DECLARATION

This research project is my original work and has not been presented for the award of a degree in any other University or Institution.

Signature: ---------------------------------  Date: ----------------------------------

Helen Munywoki
BML/7/00121/1/2014

SUPERVISOR

This project has been submitted for examination with my approval as the appointed University Supervisor.

Signature: ---------------------------------  Date: ----------------------------------

Dr. Alaka D. Opollo

The Management University of Africa
DEDICATION

This project is dedicated to my children
ACKNOWLEDGEMENT

I acknowledge my supervisor Dr. Alaka D. Opollo who professionally guided me through the research project and my family for their moral support. To all these people, I shall forever remain grateful.
ABSTRACT

The main aim behind this study was to establish factors affecting the sale of new vehicles in the motor vehicle industry with references to Simba Corporation Limited as case study. Descriptive research design was employed in the study. The target population included all 100 customers of Simba Corporation Limited in Nairobi. Simple random sampling techniques were employed while data collection was conducted with the help of a questionnaire. The data was analyzed using descriptive and inferential statistics with the help of the Statistical Package for Social Sciences (SPSS). The results were then presented in tables and figures. The study revealed that there was a positive significant relationship between economic factors and purchasing decision. Impling that the consumer purchasing decision is influenced by level of income, price, quality of car, resale value of the car, payment options, and government policies. The study further revealed there was a positive significant relationship between psychological factors and purchasing decision. It was also revealed that there was a positive significant relationship between Social-cultural factors and purchasing decision. Finally the study revealed that there was a positive significant relationship between demographic factors and purchasing decision. This finding implies that the consumer purchasing decision is influenced by demographic factors such as demographic factors such as personality, gender, Age, Changing life, level of education, lifestyle, lifecycle status and occupation. The study recommends that Simba Corporation Limited need to consider the various economic factors that influence consumer decision making such as interest rates, income as well as rising fuel prices. In this regard they need to design motor vehicle for different categories of customers in different income brackets in Kenya. There is a need to make sure that investments in quality occur in areas that will resonate with customers. Finally it was important to understand the little things that consumers use as the basis for making a judgment of when it comes to purchasing decisions. The study recommends the need for Simba Corporation Limited to consider consumers’ demographic characteristics such as age, gender, marital status, occupation, education and income when designing the products to offer into the Kenyan market. This is because demography factors are vital and measurable statistics of a population that helps to locate target market, they are easier to measure and are suitable for psychographic and socio-cultural studies. Additionally demographic factors have a huge impact on the assessment of different features which are generally associated with consumer behavior.
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>BMW</td>
<td>Bavarian Motor Works</td>
</tr>
<tr>
<td>CMC</td>
<td>Cooper Motors Corporation</td>
</tr>
<tr>
<td>GOK</td>
<td>Government of Kenya</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GM</td>
<td>General Motors</td>
</tr>
<tr>
<td>KMI</td>
<td>Kenya Motor Industry</td>
</tr>
<tr>
<td>KRA</td>
<td>Kenya Revenue Authority</td>
</tr>
<tr>
<td>TPS</td>
<td>Third Party Commission</td>
</tr>
<tr>
<td>SAPS</td>
<td>Structural Adjustment Programs</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>Research and development</td>
</tr>
</tbody>
</table>
OPERATIONAL DEFINITION OF TERMS

**Customer Service**  
Is defined as activities and programmes provided by the seller to the buyer to make the relationship a satisfying one (De Chernatony, McDonald, & Wallace, 2011).

**Customer Satisfaction**  
Is a measure of the degree to which a product or service meets the customer's expectations (Havkinze, Roger, & Kenth, 2009).

**Customer Relations**  
Are the relationships that a business has with its customers and the way in which it treats them (Hoyer & Maclnnis, 2014).

**Customer Loyalty**  
This is the buyer predisposition to source their purchases from a specific company or outlet due to underlying factors at play and will demonstrate this behavior repeatedly (Parasuraman, Zeithaml, & Berry, 2009).

**Market Mix**  
These are elements of marketing that are controllable and they consist of product, price, Promotion, place, physical evidence people and processes (Loudon, 2009).
LIST OF FIGURES

Figure 2.1: Diagram showing the relationship between theories, independent and dependent variables

21

Figure 4.1: Figure showing response rate

29

Figure 4.2: Figure showing respondent's age

30

Figure 4.3: Figure showing respondent's level of education

31

Figure 4.4: Figure showing the extent to which the following factors influence consumer choice

34

Figure 4.5: Figure showing the extent the government policies influence the cost of a motor vehicle

35
# LIST OF TABLES

**Table 3.1**: Table Showing Target Population

**Table 3.2**: Table Showing Sample Size

**Table 4.1**: Table Showing Response Rate

**Table 4.2**: Table Showing Respondents Age

**Table 4.3**: Table Showing Respondents level of education

**Table 4.4**: Table showing the extent to which the following factors influence consumer choice.

**Table 4.5**: Table showing the extend the government policies influence the cost a motor vehicle
# TABLE OF CONTENTS

DECLARATION ........................................................................................................... ii
DEDICATION ............................................................................................................ iii
ACKNOWLEDGEMENT ............................................................................................... iv
ABSTRACT ................................................................................................................ v
ABREVIATIONS AND ACRONYMS ......................................................................... vi
OPERATIONAL DEFINITION OF TERMS ............................................................... vii
LIST OF FIGURES .................................................................................................... viii
LIST OF TABLES ....................................................................................................... ix
TABLE OF CONTENTS ............................................................................................. x

## CHAPTER ONE ...................................................................................................... 1

### INTRODUCTION ................................................................................................. 1

1.0 Introduction ........................................................................................................ 1
1.1 Background of the Study ................................................................................... 1

#### 1.1.1 Global perspective ..................................................................................... 1
#### 1.1.2 Motor Vehicle Industry in Kenya ............................................................... 2
#### 1.1.3 Background of Simba Corporation ........................................................... 3

1.2 Statement of the Problem .................................................................................. 4
1.3 Objectives of the Study ..................................................................................... 5

#### 1.3.1 General Objectives ................................................................................... 5

1.4 Research Questions ........................................................................................... 6
1.5 Significance of the Study .................................................................................. 6
1.6 Scope of the Study ............................................................................................. 7
1.7 Chapter Summary .............................................................................................. 7

## CHAPTER TWO ...................................................................................................... 8

### LITERATURE REVIEW ......................................................................................... 8

2.0 Introduction ....................................................................................................... 8
2.1 Theoretical Foundations .................................................................................... 8

#### 2.1.1 Asymmetric Information Theory ............................................................... 8
#### 2.1.2 Buyer / Consumer Motivation Theory ....................................................... 9
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1.3 Instinct Theory of Motivation</td>
<td>9</td>
</tr>
<tr>
<td>2.2 Empirical Literature Review</td>
<td>9</td>
</tr>
<tr>
<td>2.2.1 Government Policy</td>
<td>11</td>
</tr>
<tr>
<td>2.2.2 Price</td>
<td>16</td>
</tr>
<tr>
<td>2.2.3 Brand Loyalty</td>
<td>18</td>
</tr>
<tr>
<td>2.2.4 Perceived Quality</td>
<td>19</td>
</tr>
<tr>
<td>2.3 Research Gaps to be Filled</td>
<td>21</td>
</tr>
<tr>
<td>2.4 Conceptual Framework</td>
<td>21</td>
</tr>
<tr>
<td>2.6 Chapter Summary</td>
<td>22</td>
</tr>
<tr>
<td><strong>CHAPTER THREE</strong></td>
<td>23</td>
</tr>
<tr>
<td>RESEARCH DESIGN AND METHODOLOGY</td>
<td>23</td>
</tr>
<tr>
<td>3.0 Introduction</td>
<td>23</td>
</tr>
<tr>
<td>3.1 Research Design</td>
<td>23</td>
</tr>
<tr>
<td>3.2 Target Population</td>
<td>23</td>
</tr>
<tr>
<td>3.3 Sample Design</td>
<td>24</td>
</tr>
<tr>
<td>3.4 Data Collection Techniques</td>
<td>25</td>
</tr>
<tr>
<td>3.5 Pilot Testing</td>
<td>25</td>
</tr>
<tr>
<td>3.5.1 Validity</td>
<td>26</td>
</tr>
<tr>
<td>3.5.2 Reliability</td>
<td>26</td>
</tr>
<tr>
<td>3.6 Data Analysis and Presentation</td>
<td>26</td>
</tr>
<tr>
<td>3.7 Ethical Consideration</td>
<td>26</td>
</tr>
<tr>
<td>3.8 Chapter Summary</td>
<td>27</td>
</tr>
<tr>
<td><strong>CHAPTER FOUR</strong></td>
<td>29</td>
</tr>
<tr>
<td>DATA ANALYSIS, RESULTS AND DISCUSSIONS</td>
<td>29</td>
</tr>
<tr>
<td>4.0 Introduction</td>
<td>29</td>
</tr>
<tr>
<td>4.1: Presentations of Research Findings</td>
<td>29</td>
</tr>
<tr>
<td>4.1.1 Response Rate</td>
<td>29</td>
</tr>
<tr>
<td>4.2 Correlational Analysis</td>
<td>32</td>
</tr>
<tr>
<td>4.3 Limitations of Study</td>
<td>36</td>
</tr>
<tr>
<td>4.4 Chapter Summary</td>
<td>36</td>
</tr>
<tr>
<td><strong>CHAPTER FIVE</strong></td>
<td>37</td>
</tr>
</tbody>
</table>
SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSION .... 37
5.0 Introduction .............................................................................................................................................. 37
5.1 Summary of Findings ............................................................................................................................. 37
5.2 Recommendations ................................................................................................................................. 41
5.3 Suggestion for Further Study ............................................................................................................... 42
5.4 Conclusion ............................................................................................................................................... 42
APPENDIX I : LETTER OF INTRODUCTION .................................................................................. 47
APPENDIX II: RESEARCH STUDY QUESTIONNAIRE .......................................................... 48
CHAPTER ONE
INTRODUCTION

1.0 Introduction

The chapter presents background of the study which explores the factors affecting the sale of new vehicles in the motor vehicle industry in Kenya; Moreover, the chapter outlines the statement of problem, research objectives, and research questions, significance of the study, limitations of study, and the scope of study.

1.1 Background of the Study

The car industry is one of the most important economic sectors by revenue in the world and is considered to be highly capital and labor intensive. Top managers have to precisely estimate future needs of customers, profile the key products, streamline the operations of the company and discover new emerging markets. The environment of turbulent automotive markets is highly competitive with more than 50 vehicle manufacturing groups around the world. The situation of car manufactures is even more complicated, because the automotive industry is extremely sensitive to macroeconomic situation, especially on financial and banking crises. Bankruptcies at General Motors and Chrysler in 2009 enabled these firms to shed debt, cut employees and dramatically reduce operating costs (Sturgeon, Memedovic, Biesbroeck, & Gereffi, 2009).

1.1.1 Global perspective

The evolution of the automotive industry has been influenced by various innovations in fuel consumption efficiency, vehicle components, societal infrastructure, and manufacturing practices, as well as changes in markets, suppliers and business structures (Bradley, 2011). Automobile production is among the largest manufacturing industries in the world, and as such it is a critical economic driver, contributing substantially to employment and productivity. Motor vehicle production reportedly accounts for over 5 percent of the U.S. private-sector gross domestic product (GDP), and one out of every seven jobs in the United States is in automotive manufacturing or a related industry. Automakers are important customers of other businesses; for example, automakers are the largest consumer of steel in the United States (Felipe & Durbin, 2008).
According to Felipe and Durbin (2008), the United States is the world’s largest single-country producer and consumer of motor vehicles. In 2001, passenger car and commercial vehicle production reached 11.4 million units, and sales reached 17.5 million units. Despite the fact that it is a mature market, the United States remains the most important country in the world for investment by, and competition among global motor vehicle producers. Owing to these influences, the U.S. motor vehicle industry has been characterized by constant organizational and technological change, an increasing global presence, extensive international alliances, greater cooperation among domestic rivals, and improved responsiveness to consumers. The industry has made such changes in the presence of new regulatory demands, extreme cycles in the U.S market, and strong competition from foreign automakers.

1.1.2 Motor Vehicle Industry in Kenya

The motor industry is one of the most lucrative and competitive sectors in Kenya today. This industry comprises of motor vehicle sales, tyre sector, spare parts and after service sales. The industry faces intense competition from second hand vehicles imported from Dubai and Japan. On the aforementioned it means then that in this industry there is both retail and distribution. The industry has undergone major transformation since the advent of structural Adjustment programs (SAPS) in the 1990s that advocated for liberalization that subdued earlier policies that pursued import substitution. The economy liberalization found most players unprepared to face the competition. As per Kenya motor industry (2012) the market shrunk by approximately 50% from high of about 35000 units in 2010 to a low of slightly over 16000 units in 2012. The industry pundits have attributed this decline to the increased second-hand-hand vehicles and depressed economic environment.

Although this industry is liberalized and has many players, the business is in the hands of a few players or seem to hold 80% of the business and as such obey the pareto rule that states that 80% of the business is done by 20% of the players as stated by Armstrong (2010). The first tier players are as follow: General motors East Africa (GMEA) is the largest auto dealer with 27% market share, having toppled Toyota Kenya for the first time in 2010, the company deals with Chevrolet, saloon cars, Isuzu pick-up, trucks, and buses. It has also turned its eyes to the regional
markets for exports as the local markets show signs of slump and competition becoming cutthroat. Toyota Kenya has a firm grip of the industry claiming 24% of the market share, in fact most times the industry is not sure of who is the champion between Toyota and GM till the final unit for the year is keyed in. Toyota Kenya is the trading name in Kenya for Japan’s Toyota Tsusho corporation. It deals in its brand of saloon cars and pick-ups. It also the franchise holder of Yamaha motorcycles and recently the Hino trucks have also been brought on board. The company is said to be keen to acquire DT Dobie in the immediate future. No doubt this will make Toyota the powerhouse not just in Kenya but in the region as the new entity would control about 40% of the new motor vehicle sales in Kenya, potentially giving it muscle to influence policy and price in Kenya, a factor its competitors are wary about.

DT Dobie is the fourth largest auto dealer with 13% market share and sells Mercedes Benz cars and Trucks. It also holds the franchise of the Nissan pick-ups, saloon cars and the sports utility vehicles (SUV’s). Renault cars and jeep are also retailed by the company. Simba Colt Corporation is the third largest auto dealer with 19% market share. The company has grown rapidly in the recent past after acquiring BMW from Mashariki motors in 2008 and Mahindra dealership from the Ecta group of companies. Cooper motors corporation (CMC) is the fifth largest auto dealer controlling 10% of the market share, it has actually dropped from the fourth position due to low sales. CMC which is listed on the Nairobi stock exchange is fighting a legal battle to keep its key Jaguar land rover (JLR) which the owners intend to give to its rival Thailand based RMA group. The JLR accounts for a third of CMC annual unit sales though the company has other seven franchises including Volkswagen.

1.1.3 Background of Simba Corporation

Simba Corporation Ltd is an integrated business group headquartered in Nairobi, Kenya with controlling interests in such diversified fields as motor vehicle assembly, motor vehicle sales and after sales, hospitality, investments and financial services. Simba Corporation is one of Kenya’s most successful indigenous commercial organizations with a very rich heritage in motor vehicle sales and service. It has grown from a modest used-car selling enterprise founded in 1948 by the late Mr. Abdul Karim Popat. Today, the Group hold internationally renowned motor vehicle franchises such as Mitsubishi, Fuso, BMW and Mahindra.
From a flagship motor sales business (then known as Simba Colt Motors Ltd.), Simba Corporation has strategically expanded its primary motor sales and service operations while diversifying into various professionally managed divisions; Each division complements our ultimate goal to be Africa’s most respected business group! Simba Hospitality, a division of the company, has recently signed their new Villa Rosa hotel in Nairobi and Olare Mara tented resort, to management contracts with the world renowned Kempinski Hotels. Simba Colt motors take pride in maintaining our truly Kenyan heritage and current positioning as the leading world-class benchmarked and managed business entities in the East African region. With a strong workforce of over 650 employees, we are sparing no effort in seeking avenues to continue presenting to the growing East African market a range of premium and functional global brands and business solutions that truly reflect our aspirations.

1.2 Statement of the Problem

According to the Kenya National Bureau of Statistics (KNBS) economic survey (2012), transport and communication sector recorded a growth of 4.5 per cent in 2011 compared to 5.9 per cent in 2010. Transport and storage sub-sector increased by 4.0 per cent compared to 6.9 percent in 2010. Communication sub-sector, recorded a growth of 4.3 per cent in 2011 compared to 4.5 per cent in 2010. In terms of value output, the survey ranks road transport first in the whole sector, and the sector is ranked third overall in contribution to the national GDP. According to the Japanese Used Car Exporter and Auction Agent (2010), 45,788 units of cars were imported to Kenya in 2006, 42,347 units in 2007, 40546 units in 2008 and 44,699 units in 2009. Moreover, the new vehicle market registered fewer sales in the same years (National Bureau of Statistics, 2012).

Data from Kenya Motor Industry (the industry lobby) show that the sale of new motor vehicles dropped by 39 per cent in 2009. The hemorrhage in the market place is due to the country's underperforming economy that is keeping potential customers mainly government and corporate Kenya away from showrooms. Most individuals have opted for the second hand versions, lured by lower pricing despite the high maintenance costs they expose the Kenyan economy to, and foreign exchange loss as a result of importation of spare parts which are not locally available and
have high failure rate compared to the new vehicles. 84 per cent of the Kenyan motor industry is controlled by second hand vehicles. This is despite the fact that the Kenya manufacturing capacity has been underutilized over the past five years. General Motors (EA) Ltd capacity was at 42 per cent utilization. General Motors (East Africa) Ltd also recorded a -4.07 per cent dip in the market share in 2011 as compared to 2010 the same time (KMI, 2013).

Research and studies investigating factors affecting new motor vehicle sale have been done in America, Europe, India, China and even South Africa. Locally, Ndungu (2008) conducted a survey of the vertical integration strategies used in the automotive industry in Kenya while and Kipchirchir (2008) carried a research on exchange risk management practices; a survey of motor vehicle industry in Kenya. However, there is no study in Kenya that has determined the factors affecting new vehicle sale in the Kenya. This study, therefore seeks to fill this information gap by exploring factors affecting new motor vehicle sale in Kenya, taking a case of Simba Corporation Limited.

1.3 Objectives of the Study

To determine factors affecting the sale of new vehicles in the motor vehicle industry in Kenya with Simba Corporation limited as reference case study.

1.3.1 Specific Objectives

i. To determine the effect of price on the sale of new vehicles at Simba corporation Ltd.
ii. To examine the effect of brand loyalty on the sale of new vehicles at Simba Corporation Ltd.
iii. To assess the effect of perceived quality on the sale of new vehicles at Simba Corporation Ltd.
iv. To examine the effect of government policies on the sale of new vehicles at Simba corporation Ltd.
1.4 Research Questions

i. To what extent does the price influence the sale of new vehicles at Simba corporation ltd?

ii. What are the effects of brand loyalty on the sale of new vehicles at Simba corporation ltd?

iii. To what extent does perceived quality affect the sale of new vehicles at Simba corporation ltd?

iv. To what extent do government policies affect the sale of new vehicles at Simba corporation ltd?

1.5 Significance of the Study

1.5.1 The Motor Vehicle Industry

The industry players shall use this report to run their organizations effectively and efficiently, this shall enhance their profit making and improve general performance.

1.5.2 Government of Kenya

The study findings will provide relevant information that will help the government in planning and also to formulate and implement policies that will facilitate more profitable business in the motor vehicle industry, this will create growth in the industry that shall offer gainful employment, improve infrastructure in addition to collection of higher taxes and industry expansion.

1.5.3 Researchers

The findings will act as a reference point to other researchers in the same field thus facilitating their studies. To academicians and scholars, the findings of this study will be useful to forming the basis for future research on the subject, providing a critical examination of the field.
1.6 Scope of the Study

The research study was confined at Simba Colt Corporation in Nairobi Kenya. Simba Colt Corporation is located along Mombasa road. The research study was conducted over a period of three months between June and August 2016.

1.7 Chapter Summary

This chapter has explored the background basis upon which this study was carried out based on the topic of study; factors affecting the sale of new vehicles in the motor vehicle industry in Kenya with Simba Corporation Limited as reference case study. By identifying the objectives of the study, research questions which acted as the fundamental variables that guided the study are established. This chapter therefore guided as the principle upon which literature was reviewed, research carried out and analysis made.
CHAPTER TWO
LITERATURE REVIEW

2.0 Introduction

The chapter presents literature review which explores on what has been done on factors affecting the sale of new vehicles in the motor vehicle industry. Review of literature involves the systematic identification, location, and analysis of documents containing information related to the research problem being investigated. Moreover, literature review helps determine new approaches and stimulates new ideas. The chapter further presents empirical literature review summary and gaps to be filled, and the conceptual framework of the study.

2.1 Theoretical Literature Review

This study is anchored on the followings theories asymmetric information theory, buyer / consumer motivation theory, and instinct theory of motivation.

2.1.1 Asymmetric Information Theory

The concept of asymmetric information was first introduced in Akerlof’s (1970) paper The Market for “Lemons”: Quality Uncertainty and the Market Mechanism. In the paper, Akerlof develops asymmetric information with the example case of automobile market. His basic argument is that in many markets the buyer uses some market statistic to measure the value of a class of goods. Thus the buyer sees the average of the whole market while the seller has more intimate knowledge of a specific item. Akerlof argues that this information asymmetry gives the seller an incentive to sell goods of less than the average market quality. The average quality of goods in the market will then reduce as will the market size. Such differences in social and private returns can be mitigated by a number of different market institutions. Akerlof (1970) begins by assuming a model of the automobiles market where there are four kinds of cars; new cars and old cars, which both can be good or bad (the bad cars he refers to as “lemons”). When buying a car there is a probability q that it is a good car and a probability 1-q that it will be a lemon. This is true for both new and old cars.
2.1.2 Buyer / Consumer Motivation Theory

Motivation is the force that initiates, guides and maintains goal-oriented behaviors. It is what causes us to take action, whether to grab a snack to reduce hunger or enroll in college to earn a degree. The forces that lie beneath motivation can be biological, social, emotional or cognitive in nature (Weber, Max 1947). Researchers have developed a number of different theories to explain motivation. Each individual theory tends to be rather limited in scope. However, by looking at the key ideas behind each theory, you can gain a better understanding of motivation as a whole (Kerlinger & Fred, 2006).

2.1.3 Instinct Theory of Motivation

According to instinct theories, people are motivated to behave in certain ways because they are evolutionarily programmed to do so. An example of this in the animal world is seasonal migration. These animals do not learn to do this; it is instead an inborn pattern of behavior. James (1902) created a list of human instincts that included such things as attachment, play, shame, anger, fear, shyness, modesty and love. The main problem with this theory is that it did not really explain behavior, it just described it. By the 1920s, instinct theories were pushed aside in favor of other motivational theories, but contemporary evolutionary psychologists still study the influence of genetics and heredity on human behavior. Consumer behaviour is affected by many uncontrollable factors. Just think, what influences you before you buy a product or service? Your friends, your upbringing, your culture, the media, a role model or influences from certain groups.

2.2 Empirical Literature Review

Yeoh and Jeong (2005) stated that, in general a country’s economy is measured by economic growth (GDP-Growth) and unemployment statistics. The greater the GDP the more value is produced in an economy. Low unemployment rate translates to better spending power of the population. The political environment of the country influences the business to a great extent. New vehicle dealers contend that the tax regime has tended to favour the importers of second hand vehicles. These views are passed by time and changes in technological advancements and as well as the economic integrations between countries such as the East African
Cooperation are likely to change the government policy and hence its effect on new vehicle sale in Kenya. This study thus aimed at looking into the effects of government policy on new vehicle sale in Kenya to validate these views.

According to Mallen (2006), the economic and cultural changes are taking place to allow the company to move in the right direction with respect to attitudes in the society. Currimbhoy (2004) notes that it may be important to some consumers, what other people think about their vehicle. A good brand image in certain segments could therefore be helpful in capturing those sales. Producers working on and improving their brands image could therefore realize positive market effects. The propositions however have not analysed the economic changes in developing countries and therefore have no taste of the economic factors affecting new vehicle sale in a local context.

According to Nieuwenhuis and Wells (2003), technological environment influences the business in terms of investment in technology, consistent application of technology and the effects of technology on markets. It is also the key driver for innovations in an industry. As other researchers have posited, innovation is the introduction of new ideas, goods, services and practices which are intended to be useful. In the car industry, technology and innovation play an important role as they improve standards of driving (Haire, 2001). These views are however not sufficient to justify the influence of technology on new vehicle sale in a local context. There is therefore dire need to illustrate the nature of technology and its effect on new vehicle sale in Kenya.

Jobber (2004) noted that understanding consumer behaviour, their spending culture and budget is crucial in the car industry to be able to offer what the consumers’ wants or needs. In addition, Waller and Steel (2002) stated that the choice of brand, product, and dealership are only part of an overall set of purchase decision criteria including the acquisition and financing method, access to discounts and organizational levels at which negotiations take place. These views however are not comprehensively justifiable on how the Perceived Quality and preferences vary across the industry especially in local context.
2.2.1 *Government Policies*

These are the policies that the Government puts in place to regulate the auto industry. A lot of efforts have been put in place in different countries. In Australia a paper was developed on effective policies and barriers to auto industries growth by Federal chamber of commerce. The fostering of a healthy national automotive industry requires government policies at both the macroeconomic as well as microeconomic levels which promote the development of automotive production and sales.

In most countries, the level of automotive production is closely correlated to domestic or regional automotive sales. Also the level of automotive sales and production is closely related to disposable income levels, interest rates and finance availability, consumer confidence and other factors influenced by macro-economic policies. Production in particular often has long lead times, so consistent and predictable economic progress is important. Therefore, national macro-economic and monetary policies which produce stability and consistency in Gross Domestic product, per capita growth are generally very significant factors affecting the level of automotive sales and production (AKI, 2010).

The following are the macroeconomic factors found to encourage automotive production and sales. Stable national economic performance producers are propelled by confidence to invest, the consumers and businesses need confidence to plan and project future purchases. Minimum uncertainty is encouraged. Thus, wild fluctuation and in economic activity should be avoided.

Consistent national economic and regulatory policies are important. Consistent national policies are critical to investment and consumer behavior. Inconsistent policies may inhibit investment and sales as well as generate potentially large fluctuations in economic performance. Both the investors and the customers need stable economic policies and good regulatory framework to invest and do purchases respectively. Transparent economic and regulatory policies: Policies must be not only fair, but must be seen to be fair if external investment is to be encouraged. Thus great emphasis should be given to ways of maximizing transparency. Simplicity of policies and regulations should be encouraged. (Spangenberg, 2009).
Commitment by the government to the auto sector is very important for the industry to succeed. Automotive investment requires large amounts of capital, which must be committed for a long period. Investors want to minimize the associate risks, so the Government must show total commitment to the industry, there might be divestiture or scale down in case the investors sense no commitment from the Government. Monetary policies which promote low interest rates (affordability) are necessary with regard to affordability of vehicles, availability and the cost of capital is critical in developing a healthy demand for vehicles. Governments that rely excessively on monetary policy rather than fiscal policy can induce a large reduction in vehicle sales and production, if they try to control the economy through interest rate mechanisms. Stability in exchange rates. Should be encouraged, the industry is global and thus subject to the vagaries of exchange rate fluctuations. Thus widely varying exchange rates can move an industry from a viable to a non-viable situation in a short period of time (Alipour, Salehi, & Shahnavaz, 2009).

Devaluation increases the cost of imported competition. This threat to viability can quickly eliminate jobs and productive capability built up over a long period of time. Improvement of automobile infrastructure (roads, parking lots and Complementary public transportation.) An appropriate balance between automotive infrastructure and public transport investment should be sought. Good infrastructure is required to allow the benefits of motoring to be enjoyed by as many as possible. However if this is done at the cost of running down public transport infrastructure, chronic traffic problems may result (Liefeld, 2013).

High inflation inevitably leads to high nominal interest rates with a consequent reduction in consumer confidence and purchasing power. The government should endeavour to keep the inflation low, by so doing there would be more disposable income to buy vehicles and vehicle production would be high. The industry would be flourishing The Government is key in creating macro-economics in the positive direction in the automotive industry, however it is advisable to limit its involvement in the micro-economics, this not only creates a healthy auto industry but also allows the market principles to operate freely. Such industries are quite successful. Some examples of the Government policies that encourage sound development of sustainable auto industry include : Open trade and investment environment to foster economically rational decisions based on market principles, rather than government policies. Some government have
historically adopted auto policies focused on local content requirements, high import tariffs, and investment restrictions which have resulted in a fragmented and relatively inefficient auto industry. An openly competitive market is most effective in providing the region with world class manufacturing technology, market access for vehicle and component exports, high quality products at reasonable prices and long-term job creation. Consistency, transparency and non-discrimination in automotive policies. Potential investors need a clear and predictable understanding of the competitive trade and investment rules that are applied to the automotive industry in order to make sound business decisions (Spangenberg, 2009).

The custom policy should be clear and open and the processes should be simplified. There should be harmonized regulations and full utilization of electronic interfaces will boost integrity and business confidence. Adoption of national standards shall go along way of eradicating in efficiencies and primitive practices. Customs administration utilizing modern risk management techniques and automated processes can facilitate the reputable traders and assist in combating illegal activities.

Recognizing the auto industry is heading towards "one standard, one model" concept for ultimate efficiency, the careful regard of harmonizing standards and desiring a compatible time schedule with other economies will assist this process. Economies should accept vehicles that meet regulations in the new global registry in lieu of unique national requirements, and accept common test devices and procedures. Additionally acceptance of a simplified and common certification approval process is recommended. The development of a regional industry based on open market principles tends to lower manufacturing costs and maximizes available facilities and resources by increasing the scale of production and promoting competition. This can lead to higher levels of efficiency, more affordable products and more consumer choice. Such integration makes the region much more attractive for global investors (Liefeld, 2013).

Some economies see high taxation of the automotive industry as a means of raising revenue to meet fiscal requirements. In certain cases, this taxation is excessively high relative to other forms of consumption expenditure. Motor vehicles are sometimes taxed excessively as luxury goods whereas they should be taxed like other consumer items. Thus it acts to divert the potential
customer away from purchasing a vehicle, inhibiting the natural growth of the industry. A few governments have used the tax or duty system to favour one vehicle type or size over another, for example, commercial vehicles compared with passenger cars. Historically, commercial vehicles were considered necessary for economic development whilst passenger cars were classed as luxury goods. This process can distort the natural market, as passenger cars are necessary to economic development. Government policy makers should avoid the distorting impact of high levels of taxation and tax policies favouring one vehicle type or size over another (Berry, 2010).

The "user pays" principle is better served if the taxation is based more on vehicle use and less on vehicle purchase. Low purchase taxes will encourage the industry to grow, while governments can still get their fair share of revenue from the industry through various user taxes. Motor vehicles are among the more costly of general consumer purchases, access to financing entities and the terms of financing instruments allowed are major factors affecting the scope of potential vehicle sales in any national market. The majority of the consumers of automobiles and trucks rely on the ability to finance the purchase and repay over a longer period of time, and financing is an essential determinant of affordability. Policies which allow both the freedom to offer such financial services and encourage financial practices which allow consumers access to the widest range of financial options is an important contribution to maximizing the growth potential for the automotive industry in any market (Liefeld, 2013).

There are some barriers created by macroeconomic and microeconomic Government policies, these inhibit healthy growth and development in the long run. These barriers are basically for the developed economies but can eventually be introduced the developing economies depending on individual circumstances of the local auto industry and its historical development. Unnecessary protection and regulation may impede competition and hamper industrial development. Some of the known barriers are stipulated as follows: Investment restrictions prevent new global investment and hence new market entries, and at the same time protect what may be considered to be inefficient domestic auto industries. From the perspective of protecting the consumer, who wants to receive high quality products at reasonable prices, investment restrictions should be abolished, and a free and competitive market should be realized. Investment restrictions should be abolished according to World trade organization rules (Spangenberg, 2009).
Local content requirements tend to protect the local industry. Because it may detach the industry from international competition, it may not be able to be internationalized. In the mid- to long-term this may not result in higher quality and increased competitiveness of the local auto industry. As a result, local content requirements most often does not effectively or efficiently contribute to industrial development. World trade organization (WTO) objective is to bring benefits to countries through standardized, increased and free trade especially during this time of globalization. Excessive high tariffs are against the spirit of the WTO and thus should be lowered. However, tariffs are the only rule abiding means provided under the WTO. There are opinions that to successfully expand an auto industry still in its developing stage, there is a need for a certain level of tariffs (Alipour, Salehi, & Shahnavaz, 2009).

It should be noted that excessively high tariffs will hinder growth, but hastened liberalization will most likely bring about damage to the industry and market of the developing country. A gradual liberalization is recommended taking into consideration the development stage of each economy. We also recommend that high tariff economies should develop a step by step approach to automotive trade liberalization. By requiring exports from a country which is yet to become internationally competitive, it will diminish the chances for the industry to reach this goal, and for the market to grow. Therefore such auto export requirements should be abolished. There could be imposition of National production to sales ratios, these would restrain the natural industry development and growth and serve no long-term purpose. Distribution controls could prohibit free conduct of business, which may lead to competitiveness being lost in the long term, and therefore should be abolished. When quotas are imposed the entry of high-quality products at lower prices may be prevented, thus resulting again in loss of competitiveness and loss of economic benefits (Berry, 2010).

Efforts to harmonize type approvals and standards for autos should be continued. Restrictions imposed by governments to restrict product related decisions reduce the ability to harmonize and supply consumer demand, and thus should be avoided. It is widely recognized that excessive and distorting taxes on automobiles such as "luxury tax" reduces demand and artificially restrains natural industry growth in both market and production. Whilst these taxes may be favored by
some governments in raising revenue, they distort demand and stifle true market demand (Spangenberg, 2009).

Recommendations to Governments for the development of a healthy and sustainable automotive industry: High and Stable national economic performance, Well stratified, Consistent, transparent and non-discriminatory economic and regulatory Policies by the Government, Clear and open trade and investment policies which foster rational decisions based on market principles, Removal of domestic content requirements, Lowering of high tariff walls. Removal of quotas, licensing and distribution controls, monetary policies which promote low interest rates, exchange rate stability and capital availability. Good availability of consumer finance, Reduction in distortion impact of auto duty and tax policies, Harmonization of auto standards - engineering, safety, emission and customs, Improvement of infrastructure - roads, parking, complementary public transport (Dorfman, 2004).

2.2.2 Price

Pricing is considered to be one among the four P's of the marketing mix (Brassington, 2011). It is therefore the manual or automatic process of applying prices to purchase and sales orders, on the basis of factors such as a fixed amount, quantity break, promotion or sales campaign, specific vendor quote, price prevailing on entry, shipment or invoice date, combination of multiple orders or lines, and many others. Automated systems therefore need to have more setup and maintenance but this is likely to prevent pricing errors. The pricing technique used by most retailers is cost-plus pricing. This involves adding a mark-up amount (or percentage) to the retailers cost. This simply involves charging the amount suggested by the manufacturer and usually printed on the product by the manufacturer (Jones, 2007).
A well-chosen price needs to be able to achieve the financial goals of the company such as profitability. It should also fit the realities of the marketplace while at the same time support a product’s positioning and be consistent with the other variables in the marketing mix. Price is largely influenced by the type of distribution channel used, the type of promotions used, and the quality of the product. Price therefore needs to be relatively high if costs incurred are high, distribution will without doubt be exclusive, and the product is supported by extensive advertising and promotional campaigns. In this regard therefore a low price can be a viable substitute for product quality, effective promotions, or an energetic selling effort by retailers (Jobber, 2010).

In Turkey, Alper & Mumcu (2009) carried out an estimate on the demand for new automobiles using quarterly data on price, quantity, quality, country of origin, and product characteristics of the new automobile sales market demand during the period 1996-1999. He therefore established that the demand for new automobiles is price inelastic in the short run. Similarly, Zhan & Vrkljan (2013) in South-Western Ontario carried out a study on the older drivers’ (70-90 years old) perceptions of vehicle safety and how they influence their vehicle purchase (Kabui, 2002).

The findings revealed that safety was superseded by other purchasing considerations - most notably, price. Price was therefore identified and emphasized as the key factor that influenced vehicle purchase decisions. Fuel efficiency, which participants considered in their overall cost of the vehicle, was also listed as an important consideration in the vehicle purchase decision process. East (2014) argues that in traditional economics prices are simply treated as a cost. This is because the recognition that a price merely serves to inform the consumer about the good is more of recent origin. Price, one of the non-product attribute of brand associations where it can be an important associations in the formation of brand perceptions, particularly with regard to value and desirability and is a criterion by which consumer often segment their knowledge of a market or category (Batey, 2009).

High quality products, as well as fancy packaging, exclusive store locations, high retail margins, expensive promotions, advertising campaigns, notwithstanding brand names are all seen to be the contribution to the higher prices of luxury goods. Companies therefore go ahead to make large investments into these components in order to make their products instantly recognizable and
familiar. The luxury products are also likely to lose their rarity and exclusivity characteristics if they are not priced high.

2.2.3 **Brand Loyalty**

Brand loyalty shows customer preferences to purchase a particular brand; customers believe that the brand offers the enjoyable features, images, or standard of quality at the right price. This belief and faith of the customer becomes a base for new buying habits. Initially customers will purchase a brand for trial, after being satisfied, customers will keep on buying the product from the certain brand. Brand loyalty represents an encouraging approach towards a brand resulting in regular purchase of the brand over time. Brand loyalty is shape of continue purchasing a conscious to regular buying the same brand (Keller, 2008).

Brand Loyalty reflects the ratio of regular buyers to the satisfied buyers who like the product. This is more useful in marketing the product to existing customers because of good brand loyalty it will cost less effort and money, than to attract new ones. When loyal customers see any lack attachment to brand attribute, then he or she immediately transferred to the other brand products that offer a better deal. The reason for buying a same product from a familiar brand saves the time and reduces the perceived risk. “The brand loyalty of the customer base is often the core of brand equity. If customers are indifferent to the brand and, in fact buy with respect to features, price and convince with little concern to the brand name there is likely little equity. If on the other hand, they continue to purchase the brand even in the face of competitors with superior features; price, and convenience; substantial value exists in the brand and perhaps in its symbol and slogan (Keller, 2008).”

As mentioned above, there are many attributes in the car which helps them to get loyal customers. It can be that the same brand is being used by the family for generations. “Brand awareness is the ability of a potential buyer to recognize or recall that a brand is a member of a certain product category so he can establish a link between product class and brand is involved”. This is the second category of the brand equity. Brand name awareness plays an important role in decision making of a consumer; if customer had already heard the brand name, the customer would feel more comfortable at the time of making decision. Customers do not prefer to buy an
unknown brand. Therefore companies’ strong brand name is a winning track as customers choose their brand over unknown brand (Mullins, 2007).

2.2.4 Perceived Quality

In Kenyan markets, customers look for product quality and features that will satisfy their needs. For example a vehicle is no longer seen to be just a means of transport but has to emphasis on safety, durability, among other features like space, seating capacity, 4WD or engine power and reliability among other features. The massive literature has emphasized on actual quality and this has gone further to conspire against what we describe as the neglected frontier of quality: an outside-in perspective driven through the customer-centric perception of quality by intrinsically dealing with the voice of the customer. The perception of the consumer regarding quality of products has its own distinct definition and form of measurement. It therefore goes a long way to touch on subjectivity, and is the level of perceived value reported by the customer who benefits from a process or its outcome (Cronin & Taylor, 2012).

Perceived quality is in the mind of the believer, and is a poor offspring because our methods of today are all focusing attention on the business and not to the customer outside of the business. Perceived product quality is therefore considered to be one of the most important constructs in marketing. In recent years, for example perceived quality has been seen to be the subject of considerable interest by both practitioners and researchers, mainly in services marketing (Cronin & Taylor, 2012). However, work that integrates the role of perceived product quality within the context of other marketing variables like product involvement, consumer satisfaction and purchase intentions has received less attention. Indeed, the belief that high perceived quality leads to repeated purchases is the bedrock of any business. It means therefore that it is important to achieve perceptions of quality however this requires the quality claim to have substance. It also means that it is important to generate an understanding of what quality means to customer segments, as well as a supportive culture and a quality improvement process that will enable the organization to deliver quality products and service (Gronmo, 2013).

Additionally the creation of a quality product or service is only a partial victory; perceptions must be created as well. Perceived quality may differ from actual quality for a variety of reasons.
First, consumers may be overly influenced by a previous image of poor quality. Because of this, they may not believe new claims, or they may not be willing to take the time to verify them. Thus it is critical to protect a brand from gaining a reputation for shoddy quality from which recovery is difficult and sometimes impossible (Parasuraman, Zeithaml & Berry, 2009).

Second, a firm may be achieving quality on a dimension that consumers do not consider important. For example when Citibank dramatically increased back-office efficiency by automating its processing activities, the expected impact on customer evaluations was disappointing. Customers, it turned out, either did not notice the changes or did not recognize any benefit from them. There is a need to make sure that investments in quality occur in areas that will resonate with customers (Parasuraman, Zeithaml & Berry, 2009).

Third, consumers will in very few circumstances have all the information required to make a rational and objective judgment on quality and even if they do have such information, they may not be having the time and motivation to process it. In the end such consumers rely on one or two cues that they associate with quality; the key to influencing perceived quality is the mere understanding and managing these cues properly. Thus, it is important to understand the little things that consumers use as the basis for making a judgment of quality (Parasuraman, Zeithaml & Berry, 2009).

Similar to brand awareness, perceived quality is determined by a number of factors. To be more specific, perceived quality can further be classified into product quality and service quality. Regarding product quality, there are seven dimensions which affect the consumers’ perception, namely performance, features, conformance with specifications, reliability, durability, and serviceability as well as fit and finish. Service quality, on the other hand, is judged by its corresponding tangibles, reliability, competence, responsiveness and empathy (Aaker, 1991). As mentioned by Srikatanyoo & Gnoth (2012), consumers are inclined to develop stereotypical beliefs about the products from particular countries. Hence, consumers could have their preferences for products made from one country over another (Papadopoulos, 2011).
2.3 Summary and Research Gaps
Most of the previous studies done on the motor vehicle industry had concentrated on vehicle industry in international markets mostly on the western countries where the technology, economic, government policies and perceived quality and preferences were different from the same factors in Kenya. Further, the studies were carried out when the operating environments were not as drastic as at the time of this study thus the need to carry out another study that would account for the changes in operating environment encountered in the country. This study, therefore seek to fill the existing research gap by carrying out a study to determine the factors affecting new vehicle sale in the Kenya motor industry with focus on Simba colt Motors Ltd

2.4 Conceptual Framework
The conceptual framework comprises of four independent variables and one dependent variable. Mugenda and Mugenda, (2003) defined an independent variable as the one that the researcher manipulates in order to determine the effect or the influence on the other variable. On the other hand a dependent variable is the one that attempts to indicate the total influence arising from the effects of the independent variable and varies as a function of the independent variable according to Mugenda and Mugenda, (2003).

Figure 2.1 Diagram showing the relationship between theories, independent and dependent variables
2.5 Chapter Summary

Literature review aims to maximize the accuracy of determining that there is need to thoroughly and critically select the most appropriate past activities. The study has selected the past activities that fall within the objectives of the study; that gave a clear account of all past theoretical undertakings that tried to factors affecting the sale of new vehicles in the motor vehicle industry. This literature review sets out to explore and critically analyze the concept of sale of new vehicles and the challenges that come with it. It is aimed at providing a theoretical and conceptual basing from which a methodology for research was developed, an analytical framework chosen, relevant data collected and consequent analyses carried out towards drawing sale of new vehicles.
CHAPTER THREE
RESEARCH DESIGN AND METHODOLOGY

3.0 Introduction
This chapter outlines the research methodology which offers an explanation into what type of research this study is all about. It also defines the population of the study and the specific sampling techniques to be used, methods of data collection and data analysis. This chapter is organized along the following subsection: research design, target population, sample size and sampling procedures, research instruments, data collection procedures and data design, data analysis and research ethics.

3.1 Research Design
Research design is the general plan of how one goes about answering the research questions. Orodho (2005) defines a research design as the scheme; outline or plan that is used to generate answers to research problems. This research problem will be studied through the use of a descriptive research design. According to Cooper and Schindler (2008) a descriptive study is concerned with finding out the what, where and how of a phenomenon. Mugenda and Mugenda, (2003), suggest that the descriptive design method is appropriate for studies that have specific issues where problems have been defined. The issues in the study being factors affecting the sale of new vehicles in the motor vehicle industry: a case study of Simba Corporation Limited, are thus geared to address the essential why, who, when, what, and how questions in the research. The study seeks to describe a situation through the study of variable relationships. The researcher attempts to describe and define a subject, often by creating a profile of group of problems (Cooper & Schindler, 2008).

3.2 Target Population
Borg and Grall (2009) described target population as a universal set of study of all members of real or hypothetical set of people, events or objects to which an investigator wishes to generalize the result. The target populations of this study were staff at Simba Corporation Limited while the study population were 100 staff and management who deal directly with the day to day running of the Simba Corporation Limited. Mugenda and Mugenda (2003) explained that the target
population should have observable characteristics to which the study intents to generalize the result of the study. This definition assumes that the population is not homogeneous.

Table 3.1: Table Showing Research Study Target Population

<table>
<thead>
<tr>
<th>Category</th>
<th>Target population</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Level Management</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Middle Level Management</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>Non-Management Staff</td>
<td>70</td>
<td>70</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

3.3 Sample Design

A sample is defined as subject of a population that has been selected to reflect or represent characteristics of a population (Kothari, 2004). A stratified proportion sampling is employed to obtain a suitable unit representative of analysis. This is because of the heterogeneity of the population and respondents all had equal opportunity of participation. (Kothari, 2004) argues that a stratified proportional sample increases a samples statistical efficiency and provides adequate data for analysing the various populations. This method is cost effective, fast track data collection, and access to the unit of analysis and elements of the study. The researcher used stratified random sampling technique to select the respondents. According to Mugenda and Mugenda, (2003), in stratified random sampling, subjects are selected in such a way that the existing sub-groups in the population are more or less reproduced in the sample. Kerlinger (1973) observed that sample drawn randomly is unbiased in a way that no number of populations has any chance of being selected more than the other. From each stratum, 50 percentage respondents were selected and be used to gather the required information. The sample size is tabulated as follows.
### Table 3.2: Table showing Research Study Sample Size

<table>
<thead>
<tr>
<th>Category</th>
<th>Target population</th>
<th>Sample Size</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Level Management</td>
<td>10</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Middle Level Management</td>
<td>30</td>
<td>15</td>
<td>30</td>
</tr>
<tr>
<td>Staff Members</td>
<td>70</td>
<td>35</td>
<td>70</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>50</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

#### 3.4 Data Collection Techniques

The study used questionnaires to collect data; primary data was collected through research tools such as interviews, observations, and brainstorming as outlined by (Kothari, 2004). A questionnaire is a research instrument consisting of a series of questions. The researcher used questionnaires which are more efficient and economical tool for descriptive and preventive research for the sample size that is chosen. This way it was easier to identify the level by which the respondent agreed or disagreed. (Kothari, 2004).

Secondary data was collected from documented sources such as library books, annual reports, magazines, journals, and internet literature. For the main purpose of this research, the study collected primary data but relied on the secondary data for the literature review.

#### 3.5 Pilot Test

The purpose of the pilot testing aims to establish the validity and reliability of the research instruments and hence enhance face validity (Joppe, 2000). Content validity was employed by this study to measure the degree to which data was collected using a particular instrument represents a specific domain or content of a particular concept. The pilot testing was conducted using the questionnaire on 10 staff members of Simba Corporation Limited. The pilot group was done through stratified random sampling. According to Connelly (2008), extant literature suggests that a pilot study sample should be 10% of the sample projected for the larger parent study.
3.5.1 Validity
According to Mugenda and Mugenda (2003) validity is the accuracy and meaningfulness of inferences, based on the research results. One of the main reasons for conducting the pilot study is to ascertain the validity of the questionnaire. The study used both face and content validity to ascertain the validity of the questionnaires. Content validity draws an inference from test scores to a large domain of items similar to those on the test. Content validity is concerned with sample-population representativeness. Gillham (2008) stated that the knowledge and skills covered by the test items should be representative to the larger domain of knowledge and skills.

3.5.2 Reliability
Reliability is concerned with the question of whether the results of a study are repeatable. A construct composite reliability co-efficient (Cronbach alpha) of 0.6 or above, for all the constructs were considered to be adequate for this study. The acceptable reliability coefficient is 0.6 and above (Rousson, Gasser & Seifer, 2002). Cronbach Alpha was used to test the reliability of the research instrument.

3.6 Data Analysis and Presentation
The data was analyzed by use of descriptive statistics. Specifically, means, averages and percentages were employed by the researcher. The data analysis tools were simple tabulations and presentations of the report using spread sheets. The data is presented using tables, charts and graphs. Data was analyzed using both qualitative and quantitative methods. Data was first coded and organized into concepts from which generalization was made of entire population. Data was then tabulated and frequencies calculated on each variable under study and interpretations made from the field findings. Percentages were then calculate and interpretation made.

3.7 Ethical Consideration
The researcher undertakes various steps to ensure that the study adheres to research ethical standards. Research authorization permit was obtained from the permission was sought from the participating institutions, Management University of Africa and Simba Corporation Limited.
3.7.1 Voluntary Participation

The researcher sought consent from the management of the organization before administering the questionnaires. Participants were asked to verbally consent to participate in the research, for which they were free to participate or not to. The researcher explained to them that the information that they gave will be used only for the study. The researcher explained that meaningful data for this study will be achieved if they contribute their views about research topic.

3.7.2 Informed Consent

Borrowing from Oliver (2004) the researcher ensured that through the principle of informed consent, complex as it is, and the respondents will be devoid of hang-ups that come with lack of clear expectations of the research. As Oliver points out, some respondents may be impressed by the status of the researcher, or even by the word research has used and may agree to participate without having a good idea of what the research is all about.

3.7.3 Confidentiality

The researcher explained to the respondents that the data gathered in this study will be treated in confidence and that the findings will be meant for a project of Management University of Africa. The researcher explained to the respondents that the data will be coded and no one, whatsoever, related the data to the respondents for both external and internal audiences of the project.

3.7.4 Anonymity

The researcher accorded the respondents their due respect while at the same time ensuring that they answer the questions to the expectations of the study, interjecting questions, intelligibly. The researcher picked respondents without any discrimination. This helped the researcher to receive truly anonymized respondents even to the researcher herself. This was achieved through self-administered questionnaires with an anonymous method of return.

3.8 Chapter Summary

This chapter explores how the research was carried out. It sets out various stages and phases that were followed in completing the study. It involves a blueprint for the collection, measurement
and analysis of data. In this stage, most decisions about how research was executed and how respondents were approached, as well as when, where and how the research was completed. Specifically the following subsections have been included; research design, population, sample, data collection, data analysis, reliability and validity and finally how data is presented.
CHAPTER FOUR
DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.0 Introduction

This chapter presents the findings of the study, which was to determine motivational strategies and their effects on organizational performance with reference to Simba Corporation Limited Eldoret branch. The chapter has been sectioned into; response rate, respondent’s background, and the motivational strategies and their effects on organizational performance.

4.1: Presentations of Research Findings

4.1.1 Response Rate

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responded</td>
<td>40</td>
<td>80</td>
</tr>
<tr>
<td>Did not respond</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>TOTAL</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

Figure 4.1: Figure Showing Response Rate
The study population was composed of 50 Staff of Simba Corporation Limited. The researcher distributed questionnaires to 50 respondents which were computed as shown in chapter three section four 3 and 4; sampling design and sampling technique. A response rate of 80% was achieved which was favorable for the study. Mugenda and Mugenda (2003) indicate that for generalization purposes, a response rate of 50% is adequate, while that of 60% is good but a response rate of 70% as excellent. The response rate of over 80% for this study was therefore excellent and acceptable. As shown in table 4.1 and figure 4.1 above.

Table 4. 2 : Table Showing Respondents Age

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-23 Years</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>24-29 years</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>30-35 Years</td>
<td>12</td>
<td>24</td>
</tr>
<tr>
<td>36-41 Years</td>
<td>13</td>
<td>26</td>
</tr>
<tr>
<td>42 years and above</td>
<td>17</td>
<td>34</td>
</tr>
<tr>
<td>TOTAL</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

Figure 4. 2 : Figure Showing Respondents Age
Figure 4.2 and table 4.2 above demonstrates that most of the respondents in this study were aged above 42 years and Above were 34% then followed by 36-41 years who were 26%, 30-35 were 24% while 24-29 years were 10% and 18-23 years were 6%. This finding confirms that age of the respondents implying that indeed have been using Simba Corporations ltd cars long enough to understand the benefits and demerits of such cars.

**Table 4.3**: Table Showing Respondents level of education

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Secondary</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>College</td>
<td>12</td>
<td>24</td>
</tr>
<tr>
<td>Graduate</td>
<td>13</td>
<td>26</td>
</tr>
<tr>
<td>Post graduate</td>
<td>17</td>
<td>34</td>
</tr>
<tr>
<td>Doctorate</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>40</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Figure 4.3**: Figure Showing Respondents level of education
As shown in table 4.3 and figure 4.3 above respondent level of education varied and the majority had post graduate education at 34%, followed by graduate at 26% then followed closely 24% who had a college level of education, while 10% had secondary level of education and none had primary education.

### 4.2 Correlational Analysis

Correlation analysis shows that there was a positive significant relationship between purchasing decisions for motor vehicles and Price (.606, at the 0.01 level), Brand loyalty (.719, at the 0.01 level), perceived quality (.201, at the 0.05 level), as well as government policies (.401, at the 0.01 level).

**Table 4.4**. Table showing the extent to which the following factors influence consumer choice.

<table>
<thead>
<tr>
<th></th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>I always go for a renowned brand of car regardless of price?</td>
<td>16.9</td>
<td>17.5</td>
<td>6.7</td>
<td>6.7</td>
<td>1.7</td>
<td>3.74</td>
</tr>
<tr>
<td>I am influenced to buy a car based on the location and accessibility?</td>
<td>18.4</td>
<td>13.4</td>
<td>8.4</td>
<td>6.7</td>
<td>1.7</td>
<td>3.42</td>
</tr>
<tr>
<td>My level of income is a critical factor influencing my decision on the car to purchase?</td>
<td>12.5</td>
<td>17.5</td>
<td>12.5</td>
<td>5.0</td>
<td>0</td>
<td>3.61</td>
</tr>
<tr>
<td>Price is a determining factor on the choice of car I’d buy?</td>
<td>11.7</td>
<td>17.5</td>
<td>13.4</td>
<td>2.5</td>
<td>1.7</td>
<td>3.61</td>
</tr>
<tr>
<td>The relation between income growth and quality of car is a fundamental issue in purchasing decision?</td>
<td>12.5</td>
<td>16.3</td>
<td>2.5</td>
<td>5.0</td>
<td>1.7</td>
<td>3.51</td>
</tr>
<tr>
<td>One’s level of income influences the willingness to pay marginally higher prices as a social responsibility towards the motor vehicle.</td>
<td>16.9</td>
<td>17.5</td>
<td>6.7</td>
<td>6.7</td>
<td>1.7</td>
<td>3.74</td>
</tr>
</tbody>
</table>
Low interest rates are critical in influencing my decision to purchase a motor vehicle

|                          | 18.4 | 13.4 | 5.0 | 2.5 | 3.3 | 3.5 |

My perception about the car and brand influences my purchase decision of a motor vehicle

|                          | 11.7 | 17.5 | 13.4 | 2.5 | 1.7 | 3.61 |

Motivation from friends and family on a specific brand influences my purchase decision for the motor vehicle?

|                          | 18.4 | 13.4 | 8.4 | 6.7 | 1.7 | 3.42 |

My attitude towards the brand of car affects my purchase decision for the motor vehicle?

|                          | 18.4 | 13.4 | 5.0 | 2.5 | 3.3 | 3.5 |

Innovative of the car and brand is a concern I consider when purchasing a motor vehicle

|                          | 12.5 | 16.3 | 2.5 | 5.0 | 1.7 | 3.51 |

There is a significant relationship between psychological factors and consumer choice of motor vehicle

|                          | 18.4 | 13.4 | 5.0 | 2.5 | 3.3 | 3.5 |

Shared values with others influence my motor vehicle purchase decisions.

|                          | 12.5 | 16.3 | 2.5 | 5.0 | 1.7 | 3.51 |

Reference groups like motor vehicle forums that form attitudes and behavior like “top gear” influence the choice of motor vehicle to be purchased

|                          | 16.9 | 17.5 | 6.7 | 6.7 | 1.7 | 3.74 |

Table 4.4 and Figure 4.4 shows that the R square value of the model was .367 indicating that 36.7 percent of the consumer purchasing decision is influenced by such as level of income, price, quality of car, maintenance costs, resale value of the car, payment options, ease of finding a mechanic to repair the specific car brand, interest rates as well as fuel prices. Table 4.4 shows that the R square value of the Brand loyalty was .516 indicating that 51.6 percent of the consumer purchasing decision is influenced by perception, motivation from friends and family, attitude towards the brand, innovative of the car and brand, personal beliefs as well as knowledge sharing from friends and colleagues. Further presents multiple regression results showing that the R square value of the Brand loyalty was .723 indicating that 72.3 percent of the consumer purchasing decision is influenced by Price, Brand loyalty as well as perceived quality.
Figure 4.4. Figure showing the extent to which the following factors influence consumer choice.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reference groups like motor vehicle forums that form attitudes and behavior like “top gear” influence the choice of motor vehicle to be purchased</td>
<td>1.7</td>
<td>6.7</td>
<td>16.7</td>
<td>16.7</td>
<td>13.4</td>
</tr>
<tr>
<td>Shared values with others influence my motor vehicle purchase decisions</td>
<td>1.7</td>
<td>2.5</td>
<td>5</td>
<td>16.3</td>
<td>6.3</td>
</tr>
<tr>
<td>There is a significant relationship between psychological factors and consumer choice of motor vehicle</td>
<td>1.7</td>
<td>2.5</td>
<td>5</td>
<td>16.3</td>
<td>6.3</td>
</tr>
<tr>
<td>Innovative of the car and brand is a concern I consider when purchasing a motor vehicle?</td>
<td>1.7</td>
<td>2.5</td>
<td>5</td>
<td>16.3</td>
<td>6.3</td>
</tr>
<tr>
<td>My attitude towards the brand of car affects my purchase decision for the motor vehicle</td>
<td>1.7</td>
<td>2.5</td>
<td>5</td>
<td>16.3</td>
<td>6.3</td>
</tr>
<tr>
<td>Motivation from friends and family on a specific brand influences my purchase decision for the motor vehicle</td>
<td>1.7</td>
<td>6.7</td>
<td>8.4</td>
<td>13.4</td>
<td>13.4</td>
</tr>
<tr>
<td>My perception about the car and brand influences my purchase decision of a motor vehicle</td>
<td>1.7</td>
<td>2.5</td>
<td>5</td>
<td>16.3</td>
<td>6.3</td>
</tr>
<tr>
<td>Low interest rates are critical in influencing my decision to purchase a motor vehicle</td>
<td>1.7</td>
<td>2.5</td>
<td>5</td>
<td>16.3</td>
<td>6.3</td>
</tr>
<tr>
<td>One’s level of income influences the willingness to pay marginally higher prices as a social responsibility towards the motor vehicle</td>
<td>1.7</td>
<td>6.7</td>
<td>11.7</td>
<td>13.4</td>
<td>13.4</td>
</tr>
<tr>
<td>The relation between income growth and quality of car is a fundamental issue in purchasing decision?</td>
<td>1.7</td>
<td>2.5</td>
<td>5</td>
<td>16.3</td>
<td>6.3</td>
</tr>
<tr>
<td>Price is a determining factor on the choice of car I’d buy?</td>
<td>1.7</td>
<td>2.5</td>
<td>5</td>
<td>16.3</td>
<td>6.3</td>
</tr>
<tr>
<td>My level of income is a critical factor influencing my decision on the car to purchase?</td>
<td>1.7</td>
<td>6.7</td>
<td>8.4</td>
<td>13.4</td>
<td>13.4</td>
</tr>
<tr>
<td>I am influenced to buy a car based on the location and accessibility?</td>
<td>1.7</td>
<td>6.7</td>
<td>8.4</td>
<td>13.4</td>
<td>13.4</td>
</tr>
<tr>
<td>I always go for a renowned brand of car regardless of price?</td>
<td>1.7</td>
<td>6.7</td>
<td>8.4</td>
<td>13.4</td>
<td>13.4</td>
</tr>
</tbody>
</table>
Table 4.5: Table showing the extend the government policies influence the cost a motor vehicle

<table>
<thead>
<tr>
<th></th>
<th>Very Great Extend</th>
<th>Great Extend</th>
<th>Moderate</th>
<th>Less Extend</th>
<th>Not At All</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes</td>
<td>11.7</td>
<td>17.5</td>
<td>13.4</td>
<td>2.5</td>
<td>1.7</td>
<td>3.61</td>
</tr>
<tr>
<td>Customs bureaucracy</td>
<td>16.9</td>
<td>17.5</td>
<td>6.7</td>
<td>6.7</td>
<td>1.7</td>
<td>3.74</td>
</tr>
<tr>
<td>Exchange rates</td>
<td>18.4</td>
<td>13.4</td>
<td>5.0</td>
<td>2.5</td>
<td>3.3</td>
<td>3.5</td>
</tr>
</tbody>
</table>

The coefficients table 4.5 shows that there was a positive significant relationship between government policies and purchasing decision with a beta of .305 and a T-value of 3.61. This finding implies that the consumer purchasing decision is influenced by government policies such as taxes, customs bureaucracy and exchange rates. Further presents multiple regression results showing that the R square value of the model was .723 indicating that 72.3 percent of the consumer purchasing decision is influenced by government policies.

Figure 4.5: Figure showing the extend the government policies influence the cost a motor vehicle
4.3 Limitations of Study

4.3.1 Confidentiality

The researcher was suspected of collecting information and leaking it to unauthorized persons, by the respondents. However, the researcher used the letter of introduction from Management University of Africa that inform the respondents that the information collected is for academic purposes only and was treated as very confidential.

4.3.2 Lack of Cooperation

The researcher encountered poor cooperation from respondents initially but after explaining to them the purpose of the study and showing them the letter of introduction, they accepted to volunteer information. However, the researcher assured the respondents on the importance of the study by citing the top beneficiaries.

4.4 Chapter Summary

This chapter presented a summary of findings with regards to the objectives of the study. The first subsection presented findings with demographic information of the respondents and section two presents the main issues under the study. The next chapter will look at a summary of the findings, as well as conclusions and recommendations.
CHAPTER FIVE
SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSION

5.0 Introduction

This chapter consists of a summary of the findings of the research; conclusions relating to the research objectives, suggestions or recommendations on the study were to determine the factors affecting the sale of new vehicles in the motor vehicle industry a case study of Simba Corporation Limited. And finally areas that need further research. The research was aimed at determining factors affecting the sale of new vehicles in the motor vehicle industry. Data relating to the objectives of study was collected and analyzed and the findings are presented in chapter four.

5.1 Summary of Findings

These findings imply that the consumer purchasing decision is influenced by price, quality of car, specific car brand and government policies, interest rates as well as fuel prices. The study affirms that indeed one essential economic factor that influences consumer buyer behavior is income. This mainly because the amount of goods bought by a consumer as well as the type bought differs depending on the wage which a consumer earns. In the event that a buyer has greater income, chances are very high that such a consumer will go for more luxury goods like high-end cars. Taylor (2011) is of the opinion that a reduction in income shifts purchasing behavior from buying normal goods to inferior goods. This simply means that as consumers buy fewer specialty items, such as shoes and clothing, and buy more store-brand items.

The findings agree with Mogridge (2009) posits that the main essential concept when it comes to consumer buyer behavior is that the average person of a given income level is likely to spend a given quantity of money on the purchase of cars. He therefore goes ahead to argue that there is a function which gives, for every income level, as well as an average expenditure on a car purchase. More recent studies that have been conducted in this area have shown that there is a positive relationship between income levels and vehicle purchase decisions by individuals (Feng, Wang, & Zeng, 2011).
The findings also agree with Dasgupta et al., (2009) who carried out an analysis of the behaviour of consumers with regards to brand loyalty (Banerjee, 2010). This study revealed that consumers are very myopic and will therefore prefer well-known brands even when they have higher total costs. This view is contrary to that held by Doyle (2007) who argues that an brand does not matter as long as the car is good.

These findings imply that the consumer purchasing decision is influenced by psychological factors such as perception, motivation from friends and family, attitude towards the brand, innovative of the car and brand, personal beliefs as well as knowledge sharing from friends and colleagues. The findings agree with a study by carried out by Hawkins & Mothersbaugh (2010) who were able to show that perception begins with consumers’ exposure and attention to marketing stimuli and thereafter ends with their interpretation of the stimuli. Etzel et al., (2014), on their side believe that consumers’ perception is not only determined by the characteristics of the stimuli, but it is also determined by the characteristics of the consumer him or herself. It is therefore important for that marketers obtain a thorough understanding of their target markets as well as how consumers will perceive various marketing-related stimuli.

The findings also affirm that similar to brand awareness, perceived quality is determined by a number of factors. To be more specific, perceived quality can further be classified into product quality and service quality. Regarding product quality, there are seven dimensions which affect the consumers’ perception, namely performance, features, conformance with specifications, reliability, durability, and serviceability as well as fit and finish. Service quality, on the other hand, is judged by its corresponding tangibles, reliability, competence, responsiveness and empathy (Aaker, 1991). As mentioned by Srikatanyoo & Gnoth (2012), consumers are inclined to develop stereotypical beliefs about the products from particular countries. Hence, consumers could have their preferences for products made from one country over another (Papadopoulos et al., 2011).

Finally the findings affirm that indeed people have attitudes regarding religion, politics, clothes, music, food, etc. Attitude of consumer also influences the consumer behavior. If consumer’s attitude towards a product is favorable, then it will have positive effect on consumer behavior.
The marketers discover prevailing attitude towards their product and try to make it positive, and if it is already positive, then try to maintain it (Hoyer & Deborah, 2008).

It was also revealed that there was a positive significant relationship between Social-cultural factors and purchasing decision with 74% of the respondents in support. These findings imply that the consumer purchasing decision is influenced by Social-cultural factors such as perception, motivation from friends and family, attitude towards the brand, innovative of the car and brand, personal beliefs as well as knowledge sharing from friends and colleagues. The study findings show that indeed brands are also considered to be symbols used to convey meanings to consumers, some brands for instance Mercedes Benz convey meanings of prestige and quality. On the contrary, there are also brands that convey meanings relating to low price such as Virgin Airlines. It means therefore that brands help consumers to minimize and provide a sense of familiarity, which further reduces the purchasing risk involved (Lehmenn & Winer, 2007) an aspect that appeals to consumers who poses high uncertainty avoidance.

The findings also agree with a study by Clement & Nyovani (2014) which revealed that religion was associated with choice of consumer products. The study revealed that Christians in Zimbabwe were significantly using different products than those from other religions. Although from the foregoing discussion religion was found to choice of consumer products and services, it was not clear how the inference was arrived at. Religion will be considered in the current study as a variable. The aim is to examine how different religious background affects the choice of motor vehicles.

The findings are also in line with a study by Bakewell & Mitchell (2006) carried out a similar study in the UK, where he made use of a sample of 480 male and female undergraduate students, which he established that indeed nine decision-making styles were common to both genders. Additionally, three new male traits and three new female traits (bargain seeking, imperfections and store loyal) were also identified in their study.

Finally the findings align with Van der Post et al., (2008) who examined the relationship between family and consumer choice in South Africa. The results showed that family has a positive relationship with the consumer choice of certain products and service. The results of the
study also showed that individuals are more likely to purchase goods and services based on how they have been brought up. This means that their family backgrounds have dictated their purchase decisions (Rashid et al., 2013).

Finally the study revealed that there was a positive significant relationship between demographic factors and purchasing decision with a 75% approval rating. These findings imply that the consumer purchasing decision is influenced by demographic factors such as demographic factors such as personality, gender, Age, Changing life, level of education, lifestyle, lifecycle status and occupation. These findings affirm that the past, present, and paradisal future of consumer gender identity by (Kacen, 2010), consumption has always been gendered. Most of the available products in the market these days do have a specific gender type; some are made with masculine features while some are made with feminine features. Products’ gender are therefore created and sustained by marketers for example; princess phones, Barbie dolls. Research suggests that shopping is a more exciting activity for women with respect to men. Female consumers feel more independent when they do shopping in accordance with men. Another point that men and women present differentiation is women consider shopping is a social need whereas male consumers pay importance to main function of a product instead of secondary function. Gender has an important role in consumer behavior, this for the reason that there are differences between men and women about expectation, want, need, life-style etc. reflect to their consumption behaviour (Akturan, 2009).

Finally the findings show that exploration in the marketing discipline regarding this relationship is required because coping mechanisms present a trigger, or aroused need, for altered purchasing behaviour. In this regard therefore the mere understanding how the process is triggered and the resultant changes in decision making variables would benefit marketing research in terms of effectiveness and efficiency of sales and communications mechanisms. It also means that life events change consumer behaviour (Mathur et al., 2012) and that many coping mechanisms exhibit similarities with consumer decision-making, it can be assumed that individuals experiencing life events can undertake a decision-making process.
5.2 Recommendations

This research provides several important findings for management practice. These are based on the above findings the researcher therefore recommends the following:

The study recommends that the management of Simba Colt Motors need to consider the various economic factors that influence consumer decision making such as interest rates, income as well as rising fuel prices. In this regard they need to design motor vehicle for different categories of customers in different income brackets in Kenya. Management of Simba Colt Motors Ltd should also come up with payment modes that are friendly to the consumer for instance payments through installments as well as car financing to clients. Price segmentation would also be key in enhancing consumer’s attraction and retention.

Study acknowledges that each human being in the world sees his/her surroundings differently. Several people have the same ideas about a specific event. Management of Simba Colt Motors Ltd need to evaluate consumer their needs, values and expectations, when they are designing automobiles meant for the Kenyan market. This can be enhanced when the company achieves quality on a dimension that consumers consider to be important. There is a need to make sure that investments in quality occur in areas that will resonate with customers. Finally it is it is important to understand the little things that consumers use as the basis for making a judgment of when it comes to purchasing decisions.

The study has acknowledged that consumer decisions are likely to be influenced by a number of socio-cultural factors. In this sense brands are also considered to be symbols used to convey meanings to consumers. The study therefore recommends the need for Management of Simba Colt Motors Ltd to consider social cultural factors when designing some of their products into the market. This is especially so for consumers who have deep roots in their culture and will therefore go for nothing less than what conforms to their cultural practices.

The study recommends the need for Management of Simba Colt Motors Ltd to consider consumers’ demographic characteristics such as age, gender, marital status, occupation, education and income when designing the products to offer into the Kenyan market. This is because demography factors are vital and measurable statistics of a population that s helps to
locate target market; they are easier to measure and are suitable for psychographic and socio-cultural studies. Additionally demographic factors have a huge impact on the assessment of different features which are generally associated with consumer behaviour.

5.3 Suggestion for Further Study

The study will help draw more on attention of future researchers towards this important field. This research will help contribute to the existing literature on strategies that influence organizational performance. Moreover, further research should be carried examine how the various factors examined in this particular study affect consumer purchasing decisions in other automobile brands such as Nissan, Mitsubishi, Mercedes Benz, Land Rovers, Volkswagen, Isuzu

5.4 Conclusion

This findings lead to a conclusion that the consumer purchasing decision is influenced by economic factors such as level of income, price, quality of car, maintenance costs, resale value of the car, payment options, ease of finding a mechanic to repair the specific car brand, interest rates as well as fuel prices. These findings also lead to a conclusion that the consumer purchasing decision is influenced by psychological factors such as perception, motivation from friends and family, attitude towards the brand, innovative of the car and brand, personal beliefs as well as knowledge sharing from friends and colleagues.

This study concludes that the consumer purchasing decision is influenced by Social-cultural factors such as perception, motivation from friends and family, attitude towards the brand, innovative of the car and brand, personal beliefs as well as knowledge sharing from friends and colleagues. Finally the study concludes that there was a positive significant relationship between demographic factors and purchasing decision. This finding imply that the consumer purchasing decision is influenced by demographic factors such as demographic factors such as personality, gender, Age, Changing life, level of education, lifestyle, lifecycle status and occupation.
REFERENCES


APPENDIX I
LETTER OF INTRODUCTION

Dear Sir/Madam,

RE: REQUEST FOR RESEARCH DATA

I am a student at Management University of Africa, in partial fulfillment of the award of Bachelors’ Degree in Management and Leadership; I am conducting a study on “FACTORS AFFECTING THE SALE OF NEW VEHICLES IN THE MOTOR VEHICLE INDUSTRY: A CASE STUDY OF SIMBA CORPORATION LIMITED”

For the purpose of facilitating my research work, I wish to collect data through questionnaire. I shall be grateful if you would kindly extend to me the help I may need to have this questionnaire completed. This information is purely for the purpose of my research work and therefore it shall be treated with strict confidentiality. A copy of the final report shall be given to you on request.

Thank you in advance, I look forward to your assistance.

Yours Faithfully,

Helen Munywoki
BML/7/00121/1/2014
APPENDIX II
RESEARCH STUDY QUESTIONNAIRE

I humbly request you to assist by providing the following information regarding the topic “FACTORS AFFECTING THE SALE OF NEW VEHICLES IN THE MOTOR VEHICLE INDUSTRY: A CASE STUDY OF SIMBA CORPORATION LIMITED.” Any information collected shall only be used for academic purposes and as such shall be treated with utmost confidentiality. The questionnaire will only require less than ten minutes of your time as such kindly spare time to fill in.

Instructions

Tick the appropriate response. Where the question is opened, write in the space provided

SECTION A

1. Gender (tick one) Male ( ) Female ( )

2. What is your age group a) 18-23 Years ( ) b) 24-29 Years ( ) (c) 30-35 Years d) 36-41 Years ( ) e) 42 years and above ( )

3. What is your highest level of education? (Tick one)

Primary ( ) Secondary ( ) College ( ) Graduate ( )

Post graduate ( ) Doctorate ( )

SECTION B

4. Kindly tick as appropriate in the spaces provided the extent to which you think the following factors influence consumer choice.

Use the scale provided below to show the degree of your Response;

1 = Disagree strongly, 2 = Disagree, 3 = Neutral, 4 = Agree, 1 = Agree strongly

<table>
<thead>
<tr>
<th>STATEMENT</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>i. I always go for a renowned brand of car regardless of price?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ii. I am influenced to buy a car based on the location and accessibility?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iii. My level of income is a critical factor</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iv.</td>
<td>Price is a determining factor on the choice of car I’d buy?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>v.</td>
<td>The relation between income growth and quality of car is a fundamental issue in purchasing decision?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>vi.</td>
<td>One’s level of income influences the willingness to pay marginally higher prices as a social responsibility towards the motor vehicle.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>vii.</td>
<td>Low interest rates are critical in influencing my decision to purchase a motor vehicle.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>viii.</td>
<td>My perception about the car and brand influences my purchase decision of a motor vehicle.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ix.</td>
<td>Motivation from friends and family on a specific brand influences my purchase decision for the motor vehicle?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>x.</td>
<td>My attitude towards the brand of car affects my purchase decision for the motor vehicle?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>xi.</td>
<td>Innovative of the car and brand is a concern I consider when purchasing a motor vehicle.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>xii.</td>
<td>There is a significant relationship between psychological factors and consumer choice of motor vehicle.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>xiii.</td>
<td>Shared values with others influences my motor vehicle purchase decisions.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>xiv.</td>
<td>Reference groups like motor vehicle forums that form attitudes and behavior like “top gear” influence the choice of motor vehicle to be purchased.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
GOVERNMENT POLICIES

To what extent do the following influence the cost of a motor vehicle?

<table>
<thead>
<tr>
<th>STATEMENT</th>
<th>Very extent</th>
<th>great extent</th>
<th>moderate</th>
<th>Less extent</th>
<th>Not at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Customs bureaucracy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exchange rates</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

_Thank You for Participation_