related with customer service

Table: 4.2.3

		Correlations	
		Customer Service	Customer Confidence
Customer Service	Pearson Correlation	1	-.112
	Sig. (2-tailed)		.380
	N	64	64
Customer Confidence	Pearson Correlation	-.112	1
	Sig. (2-tailed)	.380	
	N	64	64

There is a weak negative correlation between **customer service** and **customer confidence**, as the value of correlation here is $-.112$; also such relationship is not statistically significant to be considered as value of is 0.380 ; higher than 0.05 .

H₀₄: Customer confidence is not related with reliability of funds transfer

H_{4a}: Customer confidence is related with reliability of funds transfer

Table: 4.2.4

		Correlations	
		Reliability	Customer Confidence
Reliability	Pearson	1	.493**
	Correlation		
	Sig. (2-tailed)		.000
	N	64	64
Customer Confidence	Pearson	.493**	1
	Correlation		
	Sig. (2-tailed)	.000	
	N	64	64

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

There is a strong positive correlation between **reliability** and **customer confidence**, as the value of correlation is 0.493 ; also such relationship is statistically significant to be considered as value of is 0.000 ; lower than 0.05 .

H₀₅: Customer confidence is not related with customer ratings.

H_{5a}: Customer confidence is related with customer ratings.

Table: 4.2.5

		Correlations	
		Customer Ratings	Customer Confidence
Customer Ratings	Pearson	1	.229
	Correlation		
	Sig. (2-tailed)		.069
	N	64	64
Customer Confidence	Pearson	.229	1
	Correlation		
	Sig. (2-tailed)	.069	
	N	64	64

There is a weak positive correlation between **customer ratings** and **customer confidence**, as the value of correlation is 0.229; also such relationship is not statistically significant to be considered as value of significance is 0.069; higher than 0.05.

Chapter 5

Critical Debate and Analysis

As the scenario of Karachi, Pakistan market is concerned there seems a great potential among the Karachi customers to go for the online car buying option, but due to some hurdles and bottlenecks customers find it difficult to step up and avail the online option while purchasing cars online. A total of five factors derived to be crucial from the literature review, but after testing and analyzing the data only one (Reliability) was found to be really important as if worked properly can result in the enhancing of the customers confidence towards availing the option of online car buying.

Digital or Online Marketing as a new medium has potential of catering different kinds of products and services, but a limitation is experienced at the customer end, as many are using the internet medium just to obtain information than facilitating it as a medium to transfer funds to the beneficiary institution, as three factors enlightened by Johnson (1999) that prevents customers to shop online such as purchase-failures (failing to acquire the products, although the funds has been remitted against it), customer service (how well the employees of the firm facilitates its clients) and security fears (associated with the transferring of the funds, somehow it can lie under the umbrella of reliability, how reliable is the medium of transferring funds).

Online shopping is considered to be risky as the shop, shop owners, their reliability and credibility is unknown; therefore basing the decision entirely can be of a major concern. A research was conducted BCG (Boston Consulting Group) that estimates the cost of on boarding new clients to be very high as compared to providing them a platform from where they can initiate their purchases. Furthermore, in support to the research Reichheld and Schefter (2000) suggested that onboarding customers requires more money to be injected and can lead the firm to remain unprofitable for a number of years, but in online options such costs are eliminated, besides that a very large quantity of customers can be effectively targeted, this gives rise to online models and companies to remain competitive in the market. Besides that Cheung & Lee (2000) and Jarvenpaa et al. (2000) highlighted few requirements and also issues associated with consumers dealing in an online and offline environment. In online buying, it is a preliminary

requirement for the consumers to have the technology to communicate with the store owner for the purchase of the product, besides that a high level of trust is requisite in an online shopping environment than physically acquiring products. Trust and reliability both remain important concerns for the individuals dealing online, as the shop is unknown, product quality is unknown, reliability of the online model is unknown, salesperson dealing with customers is unknown and company's visibility is beyond access.

O'Keefe et al. (2000) and Tan & Thoen (2001) indicated the prominent reason of dealing online can be of trust and the security of funds transferred, as the trust remain the most crucial concern, because the shop is unknown, customer doesn't know the salesperson dealing with and also unaware of the funds, whether transferred to the beneficiary or not? Reliability of funds transfer and customer ratings both are aligned with each other, and also are derived to be essential, as from the analyzing of data we found that customers give importance to reliability and customer ratings as both are the prime concerns for every customer; that the payment method they are undertaking should be free from all frauds and scams and also they base their decisions on the ratings given by the customers who had undertaken the purchase online. This research supports the views of O'Keefe et al. (2000) and Tan & Thoen who were in the favor of trust, reliability of the funds transfer and customer ratings.

Moreover, Hampton-Sosa and Koufaris (2002) supported the view that reliability is associated with the consumers' intention to purchase products online. If the customers are satisfied they will make the repeat purchase and one can easily identify the quality of the products simply by observing the repeat purchase trends. If customers find positive customer ratings with respect to the online car buying, they will find the option less risky to invest in. There is an inverse relationship between the risk and customer confidence. If the risk becomes low, customer confidence will be high and therefore companies should undertake some measures that can lessen the risk associated with the online models to enhance the customer confidence.

Furthermore, Baker, Levy, and Grewal (1992) and Gefen (2002) identified few other factors that affect purchase decisions of consumers are customer service, reliability and responsiveness that provides an incentive to the consumer or restricts them to acquire products or experiences services online. The views of Baker, Levy, and Grewal (1992) and Gefen (2002) are

in line with the research, but out of the three factors highlighted by them, only reliability is considered important after the analyzing of data, although customer service and responsiveness also poses an importance to the online models.

After analyzing the data we can say that this research is totaled at two prominent factors (reliability and customer ratings) as almost all customers view it important and acquire details and also requirements prior to the availing of online option.

Chapter 6

Conclusion and Recommendations

Conclusion

Karachi is among the top ten biggest cities of the world, although the literacy rate is increasing at a rapid rate but a slow trend is observed in terms of online purchasing, giving birth to the concerns, such as reliability and trust. Reliability is measured by the safe and secured transfer of the funds to the beneficiary institution without any fraud or scam and customer ratings proved to be essential by all customers as they all base their decisions on the customers who had previously acquired wheels from SBT Japan.

This research is totaled at identifying the two crucial factors reliability and customer ratings which are rated to be essential by the customers availing the option of online purchasing of goods. This scenario goes on continuously, and if customers are satisfied with the reliability of funds transferred and also with the customer ratings given by the previous customers, they will feel more relax while undertaking the option of online wheels buying.

It's a fact that if customers will be satisfied with the reliability and customer ratings of the company, they will share their positive experiences to other customers which results in increased customer flows and also enhance the profit ratio for the company. Therefore companies should increase the reliability of its online model and also develop trust among its potential customers to enhance the level of customer confidence.

Recommendations

- The mode of payment must need to be reliable, as customers are always found worried regarding (the reflecting of payment in beneficiary's account) the funds transferred to beneficiary institution against the desired vehicle. It needs to work thoroughly on its online model to make it more reliable to boost up the confidence of Karachi customers.
- Customer ratings are also viewed as essential by the customers as they base their decision on the ratings given by the customers who had undertaken online purchase previously.

- It's a psyche of the Pakistani customers that they view products first before making payment against; therefore there is a striking need for all the online companies to have a physical outlet in Karachi Pakistan.
- Companies should ensure that its salesperson doesn't commit any wrong or improper information to its customers that can be a big loss for the firm in the form of losing the potential customers. If the customer is unsatisfied with the service of the firm then he will share his negative opinion to other customers, therefore it is quite essential for the company to work on the customer service.
- The company dealing online should entertain its customers concerns by developing a portal to target the feedback derived from its customers.
- Companies should undertake measures to enhance the reliability of its online model through which the funds are transferred, if the reliability associated with the model will be high, then customers will feel free to avail the online option.
- Companies should also work thoroughly on the customer service, if the customer gets satisfied with the service, he will bring customers to the firm.

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Appendices

Questionnaire

Name _____						
Gender	(I) Male	(II) Female				
Occupation	(I) Student	(II) Businessman	(III) Other _____			
Status	(I) Individual	(II) Dealer				
Use	(I) Personal	(II) Business				
Kindly rate the statements below, as						
1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree						
<i>STATEMENTS</i>			<i>RATINGS</i>			
1.	Online sharing of information regarding vehicles is really inexpensive	1	2	3	4	5
2.	It gives us ease of comparability among vehicles of different brands	1	2	3	4	5
3.	Vast information is available online regarding vehicles	1	2	3	4	5
4.	Online buying saves my cost and effort	1	2	3	4	5
5.	Vehicles with different Name, Make, Model, Features and Specifications are available online	1	2	3	4	5
6.	Online available information about vehicles equips me with plenty of knowledge to make the best choice	1	2	3	4	5
7.	In online buying all the alternatives are available, we need to choose the best from it					
8.	Companies dealing online provide the actual information to its customers	1	2	3	4	5
9.	Online purchased vehicle reaches its destination, as per the time assured by the company to its customers	1	2	3	4	5
10.	Salesperson / employee deceives customer by hiding flaws of the vehicle					
11.	Online purchased vehicle, if found not as per the specifications dictated earlier by the company at the time of deal, can be returned to the company back	1	2	3	4	5
12.	Salesperson updates me time to time of their new vehicle arrivals	1	2	3	4	5
13.	Employees / salesperson of the firm do their best to facilitate clients	1	2	3	4	5
14.	Employees try their best to clarify queries	1	2	3	4	5
15.	In online dealing employees provides me the best vehicle at the most reasonable price					
16.	Exact condition of the vehicle is disclosed at the time of making a deal online	1	2	3	4	5
17.	Vehicle available online is in exact condition, when at the time of dealing to when it is delivered at home					
18.	The medium of transferring funds is really reliable	1	2	3	4	5
19.	The information available at the company's website about how they work?, is sufficient for me to make a deal online	1	2	3	4	5

20. Positive and negative feedback can affect my online purchasing decision	1	2	3	4	5
21. Customer ratings, reviews and their previous purchase experiences can set a base for me to make the final decision.	1	2	3	4	5
22. Online buying is safe	1	2	3	4	5
23. Online buying gives me a final product that worth's more than purchasing traditionally	1	2	3	4	5
24. Online buying of car does not have any chance of fraud	1	2	3	4	5
25. Online transferring of funds is very reliable	1	2	3	4	5
26. Customer confidence is related with reliability	1	2	3	4	5
27. Customer confidence is related with other customers ratings	1	2	3	4	5

Variable (Constructs)

- ❖ Cost effective process (1, 2, 3, 4)
- ❖ Variety of options (5, 6, 7)
- ❖ Customer service (8, 9, 10, 11, 12, 13, 14, 15)
- ❖ Reliability (16, 17, 18, 19)
- ❖ Customer reviews / ratings (20, 21)
- ❖ Customer Confidence (22, 23, 24, 25, 26, 27)

How to check the Chassis:

Chassis of any Japanese vehicle can be checked by visiting www.oliac.com/autos/ to ensure whether the vehicle year meets the requirements of the country's custom policies or not?

Figure: A-1



How the condition of vehicle is declared:

The condition of the vehicle is clearly identified by auction/Inspection Sheet. Both terms are used interchangeably, as both carry the same meaning. To illustrate it further let's take an example of the vehicle's sheet containing the following information below;

Table: A-1

Lot Number : 3060	Condition (Grade): 4.5	Km used : 5399 km
Type : Hatchback (5 door)	Interior grade : B	CC : 660
Car Grade: G-Package (Airbags, ABS, PS, AW and PW)	Exterior grade : B	5 Small scratches (A1) and one small dent (U1) at the back
	Chassis ID : DBA-LA300S	
	Chassis No. LA300S-1097953	

Figure: A-2 (Auction/Inspection Sheet)

出品番号 3060	初度登録 H24年 1月	車名 ミライース	ドア形状 5D	グレード G	評価点 4.5
		車種 自家用	排気量 660cc	燃料 ガソリン	型式 DBA-LA300S
走行 5,399 km		車検 年 月	登録番号	名義期限日 月 日	セールスポイント ★オークションデビュー★
シフト IAT	エアコン AAC	外装色 キ	リサイクル預託金 7,320 円	最大積載量 kg	乗車定員 人
			カラーNo T19	輸入車	内装色 ページュ 系
後日発送部品					純正装備 ABS I7B AW PS PW
注意事項欄					車台番号 LA300S-1097953
					諸元 長さ 幅 高さ
検査員記入欄					
シートしみ小 ドア内張傷小 カーペットしみ小 コンソール傷小 外装小傷有り パンパー下A パンク修理キット					
事務局よりご案内					

A:4# U:へ3 B:4# を伴うへ3 P:要塗装 N:補修跡 S:錆 C:腐食 G:ガラス5点4# XX:交換済み X:要交換 内・外装詳細 5段階5段階 (A-B-C-D-E)

Invoice Sample:

Below is the invoice sample of a customer willing to go for the option of auction, as per the policies of SBT Japan he needs to pay an initial deposit of 106,000 Yen. The account name, telephone number and amount to be deposited into the account are listed in the invoice;

Figure: A-3

INVOICE				PAGE : 1 / 1			
				Date : 2015/04/22			
				Due : 2015/04/26			
				Invoice : DI279744			
				Custo : 1117177			
				Account Manager :			
Customer Name : Adnan Khalil			Customer Address : Karachi				
Consignee :			Consignee Address :				
Ship Via :		Port of Loading :					
Country : PAKISTAN		Port of Discharge :					
Terms of Conditions : AUCTION DEPOSIT-JPY							
No	Stock No	Car Name	Chassis Name	Year/Month of Manufacture	Description	Freight	Total Amount
1					AUCTION DEPOSIT		106,000
					TOTAL AMOUNT		106,000
					TOTAL UNITS : ()		
Please remit <u>JPY 106,000</u> to:			For any inquiries contact:				
ACCOUNT NUMBER: 251-0008956BKWNQPI		TEL: +81-45-290-9485					

Bill of Lading:

The bill of lading that arrives once the shipment has left the Japan (Kobe) port. It contains all the details (such as the consignee and notify), when the shipment will reach at Karachi port? Name of the ship? And also the vehicle, make and model?

Figure: 1.13

Shipper SBT CO., LTD. ✓ YOKOHAMA SHE NISHI KU KITASAWAI 2-10-36 ✓ PHONE : +81-45-290-9485 / FAX : +81-45-290-9481 ✓		 Member of International Freight Forwarders Association Inc.		B/L No. AKKR57349(D)	
Consignee MUHAMMAD AMIN S/O JUMA DOST DISTT SWAT PAKISTAN (PH) 923137950157 ✓		MULTIMODAL TRANSPORT BILL OF LADING  COPY NON-NEGOTIABLE ALL TERMS, CONDITIONS AND EXCEPTIONS AS PER ORIGINAL BILL OF LADING			
Notify Party SAME AS CONSIGNEE ✓		Party to contract for cargo release WORLDWIDE AVIATION & LOGISTICS SUITE 08, NICE TRADE ORBIT, RAZI ROAD, SHAHRAH-E-FAISAL, KARACHI 75400 TEL 92 21 34380051-5 FAX 92 21 34380055 Final Destination (Merchant's reference only)			
Pre-carriage by Vessel OOCL BUSAN 087S ✓		Place of Receipt KOBE JAPAN ✓		Port of Discharge KARACHI, PAKISTAN ✓	
Place of Loading KOBE, JAPAN ✓		Place of Delivery KARACHI, CY ✓		Final Destination (Merchant's reference only)	
Container No., Seal No., Marks and Numbers S. B. T ✓ KARACHI ✓ C/S NO. ✓ OOCL BUSAN ✓		No. of Containers or Pkg PART OF 1 CONTAINER 1 UNIT (40HC)		Kind of Packages; Description of Goods "SHIPPER'S LOAD&COUNT" "SAID TO CONTAIN" USED CAR YEAR 2011 ✓ MAKER SUZUKI EVERY WAGON ✓ CHASSIS NO DA64W-376802 ✓	
OOLU8448547/OOLCYT1934 ✓		FREIGHT : PREPAID AS ARRANGED		Gross Weight 990 KGS	
Measurement 9.389 M3		TOTAL : PART OF ONE (1) CONTAINER ONLY.			
Freight and Charges AS ARRANGED		Note: The Merchant's attention is called to the fact that according to Clause 16 & 21 of this Bill of Lading the liability of the Carrier is, in most cases, limited in respect of loss of or damage to the Goods.			
Exchange Rate Prepaid at TOKYO, JAPAN Total Prepaid in Local Currency		Payable at No. of Original B/L's THREE (3)		Place and Date of Issue TOKYO, JAPAN 04/12/2015	
Laden on Board the Vessel Vessel OOCL BUSAN 087S ✓		Date 04/12/2015		As Carrier APEX International Inc	
Part of Loading KOBE, JAPAN ✓					