Factors Affecting Consumer's Purchase Intention When Buying Toyota Corolla in Pakistan

By

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Executive Summary

Toyota is a name almost everyone is familiar with. It has been the market leader in automobiles specially hybrid and electric automobiles. It has been operational in Pakistan since 1989. Toyota is a one of a kind Japanese multinational automotive manufacturer. As of September 2018, it was the sixth largest company in the world in terms of revenue.

The economic conditions however have not been very favorable for the automotive industry. The economy of Pakistan and the consistent increase in dollar rates has taken a huge toll on the sales of the multinational manufacturer.

Focus group analysis show that majority of the people preferred Honda over Toyota due to several reasons including near to none change in the designs of Toyota Corolla’s variants. Another factor was that Toyota was seen more as a car for the rural areas which was best suited for a rugged terrain. Although the general perception is that Toyota has better car suspension and fuel efficiency, people would still prefer Honda and other Japanese cars. Respondents said that advertisements played a crucial role but they do not compel the customer to buy a product like a car, there are other factors that are taken under consideration. Pakwheels and olx were the first two online platforms that they mentioned when asked about their go to online source. Family and friends advice played a major role in deciding which car to buy.

According to the research conducted by our group through questionnaire, a regression was done and seen that the general perception that a reduction in prices will increase sales was not true because people usually associate low prices with low quality products.

According to the regression, only advertisement and product have a significant result. All the variables are positively correlated with each other and less than one and positive indicating a formative relationship to the dependent variable.
Branding has an insignificant positive relationship with purchase intention because consumers are only considering three competitors; Honda, Suzuki and Japanese cars.
Introduction

Toyota Motors Pakistan is part of automobile industry of Pakistan, that produces automobiles and other gasoline powered vehicles, such as buses, trucks, and motorcycles. It has an oligopoly market structure operating at price-oriented model. The leading manufacturing Parent companies for the industry are Toyota, Suzuki and Honda.

Toyota Motors Pakistan emerged as a public limited company in Dec. 1989 and initiated its commercial production of new Toyota cars in May 1993. State of the art automotive technology is used in the making of new Toyota cars at production facilities located in Karachi. Indus Motor Company (IMC) is the distributor of Toyota and Daihatsu vehicles through its dealer’s network such as Toyota Ravi Motors spread all over Pakistan.

Indus Motors has permission to manufacture, assemble, distribute and import Toyota and Daihatsu vehicles, spare parts and accessories in Pakistan. IMC is engaged in sole distributorship of Toyota and Daihatsu Motor Company Ltd. Indus Motor Company’s plant is the only manufacturing site in the world where both Toyota and Daihatsu brands’ products are manufactured. IMC’s Product line includes 6 variants of the newly introduced Toyota Corolla, Toyota Hilux Single Cabin 4x2 and 4 versions of Daihatsu Cuore

Background

Toyota Motor Corporation was founded by Kiichiro Toyoda in 1937, as a spinoff from his father's company Toyota Industries to create automobiles. It operates in Pakistan through its subsidiary Indus Motor Company Limited (IMC). IMC was incorporated in 1989 through a joint venture agreement between “House of Habib” of Pakistan, “Toyota Motor Corporation” and “Toyota Tsusho Corporation” of Japan. IMC stocks are listed in Karachi Stock Exchange (Guarantee) Ltd, Lahore Stock Exchange (Guarantee) Ltd and Islamabad Stock Exchange
(Guarantee) Ltd, now they have combined to Karachi Stock Exchange. the Company manufactures and markets Toyota brand vehicles in Pakistan.

The House of Habib is a prominent Khoja business family in Pakistan. The Habib group's most famous and successful subsidiary is its Banking and Finance division. Founded in 1937, Toyota Motor Corporation is a Japanese company that engages in the design, manufacture, assembly, and sale of passenger cars, minivans, commercial vehicles, and related parts and accessories primarily in Japan, North America, Europe, and Asia. Current brands include Toyota, Lexus, Daihatsu and Hino. Toyota Motor Corporation is the leading auto manufacturer and the eighth largest company in the world. Toyota Tsusho Corporation is a sōgō shōsha, a member of the Toyota Group. Toyota Tsusho has a worldwide presence through its many subsidiaries and operating divisions, including over 150 offices, and 900 subsidiaries and affiliates around the world. Toyota Tsusho is the trading arm of the Toyota Group. It enriches society by creating value by the company as Metals; Global Production Parts; Logistics; Automotive; Machinery; Energy; Project; Chemicals; Electronics; Food and Agribusiness; Consumer Products and Services.

Indus Motor has permission to manufacture, assemble, distribute and import Toyota and Daihatsu vehicles, spare parts and accessories in Pakistan. IMC is engaged in sole distributorship of Toyota and Daihatsu Motor Company Ltd. vehicles in Pakistan. IMC is associated with Toyota Motor Corporation, Japan; Toyota Tsusho Corporation, Japan; Thal Limited; Habib Insurance Company Ltd & Mohamed Ali Habib Welfare Trust. Toyota Motor Corporation and Toyota Tsusho Corporation have 25% stake in the company equity and majority shareholdings is with house of Habib.

Indus Motor Company’s plant is the only manufacturing site in the world where both Toyota and Daihatsu brands’ products are manufactured. IMC’s Product line includes 6 variants of the
newly introduced Toyota Corolla, Toyota Hilux Single Cabin 4x2 and 4 versions of Daihatsu Cuore.

The Company's segments are based on its business activities, which include manufacturing and trading activities. The main product offerings include Corolla, Hilux and Fortuner. Heavy investment was made to build its production facilities based on state of art technologies. To ensure highest level of productivity world-renowned Toyota Production Systems are implemented.

The Company has played a major role in the development of the entire value chain of the local auto industry and is proud to have contributed in poverty alleviation at the grass root level by nurturing localization that, in turn, has directly created thousands of job opportunities and transferred technology to over 60 vendors supplying parts.

On average, the company has sold 50,000 units a year but sales surpassed the 60,000 mark in FY16 as demand boomed and has a niche market for Fortuner. Its parent company Toyota motors stood 5th in world leading global brands 2016.

Mission Statement

Mission of IMC is to provide safe & sound journey. IMC’s mission is reflected in company’s slogan.

Vision Statement

“To be the most respected and successful enterprise, delight customers with a wide range of products and solutions in the automobile industry with the best people and best technology.”

Slogan

“Actions, Commitment and Teamwork to become No.1”
Thus, they aim at delivering excellence.

Why did we choose this company?

One of the reasons for selection of brand is due to the curiosity of the fact that despite being the market leader for almost a decade Toyota rep. himself said that they considered the entry of new brands has intensified the competition for them and they will have to work on guarding their share, while previously they did not accept that Honda gives competition to them. We choose Toyota as it is the Market Leader in the sedan segment and quality improvement by its rivals has directly affected sales of Toyota in the past.
Literature Review

Price

A research by (Bosworth 2000) indicates that the relationship between price and purchase intention cannot be ignored, as his research showed that price has a significant effect on purchase intention. Which means before buying a car consumers take into account prices. Price is one of the four components in product mix as mentioned by (Brassington, 2011), which indicates its importance in selling of car. An extensive research by (Jones, 2007) showed that most of retailers use cost plus price technique when it comes to selling cars. This means that a certain percentage is added on cost by retailer which is quoted by manufacturers. Alper & Mumcu, (2009) did research on demand of cars and he concluded that demand of new cars in short run is inelastic which means that changes in price will not affect demand of car. (Batey, 2009) in his research said that price of cars play a significant role in building perception of particular brand, as for consumers its value is reflected by the price that is quoted.

Branding

Keller (1993) in his research said that brand image is not isolated but it is the sum of all the associations that a person has about the brand. Aaker (1991) said that the stored brand association in memory lane of consumer is called brand image. He further said the approach for experiential and functional brand is quite different. Experiential brands depend on sensory interaction, excessive use of brands like this might create satiation. While for functional brands satisfaction is not that big of deal unless they fail to provide functional benefit.

Park, Jaworski and MacInnis, (1986) in their research said that only consumption will not generate the feeling of satiation. This is complemented by other factors such as brand image which is linked with functional benefits that attracts customers towards buying car.

Purchase Intention
Consumer buying behaviour is effected by many factors, which is why marketers try to identify and capitalize them. Dodds et al., (1991) in his research said that purchase intentions rest on price and quality of the product, which means that before buying the product, customers main attention is on the affordability and the quality offering. Consumers buying behaviour is not just confined to price and quality rather it moves beyond to cultural, psychological and social, which is further effected by age, education and income (Kotler, 2012, p. 173). If the experience of using the car was good then consumers recommend it to family and friends (Perreau, 2014). So if brands want to successful than they must ensure that their product is good and its quality is optimum as when word of mouth spreads it helps then to increase their sales. Paszkiewicz (2003) analysed in his research that costing of car and factors effecting demographics directly affect consumers purchase intention to either buy cash or leased car which is new or leased. Ogilvy, (1995) in his research shared his opinion that people form an opinion about a brand on basis of those who use that brand. So non users of brand judge a brand by the class that consumes it basis on that they make decision of using it or not.

**Advertising and Promotion**

Purpose of promotion is to increase sales and give push your product to consumer. Blattberg and Neslin, (1990) concluded in his research that promotions are given directly from manufactures consumers. Extensive research by (Low & Mohr, 2000) said that manufacturers majorly spend their communication budget on sales promotion. This means that in order to increase their awareness and retention they majorly rely on promotion rather their just advertising their brand name. Further studies highlighted importance of target market when it comes to giving promotions, Hellman, (2005) in his research took this view point and concluded that to make a successful and effective marketing strategy it’s important to make define the target market. A research by (Blackwell, Miniard and Engel, 2001) indicates that
cash discounts played a significant role to increase sales for products. This highlights the importance of sales promotion for businesses, as it helps to give a push to sales.

**Product Quality**

Product quality is subjective and varies from person to person. As (Smith and Wright, 2004) in his research said that quality is determined by the fact that how much product meets the customers’ expectations. The more manufacturer meets the expectations the better quality is ensured. He further added that better quality will ensure wider customer base and increase the customer satisfaction that will ensure increase in profitability. Garvin (1984) in his research indicated that quality of product is an important factor on which the success of product rests on, moreover its helps to better compete in market. In other research by (Hilgenkamp and Shanteau, 2010) indicated that product quality cannot be seen in isolation, as it is effected by other variables such as price and brand name. Other research by (Vranesevic & Stancec, 2003) indicated that brand name is umbrella term which effects the consumer’s perception that helps to build associations regarding the product quality. So brand image and product quality goes hand in hand.

**Placement**

Placement of cars through dealers and showrooms in different cities helps to increase brands awareness. Moreover it provides convenience and accessibility. Karrh, (1998) in his research indicated that product placement can also be refereed as brand placement, it all depends which thing is brought to limelight. Accessibility and availability effect the purchasing patterns. Schiffman & Kanuk, (2009) in their research indicated that consumers think of five favourite brands based on their accessibility before buying the car. A research indicated that consumers prefer brands that are easily available, which allow flexibility, and different modes of payment (VanAuken, 2015). Another research by (Lin & Chang, 2003) complemented it by indicating that convenience of brand had significant impact on purchases of product.
Industry Analysis

The automobile industry in any country is considered a vibrant sector. Normally referred to as the mother of all industries, the auto sector tends to be the backbone of the economy and steers the overall economic growth trajectory to a broader and sustainable path.

Pakistan’s automobile policy 2016-21 offers tax incentives to new entrants in order to help them establish manufacturing units in Pakistan. Many international auto manufacturers have taken advantage of this policy and brands such as Renault, Hyundai, KIA and Volkswagen are entering the Pakistan market (J Iqbal 2019)

The main market players in the car market of Pakistan are Honda Atlas, Dewan Farooque, Indus Motors, and Pak Suzuki. As becomes evident by the number of market players Pakistan has a car market, which can be characterized as being quite concentrated.

Competitor analysis

Three Japanese firms make eight models and the firms are Honda, Suzuki and Toyota. These three firms account for nearly all the car sales in Pakistan. The largest market share of passenger cars belongs to Pak Suzuki, a market share of 56% followed by 28% market share of Indus Motors and 15.7% of Honda Atlas. The remaining 0.3% of market share belongs to other passenger cars (Government of Pakistan Economic Survey 2018-19)

Automotive Industry trends in Pakistan

Pakistan auto industry had forecasted to increase its sales to 0.3 million by 2021 and half a million units by 2022; however, Car sales in Pakistan declined by 4.2% in the fiscal year ending June 30, 2019, the first drop in five years, compared to growth of 16.7% in fiscal 2018. In the four years between 2014 and 2018, car sales in Pakistan grew at an average of 16.4% per year, rising to a record-breaking level of 217,000 cars sold in 2018.
There are multiple factors that resulted in the unprecedented fall of vehicle sales massively including restriction on non-tax filers to purchase new car, increase in interest rates, new taxes with increasing input cost and unpredictable surge in rupee-dollar parity.

The requirement imposed by the government that people will have to prove that they have filed their tax returns before they can buy a new car has led to a decrease in the sales of cars in Pakistan. Most people in Pakistan do not file their tax returns and fear doing so because they think that they will be harassed by the Federal Board of Revenue (FBR) if they disclose to the government how much money they make and what their source of income is.

A second major factor that drives new car production in Pakistan is the availability of car financing from commercial banks, because volume of auto loans available to consumers is directly proportional to the number of new cars sold and produced in the country. In January 2018 the discount rate was 6.0% but it has risen to 13.25% in just 18 months because of which banks are increasingly uncomfortable with the idea of loaning money to consumers at a time of rapidly rising interest rate.

Commercial banks are particularly afraid of a repeat of 2008, when they had been lending to consumers at a rapid clip for about five years, and then suddenly saw a sharp rise in interest rates, which affected the ability of many of their borrowers to pay back their loans. As a result, defaults at commercial banks on their consumer lending portfolios rose sharply and they faced heavy losses on their balance sheets.

Hike in input cost pushed car prices up and resultantly decreased sales. This compelled Honda Atlas to shut down its plant for 10 days with piled up inventories of 2,000 units. Similarly, Indus Motor Company has also stopped car production for eight days, two days every week.

The major contributing factors in unprecedented fall in vehicle sales are massive devaluation and new taxes. Industry cannot bear the huge impact of five percent Advance Customs Duty
(ACD) on all raw materials and imposition of 2.5-7.5 percent Federal Excise Duty (FED), which have badly affected sales and forced major players of the industry to halt production (M Hassan 2019).

Pakistan’s automobile Industry stakeholders firmly believe that inconsistent policies formulated and implemented by the government have led to the difficulties the industry currently finds itself facing.

Company Analysis

The core competence of Toyota Motor Corporation is its ability to produce automobiles of great quality at best prices, thereby providing a value for money to the customers. This core competence of quality can be attributed to its innovative production practices. The quality aspect of Toyota’s products have revolutionized the automobiles in the past and almost all the automobile companies had to try and better the quality of their products. It is a cornerstone of the cost leadership strategy that the company pursues. This is the reason Toyota Indus motors got advantage over Honda Atlas as Honda Atlas recently got involved into the controversy of decreasing the manufacturing built quality of its civic cars and recalling some of its 1.5 Turbo Civic.

Toyota’s distinctive competence is its production system known as the “Toyota Production System” or TPS. TPS is based on the Lean Manufacturing concept. This concept also includes innovative practices like Just in Time, Kaizen, and Six Sigma. Toyota has worked tirelessly over the years to establish this distinctive competence. No other automobile manufacturer can do it as well as Toyota does. This distinct competence has led to a competitive advantage that has given Toyota a sustainable brand name and a market leader position.

Toyota’s having strong supplier relationships, well-organized distribution system; well experienced inventory specialists are the Just in time illustration of the internal environment.
IMC is dedicated to extending technical support to its supply chain partners to improve the quality of parts and reduce rejection at supplier end, leading to economic benefits to suppliers and production of safe vehicles. The localization level in Corolla in 1993 was 30 percent. The current model has over 60 percent localized parts. This approach has helped local auto industry increase its technical knowhow and has provided employment to thousands.

Toyota has an extensive distribution network. Toyota and its affiliates produce automobiles and related parts and components through more than 50 manufacturing companies. In addition, Toyota has an extensive distribution network; its extensive distribution network provides a wider reach, thus boosting revenues.
Problem Definition

Management decision problem

How to boost consumer's purchase intention towards Toyota Corolla?

Marketing research problem

Factors affecting consumer's purchase intention when buying a sedan car.

Research Design

Research Question:

*How Change in the local market has affected consumer’s purchase intention towards Toyota (Indus Motors).*

The main problem faced by the brand is maintenance of its market share due to new market entrants and increasing competition my local assemblers. The problem intensifies due to better performance of its direct competitor, Honda and Suzuki, which have successfully managed to attract and reach consumers in a better way in 1500cc and 1200cc market respectively.

Therefore, the research question aims to find the underlying implications of new prices in the market place and how it directly affects consumers’ purchase intention towards Toyota Corolla. Since new entrants are already established brands in their country of origin, they too have successfully attracted Toyota users in Pakistan.

Research Type

The purpose of this research is to find the factors that led to low sales of Toyota car lately. This study is classified as “conclusive research” as it involves hypothesis testing and examination of relationship. Hence, we have chosen “multiple cross-sectional research design”. It includes
both qualitative and quantitative aspects of research. Qualitative method includes interviews, survey, focus group and data from secondary sources. Quantitative method includes conducting questionnaire and analysing it.

**Data type and Research period**

Both primary and secondary method of research will be done to get more insight about the topic. For primary research questionaries’ will be floated, moreover focus group and interviews will also be conducted.

For secondary research academic papers and articles will be taken in account to get in-depth details about the internal and external factors that are affecting the market share of Toyota.

**Population and planned sample**

200 questionnaires will be floated to an age group of 18+ people that will be restricted to Lahore. This sample will include younger lot of people that are basically going to universities or have started their careers.

A focus group of 8-10 people will be done to make sure all things are incorporated in research and subtle and unobvious details aren’t missed.

Interview of zonal manager and SSS dealer of Toyota will also be done.
Theorical Framework

Research Hypothesis

H1: Price has significant negative relation with purchase of car.

H2: Product Quality has significant positive relationship with purchase intention.

H3: Placement has a significant relationship with purchase of car.

H4: Promotion and Advertising has a significant positive relationship with purchase intention.

H5: Branding has a significant positive relationship with purchase intention.
Consumer Purchase Intention

- Price
- Product Quality
- Place
- Promotion and advertising
- Branding/Brand Image
Data Analysis

For better understanding of the collected data through questionnaire we will use percentage analysis. Contingency table will be created from frequency distribution after manually typing the responses of the questionnaire in the Microsoft Excel.

Data interpretation

After getting the results from percentage analysis we would make an analysis on the significance of the variables and their correlation to each other.

Limitations

Availability of the resources in gathering of data and information is one of the major limitations to be considered when different methods and sources employed. In addition, 100% accuracy cannot be guaranteed, as there are be very small chances that sources may not be reliable which result in inaccuracy of information.
Results

Overall

\[
\text{P} = \text{Consumer Purchase Intention (CPI)}
\]
\[
\text{Pr} = \text{Product Quality}
\]
\[
\text{Pl} = \text{Placement}
\]
\[
\text{Rs} = \text{Price}
\]
\[
\text{A} = \text{Promotion & Advertisement}
\]
\[
\text{B} = \text{Branding/ Brand Image}
\]

According to this regression the equation will be:

\[ P = -0.009 + 0.468 \text{Pr} + 0.069 \text{Pl} + 0.038 \text{Rs} + 0.319 \text{A} + 0.026 \text{B} \]

. alpha p pr rs pl a b

Test scale = mean(unstandardized items)

Average interitem covariance: .2712247
Number of items in the scale: 6

\[
\begin{array}{ccccccc}
\text{p} & \text{pr} & \text{rs} & \text{pl} & \text{a} & \text{b} \\
\hline
\text{p} & 1.0000 & & & & & \\
\text{pr} & 0.6011 & 1.0000 & & & & \\
\text{rs} & 0.4676 & 0.6422 & 1.0000 & & & \\
\text{pl} & 0.4498 & 0.5304 & 0.5085 & 1.0000 & & \\
\text{a} & 0.5035 & 0.4509 & 0.5010 & 0.5615 & 1.0000 & \\
\text{b} & 0.3293 & 0.3921 & 0.2974 & 0.4715 & 0.4083 & 1.0000 \\
\end{array}
\]
According to the P-values of the regression only product and advertisement have a significant result. The coefficient for product is significantly different from CPI because its p-value is 0.000. The R-squared means that the variation in Consumer Purchase Intention is 43.23%. The constant is not statistically significant at the 0.05 level since the p-value is greater than .05. Although the P-values of the variable are below significance value the Alpha indicates that the results are still reliable hence admissible.

All the variables are positively co-related to each other and less than 1 and positive indicating a formative relation to the dependent variable.

The majority of the respondents are male office workers earning between 100k-200k. The next major section was of students who were about to graduate or had recently graduated hence were earning between 50k-100k.

Due to small sample size some of the regression results are below par due to data unavailability and to some extent could be because of sampling error. Reliability and the validity of the results is a significant concern. Reliability means that the empirical results are
accurate and were aimed to be achieved in this paper to the maximum extent, but still there is probability for measurement error and selection bias. Validity of the results has been affected by problem of generalization which occurred because of data unavailability and missing data.

The foremost limitation that was faced was generation of cohesion between variables measured through secondary data and variables measured through primary data. We have not included the Cronbach-alpha since the relationship of our dependent and independent variable is formative and not reflective. However, the reliability of the items used to measure the variable was admissible and was backed by literature review and findings from focus group and interviews. Hence, we can safely conclude that the results are reliable.
**Variables**

**Price**

H: Price has significant negative relation with purchase of car.

The null hypothesis is rejected as P-value 0.763 is greater than 0.05 at 95% significance level. Therefore, the data does not support the hypothesis that price has a negative relation with consumer purchase intention because people associate lower price with smuggled and defected products. As explained by Albert Wildt "the influence of price on perceived quality is lessened in the presence of substantial direct product information. Finally, the results demonstrate that a trade-off between perceived price and perceived quality leads to perceived value, and perceived value is a primary factor influencing purchase intention." (Chang & Wildt, 1994)

**Product Quality**

H: Product Quality has significant positive relationship with purchase intention.

The null hypothesis is accepted as P-value is 0 at 95% significance level. Thus, the data and literature support the connotation that during car purchase consumers use Product Quality as a criterion for product selection. Garvin (1984) in his research indicated that quality of product is an important factor on which the success of product rests on, this is also indicated by (Hilgenkamp and Shanteau, 2010) and (Vranesevic & Stancec, 2003).

**Placement**

H: Placement has a significant relationship with purchase of car.

The null hypothesis is rejected as P-value 0.599 is greater than 0.05 at 95% significance level. Therefore, the data does not support the hypothesis. Since majority of dealerships are in urban area yet still Toyota is popular in Rural area. Karrh, (1998) in his research indicated that product placement can also be refereed as brand placement, it all depends which thing is brought to
limelight. Karrh’s finding support our data inference that consumers strongly perceive Toyota as a rural/country car.

**Promotion & Advertising**

H: Promotion and Advertising has a significant positive relationship with purchase intention.

The null hypothesis is accepted as P-value is 0.007 at 95% significance level and has a positive co-efficient and correlation. Thus, the data and literature support the inference that higher advertising and promotion leads to higher consumer purchase intention. (Low & Mohr, 2000) say in order to increase their awareness and retention they majorly rely on promotion and Hellman, (2005) say that a successful and effective marketing strategy it’s important to make define the target market, which for Toyota’s case are sub-urban drivers.

**Branding**

H: Branding has a significant positive relationship with purchase intention.

The null hypothesis is rejected as P-value 0.788 is greater than 0.05 at 95% significance level. Therefore, the data does not support the hypothesis. Branding has an insignificant positive relationship with purchase intention because consumers are only considering 3 competitors to Toyota, which are Honda, Suzuki and Japanese Cars as indicated by our respondent in our focus group. “brand equity is a set of assets linked to a brand's name and symbol that adds to the value provided by a product or service to a firm and/or that firm's customers-(Aaker 1951)”. According to Aaker key to building strong brands is to develop and implement a brand identity (Aaker, 1996, p. 25). Thus, branding does not have a significant relationship with purchase intention because Toyota has already built a strong brand image in consumers mind.
# Interview Guide

<table>
<thead>
<tr>
<th>Q</th>
<th>Variable</th>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>CPI</td>
<td>What do you think about Toyota car yourself?</td>
</tr>
<tr>
<td>2</td>
<td>Branding</td>
<td>In the aspect that majority of the people think that Toyota is a reliable brand and a reliable car and at the same time some people think that its reliable but not stylish</td>
</tr>
<tr>
<td>3</td>
<td>Consumer Profile</td>
<td>Do you think your majority of the clientele id from rural areas which is not quite evident when it comes to surface itself?</td>
</tr>
<tr>
<td>4</td>
<td>Consumer Profile</td>
<td>Why do you think this is happening, like why are people shifting in cities?</td>
</tr>
<tr>
<td>5</td>
<td>Pricing</td>
<td>What do you think that from 2018 onwards, there have been macroeconomic instabilities in Pakistan and it was in the news as well that Toyota and Honda both are somehow cutting down their production, so if it’s true do you think the future of Toyota is stable?</td>
</tr>
<tr>
<td>6</td>
<td>CPI</td>
<td>How do you think the entrance of new competitors in the market like Kia and other brands have affected and are going to affect Toyota in the future?</td>
</tr>
<tr>
<td>7</td>
<td>Placement</td>
<td>Do you think that the reason why Toyota is so competent is because of their wide leadership and franchise that are somehow moved across Pakistan? When it comes to Gujranwala itself there was a scandal back in day?</td>
</tr>
<tr>
<td>8</td>
<td>Price</td>
<td>Has depreciation of the rupee affected the sales?</td>
</tr>
<tr>
<td>9</td>
<td>Promotion &amp; placement</td>
<td>Do you think that in order to combat the issue of dealers, Toyota will search for another avenue in terms of building a plant in Pakistan and starting the production from scratch here in the future?</td>
</tr>
<tr>
<td>10</td>
<td>Promotion</td>
<td>what sort of advertisements and promotions is Toyota currently following in order to maintain the market share or to attract the masses?</td>
</tr>
</tbody>
</table>
## Focus-Group Guide

<table>
<thead>
<tr>
<th>Q</th>
<th>Variable</th>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><strong>Consumer Purchase Intention</strong></td>
<td>Do you plan on purchasing a car in the near future?</td>
</tr>
<tr>
<td>2</td>
<td>Product</td>
<td>Which car would you prefer? 1.3-1.8, why?</td>
</tr>
<tr>
<td>3</td>
<td>Branding</td>
<td>What do you think about Toyota?</td>
</tr>
<tr>
<td>4</td>
<td>All 4 Variables</td>
<td>What factors do you consider before buying a car for you and for your family?</td>
</tr>
<tr>
<td>5</td>
<td>Promotion</td>
<td>What’s your Go to search source? (advertisements)</td>
</tr>
<tr>
<td>6</td>
<td>Price</td>
<td>How has the increase in prices from 2018-19 affected your buying behavior?</td>
</tr>
</tbody>
</table>
Questionnaire

We are MBA students at Lahore School of Economics. This research survey is for our end-term project in the discipline of Marketing Research. Purpose of this survey is to identify the key factors that are impacting the sales of Toyota Corolla in Pakistan. The data collected from respondents will be used solely for research purposes and will be available to only those associated with the research work. Identity of all respondents will be kept confidential. Your Participation is Voluntary.

I. Demographic Questions

Please tick mark following questions according to the options provided below:

<table>
<thead>
<tr>
<th>Questions</th>
<th>Options</th>
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</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male, Female</td>
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<tr>
<td>Marital Status</td>
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<td>22-25 years, 26-35 years, 36-45 years, Above 46 years</td>
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<td>Income per Month</td>
<td>50k-100k, 100k-200k, More than 200k</td>
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<td>Occupation</td>
<td>Business Owner, Office Worker, Student, Retired, Others</td>
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II. Research Questions

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<th>Please select the appropriate option to indicate the extent to which you agree or disagree with each statement.</th>
<th>Strongly Agree = 1</th>
<th>Strongly disagree= 5</th>
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<tr>
<td>1. Toyota provides the high-quality materials to produce car</td>
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<tr>
<td>2. Toyota has the high-performance engine and power</td>
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<tr>
<td>3. Toyota has various types of car and models</td>
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<tr>
<td>4. Toyota provide consumers to customize car such as options, colour, body parts, and etc.</td>
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<tr>
<td>5. Toyota car is the most durable car comparing to other brands</td>
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<tr>
<td><strong>Price</strong></td>
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<tr>
<td>6. I think Toyota car is value for money to buy.</td>
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<tr>
<td>7. Toyota offer reasonable price.</td>
<td></td>
<td></td>
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<tr>
<td>8. Toyota has low new car price.</td>
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</tr>
<tr>
<td>9. Toyota car has high second-hand price in the market.</td>
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<tr>
<td><strong>Place</strong></td>
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<td>10. Toyota has high coverage of showrooms, dealers, and service centres.</td>
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<td>11. I convenient to test car and receive information in Thailand.</td>
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<td>12. Toyota has the best service centres in Thailand.</td>
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<tr>
<td>13. Toyota has high service quality in the showrooms, dealers, and service centres.</td>
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<tr>
<td>14. Toyota has standardized service in every showrooms, dealers, and service centres.</td>
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<td>15. Toyota has attractive showrooms and service centres.</td>
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<td><strong>Promotion and advertising</strong></td>
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<td>16. Toyota has attractive sales promotion than other brands.</td>
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<td>17. Toyota has more monetary sales promotions such as discounts and coupons.</td>
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<td>18. Toyota has more non-monetary sales promotions such as sweepstakes, free gifts and loyalty programmes.</td>
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<tr>
<td>19. I aware Toyota brand and car information from advertising.</td>
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<td>20. Toyota has attractive advertising in Thailand.</td>
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<td>21. I think Toyota has the local advertising in Thailand.</td>
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<td>22. I think Toyota has the global advertising in Thailand.</td>
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<td>23. I think local advertising can influence me to buy Toyota</td>
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<tr>
<td>24. I think global advertising can influence me to buy Toyota</td>
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<td>25. From my opinion, Toyota is the global automotive brand.</td>
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<td>26. I think Toyota is the successful automotive brand in Thailand because Toyota is the global brand.</td>
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<td>27. Toyota has the positive brand image in Thailand.</td>
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Appendix A: Questionnaire Response

Graphs & Figures

**Figure 1 Overview**

**Figure 2 Respondents age groups**
Figure 3 Marital Status

Figure 4 Occupation
Figure 5 Demographic outlay
Questionnaire Response

Count of Toyota Corolla has the high-performance engine and power

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Female

| Female | 7 1 1 49 |

Male

| Male   | 4 3 2 9 8 66 |

Grand Total

| Grand Total | 3 5 1 |

Count of Toyota Corolla provide consumers to customize car such as options, colour, body parts, and etc.

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Female

| Female | 5 8 9 7 49 |

Male

| Male   | 7 7 1 4 7 66 |

Grand Total

| Grand Total | 1 3 4 1 |

Count of Toyota Corolla is the most durable car comparing to other brands.

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Female

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**Count of Toyota provides the high-quality materials to produce Corolla car.**

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**Count of I think Toyota Corolla is value for money to buy.**

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**Count of Toyota Corolla offers reasonable price.**

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Stata Results

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Sorted by:

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Appendix B: Focus Group Transcription & Analysis

Focus Group 1

Executive summary
The respondents who were selected for the focus group were the users of cars and had knowledge of Toyota Corolla. Only two respondents of the entire group were planning on buying a new car for themselves in the near future while others were reluctant to buy a new car in light of current economic situation as they believed the cars have become very expensive and it is not favorable to buy a new car right now.

Some of the respondents considered car to be a part of one’s identity. The main reasons hidden behind the process after which the purchase decision is made can be of different nature for different person. Some might choose a car based on their needs and some might be involved in emotional buying. Apart from the social factor respondents of the focus group believed they would consider after sales service, fuel efficiency, comfort, features and safety of the car before buying a car.

Most of the respondents were students and agreed on the fact that brand image is crucial while deciding which car one should buy. While talking about Toyota brand most of the respondents thought of Toyota corolla as a high quality Japanese car brand. They thought that Toyota cars in Pakistan are more associated with rural area cars because of its hard suspension, road clearance, and affordable repair and maintenance. Some respondents also associated Toyota as the best manufacturer of hybrid cars as compared to its competitors.

When they were asked which car they would buy in 1300cc category and 1800cc category if they had a chance, most respondents were of the view that they would buy Toyota Corolla in 1300cc category because they believed Corolla has better resale value, more road clearance...
and has better suspension. Similarly most respondents were in favor of buying Honda Civic in 1800cc category majorly because Toyota corolla has the same shape and interior to some extent for 1300 and 1800cc cars. So there is no differentiation between the variants whereas Honda civic has new shape and gives the luxury feel.

The advertisements are the ways of making the consumer familiar with the brand and using different techniques for customers to remember the brand. Almost all of the respondents couldn’t recall any of the advertisement from Toyota. When respondents were asked about their go to search source while searching a car. Most of the respondents relied on information provided by friends and family firstly and then searched online on pakwheels for comparison between different models. Respondents also read blogs and reviews on pakwheels for getting information from the current users of the models. Some respondents only relied on the information provided by the brand through their official website or showroom as they believed they knew everything about the car.

The price is the first and foremost factor raised in making a decision to buy a car which then merges the features, after sales and the brand image. When respondents were asked how increase in prices due to increased taxation in the economy has affected their buying behavior almost all of the respondents were of the view that current increase in prices have adversely affected their buying intention as they think the cars in the current situation are overpriced and they don’t provide value for money. Respondents were concerned that Honda Civic which costed 31 lac rupees last year is now costing 41 lac rupees. They felt the jump of 10 lac rupees is not justified and therefore they are reluctant to buy a new car.

**Major Findings**

- In current economic situation people are reluctant to buy a new car.
- In 1800cc category people prefer Honda civic over Toyota
• People perceive Toyota as rural car which is easy to maintain

• People do not want to buy Toyota 1800cc car because the shape of Toyota 1800cc car and 1300cc car is similar

• Friends and family play a major role in buying center

**Recommendation**

• Company should increase its promotion and advertisement

• Company should consider changing its cars model especially for 1800c model

• Company should consider lowering its prices
Transcript

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Moderator: Hello Asslam Alikum my name is vinza zafar with me are my group members Yahya, Ahsan and Ayesha. We are conducting a focus group on factors affecting purchase intention in buying a Toyota Corolla car. We will be asking you certain question. We will start with respondent #1. Do you plan to purchase a car in a near future?

Respondent #1: yes I do, most probably I am thinking to buy a car in a near future depending upon the innovation in every brand which will appeal me at the time of purchasing additionally how much it is economical to me because I have to see the after service as well, weather I am able to afford the fuel cost or anything that is related to that.

Respondent #2: No I haven’t decided to buy a new car because of the current economic situation in Pakistan, cars are now very expensive and they are not affordable.

Respondent #3: I am not planning towards buying a new car.

Respondent #4: I am not planning to buy a new car right now because as mention by respondent2 as well that the economic conditions are not very much favorable for any person right now to buy a new car.

Respondent #5: I do plan to buy a new car in near future mainly because of the new features that have been introduced by the Kia especially in Sportage so I might buy in a new future.
Repondent#6: I don’t think I am planning to buy a new car in a near future because the prices of automobiles are very high due to economic conditions and inflation. So I don’t think it’s the right time to buy a new car.

Respondent#7: I am not planning on buying a new car mainly because the prices have gone up and I wouldn’t pay additional 10 lac rupees on car that is worth 10 lac rupees.

Respondent#8: As respondant#6 said I wouldn’t be buying a new car because of the current economic situation and there are not any advantages of buying a new car right now.

Moderator: Next question. Which car do you prefer in the categories of 1300cc and 1800cc?

Respondent #1: In 1300 and 1800cc I would prefer most probably city because for me that’s something affordable as comparison with civic and corolla after the economic situation. Whatever I have analyzed is that the prices have gone very high. So the civic price from 31 has gone up to 40 lac and city I guess from 18 to 22 lacs so I think when it comes to affordability automatically what type of cc car you need I think city at this moment is more affordable as compared to the others. So I shall prefer city.

Respondent #2: In 1300 cc car I would prefer Honda city as due to the overall style of the car. I don’t like corolla due to its design of the car and in 1800cc I would prefer Honda civic due to it style and luxury look it has and the overall performance of the Honda civic.

Respondent# 3: In the category of 1300cc I would consider Toyota corolla and in the category of 1800cc I would consider civic.

Respondent #4: I would prefer 1800cc car because the reason being as respondent 2 also said of the luxury factor as well as the fuel efficient factor so I think the 1800cc cars are more attractive for consumers like me and this would be all.

Moderator: Which Car?
Respondent#4: In 1800cc Toyota Corolla

Respondent#5: If we talk about 1300cc I would prefer Toyota Corolla but if we talk about 1800cc I would definitely go for Honda civic but it all depends on the budget that I have allocated for this purpose.

Repondent#6: I think that for 1300cc I’ll go for Toyota Corolla because due to multiple factors its road clearance, its resale value as well as its suspension where as if I think about 1800cc I would go for Honda civic major reason being that Toyota corolla has the same shape and interior to some extent for 1300 and 1800cc cars. So there is no certain differentiation between the variants where as if we look towards Honda civic it’s a whole new completely different model. So I’ll go for Honda civic because I think it’s worth it when going for 1800cc car.

Respondent#7: In the 1300cc category I would go for Toyota Corolla.

Respondent#8: In 1300cc category I’ll go for Toyota Corolla because of its resale value and in 1800cc category I’ll go for Honda civic because of its new shape.

Moderator: The next question we have is what do you think of Toyota? Overall what is Toyotas image in your mind?

Respondent #1: The overall image of Toyota according to me is the oldest brand and the most consumed brand in the luxury cars in Pakistan. That’s my perspective, maybe different from others. So I think it’s one of the oldest brands as compared to the new brands such as Honda. So I think when it comes to consumption of most luxury brands I think Toyota is one of those.

Moderator: what do you think of the functions that Toyota offers?

Respondent#1: I think when it comes to functions I think it is very much similar to Honda so there is not a big difference. There is very minimal difference other than that comfortability is the only factor but I don’t think there is any major difference between Toyota and Honda.
Respondent #2: According to me Toyota jo Pakistan maine hai according to me as compared to Honda dono ki jo brand image hai who takreeban same hai. But when you talk about Toyota, Toyota is more like considered to be a brand jiss ki garia loog villages keh andar ziada purchase karte hai us ski reason yeh hai because of the suspension that Toyota offers and apart from this the overall repair and maintenance of Toyota is far cheaper than Honda but people who buy Honda buy are people who want to buy luxurious car. Buy overall Toyota considering the overall brand image it has really good brand image due to its Japanese technology and the only factor in Pakistan that lacks is that they are offering the variants in the same design like there’s same design for GLI and Grandee so they need to work on that.

Respondent #3: When I think about Toyota I think of quality, high resale value and greater number of features. Toyota has a lot of models as compared to civic. If we think about sedans corolla has multiple variants for example it has 1300cc, 1600cc and 1800cc however civic has only one 1800cc model. So I think it offers a greater about of choice for the customers.

Respondent #4: I think Toyota is doing quite well in automobile field and I also want to tell about the corporate structure the Toyota is following right now. They have very much motivated employees to actually get their targets met. So If we also talk about Toyotas automobile manufacturing they can produce more than 10 million vehicles per year and same is the case with their competitor Honda so this is the entire overall view which I think I have about Toyota.

Respondent #5: In my opinion Toyota is something very innovative they work on quality as it is a Japanese manufactured car. So for me Toyota is high quality, good resale market and very innovative products.

Respondent #6: I think that Toyota does beautifully when it comes to quality as well as if we talk about this I personally feel that the market share which Toyota and specifically corolla has
is quite high in Pakistan as compared to any other country and I also feel the resale market that Toyota corolla has is also very large as well as the spare parts the Toyota offers are cheaper as compared to Honda. So when we consider the purchasing power of people in Pakistan I think Toyota corolla perfectly fits within that purchasing bracket in the automobile industry.

Respondent#7: I think that Toyota and Honda both have excellent reputations but Toyota offers significantly more hybrid models in comparison to Honda including popular prius. But the brand is better known for building fun to drive models so I think Honda is better than Toyota.

Respondent#8: The first thing that comes to my mind when I think of Toyota is cars for rural areas because of their suspension and type of cars Toyota makes. Further their spare parts are easily available in small areas and the aerodynamic shape of the cars is also well suited for Pakistan. Similarly the road clearance of Toyota is designed according to the roads of Pakistan whereas Honda is more of an urban car which are sensitive to shocks road conditions of Pakistan.

Moderator: Next question we have is what are the factors you consider before buying a car for yourself or for your family?

Respondent #1: I think the consequences of buying a car is the major thing I look at while buying weather it’s for me or my family. Weather it’s affordable or not. The major thing is fuel efficiency, weather I am able to afford the car after buying it including the monthly maintenance of the car. If I buy a car and I am not able to afford the petrol of the car or not since the petrol prices have increased recently. That is one of the factor that affects me so I think I will see these types of small and major things weather I am able to afford a car or not.

Respondent #2: Talking about purchasing the luxury car I think the social factor matter more for me like for example the Honda civics current model it is more socially in. I have recently
purchased Honda civic and apart from the social factor I also look for the functions and luxury and the overall comfort of the car. But when comes to buying a second car or small car so it depends on the fuel efficiency of the car. How economical is the car the repair and maintenance of the car. So these are the factors that I look into while purchasing the car.

Respondent# 3: When I am buying a new car for myself or my family I look for the value of money which I am paying and the features I am getting in return in the new car. Other than that the after sales service that the car or the company provides is also very important when buying a new car especially when you have used a car for four to five years if the company doesn’t provide good after sales service then the buyer again has to buy a new car which can become very costly. So after sales service is a very important factor.

Respondent #4: I think there are certain variables we need to take into consideration when buying cars. If we talk about myself the interior is the most important factor for me and then secondly the color. As respondant3 has said the economic value and the after sales service which it provides and it should also be affordable for myself as well if it’s not affordable then these variables won’t be counted as important for me when buying a new car.

Respondent#5: Can you please repeat the question?

Moderator: The question is what are the factors you consider before buying a car for yourself or for your family?

Respondent#5: ill look into the features mainly because I just want the price of the car to be value for money. If I am getting all the features for the price the company is selling and I am personally satisfied with that price. But if the features the company is giving is not up to the mark ill not buy a car. And also if we talk about the safety the safety is very important when it comes to the car for buying for the family. So my number one priority is safety.
Respondent #6: For me I think I’ll go for 1300cc Corolla again its road clearance, resale market as well as cheaper spare parts. And for my family I’ll go for Honda civic and not Corolla for the reason that there is no certain differentiation between the variants of Toyota corolla.

Respondent #7: It really depends for whom I a buying the car. If I have to buy for myself I’ll look at different variables. For myself ill buy Toyota Corolla and for my family I’ll go for Honda Civic.

Respondent #8: There are multiple factors I’ll consider before buying the car such as safety, resale value and availability of spare parts.

Moderator: Thank you the next question we have is what is the go to search source for your vehicles? For example pakwheel. You go to pakwheels and call pakwheels inspectors for a new car. What is the go to source for search of the car before buying the car? It can be online reviews as well.

Respondent #1: I think the major source on which I am going to buy a car are the family members who will actually be using the car so I think the reviews from my own family is the major source I’ll be getting advice for buying a car because I think families are one of those means who give you better reviews as compared to other people because other people have their own interests or their own liking but because family is very close to you they have more loyal perspective. So I think family reviews are one of the major things other than that I think the other secondary things that matters a lot is social media reviews since they are playing a major role in positing your mind in different manner.

Respondent #2: While buying the cars ill prefer asking my friends and family first kyun keh experience matter karta hai toh I prefer like asking family since they have used the cars aur friends se banda ziada information le sakta hai apart from this app dono friends aur family so personally sath le keh ja sakte hai to look for the cars in the market especially jo market hai
app ki jail road keh opper and the market you have in faisal town so it’s the best source for getting the information for new car apart from this we have two websites olx and pakwheels. I Prefer pakwheels more while buying a new car kyun keh palwheels keh opper they provide you with the whole information keh gari ki specs kya hai, kitni chali hui hai, gari ki maintainance kaise ki hui hai. Uss keh illawa it is more authentic source as compared to olx. Olx bhi ach hai reviews waghera keh liye but pakwheels is a better option.

Respondent# 3: when buying a new car I ask about the reviews of the cars from my friends and family other than that I look for reviews on pakwheels. Blogs and forums on pakwheels other than I also look for reviews on You tube.

Respondent #4: The go to search options when I am buying a car are firstly the social media websites from where we can learn from the car enthusiasts and apart from that we can also go directly to showroom in order to get as much information as possible then there are other options as well for example olx and pakwheels but I think experiences of friends and family play very important role when you are buying a new car which contains more cognitive effort from the person who is buying a car.

Respondent#5: Normally when I am looking for a new car I go with the experts who are in my family, I ask the about their feedback regarding a particular car. In terms of pricing I go to olx and pakwheels to check the prices what people are selling so that I can make an informed decision on those bases.

Repondent#6: I think for the purchase of new car I don’t think I’ll go to either pakwheels or olx because Toyota corolla and Honda civic they have been in the market since long years so there major benefits or disadvantages are right there in front of everyone so I would go with a discussion with my family and friends and that’s it.
Respondent#7: I would prefer looking at the website mainly pakwheels because it has pakwheels certified cars as well. So for me that’s an authentic source.

Respondent#8: The First thing that I’ll go while searching for a new car is the official website. After that to compare the different brands and its cars ill look into the pakwheels and olx. But since olx is majorly for second hand cars therefore for news cars I prefer looking at pakwheels portal where we can compare different models by looking at their specifications and reviews of different customer who are already using those cars.

Moderator: The next we have is how increase in prices due to increased taxation in the economy has affected your buying behavior of automobiles?

Respondent#1: I think it has created one of the major reasons that not only me but people in general are not buying the cars. Initially we wanted to buy the cultus but because of the increase in price we are not able to buy because there is a massive increase in the prices. Even though my future planning was that I wanted to buy a city or a civic but because the prices have gone up by 4-5 lacs per car. It has actually created a decrease in the consumption of the cars. So I think it has created one of the major problems for buyers.

Respondent#7: Due to the price it has become difficult to buy cars now because price sensitive consumers especially wouldn’t buy cars in current situation.

Respondent#2: I would say the prices have really affected my purchase decision because recently a year back I have purchased a civic and costed me around 31 lacs but now I see that it is nearly costing 41 lacs. So I would say there is an increase of 10lac which is too much and it is increasing day by day. What is that we are paying for the same car which a year back was 31 lac is now available for 41 lacs. The value we are getting is same but we are paying more. So keeping this in mind I won’t be purchasing any new car in next year or two because of the
prices. These Pakistani brands need to improve their features and functionality of the car to make sure consumers spend on a car.

Respondent#3: Before the prices of the cars increased I was planning towards buying a new car and I was considering on buying Toyota Corolla 1300cc but after the prices have increased the price of 1300 cc Corolla is equivalent to the price of grande previously the old price of grande. Therefore I am not planning on buying a new car due to the increase in prices.

Respondent#4: I think the increase in price has adversely affected the purchasing intention and behavior of people. Since we know that the price factor is a major factor when it comes to buying this product which is expected to give you very much cognitive effort that you have to put in so I think the increase in prices has very much negatively affected the purchase intentions of the consumers because if you talk about the availability as well availability has also decreased due to the increase in prices and since the company’s itself are incurring so much costs related to these cars that is why the current situation is not up to the mark.

Respondent#5: recently because of the increase in taxation the prices of cars has gone up and it has affected my purchasing behavior because of which since i was planning on buying a top class car before now I am forced to buy a lower end variant car now. Then there are many other alternatives available in the market I would prefer to buy a second hand car as opposed to buying a new car because I buy car mainly on the basis of features and features on the used cars are more as compared to the new local cars.

Respondent#6: Rise in prices have greatly affected the purchase intentions for new car as discussed before by every respondent everyone is hesitant to pay for a car which is worth 18 lac rupees but we have to pay 38 lac for that car.so I think now currently the conditions are not favorable to buy a new car as well as second hand cars because second hand cars prices have also gone up.
Respondent#8: The current economic situation which is going on in Pakistan as I responded before I won’t buy a new car because the prices have gone so high while the features have been stagnant and there haven’t been any changes in the current model or any new features have been added which created desire for a new car.

Moderator: Thank you so much everyone for contributing
Focus Group 2

Executive summary
The focus group was conducted with recent graduates and the graduating batch of LSE business school students. They were a total of 8 respondents and all of them were currently driving their family car was either solely or partially dedicated to them by their parents. They were enquired out their perception of Toyota, their purchase intention for cars and what factors/aspect affect their purchase behaviour. Only one out of eight respondents tended to buy a Toyota Corolla. Though Corolla ranked higher than Honda in many of the factors Honda still was preferred based on two dimensions its perceived safer drive and its looks.

Major Findings
Toyota is preferred for off road drive mainly because of its suspension (road clearance) and sturdiness. For city drive majority favoured Honda because the models are easily distinguishable through its look and smooth drive. For majority of the respondents their travel route, car’s driving experience and interior/exterior looks matter the most while shortlisting cars for themselves. For cross-country and off-road drivers experience meant easiness of driving a car on broken road or mud roads without worrying about the car getting damaged from the bottom. For those who drive mainly on city road they translated driving experience to car’s manuvariblity and comfortable drive especially road grip while speeding. When factoring to buy a family car a more materialistic approach was favoured and most of the respondent weighted in the car’s seating capacity and comfort, its trunk size, performance during city-to-city drive and the member(s) who will be driving that car. People who wanted to economize their vehicle expenditure planned to buy 1.3 CC car and those who wanted to make a statement through their car opted for 1.8CC car but nobody opted for 1.5CC car. However, since both the groups saw cars as an investment resale value mattered for both of the groups. For Toyota Corolla sturdiness is the first attribute that came to the respondents’ mind. WOM mattered the
most for the respondents when shortlisting the cars which can be sourced from friends, family, reviews of 3rd persons and then of dealers. Those who knew the technicalities of the car preferred to test drive the cars to decide about the car. The recent price hike has made 90% of the respondents feel like they won’t be able to buy their own car in the next year or so and hence will have to stretch their desire of buying their own car to at least 5-years from now. The respondents unanimously believed that the local cars are over-priced and the recent price increase has rendered them unpurchaseable for salaried class, car financing was also not seen as a viable option. Only one out of eight respondents tended to buy a Toyota Corolla.

**Recommendation**

Toyota should work on their looks. Since people want to show-off their investment in the car when they drive it on the road and Corollas are not easily distinguishable whether it’s a 1.3 CC, 1.5 CC or 1.8 CC.
My name is Yahya Rehman I, along with my group members, Ahsan and Ayesha and Vinza, we would be doing a focus group on the topic factors affecting the consumer Behaviour and intention towards buying Toyota Corolla. So, we would be asking questions from eight of the members. So first question is, do you plan on purchasing a car in the near future?

**R1: (00:20)**

No

**R2:**

I do know

**R3:**

No

**R4:**

No

**R5:**

Yes

**R6**

No

**R7: (00:39)**
Please is defined as to what you mean by the near future.

**R8:** (00:44)

yes.

**M:** (00:46)

What I mean by a near future. Is that in a year and six months or seven months, something like that

**R8:** (00:51)

I do,

**R8:** (00:53)

Yes.

**M:** (00:56)

So a which brand would you prefer in a category of 1300 cc to 1800 CC and then why

**R1:** (01:04)

1800 CC. It will, it will be a better than the other category.

**M:** (01:10)

Okay.

**R2:** (01:12)

An 1800 cc car, because it has more features and stuff and a better interior

**M:**

could you define a brand in which in which you would prefer 1800 CC,

**R2:**

Honda civic.

**M:** (01:25)

Oh, that's okay.
I would prefer between the 1300 cc to 1800 cc, probably a Honda civic, because of the better shape, better features. Plus between Honda and Toyota, all of the Honda cars between the 1300 to 1800 category are similar in shape, whereas Honda provides a separate category of a shape as well as, features in its 1800 cc category, which differentiate it from the all of the other car. That's, why I would prefer to buy a Honda civic in 1800cc.

Thank you.

Uh, I would like to buy 1800 CC, but, not a Toyota or Honda it would be a Mustang and, uh, because of its features and its look and the colour scheme and the speed. But yeah, that's pretty much it.

I would prefer the 1800 category and I would pick a Honda civic except for one factor, which I think Toyota has better. It's the road clearance that the corolla provides. The Honda, cars are a bit, ah, they don't have the road clearance for the, the kind of roads that Pakistan has and, uh, Toyota car, has a more robust, uh, engine because, uh, it's more, uh, uh, it's made specifically for the pollution that's, uh, the pollution that is in Pakistan. And I think that's the only factor that I, that would incline me towards buying a Toyota Corolla. Whereas the other factors, the engine, the interior, uh, and uh, all the other factors are more in the positive for the Honda.

And do you think that burning issue that they identified relevant to Honda civic in past year and relevant to the poor car manufacturing, do you think despite all of these issues you would still prefer to buy a Honda civic?
Yes, I would because for me as a person, uh, individual, the outlook of the car matters the most and I think the Honda does way better than Corolla in that particular subject.

**R6: (03:52)**

I would prefer Honda say Honda city or owner civic in city drive because they have a better manoeuvrability and a comfortable drive. But for country drive, I prefer a Toyota because they have a better suspension.

**R7: (04:06)**

I would, uh, my preference lies with a Honda civic because it has a very sleek design and, uh, my own preferences, which entailed the, um, style and the drive in all of that. However, if I am to go for something more sturdy, I would prefer a Toyota Corolla.

**R8: (04:31)**

I would like to buy a Toyota Corolla as 1300 an hour because you know, the route through which I travel from different cities to cities, the roads are, you know, are not like the ones for Honda civic in anywhere causes.

**M: (04:48)**

Okay. So, What do you think about your Toyota Corolla? What attributes or what comes into your mind when you think about Toyota Corolla?

**R1: (04:58)**

Um, I think it's a family car basically if you're looking up something more comfortable for your whole family to fit in, it is a car to go to. R1.

**R2: (05:11)**

for me it would be the rigidness and the high resale value

**R3: (05:20)**

Well, when I think about Toyota Corolla its suspension is really good. Its road clearance is very good as compared to a Honda civic. Um, it is for almost all-terrain. You can take it to
villages as well. Um, whereas if you take a Honda civic to any village type area, its suspension will not be up to the mark, as Toyota Corolla plus, um, it is thought that Corolla is more of a family car as well. Uh, which is why people usually Honda, sorry, Toyota Corolla. Um, as compared to Honda

M: (06:01)
do you think it's a, just a stigma or Toyota is really made for the current roads and infrastructure of Pakistan or it's more like a positioning, which they have done into the minds of consumers that they are about to in terms of robustness, clearance and stuff like that.

R3: (06:14)
Well, uh, Honda, a Honda civic where the road clearance is, uh, better, uh, um, in terms of, uh, as compared to a Honda civic. So it's, I don't think it's a stigma they have visible, um, when we see, uh, in [inaudible] in their product. So I don't think it's just a stigma.

R4: (06:36)
Um, I think Toyota Corolla is comfortable. Its interior is, it gives a very luxury feel and um, it's designed in such a way that no matter how rough the road is, you don't find the right, very, um, it's very comfortable.

M: (06:57)
So for you. The Interior is something that interests you toward the Toyota and that's what you think when you hear about the word.

R4: (07:03)
Yes.

M: (07:04)
Okay.

R5: (07:07)
Uh, when I hear the word Toyota Corolla, the robustness comes into my mind and I think it's a car that suits almost all the routes. Uh, and roads and infrastructure of Pakistan. I belong to a landlord background and I've seen in my villages that I hardly see any Honda car there. It's all Corolla. It's either GLI or XLA and even, uh, the grandie category. But, uh, I hardly see any Honda there. It's made for every terrain.

M: (07:40)
Okay. So again, asking you that, is it more like, um, a perception that has been entered into the minds of people or is it that their product does have that attribute associated with the, with the quality and with the and with the manoeuvrability of the type of product which they are making? Is it just that people perceive it that way or their product provides that type of service as well?

R5: (08:03)
I think it's a combination of both. It, uh, the positioning was very engineers. The product generally provides what the positioning is, uh, advertising. So, I think it's a bit of a combination of both

R6: (08:18)
I see Toyota Corolla as a travel card because it was sturdiness and suspension.

R7
when I think of Toyota Corolla sturdiness is the first attribute that comes to mind. And uh, again I feel like it has like lower maintenance costs as compared to a say Honda civic or so. And um, yeah. And I also feel like, again, when it comes to Sudan's, it's pretty much either Corolla or like Honda city civics. So like, I feel like these are deemed as family cars in our society. So

M: (09:01)
do you think that lower maintenance cost has an intriguing future towards you and then is making you inclined towards buying that product or for some of the people, lower cost means that the product might be of cheaper quality and they have to give a renowned image in terms of status and prestige toward the people. So what do you think that is? Lower maintenance cost is, um, is quite a good feature for you or it's not a go-to feature for you?

R7: (09:25)
I think this can go either way, again, because you know, this varies from consumer to consumer. If they're, if they care about how sophisticated a Honda civic is and if that's what they're going for and if they're going for the images associated with that, then they would obviously prefer a Honda civic no matter the costs. However, I do feel like many people are, you know,

M:
Are you attracted to the lower maintenance costs as well?

R7:
somewhat yes, somewhat. Yes. Because obviously maintenance, maintenance costs are like ongoing and I obviously want to reduce them. So, yeah,

R8: (10:04)
I would like to say that a Toyota Corolla is basically a Pakistani car. As you can see, you can take it everywhere from north till the seaside, from, Quetta till Lahore You can take it everywhere from the, apart from the Pakistani roads nowadays, which are not used to, you know, Honda cars and all. So, you can, competitive edge as a competitive edge to Toyota Corolla as, uh, the, suspension and all body and, uh, more features of it. So, uh, it's the Pakistani car by the way.

M: (10:39)
So, or what factors do you consider before buying a God for you and for your family?

R1: (10:45)
Uh, first of all, I'd like to see the comfort in the car before buying it because it's going to be a family car so, everybody should fit in. Uh, other than that, I would, uh, like I would like different features in the car, whether it's manual or automatic. And then other than that, the steering, if it's a power steering or not. And the colour and the engine size of the car.

M: (11:11)
Do you think that grand name itself has any type of effect on your buying decision or not?

R1: (11:16)
It does because, uh, the people before in our society, people before even buying the car, they think if the car is going to have a greater resale value or not. So, I believe that the brand name does have an effect on my purchasing decisions of people.

M: (11:34)
So for example, for your, car has a species and as a good quality in year but doesn't belong to a umbrella brand of honed Yoda or might belong to a Chinese brand or any Korean brand that is coming to Pakistan, would you still be inclined to buy that product?

R1: (11:50)
Probably not because a, if I'm an investment and it's going to be a long-term, I go with the, uh, the familiar brands in the market.

M: (12:00)
So that's where it means that all the other features and attributes of the product would be subliminal when it comes to the brand itself. For you, brand means a lot more than the features that our product is providing.

R1: (12:13)
Yes

R2: (12:14)
For me, the main, uh, feature that would be, uh, that I will look on look upon with would be the interior and the comfort level because as my family would be sitting there sitting inside the main, uh, the main feature that is, that that is the most important one would be the, would be the comfort and the space inside, uh, which means that how many people can fit in and also the trunk size for the, uh, for any stuff that needs to be put in. And apart from that, the NDA features such as the Power staring and the automatic or the manual gear. And apart from that, uh, the suspension so that it is able to sustain the Pakistani roads.

R3: (13:03)

The first feature that, uh, probably I will look upon is basically the brand name of the car because in Pakistan we see that people are really brand conscious. They are, there is a more materialistic approach towards buying, products and, when it comes to heavy purchase, for example, a car, it's a, it's more of often more of an investment, um, for the person who it's more of an investment. And, um, basically, uh, the resale of the resale value is, um, taught first before buying, the car itself and the Most, ah, it's a popular opinion amongst all Pakistanis that, uh, for example, uh, Toyota Corolla has the highest resale value in Pakistan or, uh, Saluki Mehran has the highest resale value, whereas a Honda civic might come a little lower in terms of resale value or how quickly a car can be, sold again in the market.

M: (14:08)

So like the new entrants that are entering into Pakistani Market for example, in Hyundai has entered into Pakistan and Kia is already making the operations in Pakistan. You will still be inclined to buy the existing brand cycle like Honda and Toyota. You would not be inclined towards buying Kia just because the Brand doesn't have that type of precision and started recently.

R3: (14:29)
No. Uh, I would be more inclined towards buying the new car. For example, Kiaf started, has started assembly of Kia Picanto in Pakistan. And if you see the, um, the features and the amount of, um, the products, what it's providing to the customers. It's basically better than, um, the same car in the same price category. Basically Kia Picanto is, um, competing with Suzuki Cultus and if you, if you see the features in Cultus and you compare it with Kia Picanto, you'll probably buy Kia Picanto because it has, um, more features, um, than uh, than Suzuki Cultus. Also, uh, for me in the leg space, uh, in the car is really important. Uh, the transmission is really important. Um, um, it's basically the family car. So, I have to see, or the person buying the car has to see that it has to be, um, driven by, uh, all every household member. For example, a mother is probably not comfortable driving, driving a manual transmission car. So, for her, we'll have to think of buying, um, automatic transmission. Then usually in Pakistan, the timely sizes is, is from three to five or five to seven. So, the trunk size is really important because, uh, for example, uh, for me, I'm, I'm from an army background so I have to travel a lot and so the trunk size is really important for me. So that's an added feature that I have to see. Um, other than that colour, the amount of, uh, colour variation provided by the companies also really important for me and probably, uh, the, these are doing almost all the features that I see. Thank you.

**R4: (16:24)**

**R7.**

I first of all, the first factor that I would like to consider is whether or not I'll be using the car for family purposes or not. Uh, if I am, then the most important, which is, uh, with how comfortable the car is going to be because we mostly use our family cars for long trips, uh, outside, outside the car, outside the city. So the uh, so the right has to be very comfortable because most family cars are designed in such a way that the comfort is not catered for because they're high up, they're above, um, above the ground. They're really large and higher above the
ground. So it's very uncomfortable to sit in them for longer hours. Okay. And secondly, if I'm using the car for my own self, like just for me, then I'll consider, uh, whether it's manual or automatic, the interior, uh, how smooth the ride is, whether or not they have a cruise mode and um, uh, how comfortable the seat side,

M: (17:28)

so it's more like a, in which context you are basically using the car. That is the major reason why you would prefer that. Because for example, if you have a family size of five, so, uh, you have to buy a garden, a category of 1.3 to 1.8, we would still be inclined towards buying a Honda civic as you mentioned earlier or you would be, um, uh, accommodating other new market entrant which are being offered?

R4: (17:53)

No, I really looking into other existing or new market categories such as Landcruiser or Parrado. I believe those I did real family cars, not civic because a family of five would be uncomfortable and sitting would be very uncomfortable to sit in civics.

R 5: (18:12)

Okay. Could you please repeat the question?

M:

What factors do you consider before buying a Gar for you and for your family?

R5:

Okay so those factors defer. If I'm buying the car for myself, I would be looking at a number of factors like the engine size, like the uh, road clearance, like the transmission of the car. But if I'm looking for the purpose of buying a car for the family, it would be, uh, a lot, uh, referring to the interior of the car that if, if it can fit the size of my family, which is of five, and, uh, uh, I actually have a list of factors that would go for both the purpose of buying the car for the family purpose and for my individual purpose. So, the exterior comes, number one for me. And
then obviously the interior, the, if it's really, the seats are, uh, not and the engine size, if it's 1300, 1800 or any of the degree, uh, what over the brand, it matters a lot. I would say, uh, uh, I would, I would have a hard time convincing my dad to buy a car, which, which is not either not a Honda or it's not Corolla because there's a certain, um, image of reliability attached to both, both of these brands. Because these are, these are the virtually the most sold cars in Pakistan and since they are all top multinational companies, people do usually pick these over other companies like Kia and Suzuki, et cetera and other than that the engine size, as I've already mentioned, the economy of the car matters a lot Uh, if I'm going, if I'm choosing that car for the family purpose, uh, that matters a lot because the car would be a used to travel a lot. And if it's not, uh, very, uh, fuel efficient, uh, we would not pick that God, uh, other than our the spare parts availability. Corolla has the best spare parts availability, uh, across all brands and the colours matters a lot, if I'm buying the golf for myself, I would pick red, blue, but if I'm buying the car for the family, it would be white, black or other, uh, genetic colours. other than that, the transmission maters a lot, uh, the entertainment features in the car and maters a lot, uh, like if it has the GPS or Bluetoothen or ox features, well, uh, the road clearance, the price of the car martyrs and the leg space for me matters the most because I'm a tall guy and I can't fit my legs and smaller cars. Um, that's about it.

M: (20:58)

Okay.

R6: (21:02)

It depends if I'm trying to find a car for myself or for my family, for myself, because I use a car for mainly for city drive, it would be more about reliability. It's manoeuvrability and it's received value and especially in city drive, so that's why I'd be inclined towards Honda because it has a better look and you can easily see if you're driving a 1.3 CC car or a 1.8 car. But if I'm buying the car from a family, I will be looking more towards how efficient it is during road
trips and how reliable it is for road trips basically when we are moving towards northern area because we go for trips a lot. And so, in that case, I've been looking at its manoeuvrability, resale value, suspension and how and how comfortable it is for longer drives and how easy it is to drive it on the highway or during or during the mountainous terrain.

R7: (22:00)

Um, if I'm buying a car for myself, the factors that I would take into consideration is definitely starting off the price. Uh, it's fuel efficiency. Uh, it's, and you know how, how pretty it looks from the inside and the outside and basically the ease of, uh, um, drive. Because I am not that good of a driver. I consider myself not to be the best drivers. So, like, uh, I'd probably go for an automatic if I'm getting the car for myself. And, uh, other than that, I would also consider the manoeuvrability of the car on the roads and, um, and the colour and the colour choices that I'm getting. Uh, if I'm getting the car for myself, only a, again, if I'm getting the car from my family, I would consider how's sturdy and how robust the car is on the roads and how the spaciousness and, uh, the interior of it, how comfortable it is to sit in and how many people can like comfortably sit in it. So yeah, these are some of the factors and they really, with the intent of purchase,

R8 (23:14)

But jab ap who gari koaa jab civic ki road grip check karo to who kafi behtar ha, ussay to I would prefer kay main aik Honda ki taraf jao in terms of the road trip. Uskay alawa meray khiyal main resale bohat matter karti ha. Main gari ko jab layta to to us ki resale daikhta ho us main corolla bohat bahtar ha honda say. Is kay ilawa price bohat matter karti ha kio kay agar 1800 ki gari main daikhain to civi genereally mahangi ha corolla laikin agar hum uski jaga 13oo wali catergory main dainkay to almost simiar hain prices main. R8

M: (24:26)
what's your go to source for searching about the product itself, about advertisements that have been done about the product? So how do you find about the facts and figures about the car? Is it because of your family, what they tell you or is it because of the different sources from which you find information?

R1: (24:44)

It's basically a mixture of both, while making such decision. Basically, you trust your friends or relatives who have already experienced the particular brand. Other than that, uh, we go to Pak wheels or OLX to search, uh, beyond our own information about the cars, um, because the bigger the scope, people will know more about it and they can, uh, convey their information to us in order to buy the car.

R2: (25:14)

for me, basically, um, the main source would be the websites, internet sources like Pak Wheels and other than that, uh, I get information from my families and friends.

R3: (25:33)

For me, the go to search place is the sab say phlay wali jo ha Pak wheels uh, basically Pak wheels is one of the largest. And, um, first we have 1st Pakistan for the sale and purchase of auto motive for cars and bikes. And, uh, it's part, so, um, the best feature of Pak wheels is that it has a really big pool of cars available on it, uh, on a its website. Uh, other than that, there are more features provided by by the website, by the company, Pak wheels. Uh, for example, new price, new car price calculator is present on its website. Um, there is car finance options available on the website. So, if you choose a car between 1300 to 1800cc, you can uh, click, um, on an option and it will provide you with uh, the, the numerous banks that are available on uh, with Pak wheels. Uh, and they will, uh, they will tell you the monthly instalments and everything. Other than that, they also an old car price calculator available in Pak wheels. So basically if I'm, I'm going to sell my car and I've replaced my car with the new one, so I'll, if
I'm going to sell one of my cars, I will put all the car, ah all the definition on the website and it will tell them an estimated amount of the price that I will get in exchange for my car. Other than that, OLX came right after Pak wheels added, copied the model of Pak wheels. So, my second option to check for the card is basically OLX then comes friends and family. So basically, all the people for boys, cars, cars and new cars and old cars, the topic of cars basically is very informative and very interesting. Thus, for them. For me, I talk to my friends for the cars and newspaper articles and advertisement on billboards, online articles, part of, for example, Pak Wheel is also an online car platform where we, we usually tell see add and lastly the company's own website and also provide with information for the cards. Thank you.

R4: (28:05)

Yes.

M:

So what are the go to places for you to search about the car’s and stuff like that?

R4: (28:11)

Yes. Um, I basically first of all I start with searching online. Uh, new online articles are very helpful. Like Toyota kay articles. They are very informative and well-structured and easy to read. And other than that, OLX and Pak wheels are good. Uh, and then, uh, car first are starting, I think they started to sell as well the cars they used to buy and that wo bhi bohat acha search engine ha because you can enter the car model and the car type and then they can directly show you all the available ones. Other than that, uh, their own company websites Pretty helpful.

R5: (29:00)

The most common sources used for information gathering when you're buying your car would be, uh, friends and family. Uh, if you know friends who have recently bought the similar car, you tend to ask them about it. And, uh, other than that, it's uh, the internet where you got, uh,
websites like Pak wheels and there are articles, uh, on different brands and, uh, I think the friends and family, uh, source martyrs more when you're making decisions like that.

**R6: (29:37)**

For in searching about cars, I'll go to weblogs for most, they give you a genuine information and insights of what other car user think. And then I'll move towards websites primarily of park Queens because it offers local integrated information and it's easy to use. Otherwise I'll ask my friend and family members around who are car in enthusiast. That's it.

**R7: (30:03)**

If I were to make, uh, if I were to search for options, I would probably go to my friends and family first because I don't think I have like a sufficient knowledge to like research on my own. So, based off of that, I would then, uh, you know, go through, go in a thorough research based off of the information provided on the internet. And, uh, yeah, I think it's like a combination of these both that will lead me to make my final decision. Also. Uh, I do believe that, uh, you know, the word of my family would have a higher weightage, uh, whilst making a purchase. So yeah that it.

**R8: (30:44)**

I don't think that they're searching for cars on websites and on, you know, magazines or et cetera on the pages is not useful at all unless and until you go and check out the car on your own. So, I prefer that. Recently I bought a Toyota grandie 1.8, so I go to, uh, uh, get out on the showroom and the check personally checked the car, its features and all. And I usually ask for test drive if the company's up to it. So, yeah, going to the showroom and uh, you know, seeing the car at your own and analysing every aspect and features of the car is a good way to rather than searching the website for it.

**M: (31:29)**
Mmm. So how has the increase in prices from 2018 to 2019 in any way affected your buying decision? Buying car in 1.3-1.8cc category

R1: (31:40)

um, increase in prices is caused the disposable income to fall and it has caused a, uh, and it has caused a general, trend in the market that sales have been falling. Therefore, people do not have profits and in disposable income they're falling. Those people are not going towards buying luxury goods and cars fall in this category. There’s the purchasing the market for cars has been falling and it has affected my decision as well to not buy a car right now and wait for prices to get back to normal.

M: (32:19)

So has purchases has become more like a nominal society nowadays. People that are buying cars from back to different sources and are being on monthly instalments. Do you think that still buying the gardens now are difficult because you have to pay on monthly basis and even increase of 10, like in terms of instalments per month would have been resolved, 70 to 10,000? Do you think is it still effecting the people purchasing board if they have to pay for more?

R1: (32:45)

It does because people are unsure about the future of their incomes. Thus, they do not. They do not plan ahead, uh, at this moment because they're unsure if they're going to get returns in future not or they're be able to, um, give back the monthly instalments or not.

M: (33:04)

Thank you.

R2: (33:06)

In my opinion, due to the economic instability and the inflation rates in the market right now, the prices are extremely high for working class people and, uh, that has greatly affected their purchase decisions because they did not have enough savings or enough, idle cash or even in
their bank accounts to pay for cars and even though a hire purchase and loans are available, the interest rates have also increased. And so that is, that's mainly the reason, uh, that many, the reason that the demand and the actual purchase of cars has decreased in the current year. And for me that is not, is that is the main reason why I do not want to buy a car in the near future as I want to wait for a better economic condition and a better, uh, the prices for the, uh, to be available to us.

M: (34:04)
Okay.

R3: (34:09)
can you repeat the question please?

M: 
so, has increased in price from 2018 to 2019 affected your buying behaviour?

R3: (34:20)
Yes, it has. It has totally changed my buying behaviour. Um, thank god we change a car two years back. If you, if you see the current market conditions, people, uh, uh, the middle-class people are, can certainly not afford any car right now, especially, um, due to the increase in the dollar and the exchange rate. Um, the, the prices of Honda and Toyota cars have significantly increased, uh, within 1 1.5 year. And I basically cannot afford any new car right now. Uh, and uh, and also the product. Uh, the product, uh, that we get in, uh, in, in return for the price that we pay is absurd. Um, for the same category, the for the same price. If you go to, um, any Japanese car and uh, there are said to set standard features available in the cars. For example, uh, if you, the, the, the Corolla Altus 1.6 has does not provide detectable mirrors. There is only one airbag in the car, whereas in a 660 Japanese car for example, to from 12 to 15 lacks of um, the price. You get set standards of at least four airbags in it and starring control and cruise controlling & everything. Whereas the feature that are provided in the cars in for the price is
not up to the Mark of the price we pay. And also, the car financing is also a problem for the current situation as the car. The banks are charging high interest rates. So, car financing is also not an option.

R4: (36:07)

I haven't started saving up for buying a car yet because my dad's going to pay most of it. I only pay, I only have to pay like 10% of it. So, I don't really know the previous prices worked with the prices and all because I recently started taking interest in it. So the current market prices is what I have started to look up and yes, they are very expensive compared to the features and the car models will get and also compared to what we can get in other countries, we can get a very expensive, a very luxury car in what we'll have to pay over here. So yes, I believe the price are way too high.

R5: (36:49)

I think the recent change in the places has had a huge impact on the buying behaviour of the consumers. And I think people have started to delay the purchase because of this sudden increase in the prices. And, um, for me individually, I would also like to, uh, delay my purchase even if, if, if it's not absolutely necessary, I would be, uh, I would delay my purchase. And even car financing the same, you're getting the same car, I’d get almost the same car at 150% of the price that it was available, uh, in the, uh, in the last year. So, I think I would delay my purchase. And so, would other people in this country.

R6:

Having worked in the CAD department, I know for a fact that the increasing price and the documentation has made it very difficult for us consumers to buy a car. Now the price hike has made it difficult for the salary person has to buy and the documentation has made it impossible for the business community members to prove that they have the right money to buy that car. Thank you.
Um, I believe considering the economic crunch tech we are currently facing, I believe that an increase in prices really definitely have a large, have a huge impact on, um, you know, the purchasing patterns of people. And I believe it will certainly just direct the purchase for a lot of, uh, socioeconomic groups. For instance, a BNZ

I would like to say that yes, increase in prices do alter their buying behaviour. Recently in Pakistan, uh, as a, you can see that people are relying on the second hand cars more rather other than buying from the showroom and all.

So I want you to answer briefly that if you have the money at your disposal or do you have the facility of hardware tiers? Will you buy Toyota Corolla or yes or no?

I won't. I'll go with Honda.

no, I won't buy a Toyota.

no. I will probably buy a Honda civic

No, I will probably buy a Honda civic as well.

No, I would not buy Toyota. I would pick another brand probably Honda
I'd probably still stick with Honda civic also. If I'm just making the purchase for myself,

R8: (39:35)

I'll definitely buy a Toyota corolla

M: (39:40)

Thank you. All of you for your time. And it means a lot. And now we are just completing our focus group.
Focus Group 3

Executive Summary

After conducting focus group we analysed that majority respondents preferred a lower cc car. In 1300 cc category Toyota corolla was more opted option whereas in 1800cc Honda civic was more preferred. When dug deeper we came to now that people associated word quality and comfort with “Civic” not with Corolla. As they thought that Civic was more attractive in both the exterior and interior. Whereas Toyota Corolla had mixed responses some associated it with words like reliability and being economical whereas some said that car is sleek. When respondents were asked that why corolla is reliable they replied it’s because of its good suspension and its endurance. They believed that Toyota Corolla is not a luxurious car, they thought that it’s something that’s good for everyday use but it’s definitely not the one that elevates their symbol.

Honda has created an aura over the years that even the complaints of poor built quality and burning cars has left their perception of superior quality unaffected. Surprisingly all respondents has the same version but when it comes to Toyota despite providing a quality product respondents weren’t preferring it because of its looks.

Search source for car’s information were sites like Pakwheels and Olx. Friends and family acted as influencers when buying a car. As respondents believed that despite seeing car reviews we will still trust a person in family who has already owned the car as on internet different biases lies.

Respondents were asked that whether they rising inflation of 2019 impacted their purchase behaviour, 3 out of 8 respondents sad yes they have been effected by increase in prices. Others that said no were dependent on their family so they said our family might have been effected but we aren’t.
Major Findings

- Not buying new car in current macroeconomic situation
- Toyota corolla was popular in 1300cc category but not in 1800cc category.
- Respondents believed Toyota to be reliable, economical but not luxurious.
- Toyota isn’t just a car for rural areas, these are stereotypes that people have made.
- Go to search sources for car information were sites like Pakwheels and people like friends and family.
- More Leg space, big trunk, powerful engine and being economical were the main factors that respondents considered before making purchase for family.
- For personal use being compact and economical were the two most important factors.
- 3 out of 8 respondents believed that inflation has effected their purchase decision.

Recommendations

- Toyota should work on their designs and differentiate their 1300 cc and 1800 cc models
- Toyota should work on improving its image in minds of consumers so that people rank it in the same category where they rank Honda Civic.
Transcript

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Assalam o Alikul my name is Yahya Rehman, I along with my group members Ahsan, Vinza, & Ayesha will be conducting a focus group on Factors affecting consumers purchase intention when buying Toyota Corolla in Pakistan

M Do you plan on purchasing a car in future?

R1 Yes I plan on purchasing a car in a coming year as soon as I graduate because car is compulsory especially living in this city, everyone should have their personal car for their convenience.

R2 As of right now I don’t have plans to purchase a car.

R3 Yes I plan on purchasing a car in the near future as I need one to go to university, yes its necessary for me to have one.

R4 Yes I do plan to purchase a Toyota SUV because I already have two cars of Toyota and they aren’t that big family cars so I plan on purchasing car in an upcoming year.

R5 I do not plan to buy a car right now.

R6 I will buy a car in near future as I need it.

R7 I am planning on purchasing a car in near future as car is a basic necessity.

R8 I do not plan on purchasing car in near future.
M So which car will you prefer in category of 1300 cc to 1800 cc and kindly explain why?

R1 I will prefer a 1300 cc because right now I want a car, a personal car for myself, compatibility is the top most priority for me, so I want something that is small and is compatible and that would be convenient for me to use.

M So for you it more about being economical or is because of the compact feature of the car and in 1300 cc there are many cars like Toyota Aqua, Honda city and corolla, so can you be more specific which car will you prefer

R1 I will prefer a corolla because I think it’s very sleek, the exterior and I believe it’s comfortable to use as well.

M So for you being economical is a go to feature or not?

R1 Yes, obviously it’s my priority but not my top most priority

R2 I will prefer a lower cc like 1300 because I am a beginner driver so I will prefer something that is easy to control and something I am comfortable in driving, Yes! Economic factors do play a role in my decision as well.

R3 I will like to buy a city that is IVtec that is 1500cc, my basic need is not just being economical or driving a fast car, I want a balance of both, I need a car that gives a good mileage, is economical for me and I want I car on which I can travel with my family to high places like mountains comfortably.

M So will you prefer a manual transmission or automatic transmission when it comes to Honda City IVTEC?

R3 I will prefer a manual transmission because I am a beginner driver and I have always learned from my seniors and parents that driving a manual car is better, it gives you more variation than automatic, because not every car is automatic and its better if you learn on manual car.
M Do you think it will be difficult for a new driver to drive a manual transmission, especially when he or she is beginner?

R3 Actually No! I have myself tried to drive a manual car and I find it quit easy, I can speak for myself not for others.

R4 Yes I do waana buy a Toyota SUV, because we already own 3 cars that in range of 1300cc to 1800cc so obviously I will go for another car that is more than that because of the family and comfort so that’s why I will buy that so that we can go on mountainous areas because of its off road features, so a good acceleration and comfort.

M So you are looking for a 4500cc car?

R4 Yes, exactly as I already owned a landcrusier 3 years back due to some reason we sold it so now we are planning again to buy it.

R5 Yes I plan to buy a civic, I am new to driving so it might be comfortable and easy to drive.

M So will you be buying a car in category of 1500cc or 1800cc?

R5 1500 cc

M So in Honda’s category you can only buy a Honda City?

R5 Yes

R6 I will buy a 1800cc car, and I will prefer a Honda Civic as it is more comfortable and luxurious and I am in love with its interior, so I will buy that.

M Do you think it’s about overall image or persona that Honda Civic has created over the years or is it really the features and comfort that brand provides

R6 I think it’s really its features and comfort.
M In past year there have been many complaints registered relevant to Honda Civic burning, because of electrical issues and poor built quality will you still prefer Honda Civic?

R6 Yeah I will because I haven’t faced any issue like this.

R7 I am planning to buy Civic X because it’s the best car in the price bracket of 3 million, it’s a luxurious car and its average is around 13 to 14 km per litre and it has a good power that will help me drive it in city.

M In last year 2018 civic was around 3 million now it’s around 4.4 million, will you still prefer to buy a car that is worth that much and is 1800 cc.

R7 yes I would buy due to inflation, car prices have risen, and it’s still the best car, in this category and I will still buy this car.

R8 I personally prefer a smaller car, like 1300 cc because I already drive a small car and I am comfortable with that, currently I drive a manual car so I don’t have issues with it being small and for me I drove a bigger car once, it was harder for me to shift as I have already learned on a smaller car and moreover it’s cheaper which is an added bonus, its small so it’s easier for it to fit in say smaller spaces like parking lots.

M And maintenance of car is much cheaper?

R8 Yes true.

M what do you think about Toyota? When I say Toyota Corolla.

R1 well I do not perceive Toyota as a luxurious car but for everyday use its very good and its efficient, moreover most of the people will be able to afford it and use it conveniently, you know when I look at any Toyota car, it’s very compact which matters a lot to me and plus exterior are very sleek and its very good to look at, I have not driven it but I believe that it will be convenient that’s why most people prefer it.
R2 yes I do think that especially the new Corolla it’s got a sleek exterior and it’s got an elegant look to it and when I think of corolla I think a car for everyone and in Pakistan most can afford it and it offers a lot of features both for higher end and lower end models.

R3 yeah Toyota is a nice car, not a luxurious car, good for everyday use not on which you want to travel with a big family and have road trip but overall it’s a good car and its affordable, economical and it can be for everyone, one who is looking for everyday use or one who use it for one or two day.

M there is a common perception about corolla that it’s a car for villagers and is good to be driven in rural areas, do you agree with this statement or do you think its just stigma prevalent in minds of consumers.

R3 I think it’s not believable how do villagers drive a Toyota? And it’s just a serotype they are just objectifying a car that can belong to poor people, it can be driven by rich people it’s just on your preference.

R4 When Toyota comes to mind, I think of its market share, like word of mouth is very good about Toyota apart from market share they have some unique selling points like you can buy a luxurious car in the price range of 40 lakhs, of you go for Toyota SUV, so yes they have really good safety features and it’s very compact car for you and for your family if you are travelling to hill satiation and all, so yes I do prefer it.

R5 First thing that comes to my mind is its reliable and we can use it for day to day trips and it’s comfortable.

R6 it’s a good car and I like it, and In sha Allah I will buy it in near future.

R7 Toyota Corolla is a solid car, I initially learned driving on Toyota Corolla, I even had a accident on it, my car wasn’t damaged but others were, so my car was still strong.
M so you think more durability is associated with Corolla?

R7 Yes!

R8 I think for Toyota corolla it is that that it falls perfectly within the bracket not to cheap and not too expensive, it a sub car not very luxurious car so it perfectly falls in those boundaries and apart from that it’s so commonly used that its spare parts are very easily available, it’s a car that mechanics understand mote over its so commonly used, so it’s a car that they can rely on.

M So what factors do you consider before buying a car for you and for family? And your factors will vary from you and when thinking about family.

R1 Obviously family car is different as I mentioned before, and when I look a car for myself I will find a car which I am comfortable, so when you think about family you look for something that is slightly more luxurious and bit larger that your personal car would be.

M So do you think that an 8 seater lie Kia Carnival would be a perfect size for a family car?

R1 Yes it would be.

R2 When I will purchase for myself my factors for consideration will be quite different than when I am buying for my family, as I will prefer something that is more spacious and isn’t that tight when more people are sitting at the back, I will not buy a car that is tight from back when I am buying for my family. Even if I am buying for myself or for my family I will look for exterior.

M Car like Kia Carnival suits your description, one with more leg space costs you around 6 million, will you consider price variable before purchasing car.

R2 Yes definitely as I think Kia Carnival is slightly larger, I think Kia Sportage will be a better option, its spacious, trendy and bit cheaper when comparing it with Carnival.
M Hire purchase has become a lot common these days so when a car that is worth 6 million could now be afforded, what’s you take on that?

R2 Definitely it makes it easier to buy.

R3 Before buying a car my preferences and my family preferences are very different but one thing is common which is safety, it has to have safe features and have a hard body so that even if u have crash, car doesn’t burn off and when it comes to my preferences I will prefer a fast car, as I am more of a daredevil and I prefer driving fast, I want it be compact so that only me or my significant other could sit in, so for my family I will prefer car to be spacious as we all people in my family are tall, car should be airy as we are caster phobic, car should be economical as we aren’t that big on money so want something that isn’t that expensive yet is perfect in doing job.

M For you in chronological order safety comes first, are you aware about the news that came last year about civics those which got burned because of electrical issues, so a car that has image like this will you not prefer it?

R3 No! Actually I believe in my own experiences rather than off the people, and the news which you are stating was only one issue.

M No there were around 35 incidents that happened, moreover there were a lot of complaints lodged against poor Quality in particular the poor steering assembly.

R3 well I think Honda is a respectable brand so if so many complaints have been lodged against them they will surely come with new model in which they will eliminate al these complaints so my faith in Honda remains the same, and I will still prefer Honda.

R4 Obviously preferences do change when it comes to family and yourself so for myself I don’t want a big car, just a compact car in which I can drive with my friend, and it’s easy to park,
moreover I want safety to be there in the car which I am buying as obviously I am investing a lot of money so yes that is something I will definitely want so for family I would want a big car that is 7 seater, which is comfortable and spacious.

R5 First thing that I and my family will prefer is that car should be economical and should be visually small, and it should be spacious enough that more people could fit in, smaller size will allow manoeuvrability.

M Do you think current model of Toyota Corolla provides the feature you want?

R5 Not much, I guess.

R6 For me I will prefer a small car for 4 to 5 people but for my family I will prefer a spacious car so that we can travel wherever we want, for me safety is also something that I will keep in my mind.

R7 for myself I will probably buy a small car and fuel economy wouldn’t be an issue for me, but for my family I would prefer a bigger car off 4-5 people and has good fuel economy as we have to travel through the city.

R8 since I have a small family of 4 people so I think Toyota Corolla will be sufficient for me for myself I want a very small car that doesn’t even gave a trunk but for my family I will definitely want a car that has trunk so that we can put our luggage easily, so for me Toyota Corolla fits in that category but for bigger families they might want a bigger car or even more than one car.

M So what’s your go to search source for finding information about your preferred car brand, do you use newspaper or different sites?

R1 I think I won’t consult a newspaper when it comes to getting information about the car, the most used thing will be Google and other sites that have any information about the car, as when
I will write the name of car, relevant information will pop up, but when I am buying car for myself I won’t rely on just the information that I read, I will rely on experience by testing the car, looking it and asking people about their opinion of the car, rather just reading information on internet.

R2 When searching about the car my go to source will be Pakwheels, other than that I won’t just rely on that, I will consult friends and family who have driven different cars and who have advanced now how about the cars and its functionality and the advantages that it provides on the table.

R3 if I want to buy a car I will go to google and Youtube, I will not just search the specs of the car on google rather I will also read other people reviews about the car, moreover using Youtube I can see different specification and features of the car, moreover I will consult my family and my friends who already own a car to get more deep knowledge about the car.

R4 Yes before buying a car I will go to Pakwheels as it’s a well reputed site when it comes to buying a car, so not just relying on it I will consult my family in particular my brother as he is already into this business, and has a lot of information regarding the cars. So I will be taking him with me when buying a car. Moreover I will read user reviews of people on internet before buying car.

R5 I will go to different sites, and I will rely on elderly advices, sites like Pakwheels will be my main preference.

R6 Firstly I will watch different videos of that car as it helps a lot, than I will search different social media sites to get information about the car and people views on that.

R7 Firstly I will go company’s site to get all the information about the product and then I will go to Pakwheels, as it is one of the biggest market of buying and selling of the car and thirdly
I will ask my friends and family who already own the car, I will ask them about their opinion on that car.

R8 I think for brands like Toyota Corolla which are widely owned word of mouth is way more important than what internet says especially sites which are influenced by Honda followers as they will be promoting their brand rather being neutral. So that’s why I think word of mouth is more important, but again Pakwheels cannot be totally ignored as some search goes into it, this could be complemented if I am buying a used car so I will prefer suing sites like OLX and Pakwheels.

M Do you believe in test driving a car or you believe in reading reviews before buying the car?

R8 Of course test driving makes a huge difference but for car like Toyota Corolla you already have made up your mind, I think test drive is for more rare cars like Japanese car or a sports car that isn’t widely owned, I think for that test drive does make a colossal difference but for cars like Toyota Corolla if you have made up your mind, you will just go and buy it.

M Has increase in prices from 2018 to 2019 effected your buying decision?

R1 To be honest I am financially dependent on my parents car so it’s has not affected my purchase decision but yes obviously it has effected of majority. So it hasn’t effected of much but yes inflation and rising prices is matter of concern and in future it might affect my purchase decision.

R2 Inflation has affected my purchase decision but in different sense it will make us proactive so that we will hurry to buy car instantly so that we can save yourself for even further increase in prices.

R3 Yes it did affect me and my family thought of buying a car since we need a one and car which I want that falls into our consideration. But it has not that big of an issue.
R4 No my purchase decision hasn’t been effected by the inflation of 2018 and 2019, because obviously different families have different dynamics, so it has not effected my purchase decision. If I want something we have to do that because we can’t compromise on our comfort.

R5 I think change in prices of cars hasn’t affected me and family, as I am dependent on them so if they aren’t effected then I am not effected.

R6 Yes it has effected but for me it’s on mood, if I want something I will buy regardless of the situation.

R7 Yes increase in prices has stopped the purchases as due to this sales have been lost and they even have closed their factories, this applies to both Toyota and Honda. Therefore if anyone wants a car than probably they will loan it.

R8 I think inflation does play a big role in demand for cars because you dint know when prices will fall again so you aren’t investing into it but if prices rise other than because of inflation for e.g. because of better cars come into the market than I think prices will not play a big role because then you investing that money into that car even if you decide to sell this car later than you are still getting more money for that car, but for inflation that decision will not be taken.

M So now its last question, as sigh of relief for everyone, will you buy a Toyota Corolla?

R1 Yes I will.

R2 No I wouldn’t.

R3 NO won’t

R4 Yes I will

R5 Yes I will

R6 Yes I will
R7 Yes I will

R8 No I won’t.

M Thank you so much for being part
Focus Group 4

Executive summary

The focus group was conducted with recent graduates and the graduating batch of LSE business school students. They were a total of 8 respondents and all of them were currently driving their family car was either solely or partially dedicated to them by their parents. They were enquired out their perception of Toyota, their purchase intention for cars and what factors/aspect affect their purchase behaviour. Only one out of eight respondents tended to buy a Toyota Corolla. Though Corolla ranked higher than Honda in many of the factors Honda still was preferred based on two dimensions its perceived safer drive and its looks.

Major Findings

Toyota is preferred for off road drive mainly because of its suspension (road clearance) and sturdiness. For city drive majority favoured Honda because the models are easily distinguishable through its look and smooth drive. For majority of the respondents their travel route, car’s driving experience and interior/exterior looks matter the most while shortlisting cars for themselves. For cross-country and off-road drivers experience meant easiness of driving a car on broken road or mud roads without worrying about the car getting damaged from the bottom. For those who drive mainly on city road they translated driving experience to car’s manuvaribility and comfortable drive especially road grip while speeding. When factoring to buy a family car a more materialistic approach was favoured and most of the respondent weighted in the car’s seating capacity and comfort, its trunk size, performance during city-to-city drive and the member(s) who will be driving that car. People who wanted to economize their vehicle expenditure planned to buy 1.3 CC car and those who wanted to make a statement through their car opted for 1.8CC car but nobody opted for 1.5CC car. However, since both the groups saw cars as an investment resale value mattered for both of the groups. For Toyota
Corolla sturdiness is the first attribute that came to the respondents’ mind. WOM mattered the most for the respondents when shortlisting the cars which can be sourced from friends, family, reviews of 3rd persons and then of dealers. Those who knew the technicalities of the car preferred to test drive the cars to decide about the car. The recent price hike has made 90% of the respondents feel like they won’t be able to buy their own car in the next year or so and hence will have to stretch their desire of buying their own car to at least 5-years from now. The respondents unanimously believed that the local cars are over-priced and the recent price increase has rendered them unpurchaseable for salaried class, car financing was also not seen as a viable option. Only one out of eight respondents tended to buy a Toyota Corolla.

**Recommendation**

Toyota should work on their looks. Since people want to show-off their investment in the car when they drive it on the road and Corollas are not easily distinguishable whether it's a 1.3 CC, 1.5 CC or 1.8 CC.
Assalamuailukum, welcome to our focus group, me and my group members vinza, ahsan and yahya are conducting the focus group on the topic of consumer purchase intention towards buying Toyota corolla. We’ll be asking you 8 respondents some questions to know what your purchase intention is towards a particular car. So starting off my first question is:

Do you plan on purchasing a car in the near future?

Respondent 1: Yes

Respondent 2: Yes I plan on buying a car in the future after my graduation.

Respondent 3: Yes

Respondent 4: Yes I’m planning to buy a new car soon after my graduation

Respondent 5: No I’m not planning to buy a new car

Respondent 6: No I’m not planning on buying a new car

Respondent 7: No I’m not planning to buy a new car

Respondent 8: No I’m not planning to buy a new car
Okay so if you had to buy a car in 1.3 to 1.8cc car, which car will you buy and why?

Respondent 1: 1.8 cc because of more engine power; Honda

Respondent 2: I will buy 1.3 cc because its more effective and fuel efficient, that’s why

Respondent 3: I would go for 1.3 because nowadays the taxes that have to be paid on 1.8 cc are very high so I would go for 1.3cc

Respondent 4: I would probably buy 1.3cc corolla because it kind of falls in my budget range

Respondent 5: I would most probably go for Honda Civic if I had to buy a new car

Respondent 6: I’ll buy 1.3 cc and it will be Honda City

Respondent 7: I will also buy Honda City which is 1.3 cc

Respondent 8: I will prefer to buy 1.8 cc because of its performance and above 1000 cc it comes under the luxury car so it would be better if you go for 1.8 rather than 1.3cc so yes Honda Civic

Okay next question; what do you think about Toyota Corolla?

Respondent 1: Toyota is a good company but I think Honda has a good reputation overall in the car market so I’ll prefer Honda over Toyota

Respondent 2: I think Toyota is a typical car for Pakistani people as compared with Honda civic.

Respondent 3: I believe that if you want to go for the durability factor you should go for Toyota but if you see the comfort level, then I would go for Honda.

Respondent 4: I would probably go for the Toyota corolla
Respondent 5: I don’t think I’ll ever go for a Toyota corolla, I’d prefer Honda civic or any car from Honda will be better off because of the brand image it gives and because it’s a luxurious car whereas the suspension is better the fuel efficiency of Toyota is better especially in rural areas but still I would prefer Honda civic.

Respondent 6: I will not be going towards buying a Toyota corolla because Honda is much better and because all my preferences are for Honda because I’ve worked there for a few months

Respondent 7: I would buy Honda over Toyota because of the luxury element

Respondent 8: I would prefer Honda civic over Toyota corolla because the comfort level and the performance that Honda provides cannot be matched with Toyota corolla because in the case of Toyota corolla, they are providing the same body and same shape in three different ranges so there is no difference so if you are paying 24 lakhs for Altis or Grande, you can also get the same shape for xli in 18 lac rupees so that’s the main reason.

What factors do you consider before buying a car for you and for your family?

Respondent 1: so there are many factors that people consider before buying but I will consider durability, the fuel efficiency and the comfort level before buying any car

Respondent 2: basically there are many factors such as efficiency and fuel also comfort level and I prefer that it should have good brakes so Honda has good brakes so I will go for Honda

Respondent 3: I would go for price and the comfort level and the durability.
Respondent 4: I would go for the Toyota corolla because it has a much better suspension and durability and it has very good resale service and for my family it has a quiet large space in it.

Respondent 5: in these economic conditions I think price would be the number 1 factor anyone would consider before buying a car and secondly still keeping in mind the economic conditions the fuel efficiency of a car because the prices of the petrol has rapidly been increasing throughout so fuel efficiency and price.

Respondent 6: for myself I will look for features like interior and exterior of the car and also the comfort level and the luxury that the car provides.

Respondent 7: for me I think comfort level would be important but for my family I think the price of the car and the fuel efficiency is going to be an important factor.

Respondent 8: for me if I’m going for 1.8cc car then the exterior of the car is one of the major factors for me. Apart from that the comfort level and the drive of the car is second on the priority list and for my family I would prefer the car which has more leg space.

Moderator: R1 you listed the factors? Are those features just for yourself or for your family as well?

Respondent 1: most probably I would go with the same features that I mentioned but if I come up to my family I think the price will be another feature that I’ll add on.

Respondent 2: yes I will go for the same features for my family including price.

What is your go to source for buying a car?

Respondent 1: like I’ll prefer going directly to a showroom, but online pakwheels is the main go to source that people prefer.
Respondent 2: Maybe I will import the car from Japan

Moderator: you said you’ll buy the car from Japan but from which sources will you use to get information about a particular car?

Respondent 2: the most famous nowadays is pakwheels so I will go for the pakwheels website

Respondent 3: I would go looking on pakwheels and apart from that I will also look on the company’s own website

Moderator: and what kind of information do you intend on getting from the company’s website which is not available on other sources?

Respondent 3: the features; the price and apart from that the interior that they provide on their own website as well as their exterior images

Moderator: Do you think the information provided on the website is more reliable as compared to information present somewhere else for example olx or pakwheels?

Respondent 3: no I think the information provided is reliable

Respondent 4: I would probably go to the showroom to check all the details and all the features of the car and moreover go online to check the features and improvements done by the manufacturers and mostly I can also go to the showrooms, local dealers of a new car

Respondent 5: I’d probably go to pakwheels, check there and olx, compare the prices and the second source I’d go to will be my father or my husband both of which are the main buyers of household so they’d have better knowledge of which car to buy.
Respondent 6: I’ll go to the dealership outlets of the companies and the features I’ll look for are the price of the car and the interior and exterior of the car.

Respondent 7: I would go to the showrooms and check for the prices, as well as the certain features which include the interior of the car, the luxury element.

Respondent 8: if I have to buy a car I will go to the showroom to check it physically, moreover I would prefer to have a test drive so I can check the road grip and suspension of the particular car. Secondly if I have to import a car then I would have to go to a dealer with someone who has good knowledge about the car so that I can be assure about what I’m looking for in that car.

In your go to search source does advertisement play any role?

Respondent 1: so advertisements nowadays a lot of role in everyone’s life like social media is the most powerful source. Visiting websites and downloading apps of olx, pakwheels etc and the advertisements that are on the television actually stimulate the thinking of the consumer and after that helps the consumers to make their final decisions so on the dealers that are in the market, they also play an important role because they have the information that the consumers don’t so the provide the relevant information and make our decisions much easier.

Respondent 2: so basically advertisements affect me a lot so if I’m buying a car the advertisements will influence me because before buying the car I will search online on pakwheels or olx and after that I will go to the dealers and then make a decision in buying the car so basically I must say advertisements do influence and help in the decision making process.
Respondent 3: I believe that advertisements do play a role but at the same time I will have to say that customers feedbacks are much more important for me when buying a car.

Respondents 4: I believe that advertisements do influence in buying new products but I believe in physically going to the showrooms to buy a car rather than just seeing company’s ads, moreover, I also prefer the online reviews of the car on YouTube that also elaborates the car’s ins and outs.

Respondent 5: I think advertisements in any case is one of the factors that gets your foot inside the showroom because for example Toyota recently had a one page in Dawn newspaper in which they advertised its price where they said consumers could get a car at low installments but at the side of the newspaper you could see the little citations saying terms and conditions apply but most people tend to miss those little details and because of the ad they tend to go visit the showroom and then a car might attract them (no impulse buying though, because not that kind of a product).

Respondent 6: I think advertisements are really important when buying a car but the thing is that the physical experience of going to the showroom is better because you look at the features, take a test drive and then make your decision.

Respondent 7: I think advertisements play a huge role in creating impact about any product, while thinking of companies that do effective promotion I can only think of Ford and I think that ads are the main factor which attract the customer and make them buy and that is very important.

Respondent 8: in my opinion the promotion nowadays have a great impact on consumers to buy a certain product the way they portray a certain product to persuade a consumer to buy something but in the case of car industry I think that the role that promotions pay is
that it makes you want to visit a showroom or to see a car physically but not buy it because a car is something that takes a huge proportion of your income so you can’t entirely rely on promotions. You would personally visit and try out the car, how it performs and how it physically looks like.

After this Imran Khan Government there have been changes in the market, prices from 2018-19 has affected your buying behavior or are there any other factors that have affected your buying behavior recently?

Respondent 1: inflation in Pakistan has increased so basically the buying power has reduced. If you look at the overall condition of Pakistan, buying power has reduced. If I talk about my own family so yes the buying power has reduced, stopped my family into going to the next car purchase

Respondent 2: after the government of Imran khan the prices have changed, basically it influences buying decisions of many people. If I take my example, my family was planning on buying a new car but did not because of the inflation and I have seen many people in my friend circle whose buying decisions have changed due to the economic conditions of Pakistan because of the taxes imposed on the imports and increase in local car prices

Respondent 3: of course the government of Imran khan has affected the buying power especially in the automobile industry because two years ago I bought a Honda City for like 17 lakhs but now it costs 23 lakhs so I cannot imagine buying Honda city again and the same goes for Honda civic as well and now it costs us 42 lakhs

Respondent 4: the substantial rise in the inflation has obviously reduced the buying power of the consumers but on the other hand it has turned tables for the second hand car dealers
and consumers are more focused on the used cars and the imposed taxes on imports make second hand cars more affordable.

Respondent 5: I think the increase in prices has affected our buying behavior to a great deal because now a 2014 Toyota corolla previously sold for 15-16 lakhs is now for 18 lakhs and now a 32 lac Honda civic is sold for 42 lakhs which includes the registration as well so upgrading to a new car or buying a new car is a huge hassle with your family and creates a struggle because luxury is something a lot of people cannot afford in these economic conditions and for a few more years to come.

Respondent 6: Yes prices have affected a lot of people in Pakistan but not all of them, the upper class is still buying the cars and the automobile industry is making profit, not as much as before but they still are. However the production of some companies has stopped which is why the economy of Pakistan is suffering.

Respondent 7: I think that due to the current political conditions, the purchasing power of all the consumers have declined big time and this has caused people to stop making certain purchases which includes automobiles and I think there has been a drastic change in the prices like one of my family member purchased a Toyota corolla recently and when he booked the car it was for 27 lakhs, and one month later at the delivery time the price increased to 33 lakhs so in a period of one month 6 lakhs increased so I think for a country like Pakistan it is a very big difference and not everyone can afford such changes in such short times.

Respondent 8: According to me, the substantial increase in prices has definitely impacted the car industry. From past two decade the increase in prices was very slow but from last two years, Honda civic has increased from 30 lakhs to 45 lakhs, a bug difference of 15 lakhs in which you can buy one more car so due to that there is very drastic fall in the
demand of cars as the showrooms of Honda and Suzuki are closed from last six months, they are not producing any additional cars. Apart from this there is another factor that is also leading to the downfall of the car industry is that our local cars are getting so expensive that people start comparing them to brands like Audi or BMW that are more luxurious brands and if I were to buy a car and came to know that civic is for 45 lakhs, I will consider purchasing Audi A3.

So my last question is; do you intend to buy a Toyota car or not specifically Toyota corolla?

Respondent 1: no I will not buy a Toyota corolla, I will go for Honda if I purchase a car because I think Honda is much better than Toyota because of its features like comfort and fuel efficiency, I believe that they are much better than Toyota

Respondent 2: if I consider the economic factors in Pakistan then I will buy Toyota because it is cheaper than Honda and also it is fuel efficient. But for example if I want to go for luxury and the comfort level I will go for Honda. If is the overall conditions nowadays I will go for Toyota

Respondent 3: if you see the roads of Pakistan I will go for Toyota corolla considering the durability but personally I would stick to Honda because I find the comfort level of Honda city is high as compared to Toyota corolla and especially when it comes to the gear shifting.

Respondent 4: I will go for the Toyota corolla because my father already has a Toyota corolla and I have used it. Moreover, it is more fuel efficient than Honda and has a much more back space than Honda. This car is generally can be used on all roads of Pakistan, more car space

Respondent 5: I currently have a Honda civic so if I have to upgrade to a new car it would still probably be a Honda car or an imported Japanese car because the functionality of the
car and because of the luxury they provide. Whereas Toyota has better suspension and fuel efficiency, sure but the quality that Honda provides is much better than Toyota so no I don’t think I’ll be buying a Toyota corolla

Respondent 6: no I will not be buying a Toyota corolla because I am brand loyal with Honda and Honda is better with comfort and the luxury it provides to its customers and the after sales service

Respondent 7: if I’m going to buy a car in the future, and willing to spend on the luxury element and over 40 lakhs then I would definitely prefer a Mercedes or an Audi because Toyota and Honda are giving a car in 40 lakhs which does not justify the brand image or the quality that they offer and if I’m going to buy a car in a lower price then I will probably go for a Japanese car because they are offering more features and the functionality is much better

Respondent 8: in my opinion, the two factors I will consider are the cc and my budget. So if my budget is 20-22 lakhs I would go for Toyota because corolla gli falls under this range and if I have a budget of 40 lakhs I will save some more to buy a much better brand such as an Audi or BMW.

Thank you everyone for your valuable time.
Pictures

Focus Group 1

Focus Group 2
Focus Group 3
Focus Group 4
Interview 1 Analysis

An in-depth interview was conducted with Shahid Ali, the General Sales Manager at Toyota Jinnah Motors. He highlighted the issues that Toyota has been facing during the current macro-economic conditions and what actions are they taking in order to deal with those issues. The manager mentioned that whereas all their competitors were downsizing in such conditions, they decided to not do so. He said that since they have enjoyed profits for so long, they will not fire any employees when times are a little bad.

Shahid Ali said that like any other business in Pakistan these days, there are problems but they’ve managed to deal with those better than its competitors. Customers are complaining that Toyota corolla has the same shape and all the variants look very similar, he admitted to this and said that a new car was being launched very soon by the name of Yaris which will have a different outlook that the other variants and that will certainly please the customers.

According to the manager, the quality that Toyota provides is better than that of its competitors as it is perfect for any terrain in a country like Pakistan. A car in Pakistan needs to be strong enough to handle the rigid surface and still be durable and fuel efficient.

He mentioned that Toyota advertises its brand name frequently and currently they are working on a car financing scheme with the Bank of Punjab known as the Kamyaab Naujawaan. They also provide vouchers and different deals in order to promote the name.

In the coming years, Toyota corolla xli and gli will be discontinued whereas Toyota corolla Grande will be continued till 2021.

He said that the reason why they’re unable to produce and assemble hybrid cars in Pakistan is that the technology used in building a hybrid is completely alien to our technicians here, secondly the auto parts required are not available in Pakistan especially the battery so they have no other option but to import the car from Japan for the time being.
Interview 2 Analysis

An in-depth interview was conducted with …………….

According to him, Toyota Indus Motors did not need to do any advertising or take part in promotional activities because it is already a well-known and world famous brand. People have associations with Toyota for a very long time and it’s the first brand that comes to their mind when thinking about buying an automobile especially the first time car buyers. He said in these economic conditions, people are still buying Toyota corollas because of the lower price, good durability and a better resale value as compared to Honda.

Drivers of Honda cars are constantly complaining about the quality of the material used and the car burning issues has created a negative image in the minds of some. People nowadays want to enjoy all the features a car has to offer but do not want to spend money on it so new competitors like Kia does not stand a chance in competing with Toyota. Toyota has positioned itself better because it provides more features than a Honda car and that too at a lower price.

He said that the company understood the consumers’ frustration that all variants of Toyota are similar with little changes and for that they are launching Toyota Yaris in the coming years which will satisfy those consumers.

………… Stated that initially Toyota was just a car for the rural people but now it is a brand for the masses, people are switching from Honda to Toyota when they want to buy a new car or update their car.
Interview 1 Transcript

Shahid Ali – General Sales Manager, Toyota Jinnah Motors

- What do you think about Toyota car yourself?

In what aspect are you asking?

- In the aspect that majority of the people think that Toyota is a reliable brand and a reliable car and at the same time some people think that its reliable but not stylish

Yahya, not only me but everyone knows that Toyota is a reliable car and this is world number 1 for more than 10 years and in Pakistan as you know we have rigid surface we need a rigid car, we need a strong car that can easily move and that can give a satisfactory service to the users and the drivers and reliable services so everyone knows Toyota is made for every terrain, not only for cities but it is also being run in rural areas, in hilly areas, it is everywhere

- So do you think your majority of the clientele id from rural areas which is not quite evident when it comes to surface itself?

Not exactly, if you look into the past, yes, when we were having Indus mostly people preferred to buy corolla from rural areas but now total scenario has changed, now more than rural areas the people who are living in cities are preferring Toyota and even now the users of Honda are being diverted to Toyota and they are willing to buy Toyota instead of Honda and whatever the other brands are.

- Why do you think this is happening, like why are people shifting in cities?

Again because of its stiffness and the rigidness, it is a reliable car, as we know previously if you look back 8-10 months; so many complaints have been noticed in Honda. Honda users are constantly complaining about its quality, about its burning issues, so many things
which Toyota does not have. Toyota is again a preferred car by everyone, now the user of Honda is diverting to Toyota and Alhamdulillah our volume is gradually becoming higher.

- So what do you think that in from 2018 onwards, there have been macroeconomic instabilities in Pakistan and it was in the news as well that Toyota and Honda both are somehow cutting down their production, so if it’s true do you think the future of Toyota is stable?

Yes of course, undoubtedly, because yes the economic conditions are not good at the moment but nowadays we are facing a huge crunch but again apart from the recent recession we are having good numbers, selling good numbers. If you look into the market shares, we have good share, still now and even as you have already have heard that Honda has fired its 700 employees, whereas Toyota has not. Toyota is still keeping those who are currently not working but Toyota is still paying and they are asking that we have enjoyed so many years of selling cars and good volumes, now this is comparatively not a good time but Indus motor company is still having its all employees whether working or idle but Toyota Indus motor company is still paying because they are looking at the future as well because Insha’Allah the future is ours and I would also pray for Honda, Suzuki because they are our business partners, everyone is facing challenges so we are one, Insha’Allah the tide will change. Again the time as we have already enjoyed in the past will come again.

- How do you think the entrance of new competitors in the market like Kia and other brands have affected and are going to affect Toyota in the future?

Not exactly, because as you know for the last more than one year Hyundai is already working, it is operational it is working and selling cars and same for Kia as well so Honda and Toyota will not be affected at all but yes Suzuki’s share could be shifted to Kia and Hyundai because as you know corolla is the market leader so if you look into the sedan cars
so Hyundai has not launched any variant in sedan cars and Kia as well so for the next one year this will not be affected at all

• Do you think that the reason why Toyota is so competent is because of their wide leadership and franchise that are somehow moved across Pakistan? When it comes to Gujranwala itself there was a scandal back in day?

That chapter has been closed and winded up by the NAB and it is being investigated by the NAB so we don’t have any information about it but when we heard about it at Indus motors that something happened, they immediately suspended and terminated Toyota Gujranwala motors and another party has been brought into the picture and in the next 3-4 months Toyota Gujranwala with some other name will be in business.

• Has depreciation of the rupee affected the sales?

Massively and badly. If you look into the past, the prices have increased massively just because of the rupee devaluation and dollar appreciation. Whenever the dollar appreciates, automatically the prices will rise.

• Your profitability has also suffered because of this

Exactly, our profitability has been damaged by two sides. One, we are facing decrease in sales volume and business increments and the other side, Indus motor company has also faced some problems that are always taken care of but due to such conditions they are also facing problems in production and so many other things and third side that as you already seen that the inflation has gone up so people are now not even willing to come to the workshop again and again because everyone has cut down their expenses. Usually, the people who came twice a week now they’re coming once in a month so from both sides we are damaged.
• So has the govt. policy affected your business in terms of as before investors used to buy the cars from the dealers and the resell them with a premium, has this affected Toyota?

• Yes of course, if you ask for the investor’s element, Indus motor always discourages this. We have never appreciated this. We are living in Pakistan, whatever the business is where the investors are active; the business will automatically grow so the moment when there are no investors at all, even then we are not willing to put our investment into it because where will we sell it? So, we are earning in different ways, investing in some other businesses because we have to run our operations and our business.

• So do you think that in order to combat the issue of dealers, Toyota will search for another avenue in terms of building a plant in Pakistan and starting the production from scratch here in the future?

This will not take place for the next 2-3 years, because the market conditions are not good, company will ultimately think about it but for now they are facing challenges so why will the company go for this option.

• So, for the past 20-30 years, Toyota has been reaping so many benefits. Do you think that even in the good times the company was not thinking about opening a plant in Pakistan?

Currently, challenge is to sell the existing corolla, and as you know in 2020, corolla model is being changed with Yaris that is coming up so I don’t think so keh they will think about it, 5 years at least

• Okay so one more question towards the perception of corolla, because when we are doing those survey was that common stigma was that some people were Honda
lovers and they were reluctant towards Toyota because both 1.3cc corolla and 1.8cc are the same.

Now this is going to change when Yaris is going to launch because Grande and Altis will continue till 2021 and their model will change in 202. Toyota gli and xli will be discontinued and will be replaced by Yaris and Yaris has a different shape so I hope this complaint will be no more

- Another question is that what sort of advertisements and promotions is Toyota currently following in order to maintain the market share or to attract the masses?

We have already so many promotional activities, we have so many campaigns with banks and jointly worked with other organizations as gift vouchers are deals were offered and very good results were seen and after it we are going to launch a campaign with BOP as they are going to launch the kamyaab naujawan scheme, we are contributing towards this which is also being advertised by our Prime Minister Mr. Imran Khan as well and parallel to this, we have designed another campaign that with BOP in which 1.3cc segment will be promoted so you will see in the days ahead in the ads

- Is this in the form of car financing?

Yes, with car financing the customer will have a good markup rate and as well as the gift vouchers from the dealerships so this is a joint campaign

- One of the concerns around the globe that is being highlighted are the environmental concerns, do you think Toyota has a plan of launching a hybrid car that would somehow curtail that in the future?
Currently we are importing hybrid cars, not assembling here. We have Camry, and other variants but I don’t think this will take place in Pakistan for the next 2-3 years because hybrid technology is not familiar to our technicians and parts are not available here especially the battery because very costly but I don’t think they will be manufactured in Pakistan for the next few years to come.
Pictures

Figure 6 Interview with Sales Representative

Figure 7 Interview with Zonal Manager
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