

**INSIGHT INTO THE INFLUENCE OF THE INTERNET ON THE  
BUYING BEHAVIOUR OF NEW CAR CUSTOMERS DURING THEIR  
DECISION-MAKING PROCESS**

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## **ABSTRACT**

The study investigates the influence of the internet on the buying behaviour of new cars customers during their decision-making process.

The advent of the internet has transformed the manner customers search for information to support their purchase decision making process. The traditional purchase process for new cars has been impacted by the growth of the internet and other related digital technologies like mobile phones particularly smartphones.

The ease of access to the internet has empowered consumers by promoting market transparency which has allowed customers to have influence on products and prices. Online shopping experience has conditioned consumer buying behaviour as they now research, select and buy new cars differently.

The frequency of the dealership visits has significantly decreased as most of the time is spent online. As the result, the role of a salesperson in the new car buying decision process is becoming redundant and, in most instances, reduced to transactional dealmaker.

The study explores how the phenomenon of the internet has radically changed the consumer buying behaviour and how this poses a threat to the future of the dealerships in their current form of brick and mortar as well as the role of a salesperson in the car buying process.

## **KEY WORDS**

Internet, digital technology, decision-making process, online shopping, consumer buying behaviour, car dealership, car salesperson

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## **CHAPTER 1 – INTRODUCTION TO THE STUDY**

### **1.1 INTRODUCTION**

People are increasingly using the internet, not only as a major source of general news information, but also to search for specific product information on a variety of goods and services, such as homes, cars, holiday destinations and books (Lee, Ratchford, & Talukdar, 2002).

The growth of the internet and other related digital capabilities have led to fundamental transformations in the manner customers search for information to support their purchases (Kuruzovich, Viswanathan, Agarwal, Gosain, & Weitzman, 2008).

In South Africa, 28.6 million people use the internet in some format. About 15 million people use it for social media platforms and 13 million of them do so purely from mobile phones (Qwerty, 2017).

The advent of the internet has changed the purchase decision-making process that customers follow when they search for new products. This has impacted the way customers purchase new cars. Access to the internet has increased consumer power by decreasing information symmetries, promoting market transparency and allowing customers to exert more influence on products and prices (Doherty & Ellis-Chadwick, 2010).

Customers have been conditioned by e-commerce platforms such as Amazon and other online experiences. They research, select and buy cars differently to their non-digital predecessors. They increasingly expect similar capabilities and service quality as they experience in their digital lives when they shop for cars (Morrissey, Stricker, & Tsang, 2017). E-commerce is still relatively small in South Africa with an estimated 17.1 million users and worth \$2.3 billion annually (Qwerty, 2017).



A car customer's experience crosses several different digital channels (websites and mobile apps) and visits to dealerships, while the customer gathers information, conducts test drives, configures and, ultimately, buys a car (Morrissey et al., 2017).

More customers now start their search for new cars online instead of first visiting dealerships. Millward Brown Digital discovered during its 2016 survey that about 90% of car shoppers in the UK began their search for new cars online. The online research lasts up to four months with dealerships only visited during the last month of the search. In 2014, about 115 000 cars were bought online in Germany - the car purchasing process was substantially online from the beginning to the end (Berger, 2016).

Berger defines online sales as a car purchase substantially initiated online, including the forwarding of customer information to dealers and online requests for consultation. Customers also visit third-party motoring websites, mainstream motoring review websites, car blogs and general information websites, such as Google, while they are searching for a car to buy. During the pre-buying search time, minimal attempt is made to visit dealerships or manufacturer websites for information (Milward Brown, 2013).

The traditional car retail concept is under threat as dealers and car manufacturers are forced to find innovative ways to attract customers to the showrooms during the early stages of their research and decision-making process.

Car buying behaviour is changing in ways that will force a radical and disruptive change in car sales (Morrissey et al., 2017).

The purchase of a new car is an intensive and highly-involved process. For most customers, it is their biggest investment and long-term commitment that they must administer. Traditionally, the experience of purchasing a new car has never been a

pleasurable task for many buyers. The anxiety and uncertainty associated with the traditional car purchasing experience has been greatly alleviated by the tools provided by the internet (Smith, 2009).

Manufacturers also want to retain their customers and keep them happy within their brands. It is therefore important to gain insight to how the internet has changed the purchasing behaviour and decision-making process that customers follow when they search for new cars.

After exhaustive searching no empirical studies could be found that have been conducted in South Africa on the influence of the internet on how people search for new cars.

## **1.2 PROBLEM STATEMENT**

The purchase of a car is a complex buyer-behaviour process. Customers are highly involved in the purchase and the decision includes what vehicle to buy, the brand, trade-in service package, price and relationship with the dealer (Reed, Story, & Saker, 2004).

The experience of purchasing a new car has seldom been a pleasurable task for buyers. Online access to dealer prices, trade-in values and manufacturer incentives have empowered the consumer and levelled the playing field between a buyer and dealer (Smith, 2009).

The convenience of the internet allows customers to access different motoring and general news websites to gather and compare information on different models before they make a decision. The internet has decoupled the physical (dealership) and information retrieval parts of the car retail value chain (Kuruzovich et al., 2008).

Different types of Online Information Sources (OIS) have emerged to meet the information demands of new cars by customers. In addition, online infomediaries have positioned themselves as neutral and trusted sources of information to support the car purchase process (Kuruzovich et al., 2008).

Car companies in South Africa retail most of their new cars through the dealer channel. In 2017, the National Automobile Association of South Africa (Naamsa) reported that 367 934 new passenger cars were sold in South Africa and 277 393 of those cars were retailed through dealerships. There are 1 021 new passenger and light vehicles dealers in South Africa, according to the National Automobile Dealer Association (Prinsloo, 2018).

Dealers operate as intermediaries between car companies and customers. In a traditional car retail value chain, there is a manufacturer-dealer-customer relationship. A manufacturer brings to the marketplace a new car that a dealer sells to a customer. The manufacturer is responsible for the marketing of the new car and a dealer is responsible for the retail of the car. A dealer has limited or no influence on how a new car is positioned and marketed.

In a traditional car retail process flow, a customer visits a dealership once a need for a new car has been triggered. A dealer is the primary source of information about the features and retail price of the car. Salespersons provide product information that convinces a prospective customer to favourably consider buying the car on offer. However, an encounter with a salesperson is not always a pleasant and satisfactory process for some customers, especially females who sometimes feel harassed and pressured into hasty purchases.

Kuruzovich et. al (2008) notes that price- and product-related information are two basic types of information that customers look for during their purchase process. The internet as a tool has altered the process customers follow in their purchase process as it instantaneously provides information anytime and anywhere.

In South Africa, several OIS have emerged in the past five years. These include motoring sites such as cars.co.za and autotrader.co.za. These sites provide product- and price-related information on new and used cars. They are referral sources for dealers — especially for used vehicles as they provide leads. These platforms also have reviews and video content of new cars that they have been recently launched.

Dealers remain pivotal in the car-buying process, but the role is changing. Customers visit the dealer on average about 2.4 times during the purchase process. Most customers still prefer to finalise the complex tasks such as the final car configuration and purchase in-person at the dealership (Morrissey et al., 2017).

### **1.3 RESEARCH OBJECTIVES**

#### **1.3.1 Primary Objective**

The primary objective of the study is to gain insight into the influence of the internet on the buying behaviour of new car customers during their decision-making process.

#### **1.3.2 Secondary Research Objectives**

The secondary objectives were formulated to address the primary objective.

- To conduct literature study on the influence of the internet on customer buying behaviour, especially their decision-making process when buying new cars.
- To construct a research design to investigate how the internet influences customers' decision-making process when buying new cars.
- To conduct interviews with new car dealer principals, sales and marketing managers of the car manufacturers and owners of motoring third party websites.

- To capture (transcribe) the interviews which will serve as the raw data on which appropriate data analysis methods could be applied.
- To interpret the findings, draw conclusions and make recommendations.

#### **1.4 SECONDARY RESEARCH**

To achieve the primary objective, the following research questions will be investigated.

- How has the convenience and ease of access to the internet changed the customer-buying behaviour for new cars?
- What are the key variables that influence the consumer-buying behaviour of new cars?
- What are the factors that enable customers to start their new car search online, instead of visiting a dealership?
- What has been the major change in the process that customers follow when they search for new cars?
- How are Online Information Sources (OIS) empowering and influencing the knowledge of new car buyers?
- How are online information sources impacting the traditional car retail process?
- How has the internet changed the role of a car salesperson during the customer decision-making process?
- How prepared are manufacturers and dealers for the disruption of the car-buying process caused by the internet?

#### **1.5 RESEARCH METHODOLOGY**

The research tradition that will be used for this study is interpretivism. This research paradigm is associated with qualitative research. Qualitative research is conducted

to understand, amongst other things, processes such as how people make decisions and explain their views and behaviour. Qualitative research studies subjects in their natural settings and attempts to interpret a phenomenon associated with them in terms of the meanings people bring to them. Interpretive paradigm seeks to understand people's lived experience from their perspective. It involves studying the subjective meaning of their experiences (Hennink, Hutter, & Bailey, 2011).

The phenomenon of this study is the influence of the internet on customers' buying behaviour and decision-making processes when they buy new cars. The subjective experience of the people that will be interviewed will help to understand this phenomenon.

The methodological paradigm that has been selected for this study is phenomenology. The phenomenological paradigm involves gathering in-depth information and perceptions through inductive, qualitative methods such as interviews, discussions and observation of study groups (Lester, 1999).

The phenomenological paradigm helps to understand people's subjective experiences by gaining insight into their motivations and actions. As cited by Lester (1999), Husserl (1970) states that phenomenological research seeks to essentially describe rather than explain and to start from perspective, hypotheses or preconceptions. The intention with this paradigm is to describe as accurately as possible the phenomenon of the internet on the decision-making process of new car buying.

Using in-depth interviews and discussions, the study will seek to understand the phenomenon of the internet and its influence on how customers make their buying decision for new cars. During interviews and discussions, the researcher will also seek to understand how the role of a new car salesperson has been changed by the advent of internet.

### **1.5.1 Sampling Design**

The population of the study will be dealer principals of Volkswagen passenger brand in Johannesburg and Port Elizabeth, sales and marketing managers of passenger car manufacturers as well as importers such as Ford, BMW, Volkswagen and Audi - and owners of third-party motoring websites, cars.co.za and Auto Trader in South Africa.

The participants that will be interviewed will be drawn from dealer principals who are the intermediaries for new passenger car retailing. This cohort will provide in-depth information based on their observation of how the internet is influencing customers' buying behaviour and their decision-making process when they buy new cars.

Sales and marketing managers who are responsible for the marketing and retailing of new cars, as well as car retail concepts, will give insight on the trends that they have observed with regards to the buying of new cars by customers.

The last respondents that will be interviewed are owners of third-party motoring websites that are online information sources for new car buyers. These respondents will provide independent and objective opinions based on their experience of the patterns that customers follow during their decision-making process when buying or searching for new cars.

A total of six respondents will be interviewed. Non-probability sampling will be used to draw a sample. Purposive sampling will be used to select the participants. More specifically, judgement sampling will be applied. This sampling method supports the predetermined criteria of selecting participants and is ideal for the study that is being conducted.

### **1.5.2 Data Collection**

In-depth interviews will be used as a method of data collection. These interviews will be helpful in gaining insight into the impact of the internet on buying behaviour and the decision-making process. A semi-structured interview guide will be formulated to direct questions and prompt conversational answers from the respondents.

Questions will be open-ended, short and simplified. Questions will be phrased and structured to encourage and elicit detailed responses on the research topic. Hennink, Hutter, & Bailey (2011) describe in-depth interviews as a special kind of knowledge-producing conversation.

### **1.5.3 Data Analysis**

Content analysis will be used to analyse raw data collected from in-depth interviews conducted for this study.

Content analysis measures the semantic content or the “what” aspect of a message (Cooper & Schindler, 2011). It is commonly used for objective and systematic description of the manifest content of a communication. It helps a researcher to describe and quantify a phenomenon under study. Its aim is to attain a condensed and broad description of the phenomenon, and the outcome of the analysis is concepts or categories describing the phenomenon (Elo & Kyngäs, 2008).

Content analysis follows a systemic and predetermined process for coding and deducing inferences from the collected raw data.

According to Elo and Kyngas (2008) inductive content analysis is used in cases where there are no previous studies dealing with the phenomenon or when it is fragmented. This is true with this study as there are limited or no studies conducted on the phenomenon of the influence of the internet on the decision-making process for buying new cars.



Inductive content analysis will be conducted using the process of open coding, creating themes or categories and abstraction from interviews. Interviews will be transcribed to identify themes and abstractions that emanate from raw data. These themes and abstractions will be grouped into headings of each open code. The grouping of data will help to reduce the number of themes that are similar or irrelevant. This will ensure that data is classified to where it belongs. As cited by Elo & Kyngas (2008), Canavagh (1997) explains that the purpose of creating categories is to provide a means of describing the phenomenon to increase understanding and generate knowledge.

## **1.6 LIMITATIONS OF THE STUDY**

The limitations of the study include the lack of most recent research studies on the topic and limited access to other passenger car brands representatives for interviews.

The lack of most recent research studies on the impact of the internet on auto retail limits the literature review to old work that was conducted almost 10 years ago and mostly in the USA. The most recent work was conducted by independent research companies. These reports are untested and sometimes biased. This, however, creates an opportunity to define research gaps for future studies on this topic. The study will then be exploratory with an intention of laying groundwork for more detailed and complete work in the future.

Access to some of the passenger car brands' representatives for interviews might be denied to protect intellectual property or for the fear of sharing companies' sales strategies. The study will then be limited to a few passenger car brands, resulting in a narrowed scope of the phenomenon in the auto industry. This will be overcome by interviewing parties who are involved in the auto retail industry in South Africa. This will include, amongst others, passenger car dealers and third party OIS.

## **1.7 OUTLINE OF THE STUDY**

This study will consist of the following chapters:

Chapter One gives an introduction and states the background of the study on the influence of the internet on the buying process of new cars. The chapter also contains a problem statement that outlines the motivation for the study; primary and secondary objectives that explain what the study intends to achieve; research methodology that provides details of the research paradigm, the data collection method and data analysis. This chapter includes the limitations of the study.

Chapter Two focusses on available literature review on the influence of the internet as a phenomenon that is changing consumer car-buying behaviour. The chapter will explore changes in the global and local automotive industry to understand its impact on the traditional consumer car buying process.

Chapter Three will describe and justify the research design and methodology that have been selected. The method of data collection and analysis, as well as the design and administration of the semi-structured interviews, will be described.

In Chapter Four the raw data collected during interviews will be transcribed and linked to the phenomenon being studied. Inferences from the results will be made and interpreted.

Chapter Five will present the summary of the study with main findings, conclusion and management recommendations.

## **CHAPTER 2 – LITERATURE REVIEW**

### **2.1 INTRODUCTION**

This chapter consists of the review of available literature on the influence of the internet as a phenomenon that is changing consumer car-buying behaviour. The chapter will explore changes in the automotive industry to understand their impact on traditional consumer car-buying processes. It will also investigate, amongst other things, key variables that influence the buying behaviour of new car customers; factors that enable customers to start their search for new car online; and the impact of the internet on traditional car retail businesses.

The purchase of a new car is an emotional and highly involved process when compared with other retail experiences. Buying a new car is a very big decision and for most customers, the most costly purchase they will make (Reed, Story, & Saker, 2004) (Milward Brown, 2013). It is triggered by varying consumer needs and wants. The sales process, which is often seen as adversarial, has remained relatively unchanged throughout the history of the automobile. Rapidly changing consumer buying behaviour, influenced by the internet, is threatening the status quo.

Studies are showing that the trigger for a new car purchase differs between first-time buyers and repeat buyers. According to the Kandaswani and Tiwari (2014) study, first-time buyers rated family needs higher than brand image, whilst repeat buyers wanted to upgrade to a car with new technology and more space. Both buyers have rational reasons for purchasing a new car, which makes the buying-decision process a complex and carefully planned journey from start to end.

### **2.2 THE RISE OF INTERNET**

The rise, and the potential, of the internet as a radically different and highly effective communications channel has been in the making for a long time. Doherty and Ellis-

Chadwick (2010) attribute this to its global reach, ease of access, instant connectivity, and ability to communicate large amounts of information.

Using internet, social media, mobile apps, and other digital communication technologies has undoubtedly become the way of life for billions of people across the world (Stephen, 2015). People are increasingly using the internet, not only as a major source of general news information, but also to search for specific product information on a variety of goods and services such as real estate, automobiles, travel, education, computer equipment, books and records (Lee, Ratchford, & Talukdar, 2002).

The internet is regarded as the primary source for information research. It has significantly changed the dynamics of business, both in terms of innovation and increased sales (Eroglu, 2014).

There are different definitions of the internet and most of them describe it as a technological phenomenon that has fundamentally changed customer behaviour.

Morton (2006) describes the internet as one of the most important innovations of the 20<sup>th</sup> century and a value-creation source for customers where they can purchase goods, access a variety of products, and trade with other customers (regardless of geographic proximity and time of day).

Barley (2015) expands the definition of internet as a complex, pliable, changing and every-expanding portfolio of tools, information, and media that alters the grounds on which people act in situations where they would have previously acted differently. Furthermore, Barley finds the internet's phenomenon as practical, since it gives users the ability to do things that they could not have done so easily before.

A study by Doherty & Ellis-Chadwick (1999) states that from the start internet was a radically different and highly effective communications channel with global reach,

ease of access, enhanced interactivity, flexibility and speed, and the ability to communicate large amounts of information cheaper.

Customers are the main beneficiaries of the rise of the internet. As (Labrecque, von dem Esche, Mathwick, Novak, & Hofacker (2013) suggest, the rise of the internet has empowered ordinary customers as it allows them access to vast amounts of information and affords them opportunities to influence their own lives in the marketplace and beyond. As quoted by Eroglu (2014), Geissler & Zinkhan (1998) claim that the internet shifted the balance of power in favour of customers as it became very easy for them to make shopping comparisons and evaluate alternatives without being pressured by salespeople.

The internet provides a platform of interactivities between customers and product/service providers, as well as greater availability of information about products and services (Eroglu, 2014).

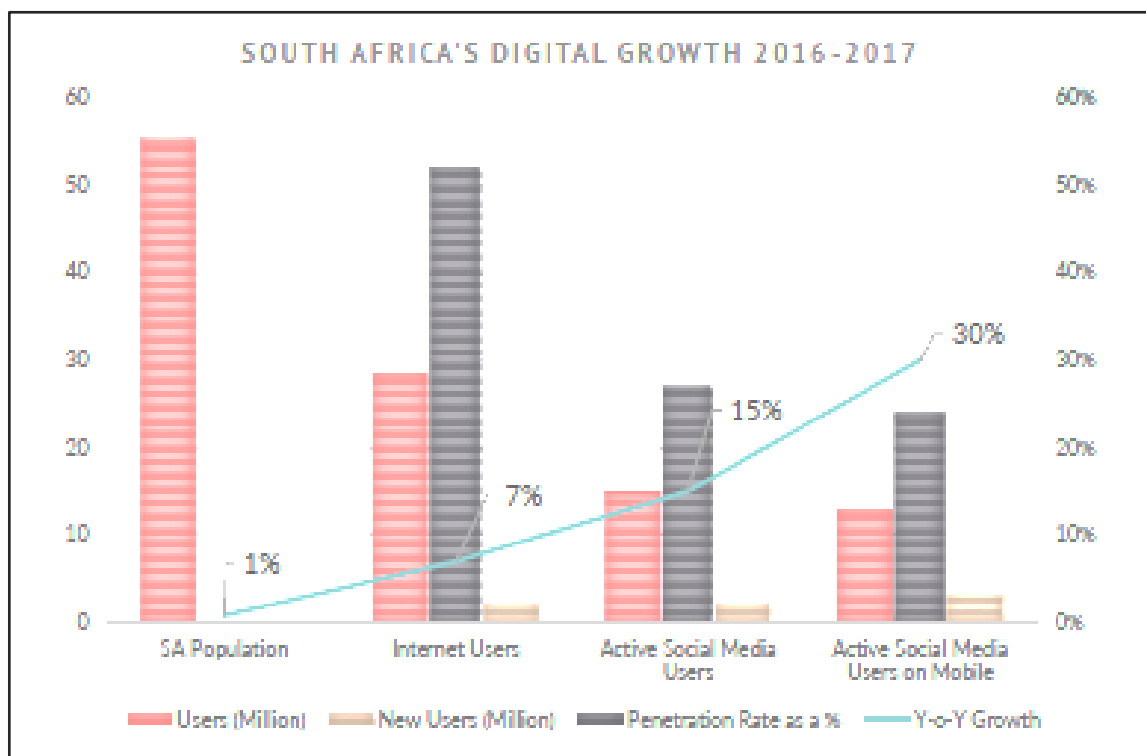
Customers' search for information online is characterised as a process that is jointly influenced by information needs and online information retrieval (Kuruzovich, Viswanathan, Agarwal, Gosain, & Weitzman, 2008). Online information that customers seek in their purchase process is related to the product and price.

### **2.3 INTERNET SHOPPING**

Internet or online shopping as a phenomenon only became prevalent in the mid-90s — even though its arrival was punted for many years by its proponents (Deeley et al., 2010). Since then, internet shopping has become a regular activity for millions of people globally. An estimated \$1.9 trillion, or nearly 8% of the total global retail, was spent online in 2017 (Qwerty, 2017). With an annual budget of \$2.3 billion, online shopping is still relatively small in South Africa when compared with the rest of the world.

As shown in Figure 2.1, the Qwerty 2017 report estimates that South Africa had 17.1 million internet shoppers, which is 31% of the South African population. The report further reveals that 28.6 million people in South Africa used internet, the vast majority of whom access it using mobile devices. Fifteen million use the internet for social media platforms.

Figure 2.1 – South Africa’s digital growth 2016-2017



**Source: Qwerty (2017)**

The global economy is becoming dependent on internet shopping and the trend is gradual spreading worldwide. The move from an offline (bricks and mortar) retail environment to virtual online shopping has changed the shopping experience for most customers. Online shopping turns shopping to an anywhere-and-anytime activity; the desire to buy cars online is also on the increase (McLaughlin, 2015).

A Kulkarni, Ratchford, & Kannan (2012) study agrees that the internet has become a major source for information on automobile brands, attributes, and dealers.

Online shopping experience gained from sites such as Amazon has conditioned buying behaviour and customers have similar expectations when they buy cars.

Morrissey, Stricker, & Tsang (2017) note that online shopping experiences have forced radical and disruptive changes in auto sales. Customers are conditioned by Amazon and other online shopping experiences, which lead them in following omnichannel customer episodes. They research, select and buy cars differently to their non-digital predecessors. They are increasingly expecting the same capabilities and service quality when shopping for cars as what they experience in other aspects of their digital lives (Morrissey, Stricker, & Tsang, 2017).

## **2.4 HOW HAS INTERNET CHANGED CONSUMER BEHAVIOUR?**

The advent of internet has had a vast impact in different industries. Its rapid expansion into every market and many geographic locations has revolutionised traditional industries and created new businesses that were not there before (Scott Morton, Zettelmeyer, & Silva-Risso, 2000).

According to Kulkarni, Ratchford, & Kannan (2012) the internet significantly changed the information search behaviour of customers. Their study notes that when making purchase decisions on major durable goods such as cars, many customers regularly consult internet sources for information on brands, product categories and retailers.

Consumer behaviour in the car market has been transformed by digital technologies and digital advertising, which have made it easier to access information. The internet has changed consumer behaviour, especially for those that are socially wired using

mobile handsets and tablets. Mobile phones and tablets have powered the adoption of online information and dealerships, and even car manufacturers (OEMs) have seen a sharp increase in the traffic from these devices (Samson, Mehta, & Chandani, 2014).

OEMs and dealerships are taking advantage of this new phenomenon by shifting their marketing activities to the digital space to reach new customers.

A number of individuals use social networks as an asset when looking for vehicles. Information on social network systems is helping customers to figure out which brands to consider and which dealerships to buy from (Sinha, Sahdeo, & Srivastava, 2016).

It is now widely recognised that the internet's power, scope and interactivity provide retailers with the potential to transform their customers' shopping experience and, in so doing, strengthen their own competitive positions (Doherty & Ellis-Chadwick, 2006).

In their study Sinha, Sahdeo, & Srivastava (2016) show that most car companies are taking advantage of the potential of digital advertising, which give their products and services a digital edge. The ease of accessing information remotely has opened new businesses for car companies and attracted new customers.

Kulkarni, Ratchford, & Kannan (2012) suggest that customers are attracted to the internet by its affordability and efficiency, particularly when searching for information. In less time, customers are able to access more information from different sources and the search capabilities give them more choices.

Kuruzovich et. al (2008) argue that the growth of the internet and other related digital technologies have led to fundamental transformations in the way customers seek and find information to support their purchase processes. Their study explains that



the physical and information components of the value chain have been decoupled. Customers are now moving away from push to a pull world of messaging.

The internet is empowering the consumer to become far more informed than those who are actually in the business of selling the product. Sinha, Sahdeo, & Srivastava (2016) show that the consumer is learning about the product under consideration to be purchased through online activities such as reading blogs, reviews, and holding online discussions about products and services.

The voice of the consumer is also being amplified by the social media landscape with its ubiquitous connectivity enabled by mobile devices. Customers are allowed to create content and share it across the globe to anyone willing to listen (Labrecque et al, 2013).

As cited by Kuruzovich et. al (2008), Kulviwat et al. (2004) explain that online search provides access to greater amounts of information for consumer decision making. The interactive nature of the internet environment supports deep non-linear searches initiated and controlled by customers.

## **2.5 ONLINE INFORMATION SITES**

Information sites provide information that the consumer can use to pick an appropriate activity or execute a task more efficiently. These sites save customers time in mundane tasks such as buying tickets, checking the weather, or getting driving directions (Morton, 2006).

Online information sources are effective in communicating model specification, features and comparative information compared with traditional media like newspapers (Samson et al., 2014).

A consumer's process of information search and acquisition can be conceptualised as a production process in which the consumer seeks to maximise the difference between the utility gain and cost of search.

Lee, Ratchford, & Talukdar (2002) show that information sites were usefully identified as inputs to this production process in which time spent with each source leads to increased information, and ultimately a better decision.

There has been a rapid growth of online firms serving as information intermediaries. These Online Information Sources (OIS) create value by providing price- as well as product-related information and have established themselves as pivotal players in industries as diverse as financial brokerages, banking, insurance, mortgages, travel services, and auto retailing (Kuruzovich et al., 2008).

Kuruzovich et. al (2008) explain that an important catalyst for their emergence and growth is the irreversible trend toward increasing information intensity of products, services, and value chains. The new players, incumbents within different industry sectors, have also significantly enhanced the volume of price and product information they provide online.

Internet car referral services are one of three types of sites related to new car purchases; the other two types are informational sites and sites that offer cars at posted prices. At the core of both informational and referral sites is detailed information about individual cars, including current market conditions and invoice pricing, while informational sites are only indirectly involved in the car purchase (Morton et al., 2000).

Traditional car dealerships also use the internet, although their sites are geared towards information provision rather than direct selling (Molesworth & Suortti, 2002).

In South Africa, there has been a surge in the number of websites that operate as informational sites and referral sites. The top two information sites in South Africa are autotrader.co.za and cars.co.za.

## **2.6 CHANGING ROLE OF A SALESPERSON IN THE CAR PURCHASE PROCESS**

Traditionally, a visit to a dealership has not been an enjoyable experience for many car buyers. Purchasing a new car is a complex and time-consuming process. Customers go through various emotions such as excitement, joy, worry, frustration or anger while interacting with salespeople.

The anxiety and uncertainty associated with traditional car purchasing may potentially be greatly alleviated by the tools that the internet provides to the web-enabled consumer (Smith, 2009).

Customers use the internet to research car prices and gather information at the initial stages of the buying process in order to make product comparisons. Customers suggest that this is quicker and more convenient than visiting showrooms (Molesworth & Suortti, 2002).

Smith (2009) suggests that the internet has probably done more to influence informational exchange and competition than anything else in the history of the automotive industry. Smith finds that customers can now contact manufacturers directly for vehicle information.

Some customers don't trust the dealers to give them unbiased information about their products. Customers have turned to the internet to avoid the "normal" showroom experience.

Molesworth and Suortti (2002) explain that customers see an advantage in internet search, as they do not trust salespeople to provide impartial advice and want to "pre-arm" themselves with knowledge in order to pre-empt the salesperson's traditional "sales pitch".

Trust in dealers is key to both the attractiveness of internet information search and the need to buy from a physical dealer. Customers use information search on the internet partly to overcome what they see as an imbalance of power between them and salesmen.

The physical visit to the dealership happens late in the purchasing process. By that time, customers are armed with sufficient information on the product and their main purpose to visit the dealership is for a test drive.

While the buyers don't reach out to the manufacturers or dealers for information through their websites, they tend to visit dealerships to validate their findings from the pre-buying research (Kandaswami & Tiwari, 2014).

Kandaswani and Tiwari (2014) show in their study that more than 70% of buyers that visit dealerships take a test drive, which is an indication that the test drive remains a key activity in the dealerships to facilitate the decision making.

The study also reveals that buyers considering a few options of cars have a high propensity to go through test drives for a detailed comparison. On the contrary, those considering just one option tend not to go through with a test drive at all.

Morrissey, Stricker & Tsang (2017) agree that dealers remain pivotal in the car-buying process, but they add that their role is changing. They find that most buyers still prefer to complete complex tasks such as the final configuration and purchase in person at the dealership.

### 2.6.1 Evolving car retail model

The traditional car retail model consists of an OEM, car dealer and customer. As shown in Figure 2.2, it is a hierarchical structure that typified the automotive industry in mid-1990 (Smith, 2009). This model lacked disclosure for a customer, particularly the selling price. Customers had several options to see what was available when planning a purchase of a new car. Newspapers were a popular choice to find information and images of the latest available cars.

Figure 2.2: Traditional manufacturer/dealer/consumer purchase model



**Source: Smith (2009)**

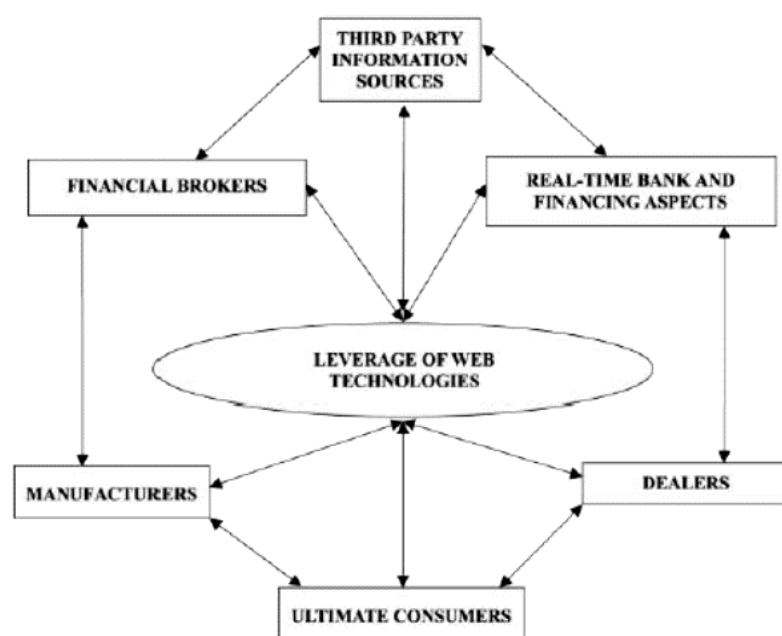
Smith (2009) explains that dealers used a “bait and switch” technique to attract customers to dealerships only to be told advertised vehicles (bait) were out of stock. The salesperson would then shift the customer’s interest to a vehicle with a better profit margin or commission (switch).

The author mentions that dealers were reluctant to disclose any information about the vehicle price. Salespeople were instructed to match the price of the vehicle to an amount of credit the customer qualified for.

As shown in Figure 2.3, the introduction of the internet empowered customers to influence informational exchange and competition. Customers can now contact manufacturers directly for vehicle information and dealers compete against each other for consumer business (Smith, 2009).

Manufacturers are forced to stay competitive to maintain a piece of the financing aspect of the industry. There is also emergence of third-party information websites, referral sites and online purchasing.

Figure 2.3: Internet-based automotive industry purchase model.



Source: Smith (2009)

## **2.7 VARIABLES THAT INFLUENCE THE USE OF INTERNET WHEN SEARCHING FOR NEW CARS**

There are a number of variables that influence the use of the internet by customers searching for a new car to buy. As quoted by Kumar (2014), Kotler (2003) mentions that the consumer decision-making process is strongly correlated with demographic variables such as age, gender, marital status, income, education, occupation, generation and social class.

Demographic factors such as education and income have an influence on the adoption of the internet as a search tool (Dehdashti, Ratchford, & Namin, 2018). Education is often included in determining the social class and is also an independent socio-economic variable that can determine most purchase decisions (Kumar, 2013).

Lee, Ratchford and Talukdar (2000) state in their study that the share of search time spent on the internet is inversely related to age, and positively related to education and dissatisfaction with the dealer of the previous car.

The study further reveals that younger and more educated customers benefit the most from using the internet, while older customers gain very little. The authors argue that in most instances older customers had prior information that lessened the need for new information.

Online customers tend to be younger, more educated, and have higher incomes (Kulkarni, Ratchford, & Kannan, 2012).

Age is positively related to internal search. Most older people are experienced at purchasing new cars and tend to not to conduct extensive internet searches. They rely on interpersonal sources such as word of mouth instead of the internet (van Rijnsoever, Castaldi, & Dijst, 2012). The authors find that men make more use of

internet search, while women are more likely to use interpersonal sources and dealerships.

The buyer's age and education, her/his satisfaction with a previously purchased product and the working condition of the same, the evoked set size, and joint husband-wife decision making are shown to influence the information seeking process. Education is viewed as a measure of general knowledge, which might explain the higher use of internet searches (Satish & Bharadhwaj, 2010) (van Rijnsoever et al., 2012).

## **2.8 CONSUMER SEARCH BEHAVIOR**

Recent studies show that most customers begin their search for new cars online. Dehdashti, Ratchford and Namin (2018) explain that customers who rely on internet for search are less likely to have made a decision on the car or brand before their search begins. They, however, have prior knowledge on a specific model they are looking for.

As quoted by Kulkarni et. al (2012), Punj and Staelin (1983) developed a model of consumer information search behaviour for new automobiles. Their model shows that two components influence the search, that is, prior knowledge and specific product knowledge.

Specific product knowledge is about specific attributes associated with car models and/or knowledge about procedures involved in purchasing a new car. General product-class knowledge consists of knowledge about cars and/or purchase procedures in general.

Online and offline customers tend to differ in many ways. There is a high probability that they also differ in the types of prior knowledge and experience they have about



cars. This difference in knowledge may determine their search activities and ultimately their choice (Kulkarni et al., 2012).

Kulkarni et al (2012) find a strong link between internet use and the choice of automobile. Internet users have a tendency to place more weight on ratings from reviews and comments, while non-internet users depend more on word-of-mouth recommendations from family and friends.

Social networking platforms are helping customers to figure out which brands and models to consider, and dealerships to buy from (Kunal et al., 2016).

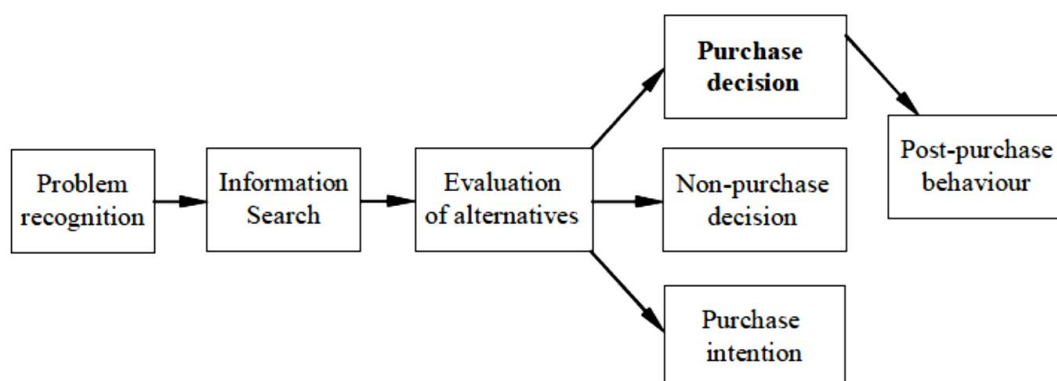
## **2.9 CONSUMER DECISION MAKING PROCESS**

In this fast changing and connected world, the prevalence of digital technologies has altered consumer buying behaviour.

A customer's decision to buy an item doesn't take place instantly. Behind the visible act of purchasing an item stands a buying decision process that is important for companies to understand and to find that moment that matters or touch points to influence the purchase decision (Stankevich, 2017) (Munthiu, 2006).

Munthiu (2006) shows that motivation, perception, learning, memory, personality, and attitude have an influence in the decision process, assuming the consumer follows the traditional five stages of decision making (Figure 2.4): problem recognition, information search, evaluation of alternatives, purchase decision, and post-purchase behaviour.

Figure 2.4: Five stages of buying decision process



Source: Munthiu (2006)

### 2.9.1 Problem Recognition

Problem or need recognition is the first stage of the buying process. The need recognition is a stimulation where the consumer is faced with an imbalance between the actual and desired states of a need, which may be sufficiently large to stimulate search (Teo & Yeong, 2016). The existence and the manifestation of the need is caused by internal or by external stimuli (Munthiu, 2006).

The internal stimuli can be triggered by the most basic need, such as a mode of transport to get from point A to B. Meanwhile, the external stimuli, like a well-designed advertisement for a new car might make one consider buying a car.

In their study Kandaswani and Tiwari (2014) find that first-time buyers identified family need as the main trigger for buying a car more than brand image. While repeat buyers cited upgrade to a sophisticated car as a reason of buying a new car.

## 2.9.2 Information Search

Information search is the next stage of the buying decision process that the consumer undertakes. Information is fundamental for the future buying decision and the quantity and accuracy of it depends mainly on the consumer as well as the product to be purchased (Munthiu, 2006). The consumer conducts an extensive search for information about the product prior to purchasing to minimise risks, particularly for expensive and/or highly risky products such as cars (van Rijnsoever et al., 2012).

The external search effort for information is the degree of attention, perception and effort directed toward obtaining environmental data or information related to the specific purchase under consideration (Teo & Yeong, 2016). The search effort is affected by prior information that customers have before considering a purchase.

Customers use multiple information sources and make extensive efforts in their information search when they are looking to buy a car. There are two types of information search, external and internal. Internal consists of the mental process of researching information stocked in the memory relevant to a purchase decision. External search refers to consulting external information sources through mass media such as television, radio, print, internet (van Rijnsoever et al., 2012) (Munthiu, 2006).

As quoted by van Rijnsoever et. al (2012), Biswas (2004) notes that compared to other external mass media channels, the internet provides a wealth of information at relatively low costs. This information can be accessed from websites to specialised web forums where customers share their experiences. Most of the decision-making process and influential touchpoints are online (Milward Brown, 2013). The study finds that 85 to 90 percent of car shoppers conduct online research. A typical search begins with a visit to a search engine or review site and ends with the brand's

domain before heading to a dealership. On average, the online search lasts four months with an uptick in activity during the last month.

Millward Brown (2013) identifies three distinct paths that customers follow during information searches. They are high category involvement, brand pre-disposition and high social network involvement.

In High Category involvement, consumer paths are characterised by the intensive use of auto review sites and competitive brand sites. All of this takes place before reaching an expression of interest, that is, before making a decision on the brand or type of vehicle to purchase.

In Brand Pre-disposition, the path begins with a visit to auto review sites and search engines, but quickly moves to expression of interest.

In High Social network involvement, consumer paths rely on social media brand pages.

### **2.9.3 Evaluation of alternatives**

The next phase of the buying decision process is to evaluate possible alternatives. Here, the consumer process information is collated during information search to arrive at a brand choice. Customers do not follow a simple and single evaluation process in all buying situations (Munthiu, 2006).

The level of complexity of the evaluation process is influenced by various factors that include consumer experiences, complexity of evaluated alternatives and urgency of the decision to be made.

Kandaswani and Tiwari (2014) indicate that the majority of customers devote a considerable amount of time (more than 10 hours) to identify the best vehicle for

their requirements, both in developed and developing nations. Their study finds that male respondents tend to spend more time on researching possible vehicles compared with the female respondents. Similarly, Gen X respondents spend more time on researching possible vehicles than the Gen Y respondents.

#### **2.9.4 Purchase decision**

This phase is the culmination of all stages where the consumer ranks brands and forms purchase intentions. The consumer's purchase decision is to buy the most preferred brand. Munthiu (2006) finds that at least two factors can come between the purchase intention and purchase decision. These are the attitudes of others, for example, someone important to you tells you that you should purchase the cheapest car, your tendency of buying an expensive car is reduced, and unexpected situational factors such as when the formed purchase intention is changed by an unexpected turn of events such as a close competitor of the brand under consideration dropping its price.

#### **2.9.5 Post Purchase behaviour**

In the post-purchase behaviour phase, the consumer analyses the extent to which the purchase decision was good or not in terms of the expectations and the product's perceived performance.

The customer is disappointed if the product falls short of expectation and is satisfied if it meets expectations.

Kandaswani and Tiwari (2014) find that customers were ready to endorse their cars to friends and relatives. Interestingly, they also even recommended products that they did not buy. This suggests enthusiasm of customers to endorse products and also the fact that word-of-mouth is an important influencer in the buying process.

## **2.10 CONCLUSION**

Chapter Two dealt with the phenomenal rise of the internet and how its effect has changed the way customers search for information, particularly when they are in the process of purchasing a new car. It was important to establish how the advent of the internet as a source of information is influencing consumer behaviour during the buying decision process.

Linked to the rise of the internet was the introduction of e-commerce — in the form of internet shopping — as the new way of retailing. Internet shopping was identified as a radical disruptor in car retail as digital natives (Gen Y) expected similar experiences when looking to purchase a new car. Demographic variables such as age, education and income were identified as influential in customers' use of internet during the information search and decision making.

The concept of online information sites as the source for product related information and car referral services was explained to show how customers consult them when they are searching for information.

The changing role of a salesperson was reviewed in the context of the influence of internet in consumer's decision-making process. This was aimed at addressing the research question of how internet has changed the role of a car salesperson. At the same time, the evolving car retail model was discussed and how it was also affected by the internet.

Chapter Three will focus on research design and methodology selected to address the research problem. The method of data collection and analysis as well as the administration of the semi-structured interviews will be described.

## **CHAPTER 3 – RESEARCH METHODOLOGY**

### **3.1 INTRODUCTION**

In this chapter, the research process used to gather information for the study is discussed. The chapter provides the reader with a greater understanding of the different types of the research approaches. Furthermore, the chapter guides the reader towards the type of data to be collected for this study and tools used to analyse the data collected.

Methodology refers to how the researcher goes about finding what he or she believes can be known. It is a research strategy that gives the researcher guidelines on how to conduct research and principles, procedures and practices that govern research (Antwi & Hamza, 2015).

A research methodology can also be described as a blue print for achieving research objectives and responding to research questions (Cooper & Schindler, 2011).

### **3.2 RESEARCH PARADIGM**

It is important for a researcher to understand the research paradigm to be applied in conducting research as it can substantially influence how the study is framed to understand the social phenomena (Wahyuni, 2012).

Wahyuni (2012) posits that a research paradigm is a set of fundamental assumptions and beliefs as to how the world is perceived. This serves as a thinking framework that guides the research behaviour.

As cited by Antwi and Hamza (2015), Terreblanche and Durrheim (1999) describe research paradigm as an all-encompassing system of interrelated practice and thinking that define the nature of enquiry along the philosophical dimensions of

research process, ontology (the way the researcher defines truth and reality), epistemology (the process in which the researcher comes to know the truth and reality) and methodology (the method used in conducting the investigation).

Ontology and epistemology are the two philosophical dimensions that are the foundation of research.

Ontology is the view of how a person perceives reality. It refers to the nature of a person's belief about reality. It specifies the form and nature of reality and what can be learnt about it (Rehman & Alharthi, 2016) (Antwi & Hamza, 2015).

Wahyuni (2012) describes epistemology as the beliefs on the way to generate, understand and use the knowledge that are deemed to be acceptable and valid.

Antwi and Hamza (2015) state that it denotes the nature of the human knowledge and understanding that can be acquired through types of research methodologies. There exist two main paradigm of research in literature, namely, interpretivism and positivism. Interpretivism is the theoretical framework for most qualitative research and positivism for most quantitative research.

In positivism, researchers seek to obtain law-like generalisations by conducting value-free research to measure social phenomenon (Wahyuni, 2012). As cited by Antwi and Hamza (2015), Neuman (2003) defines positivism as an organised method that combines deductive logic with empirical observations of individual behaviour to discover and confirm probabilistic casual laws that can be applied to predict general patterns of human behaviour. Quantitative terms that explain how variables interact, shape events and cause outcomes are used in positivism paradigm. These explanations are often developed and tested in experimental studies (Antwi & Hamza, 2015).



The purpose of an interpretive research is to understand a particular phenomenon, not to generalise to a population. Its main purpose for the researchers is to gain insight and in-depth information (Nguyen & Tran, 2015).

The interpretive research sees the world as constructed and experienced by people in their interactions with each other and wider social systems. It allows researchers to view the world through the perception and experiences of the participants (Antwi & Hamza, 2015) (Nguyen & Tran, 2015).

Wahyuni (2012) agrees that interpretivists believe that reality is constructed by social actors and peoples' perception of it. Interpretive research places strong emphasis on better understanding of the world through first-hand experience, truthful reporting and quotations of actual conversations (Antwi & Hamza, 2015).

Interpretivist researchers offer a diversified view of the phenomenon under study. They do not only describe humans, objects or events, but they also understand them in social context (Pham, 2018).

The interpretive research is the theoretical framework for most qualitative research. Qualitative approaches often give interpretivists rich reports that are useful for better understanding of the contexts (Nguyen & Tran, 2015). Qualitative research methodology often relies on personal contact between the researcher and the group being studied. As cited by Nguyen and Tran (2015), Creswell (2009) states that the qualitative research as a means to explore and understand the meaning individuals or groups ascribe to a social or human problem.

Qualitative methodologies are inductive as they are oriented towards discovery and process. They are less concerned with generalities and are more concerned with a deeper understanding of the research problem in its unique context (Antwi & Hamza, 2015).

For this study, the researcher explores the influence of the internet on the buying decision-making process of the passenger car customer by seeking to understand individual experiences of the phenomenon.

### **3.3 RESEARCH APPROACH**

The researcher uses interpretivism research paradigm for this study. The phenomenon of this study is the influence of the internet on customers' buying behaviour and their decision-making process when they buy new cars. The subjective experience of the participants that will be interviewed will help to understand this phenomenon.

The research approach for this study is phenomenology. The purpose of the phenomenological approach is to clarify the specific by identifying the phenomenon through how it is seen by the people involved. It is concerned with understanding social and psychological phenomenon from the perspective of people involved (Lester, 1970) (Groenewald, 2004).

Phenomenology provides a theoretical guideline to the researchers to understand phenomena at the level of subjective theory. The subjective reality plays a key role in understanding the subject regarding a particular phenomenon (Qutoshi, 2018).

As cited by Qutoshi (2018), Gearing (2014) describes phenomenology as the study of phenomenon perceived by human beings at a deeper level of understanding in a specific situation with a detailed description and interpretation of lived experiences through bracketing. Bracketing is essential to gain insight into lived experiences and to ensure validity of data collection and analysis.

Lester (1970) states that the phenomenological approaches are based on the paradigm of personal knowledge and subjectivity. They emphasise the importance of personal perspective and interpretation.

The phenomenological paradigm involves gathering in-depth information and perceptions through inductive, qualitative methods such as interviews, discussions and observation of study groups (Lester, 1970) (Qutoshi, 2018).

The researcher intends to use the phenomenology approach to describe as accurately as possible the phenomenon of the influence of the internet on the new car buying decision-making process. The phenomenology approach helps the researcher to understand subjective experience and gain insight into peoples' motivation, as well as actions (Lester, 1970).

Padilla-Diaz (2015) names three different types and classes of phenomenology. They are descriptive or hermeneutical phenomenology, eidetic or transcendental phenomenology, and egological or constitution phenomenology. For this study, the researcher uses descriptive phenomenology, which refers to the study of personal experience and describes the meanings of phenomena as experienced by participants in the study.

### **3.4 SAMPLING DESIGN**

For this study, the researcher uses purposive sampling, which is associated with the phenomenological research. Purposive sampling is characterised by the incorporation of specific criteria met by the participants at the moment of selection (Padilla-Díaz, 2015). Purposive sampling allows the researcher to choose participants arbitrarily for their experience or perception of the phenomenon under study (Cooper & Schindler, 2011).

The selection criteria for the population of this study will be based on the following:

- in-depth understanding of the vehicle retail experience at a dealer level – to obtain a salesperson's perspective of the impact of the internet on customer dealer visits;

- person responsible for the vehicle retail operations at a manufacturer level – to understand how the internet influences the vehicle retail process;
- person working in the brand marketing strategy for a vehicle manufacturer – to gain insight on how the internet is influencing marketing strategies; and
- executive of third-party motoring website – to establish how the internet has disrupted the traditional vehicle retail chain and customer car-buying decision process.

The researcher plans to select the participants for the interviews and discussions from the marketing executives and dealer executives (dealer principals) of passenger car brands such as Audi, Volkswagen, BMW and Toyota and executives of third-party motoring websites such as cars.co.za and Auto Trader in South Africa.

The dealer executives work as the intermediaries for new passenger car retailing. This cohort provides in-depth information based on its observation of how the internet influences customers' buying behaviour and their decision-making process when buying or in the market for new cars.

Sales and marketing executives are responsible for the marketing and retailing of new passenger cars. The researcher intends to gain insight from them on the new trends that they have observed with regard to the buying of new cars by customers.

The third-party motoring websites are the online information sources for new car buyers. The researcher plans to interview the executives of the third-party motoring websites to obtain their independent and objective opinion on their observation of the new patterns that customers are following during their decision-making process when buying or searching for new cars.

The researcher plans to interview six respondents – two dealer principals, two marketing and sales executives and two executives from third-party motoring websites.

The phenomenon of the influence of the internet on customers' car buying behaviour is common amongst the three cohorts that have been identified for this study.

As cited by Padilla-Diaz (2015), Creswell (1998) posits that the best criteria to determine the use of phenomenology is when the research problem requires a profound understanding of human experiences common to the group of people. For this study, the group of people identified for the interviews has the experience or perception of the phenomenon under study.

Creswell (1998) suggests that the studied group in phenomenology research should consist of three to 15 participants and must be able to articulate their lived experiences. The researcher's approach to the number of respondents is guided by this principle.

The nature and sensitivity of the study does not allow the researcher to interview more people from the dealerships and car manufacturers. The researcher envisages that some of the dealer executives and marketing executives might be reluctant to share information that they deem sensitive and company competitive intelligence.

### **3.5 DATA COLLECTION**

An in-depth face-to-face interview is the most appropriate data collection strategy for phenomenological research (Padilla-Díaz, 2015).

In-depth interviewing is a qualitative research technique that involves conducting intensive individual interviews with the respondents to explore their perspectives on a particular idea, or situation (Boyce & Neale, 2006).

The interview is open-ended and/or semi-structured. A semi-structured interview is a hybrid type of interview, which lies between structured and in-depth interviews. It

uses a list of predetermined themes and questions similarly to a structured interview, whilst allowing the interviewee the flexibility to talk freely (Wahyuni, 2012).

The semi-structured interview allows the researcher to address the phenomenon in depth by providing space of aperture to the interviewees so that they can express their experiences in detail, in approaching reality as possible (Padilla-Díaz, 2015).

The main feature of an interview is to allow the interviewees to share their perspective, stories and experience on a particular social phenomenon being observed by the interviewer (Wahyuni, 2012) (Padilla-Díaz, 2015).

As cited by Padilla-Díaz (2015), Rubin and Rubin (2012) mention that the main focus of phenomenological interview is the description of the meanings of the phenomena.

The researcher plans to develop an interview guide to direct questions to the themes related to the phenomenon. The interview questions come from the research problem and they attempt to address the primary objectives of the study.

The phenomenological interview is complex and requires time to scrutinise the studied phenomenon. As such, the researcher plans to use information from the literature review in chapter two to formulate interview questions. This allows the researcher to bring the current trends and practices as well as research topic themes to the discussions with the interviewees.

### **3.6 DATA ANALYSIS**

Data analysis involves the drawing of inferences from raw data collected during interviews and discussions (Wahyuni, 2012). For qualitative research, the collected data is primarily text-based and its management involves three aspects, namely, data storage, transcribing of audio sources used to record interviews, and cleaning of data.

As cited by Wahyuni (2012), Boeije (2010) mentions that the analysis of qualitative data involves dismantling, segmenting and reassembling data to form meaningful findings to draw inference. This is guided by the research questions and research primary objectives to piece together collected texts into logical data.

Content analysis is the most common approach that is followed to interpret the meaning from textual data. It is the systematic and objective means of describing and quantifying the phenomena (Wahyuni, 2012) (Elo & Kyngäs, 2008). The researcher plans to use qualitative content analysis to analyse raw data collected from the interviews.

Content analysis is a research method for making replicable and valid inferences from raw data to their context, with the purpose of providing knowledge, new insight, representation of facts and practical guide into action (Elo & Kyngäs, 2008). It gives the researcher a condensed and broad description of the phenomenon. The result of the analysis is concepts describing the phenomenon under study.

As cited by Wahyuni (2012), Silverman (2011), states that qualitative content analysis focus on portraying reality of the phenomenon by discovering meanings from textual data.

Content analysis measures the semantic content or the “what” aspect of a message (Cooper & Schindler, 2011).

Content analysis follows a systematic and predetermined process for coding and deducing inferences from the collected raw data.

Elo and Kyngas (2008) suggest that inductive content analysis is used in cases where there are no previous studies dealing with the phenomenon or when it is fragmented. This is the case with this research study as the researcher could not find empirical studies conducted in South Africa.

The researcher aims to use inductive content analysis for this study. Inductive content analysis is associated with qualitative research. It includes the process of open coding, creating themes or categories, and abstraction from interviews (Elo & Kyngäs, 2008).

During open coding notes and heading from the raw data of the interviews are written in the text as the researcher or scribe reads it. Open coding is conducted by dismantling texts and distinguishing different themes and concepts emanating from raw data (Wahyuni, 2012).

Interviews are transcribed to identify themes and abstractions that emanate from raw data. These themes and abstractions are grouped into headings of each open code. The grouping of data helps to reduce the number of themes that are similar or irrelevant. This ensures that data is classified to where it belongs.

As cited by Elo & Kyngas (2008), Canavagh (1997) explains that the purpose of creating categories is to provide a means of describing the phenomenon to increase understanding and generate knowledge.

Abstraction means formulating a general description of the research topic by generating categories. Each category uses content-characteristic words (Elo & Kyngäs, 2008).

### **3.7 REPORTING**

The researcher plans to use the buying decision process model to synthesise the data collected from the interviews and to explain the influence of the phenomenon under study on the model.

Each stage of the model will be analysed to determine how the internet influences a customer's journey during the car-buying decision process.



### **3.8 CONCLUSION**

In this chapter the research methodology and its associated parts were explained. The researcher also detailed the background to the research choices to ensure the results of the study are interpreted within the appropriate context.

This included the research approach to data collection and analysis. It further expounded on the sampling design used and how the required data was to be obtained using the phenomenological approach.

It also alluded to the use of this approach to conduct interviews for data collection, incorporating the themes that arose from the literature review for the interview questions.

The next chapter records the data collected from the interviews. It outlines the themes abstracted from the empirical results in an attempt to describe the phenomenon.

## CHAPTER FOUR - THE EMPIRICAL STUDY

### 4.1 INTRODUCTION

In chapter 4, the data collected from the interviews with the respondents is transcribed and interpreted by linking inferences to the phenomenon being studied, which is the influence of the internet on the customer buying behaviour for new cars. The interview questions are based on the primary and secondary research questions of the study.

An interview guide was formulated to structure the interview questions and process to be followed. Each of the seven interview questions has sub-questions to support the main question and to also obtain substantiated responses from the interview **(ANNEXURE B)**.

The initial plan was to interview six respondents, but in the end five people were interviewed. The five respondents are experienced senior executives in the car retailing business (dealership), online information sources and car manufacturer based in Cape Town, Johannesburg and Port Elizabeth.

The interviews were conducted in person and via telephone.

## 4.2 INTERVIEWS

<b>A. How has the convenience and ease of access of the internet changed the customer buying behaviour for new cars?</b>	
<i>1. How has the internet changed the way customers search for new cars?</i>	
<b>Respondent 1</b>	The internet allows content providers to produce and deliver more accurate, up-to-date information than traditional media like radio, print or television. Unlike traditional media, the internet has no space limitation, which allows for more information to be offered on all available options. As such, consumers no longer need to wait for publications to hit the shelves before they can research their car purchase. Consequently, once a buyer reaches a showroom, they probably have already done all their research on the car they are interested in buying.
<b>Respondent 2</b>	The internet has done one major thing for customers: it has created crucial retail price transparency. With one click, a customer can see a real transactional trading price of a car. This is the price that a customer is willing to do the deal at. This puts pressure on the retailer who wants to do the sale because he gets an incentive from the manufacturer for achieving his volume numbers. Customers are always looking for the best possible deal on a car under consideration.
<b>Respondent 3</b>	Consumers now have easy access to information. They are able to do their research online before going to the dealerships. The sales process of the past was very linear where, if you were looking for a car, you would first visit a dealership (probably with an idea of the type of a car you want because you would have seen some advertising on it). You would visit a dealership, take a brochure and test drive a car. The dealers were in control of the process. This has changed because of customers' access to the information online. It is now far easier to search for your own information by looking at your own sources of information because it is readily available. It is a space where you can search for

	<p>information without input or interference from no one else and one can make up his or her mind about what they want. There is an opportunity to look at the traditional form of car reviews from motoring journalists who have written an article about the car. There are also reviews on YouTube on the performance where cars are pitched against one another. There are also social communities where you get feedback about certain comments on some brands. Customers searching for cars nowadays have the universe of information to choose from that inform not their purchasing decision necessarily, which will naturally still take place in a transactional basis at a dealership, but the consideration of the brand they are interested in buying. The internet allows customers to search for information without setting a foot in a dealership.</p>
<b>Respondent 4</b>	<p>The internet through different forms of social media such as Facebook has become a trigger where customers start their search for new cars. We are very active on Facebook where we are generating good sales leads. 80% of our customers have access to the internet and when we market our cars they most likely going to see our campaigns. 20% of our customers don't have a smartphone and don't read a newspaper. and chances are that they will not even listen to a radio.</p>
<b>Respondent 5</b>	<p>It is important to recognise that the car buying journey is not linear. In the years gone by there would be a linear process because you were subject to the physical world. A customer was subject to research online and purchase offline, which made the process cumbersome. There was a particular linear process of what causes a customer to purchase a car and the moment a customer makes a purchase.</p>
<p><i>2. How do you think the internet has empowered customers, particularly those who are in the market to purchase new cars or during the buying decision process?</i></p>	

<b>Respondent 1</b>	The immediacy and transparency of the internet has empowered customers to easily access and research the information that they need about the cars under consideration. Customers are able to see the latest region/dealer specific offers via internet.
<b>Respondent 2</b>	The internet has given customers the power to negotiate for the best deals that they can afford due to retail price transparency. A customer is now able to walk into a dealership armed with the price information collected from the internet that she or he can use to haggle for a best deal. Since some dealers (especially in the premium segment) are incentivised to sell volume, they are therefore willing to offer discounts to make their numbers.
<b>Respondent 3</b>	The internet has empowered customers to a certain extent but at the same time it has disempowered the salespeople in dealer organisations because it is becoming impossible for them to know everything. In some instances, customers walk into a dealership knowing more about the car than the salesperson. This is posing different challenges to the dealers where they have to find a sales process to counter that without patronising customers. The other problem is that sales people are encouraged to move into a transactional phase immediately because customers coming to the dealerships are more informed and they know which car they want. This is probably good for the consumer because they can haggle for the best deal. The needs analysis of a customer is missed at the expense of a sale. This has made the dealership experience very transactional for the customer and somehow depriving him or her a solution to the mobility needs. It is a challenge for a dealer because it is no longer the art of selling but an order taking process. The dealers become transactional because they feel it is the only way to make a customer buy a car from them.

<b>Respondent 4</b>	The internet through different forms of social media such as Facebook has become a trigger where customers start their search for new cars. We are very active on Facebook where we are generating good sales leads. 80% of our customers have access to internet and when we market our cars they are most likely going to see our campaigns.
<b>Respondent 5</b>	<p>The internet has caused two things, transparency and anonymity. The consumer is anonymous because s/he can go online without being seen by another person at the other end. Pricing of cars is now fully transparent; demand and supply data of cars is becoming transparent. There are two forms of transparency, one is dumb data that allows customers to see all available car prices in the market places, like autotrader.co.za, but it is difficult to get price trends and the price inflation trends particularly for used cars. When the car pricing becomes intelligent there will be a big shift in the buying behaviour. At the moment, the consumer can see the car pricing but the information is dumb and nothing can be done about it.</p> <p>The next thing that is becoming transparent is the demand and supply of cars which is measured by the number of times the car is viewed. The consumer is currently buying in an anonymous world using dumb transparent data. Where we are going is a transparent world with a sophisticated internet user using intelligent data.</p>

<b>B. What are the key variables that influence the customer buying behaviour for new cars?</b>	
1. <i>To what can you attribute this change in customer behaviour? Have you seen similar behaviour in South African customers? Is this prevalent in certain customer age groups?</i>	

<b>Respondent 1</b>	Research shows that life changes such as a new job or promotion are some of the most powerful and influential drivers in the South African market, where cars are seen as symbol of success. Other variables include changes in lifestyle such as retirement or growing family.
<b>Respondent 2</b>	The internet has become an enabler that allows customers to get the best deals available.
<b>Respondent 3</b>	The big driver of how consumers purchase vehicles is directly linked to the experience to the other parts of their life. The fact that consumers are used to doing most of their shopping online via apps on their smartphones, they naturally become inclined to expect the same when they are looking to buy new cars instead of the traditional dealer environment. These are not motoring influences but they are from living the life in general. Because the motoring industry has long lead times, being hardware instead of software companies, it is slow to evolve compared to the other industries like mobile phones and services. The influence of these industries affects how consumers interact with the motor industry. It is an evolving need and trend that the motor industry needs to accommodate. The industry has not kept up with the changes in other industries.
<b>Respondent 4</b>	We have noticed that our younger customers come to us well informed on the cars that they want or are considering. We can only assume that they have more time to be online to search for information on the cars they want. Contrarily, our older customers still want on us to give them more information on the cars they want. They trust our sales executive to provide them with sufficient information to make a buying decision.
<b>Respondent 5</b>	Millennials don't visit as my dealers as older generation consumers. They make a list of one car before making a decision. They have grown up as digital natives and get to a decision must quicker. They don't have internet anxiety

	as the older generation who don't trust it as much. Millennials trust the internet more which means they are willing and ready to buy from it.
<i>2. How have social networks/platforms like YouTube, Facebook, Twitter and online shopping experiences changed customers' buying behaviour?</i>	
<b><i>Respondent 1</i></b>	These social platforms are the new type of the "word of mouth", where micro-influencers are powerful brand or product advocates. You may find that in some instances a new, inexperienced car buyer will gravitate towards buying a vehicle that a person they respect owns, even if they don't personally know that person.
<b><i>Respondent 2</i></b>	Social platforms like Facebook have given consumers access to unbiased reviews from people that they can trust and who they see at the same level. They give customers peer reviews which are real world subjective evaluations of a car. They can watch or listen to unfiltered reviews from the real owners about experiences of their own cars. The customer gets a clear idea of what the car is like in the real world.
<b><i>Respondent 3</i></b>	Social platforms influence consideration for customers, especially the visual formats because of their ability to engage in a timeous fashion and also, to a large degree, in a protected way where you don't have a face-to-face conversation with another person about a car. It is also easy because of its format that allows one to ask questions and receive immediate answers or be linked to peoples' experiences through articles. The social media platforms also offer consumers the ability to engage and view content themselves in a safer space, where there is no one forcing it upon them.



<b>Respondent 4</b>	<p>It is much easier and efficient to search for cars online than in other forms of traditional media. Customers nowadays consume more content on social platforms than on traditional media. In the past, we spent most of our advertising budget on traditional media like radio and newspaper. A few years ago, we decided to reduce our advertising spend on newspaper and moved it to Facebook. The change didn't cause any drop in our business. We haven't gone back to print since then.</p> <p>For the majority of people, social platforms like Facebook and YouTube have really changed how they search for cars. We have seen this change in our customers. We reach most of them through Facebook where we have established a community of loyal customers. We use Facebook for lifestyle and brand marketing. Instagram is used for lifestyle only.</p>
<b>Respondent 5</b>	<p>Yes, internationally in 2018, 22% of consumers consulted social media before buying a car. Interestingly, they didn't consult social media for a car brand, but they were researching the credibility and authenticity of the person they were buying from. They are trying to build trust around a dealer or person that they are buying from. They want to know what people are saying about them. I don't believe in the term social media. I like to call them social platforms which people can visit. According to Google SA, 60% people watched a review video on YouTube before taking action to buy a car.</p>

**C. What are the factors that enable customers to start their new car search journey online instead of visiting a dealership?**

*1. Where do you think customers begin their search journey for the new car? Which source do they visit at the start of their journey?*

<b>Respondent 1</b>	Google is the most popular site that customers visit when they are searching for new information. The same applies with the customers searching for information on new cars. Google offers them an array of places where they can extend or advance their search.
<b>Respondent 2</b>	Trust is the main reason. The motor industry has had the reputation of not disclosing full information to the customer. From the comfort of his home on a tablet or smartphone, a customer can get transparent and broad information from different sources about the same product. The internet allows a customer to access information anonymously. The visit to a dealership becomes a verification process of the information that has been gathered from the different sources. The most important factor in the car buying process is the brand, that is, what does the brand stand for and its product strength. Customers don't search for the brands or products that they are not interested in. Once a customer has decided on the brands he or she likes, the first port of call will be a visit to the brand's website. The visit to the third-party websites and social media platforms like YouTube takes place after the visit of the brands' website when a customer has a shortlist of cars that he or she is interested in. The last step is the visit to the dealership. Here the big factor for the customer is the service experience from the dealer and strength of the deal.
<b>Respondent 3</b>	The customer journey is influenced by marketing through social platforms that targets their timelines and feeds. This allows car brands to showcase their product portfolio. There is read targeting in the digital world to feed customers

	advertises of a particular model. Thereafter, customers will begin their search journey by visiting the brands' websites to get more information such as features, price and even configure a car for themselves. This happens before approaching a dealer.
<b>Respondent 4</b>	The starting point is a search on a smartphone for a price, model and features. They will also search manufacturers' websites, which provide the car specifications a customer needs.
<b>Respondent 5</b>	Most of the time the search is triggered by a life event. It is the intersection between a life event and something important. It is two-fold: creative marketing and frequency of marketing. If something is not in your face, you are less likely to do something about it. Creative marketing is intended to solve a customer's problem and frequency of marketing is how often a customer sees it.
<i>2. What type of information do customers search for on the internet when they are in the market for new cars? How does that information help them during their buying decision process?</i>	
<b>Respondent 1</b>	Customers usually search for model specifications and pricing to see if it matches their budget needs. The information helps them to have a rough idea of their affordability and also gives the latest listed prices, as well as comparative specifications by model.
<b>Respondent 2</b>	Customers look for different information when they are in the market for a new car. These include prices, specs, performance, resale values and maintenance costs. Although price is not the only factor, it is the biggest part of the buying decision process.

<b>Respondent 3</b>	<p>In the past, we thought customers would look for performance data such as the engine size or power output apart from what the car looks like because it was male biased customer profile. At the moment, apart from technical information customers are looking for positive sentiment, positive referrals and positive experiences about the brands. They are looking for information that affirms their consideration in the initial stages. Secondary to this will be technical information. I think customers want to buy into a brand before buying a product.</p> <p>The information will validate their choice as a starting point. It will give them confidence that they are pursuing the right brand. Thereafter, they will narrow their search to the specific brand that they want to pursue further, depending on variables such as affordability, value for money and appeal.</p>
<b>Respondent 4</b>	<p>They search for price because it determines what they can afford within their budget. This will be followed by the model and specifications it is offered with. This is the first step in their journey, which prepares them for the next, sensory, experience where they will see, feel and experience the car during a test drive. The final decision is taken during this phase and it is also the moment when a customer will start to negotiate a deal.</p>
<b>Respondent 5</b>	<p>At the start of their journey, customers would probably go to Google as their first source of information. The sources are multiple and there is no one source that can claim that consumers start their search at a particular point because there are so many subsets on the way consumers search for cars. Google says that there 26 touch points of the car search journey and 21 of them are digital, which means most of them are anonymous.</p> <p>33% of customers search for make, model and price. The next most searched information is the body type, that is, SUV, hatch or sedan.</p>

	We have bucketed the process into three phases, namely the search of the car by make, model and price. This information is then used to narrow the consideration into the preferred car and lastly, they will go to the dealership to buy the car.
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<b>D. How are Online Information Sources (OIS) empowering and influencing the knowledge of new car buyers?</b>	
<i>1. How do motoring online information sources such as carmag.co.za, cars.co.za, autotrader.co.za and the like influence and empower customers' buying decision or behaviour?</i>	
<b>Respondent 1</b>	Most consumers will typically start their search journey on Google and later migrate to the online information sources (OIS). The OIS that spends most on Google for specific search terms, will appear highest in the rankings, and then get clicks from the consumers. If you are not on the first page of Google, you can just as well not be there at all. The brands that rank high on Google will get the bulk of the traffic and therefore be able to have the most impact or influence the consumer's decision.
<b>Respondent 2</b>	These platforms appear credible, but whether the information they carry is credible or not doesn't matter to the customers who are reading it. What matters the most is the customer's perception of the information published by these sources. It is therefore incumbent upon a salesperson to work hard to convince the customer about their product to influence the buying decision.
<b>Respondent 3</b>	The OIS have significant influence on customer buying behaviour because of its ease of accessibility, especially on mobile. These platforms have smartly geared their content to be mobile phone-friendly and using visuals that appeal

	<p>to customers. It is non-traditional but real to customers. They offer a credible source to validate whether a car is good, bad or indifferent. Their content is impactful because it is visual all the time and one can see things being demonstrated. This resonates with customers as car features are being demonstrated instead of reading about them in a magazine or newspaper. The OIS are similar to social media platforms that require content generated to be authentic and interesting to capture peoples' attentions. Moreover, it must be consistently changing to appeal to customers.</p>
<b>Respondent 4</b>	<p>The influence of the OIS can be positive and negative, depending on the model they are reporting on. For example, the reports on the new Volkswagen T-Cross were very positive for our sales because it got people excited and drove them to dealerships. However, the unveiling and announcement of the next generation Volkswagen Golf resulted in a drop of the current model's sales because customers didn't want to buy an 'old car'. We also share positive reviews of our product with our customers on our Facebook platform.</p>
<b>Respondent 5</b>	<p>Autotrader wants to help customers to make informed decisions when they are buying cars. For this reason, it is our intention to turn the dumb data into intelligent data that can influence and empower customers.</p>
<p><i>2. How important or credible is the information retrieved from OIS? How are the OISes impacting the traditional car retail process?</i></p>	
<b>Respondent 1</b>	<p>It is very important. Most consumers are not looking for long reams of information but quick facts, specification data and model comparisons that empower them to be more informed than before. Some customers like to cross reference information by visiting different sites for verification. It is therefore important for an OIS to ensure that it has accurate and the most up-to-date information, otherwise it will lose its credibility and dissipate into obscurity.</p>

	<p>The OISes have massive impact as they don't only provide basic information on cars but also provide information on available cars for sale. For traditional classifieds like cars.co.za and autotrader.co.za, the bulk of consumers come to look for a car to buy. For carmag.co.za (Car Magazine's website), I suspect the traditional audience is looking for car or motoring related content, more than cars for sale. Over time this will gradually shift towards including cars for sale as well. Dealers that don't use these information sources will simply get few leads and might even not survive. The OISes should be seen as dealer partners not as the enemy. If used effectively, they can help the dealers to thrive -- unlike the disruptive OIS platforms like webuycars.co.za, which are a danger to the traditional retail process as they compete directly against the dealers particularly for used cars.</p>
<p><b>Respondent 2</b></p>	<p>They are certainly impacting the traditional car retail process in a sense that they provide customers with credible and objective information before visiting a retailer. However, the retail process still needs the physical presence of a sales person whether over the phone or pop-up store. There is still a need for a customer to interact with a human being, that is - somebody that they could hold accountable should something go wrong. Buying a car is different from buying a pair of socks online.</p> <p>People talk about the end of the car showroom, but I don't think that is true. I think the car dealer will evolve and the showroom might get smaller with more technology such as augmented reality experience in the showroom that shows 3-D imagery of the cars. I think that in a foreseeable future – 20 to 30 years, a dealer will still exist. A customer still holds a human accountable for his or her experience. Cars are part of a person's ego and self-actualisation with that comes the desire to be recognised for your purchase.</p>

<b>Respondent 3</b>	If the car retail industry had adapted its business models earlier to this trend by being more flexible and agile, these sources should have been a support to the sales process. My view is that they do a good job to convince customers along the path of their journey. If used in the right way, they can offer support to the dealers. Sales people need to upskilled to know what's up there in the universe in certain cars.
<b>Respondent 4</b>	We are already experiencing disruption in our used car business from online information sources such as webuycars.co.za and we cannot compete against them on the prices they offer to customers.
<b>Respondent 5</b>	<p>The information is only credible if the data structure is clean. We have realised that information available on some of the OISes is not credible. We have taken it upon ourselves to build credible data structures with car taxonomy and VIN database. We know that if we have all the data structures, we can layer on top of that the interface with the dumb data and turn it into intelligent data. I hope this will help us to become an online source for price, demand and supply.</p> <p>The second biggest purchase in most peoples' lives is a car, so it is important. The fulfilment process has to be done by the dealer for two reasons, because it is an important asset it is less likely to be bought online like a consumable good. The complexity of the vehicle sale deal requires an intermediary in the form of a dealer. The majority of the vehicle sales are credit purchases, which can only be concluded through a dealer.</p>



<b>E. How has the internet changed the role of a car salesperson during the customer decision-making process?</b>	
1. <i>How has the internet changed the role of a car salesperson during the customer car buying decision making process? Have you noticed a change in the number of dealer visits during the initial phases of the search? At what point do customers visit the dealership?</i>	
<b>Respondent 1</b>	According to our research the average number of dealer visits is two (2). In the past this number was much higher because customers visited different brands before narrowing their choice of cars under consideration. The internet and OISes provide so much information and even actual stock that there is no need anymore to visit many dealers. Again, there are slight variations and we look at the question in two parts. Firstly, how many dealerships did the consumer visit in the decision-making process. As indicated, the average is two, but for brands like Honda it is one and for Mahindra three. Secondly, how many times did the consumer visit the particular brand's dealer to finish the sale. Here the average is also two, but it is changing towards one.
<b>Respondent 2</b>	What the internet has done is make the salesperson sell the deal and not the product. We now have few specialist car salesperson who are exceptionally good at selling the product, that is, the unique selling points and value of the product. Instead of selling the product, they now sell the deal and sell on price. I think this will change in future as the OEMs start to take control of the retail channel. As the price parity comes back to the market where the deal is the same everywhere. Car salesperson will have to evolve to being able to sell the product, themselves and service instead of selling the price. I think in a 10-year horizon, the days of having a Finance and Insurance specialists, sales executive and product expert are going to disappear. You will have one person doing all three of these things and creating a one-stop service for a customer.

<b>Respondent 3</b>	As mentioned earlier, the auto retail sales process has changed and is no longer linear. There is a strong possibility that a customer would have done a lot of research work before looking at a particular brand. The sales process must be flexible to accommodate this. The profile of a sales executive of the future will be very different to the traditional salesperson. They must be active in the online space and know what is happening as well as be familiar with the online content. There is no need for them to know the technical specification by heart because there are many points of reference for this information. They need to upskill themselves by understanding what people are experiencing and saying about the car and brand. They must find positive things that are being said about the product that they can use as an endorsement with a customer. The role of the salesperson has changed. It is less about being a dealmaker, it is more about being customer oriented to be able to sell cars. One of the things that will enable the sales process in the new world is a relook at the remuneration of the sales force. Currently they have low basic salaries and high commissions. There is an argument that it has be less of commission and higher basic pay guarantee because you are asking for a different kind of experience with a customer. The old mindset is that if you don't have a high commission structure, salespeople won't sell cars because that is the driver.
<b>Respondent 4</b>	The internet has made the role of the salesperson harder because people come into the dealership more informed about the cars they are in the market for. Salespersons need to create a rapport with a prospective customer five minutes into their conversation to gain their trust. Ten years ago, the salesperson knew everything and a customer knew a little. Now customers know a lot but they want to buy from people that they can trust.
<b>Respondent 5</b>	At the moment the salespersons are performing the role of deal making. In the future, a salesperson should be employed to be a product specialist. Right now, they are trying to sell a deal to a customer instead of selling a product.

	<p>When the automotive digital retailing takes place as we move to online retailing the salesperson has to become a product specialist. This will allow a customer to go to a dealer to understand the car because most of paperwork such as finance application, insurance have all been concluded online.</p> <p>Consumers research online and purchase offline. Five to seven years ago, customers would visit up to five dealers before buying a car. They now visit 1.5-2 dealers. Millennials will visit one dealer, choose a car and buy it; the older generation will visit about three dealers; they are all using dumb data to make their buying decisions.</p>
<p><i>2. At what point do customers visit a dealership during their search journey?</i></p>	
<p><b><i>Respondent 1</i></b></p>	<p>Customers usually visit the dealership once they have decided on a model or make that they want. In other words, the dealer does not have to really sell the product but rather make the sale process as simple and painless as possible. This, however, varies from brand to brand. According to our 2018 research, only 12.5% of the Subaru owners make their decision of which car to buy in the online process, while the figure is as high as 39.6% for other brands such as Audi and Fiat.</p>
<p><b><i>Respondent 2</i></b></p>	<p>The visit to the dealership is now happening late in the buying decision process. The visit is now 1.5 times compared to about six times in the past. A customer visits the dealership after narrowing the option of cars to two. It is now about the physical product itself. The visit to the dealership is all about sitting, touching, feeling, smelling, driving and getting a feeling of trust from the salesperson. This is the last chance for the salesperson to swing the deal. At this point the customer knows the deal s/he can get and the car of choice. It is now the dissonance process and just want to ensure that s/he is not making a mistake.</p>

<b>Respondent 3</b>	The visit happens at the end of search journey when they have decided on the car and the brand they want to buy. At this point they will visit several dealers to haggle for the best deal that is within their budget.
<b>Respondent 4</b>	We have noticed that most of our customers visit our dealership once they have seen our Facebook posts of a new car or deals. We also target customers that come to us for service to upsell them to a new car.
<b>Respondent 5</b>	The visit to the dealership happens at the end of the search journey.
<i>3. What is the future role of car salespersons in the car buying process?</i>	
<b>Respondent 1</b>	Due to the wealth of information available online, consumers are more informed than ever before and, in some instances, better informed than the sales executives. Consequently, a sales executive doesn't have to recite all the specifications and vehicle details but rather help a customer over the line by making the deal attractive and easy. In other words, the sales executive needs to offer a customer a decent trade-in, simplify the administrative work and deliver what is promised.
<b>Respondent 2</b>	Yes, there is but not as many as we had in the past and in the current form. They need to evolve to remain relevant. They must reinvent themselves and become professional salesperson that know their customers. That is the big problem that they have at the moment. They only know deals not the people on the other side of the deal.
<b>Respondent 3</b>	There will always be a role for a salesperson because it is not easy to replace the human component, especially when we are talking about high priced items like cars. It is a lot easier for consumers to let go of cheaper perishable or clothing items bought online than those of higher values. I think there will still be a need for human contact and touch because they will still be a need to experience the car by sitting in it or even driving it. A car is a huge purchase for most people

	and not a small investment. The role of a car salesperson needs to change and I don't think it will be replaced. The format of sales teams need to change, too. Dealers need to redefine the roles of their salespeople to include experts in customer relations, product, sales and finance. This will allow each person to focus on their strengths and collaborate instead of competing for sales.
<b>Respondent 4</b>	There will always be a need for salespeople because people like to buy from people. Salespeople, however, need to have excellent knowledge of their products to be adaptable to peoples' needs and sell them the product they need. Internet gets people to the door and the salesperson's job is to close the deal.
<b>Respondent 5</b>	At the moment the salespersons are performing the role of deal making. In the future, a salesperson should be employed as a product specialist. Right now, they are trying to sell a deal to a customer instead of selling a product. When the automotive digital retailing takes place as we move to online retailing the salesperson has to become a product specialist. This will allow a customer to go to a dealer to understand the car because most of the paperwork such as finance application and insurance have all been concluded online.

***F. How prepared are the manufacturers and dealers for the disruption of the car buying process caused by the internet?***

*1. How prepared are the manufacturers and dealers for the disruption of the internet on the car buying decision process?*

<b>Respondent 1</b>	It varies from brand to brand. Some brands are progressive and so are some independent dealers. Others are less so, but I think we are so far down the line of disruption that there is no question anymore of the impact. Brands and dealers have had enough time to see this train coming.
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<b>Respondent 2</b>	Manufacturers are more ready and prepared than the retailers. There are, however, retailers who are early adopters and are active on social media platforms to generate leads and attract new customers. The challenge is that neither of them are as ready as the customers. The customer dictates the change process with his buying behaviour. Since manufacturers and retailers are unable to always pre-empt the customer's behaviour, they can only respond by adapting to the behaviour. The customer now controls the sales cycle, which was not the case before the internet.
<b>Respondent 3</b>	If the manufacturers are not ready then our dealers are not ready for the disruption. We superficially know that it is important to be online and should be advertising on the internet. I don't think we understand how our businesses need to adapt given constant evolving customer experience and expectations in other industries. We are not geared for that because it still feels like customers just have to be part of our process. The whole process is not designed around the customer but around the process. It is here that we have a tremendous amount of work to do because it is changing the legacy of behaviour that has been entrenched for decades. The mindset and processes of the dealers have not kept up to the changes. We are very ill-prepared for this. Manufacturers have a challenge to decide if they want to play catch-up or they are prepared to overinvest to jump ahead. If they are preparing systems and different solutions now, they must do so with the future in mind that you are two to three years ahead of the trends rather than just keeping to a trend that might not be a trend tomorrow.
<b>Respondent 4</b>	We are not ready because our business models are slow to adapt to change. Disruptors seem to one step ahead of us. We are already experiencing disruption in our used car business from online platforms like webuycars.co.za and we cannot compete against them on the prices they offer to customers.

<b>Respondent 5</b>	I feel that there has been more attention paid to the disruption of internet in the past 24 months. Before that only a handful. Tesla has highlighted the direct sales model. The car brands have been thinking about their current car buying process but I am not sure if they are prepared to change because they have been using a traditional model for more than 100 years. So it will take them time to figure it out.
<i>2. Will virtual dealerships become reality in the future? What will happen to the traditional brick and mortar showroom?</i>	
<b>Respondent 1</b>	Yes. Our own research conducted in 2017 suggests that South African car buyers are far more ready for this than we expected, with 31.6% saying they would consider buying a car entirely online.
<b>Respondent 2</b>	I think there will be but it will be utilised by a certain number of people. This group of people will only use the dealership to service their cars but they will complete their buying process online. I personally think that there will be more of these service centres in the future with augmented reality showrooms but I don't think you will have a complete dealership where there is no bricks and mortar. Instead there will be fewer dealerships than we currently have particularly for the premium brands. To make them viable, they will be required to push more volume and the showrooms space will become smaller as customers don't necessarily want to see all the models.
<b>Respondent 3</b>	There are different formats of the virtual dealerships that exist in big cities like London, Berlin and Shanghai. They allow customers the virtual experience of a car and they can play around with different designs as well as configurations. They are simulator-like but they don't give customers the right kind of feel which one gets when physically test driving the car.

	<p>Definitely, the bricks and mortar set-ups that we have today are not what the future holds. I don't think we will see new big dealerships springing up into the future. We have to live with what we have now for an extended time. What we will see popping up will be boutique showrooms in the city centres and showrooms in the malls as well as precincts. They will probably have one or two cars with virtual reality experiences for customers that will allow them to spec their cars. The showroom component will remain but it will transition into a service hub in the future.</p>
<b>Respondent 4</b>	<p>There is still a future and need for the current structure of a showroom. Customers still want to come to a dealership to feel and touch a car that they would like to buy.</p>
<b>Respondent 5</b>	<p>Yes, it will be but I don't think anyone should invest in it right now because the market is not ready for it. It is too early. In the future, the dealer showroom will be a fulfilment centre for customers. It will be turned into an experiential showroom around the car with most of the process taking place on the internet.</p>
<p><i>3. How can manufacturers and dealers take advantage of the internet to attract customers to their products? Has there been a shift to focus marketing activities in the digital space to reach new customers?</i></p>	
<b>Respondent 1</b>	<p>It depends on what brand we are talking about, or at which level of retail that is, new or used cars. If we are talking about new cars, I foresee smaller dealerships that are essentially shopfronts or kiosks with the servicing workshops located off-site. For example, a dealership could be in a shopping mall.</p> <p>Brands and dealers need to ensure that the information on their websites is accurate. They need to spend sufficiently on Google to ensure that there is steady flow of traffic to their digital properties. Brands need to educate their dealer</p>



	<p>network on changes to customer patterns and vice versa. Ultimately, a good deal remains a good deal but you will only make sales if enough people are exposed to that good deal. Brands and dealers need to realise that consumers have more options and information than before. They are not patient. Our research suggests that impatient essentially means 12 hours – 20% of leads are cold after 12 hours. Dealers need to take measures to ensure that quick turnaround times are met to satisfy the needs and expectations of the customers. About 20% of the customers expect to be contacted within 2 hours and 50% expect to be contacted within 12 hours.</p>
<b><i>Respondent 2</i></b>	<p>Retailers need to invest in technology and become tech savvy. Right now they are reliant on manufacturers to tell them what to do. A retailer that has the grasp of the technology as well as in-house expertise to dissect and manage the data can capitalise by using it wisely and productively. The challenge is that the car retail business is not profitable at the moment and the exorbitant investment required to manage this technology is the barrier for the retailers.</p>
<b><i>Respondent 3</i></b>	<p>There has been a big shift in the marketing spend into digital space by most auto brands. It is far cheaper to reach customers through digital media than traditional media. The other benefit of the digital space is that you can track accurately how you are spending your money and what return you are getting. You can track click through rates, cost per lead etc. if you can contrast that to a television, it is very difficult to track because people are now able to skip some of the adverts. You can probably get how many eyes were on the advert but you cannot get detail as granular as in the digital space.</p> <p>The benefit of digital is that it allows for flexibility of different content. If one feels that the original content is not working during the campaign through your ability to track, you can change it. Contrary, one cannot do the same with the television adverts because it costs more money to produce another advert and sometimes you have to wait longer for</p>

	<p>the results. The other benefits of the digital space are the formats such as visuals, video, audio or static images which the traditional media cannot give you the same opportunity. Auto companies are moving their budgets into the digital space. You have to be in the digital space out of necessity because you want to optimise customer searches via the internet. If you don't, you won't rank highly because research has shown us that customers don't go beyond page one during their search.</p> <p>In the South African context, there is a need for a blend of traditional and non-traditional media. There is a need to be in the online and offline space. In SA, we have not migrated to a point where we are purely digital yet like certain European markets who can afford to move the majority of the budget to the digital space because their consumers and markets are digitally inclined. So are the consumers.</p> <p>Manufacturers need to look after the dealers by helping and encouraging them to take advantage of the digital space.</p>
<b><i>Respondent 4</i></b>	<p>We need comprehensive websites that are compatible with mobile phones. They must be easy to navigate and cover everything with touch points that allow for interaction with customers. There must also be moving footage in a form of videos. The website must be duly complemented with social media platforms such as Facebook for marketing campaigns.</p>
<b><i>Respondent 5</i></b>	<p>The car brands are still stuck in the traditional above the line adverts, that is, television adverts and billboards. They are doing two things, selling the brand and trying to retail the car. To me, this has been their Achilles heel. The constant attempts to try to sell retail drives prices down the floor. When you prioritise retail your competitive advantage focus is price. When you do that you have to offer the lowest price and when you do that everyone races to the bottom. They are missing focussed marketing efforts -- not focussed advertising efforts -- on the internet. They must solve consumers'</p>

problems, not advertise retail messages. They must use the platform to drive the value of the brand rather than the retail message on price.

There hasn't been a shift because car brands are still focussed on retail adverts on Above The Line channels like television. I haven't seen a car brand that has used the internet effectively to solve customer problems. I think they don't understand as yet how to use the internet for marketing.

### **4.3 INFERENCE OF THE INTERVIEWS**

In this section, the interviews are interpreted in accordance with the list of the questions that were prepared for the interviews. This approach ensures that there is a structured and consistent interpretation of the responses recorded during the interviews.

#### *4.3.1 Convenience and ease of access of the internet*

The respondents agree that the internet has changed the way customers search for the new cars because of its accurate, up-to-date information, ease of access and unlimited space for information. The internet and related social media platforms such as Facebook, Twitter and Instagram trigger customers to start the search for the new cars. The internet gives customers retail price transparency they did not have in the past. The price transparency allows a customer to see the real price and to also conduct a price comparison research before visiting a dealership. The car buying journey is no longer linear as it was in the traditional sales process. With the advent of the internet, the visit to the dealership now happens towards the end of the car search journey as most of the search takes place online.

The internet empowers customers to access and search only for the information that they want in the comfort of their homes, anywhere and anytime. The anonymity gives customers the opportunity to search for a car without being seen and pressured into a hasty decision by a salesperson. The information obtained from the internet gives customers the bargaining power to negotiate or haggle for better deals when they eventually visit a dealership. Customers now know more about the car than the salesperson because of the information found on the internet.

#### *4.3.2 Variables influencing the customer buying behaviour of new cars*

Online shopping is influencing the customer buying behaviour of new cars. Most customers use apps on their smartphones and tablets for online shopping. They naturally become inclined to want to do most of their shopping online instead of going offline. This behaviour is prevalent in younger customers, particularly millennials, who

are tech savvy and spend most of their time online. Contrary, older customers still prefer to receive information about a new car from a salesperson. They seem to trust information from a salesperson more than what they find on the internet.

Social media platforms are the new form of word of mouth where influencers are powerful brand advocates that customers follow and believe. Customers consume more social media content than traditional media content. Customers see social media platforms as the providers of unbiased reviews of products that they can trust. They also want to hear what people are saying about the brand or car. Car review videos on YouTube bring real life experiences that they can relate to and gives customers what the car is like in the real world. The video demonstration brings customers closer to the product and helps them to make informed decisions about the car they want.

#### *4.3.3 Factors enabling the start of the new car search journey online instead offline*

The journey to search for a new car starts online, mostly on search engine Google that offers customers an array of places where they can advance their search by visiting different websites. This is followed by the visit to the brand website, third party website and social media platforms. Some car brands target customers' timelines and feeds with marketing information to attract them to their products.

Price, model and features are keywords that are used at the start of the search journey by customers. This helps customers to filter and narrow their search according to their budget. Price is the main determining factor of the buying decision process. The price is also used to haggle for the best deals because customers are now able to do price comparison.

#### *4.3.4 Online Information Sources (OIS) empowering and influencing new car buyers' behaviour*

Online Information Sources (OIS) influence customer buying behaviour as they are easily accessible and rank the highest on Google searches due to their search "boosting". Their content is impactful, credible and current. The content is supplemented with the videos to demonstrate cars to customers. Customers use them

to cross reference after visiting different websites. OIS provide customers with information of cars available for sale -- particularly used cars. OIS want dealers to see them as partners for sales leads instead of competition or disruptors.

#### *4.3.5 Internet changing the role of a car salesperson*

The advent of the internet has reduced the number of the dealer visits to two with customers only visiting a dealership in the late stages of their car-buying decision process. The visit to the dealership is for a test drive and to conclude the deal.

The internet provides customers with much information that makes a dealer visit a redundant exercise. The role of a salesperson in the buying decision process is reduced to only a transactional dealmaker. Salespersons need to reinvent themselves by focussing on building relationships with their customers as this human factor is important in a sales process. Customers want to buy cars from people that they can trust and hold accountable should anything go wrong.

#### *4.3.6 Preparedness of the manufacturers and dealers for the disruption of the internet*

Manufacturers and dealers are slow in adapting to the disruption of the internet on the car buying process due to rigid business models. Some dealers operate as if the car retailing process is still linear and are oblivious to the change in the customer buying behaviour. They have not invested in the digital technology that will enhance touchpoints that keep their businesses closer to their customers.

The traditional dealer showroom structure is under threat as customer visits are shrinking. In the future, the size of the showrooms will be smaller with boutique and pop-up style showrooms taking over using 3-D augmented reality technology to demonstrate cars. Dealerships will be service hubs and new vehicle collection points especially with the introduction of electric vehicles.

#### **4.4 CONCLUSION**

Chapter 4 transcribed the data collected from the interviews with the five respondents. The data was interpreted by linking the responses to the phenomenon under study, which is the influence of the internet on the customer buying behaviour of new cars.

## **CHAPTER 5 – CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 INTRODUCTION**

This chapter covers the summary of the study with a focus on the main findings from the literature review and interviews, summation of the findings, suggestion of future topics on the study and management recommendations.

It is important to note this is the first empirical study conducted in South Africa on the influence of the internet on the customer buying behaviour for new cars. As such the literature review is on the studies conducted in Europe, Asia and United States where the new car buying trends and diffusion of technology, such as the internet, are different to South Africa.

The primary objective of the study was to gain insight into the phenomenon of the internet and how it has changed the customer buying behaviour for new cars. The study looked at the impact of the advent of internet on the decision-making process of the new car customers.

### **5.2 CORE CONCLUSIONS FROM THE LITERATURE REVIEW**

The South African passenger car market is relatively small compared to other global markets such as USA, Germany, China, UK and Brazil, and new car affordability levels are low. E-commerce, which has significant influence on how consumers shop online, is still relatively small in South Africa in terms of the number of users and annual spending.

There has, however, been a notable growth in South Africa in the past few years on the usage of mobile technology, particularly smartphones that are used to access social media platforms and online shopping. Mobile technology allows consumers to access and gather information from the internet and other applications (apps) at their own leisure anywhere and anytime.



Most brands are taking advantage of the growth of mobile technology by shifting their marketing budget to digital marketing and pushing their products through this channel. Car companies are also exploiting the opportunities created by the mobile technology through digital advertising to attract new customers, who are mostly tech-savvy millennials.

The literature review shows that the internet has changed the customer buying behaviour for new cars. It further shows that the traditional car buying process has been completely altered to an extent that dealership visits have significantly decreased to about two, including the visit to conclude the deal.

The change impacts the future of a salesperson who is an intermediary between the customer and dealership. The internet makes the future role of a salesperson redundant since customers are now getting most of the information they need for decision making on which new car to purchase online before going offline to conclude a deal with a salesperson.

The anonymity of the internet protects customers from various emotions such as anxiety, frustration, uncertainty and anger that they would experience while interacting with salespeople. Customers find information on the internet unbiased and trustworthy compared to the information they receive from the salespeople.

The internet is simplifying the onerous and time-consuming process of buying a new car. The internet brings transparency that has empowered customers to access vast amount of information such as pricing and product specifications, which allow them to make shopping comparisons and evaluate alternatives without being pressured by a salesperson. The balance of power has clearly shifted to favour customers.

Customers are attracted to the internet by its affordability and efficiency. In a short space of time, they can access information from different sources and the search capability gives them more options. The physical component of the value chain has

been decoupled since customers are now pulling the information themselves instead of the information being pushed to them. They are in control of the messaging that they want to consume. This is not possible with traditional media such as radio, television and print.

The customer search for new cars has been boosted by the introduction of online information sources (OIS), which provide model specification, features and comparative information. The OIS also give customers price transparency on individual cars as they can compare prices of the listed cars.

### **5.3 CLASSIC BUYING DECISION MAKING PROCESS**

The internet influences each of the five stages of the classic buying decision making process for new cars as follows:

1. *Problem recognition* – The problem recognition can be triggered by a targeted online advert of new car by a manufacturer. Clickbait leads the customer to the manufacturer website for detailed information about the car.
2. *Information search* - The initial information search for a new car begins with a Google search that is followed by visits to other manufacturers' websites and Online Information Sources.
3. *Evaluation of alternatives* – A shortlist of alternatives are evaluated by reading online car reviews and watching demonstration videos.
4. *Purchase decision* – Purchase decision is influenced by the price transparency and price comparison from the online search. These empower the customer to negotiate the best deal based on the information gathered during the search when finally visiting a dealership.
5. *Post-purchase behaviour* – Customers share their positive and/or negative post-purchase experience on social media platforms such as Twitter, Facebook or online blogs.

The internet has become an integral tool for the customers searching for new cars. These customers are unlikely to have decided on the car or brand before they began their search. They will, however, be predisposed to certain brands due to brand loyalty, or influence from friends and family. Younger and more educated customers benefit the most from using the internet.

## 5.4 SUMMARY

The study reinforces the fact that the internet has changed customer buying behaviour during a search for a new car.

The subthemes are taken from research questions that were used for the interviews. The subthemes are convenience and ease of access of the internet, variables influencing customer buying behaviour, starting point of the new car search journey, influence of Online Information Sources (OIS) and the future role of a new car salesperson.

<b>SUBTHEME</b>	<b>SUMMARY OF THE CONCLUSIONS</b>
1. Convenience and ease of access of the internet	<ul style="list-style-type: none"><li>• The internet provides customers with accurate, up-to-date information and has unlimited space for information.</li><li>• Ease of access enhanced by mobile technology such as smartphones and tablets.</li><li>• The internet gives customers retail price transparency and anonymity, which allows them to shop without the pressure of a salesperson.</li><li>• A car buying journey is no longer linear and mainly happens online. Offline activity happens towards the end of the car search journey.</li></ul>
2. Variables influencing customer buying behaviour	<ul style="list-style-type: none"><li>• Online shopping is influencing the customer buying behaviour of new cars, particularly for younger customers who are tech-savvy millennials.</li></ul>

	<ul style="list-style-type: none"> <li>• Social media platforms such as Facebook, Twitter and online blogs are the new form of the word of mouth that the customers believe and follow.</li> </ul>
3. Starting point of the new car search journey	<ul style="list-style-type: none"> <li>• The new car search journey starts online -- mostly on Google. It is followed by the visit to the brand website, third party website and social media platforms.</li> <li>• Price, model and features are keywords that are used at the start of the search journey.</li> </ul>
4. Influence of Online Information Sources	<ul style="list-style-type: none"> <li>• Online Information Sources (OIS) are easily accessible and rank the highest on Google search due to their optimised search boost.</li> <li>• OIS' content is impactful, credible and up-to-date with videos to demonstrate cars to customers.</li> <li>• Customers use OIS for cross referencing after visiting other websites.</li> </ul>
5. Future role of a new car salesperson	<ul style="list-style-type: none"> <li>• The new car salesperson is becoming redundant and has been reduced to a transactional dealmaker.</li> <li>• The internet has reduced the average number of dealer visits to two, with customers only visiting a dealership in the late stages of their car buying decision process.</li> </ul>

## 5.5 RECOMMENDATIONS

Upon reflection, it has become patently evident from this study that the way consumers search for and use information prior to visiting a vehicle dealer outlet has significantly changed. Consequently, the following dimensions need to be addressed:

- *Disruption of traditional retail business models* - The traditional car retail business model and buying decision process for new cars have been disrupted by the advent of the internet. The customer buying behaviour has become complex and unpredictable due to the prevalence of digital technology. Business models need substantive re-assessment and modification.
- *Power shift* - There has been a power shift to the customers that are now empowered with information obtained from the internet. As the result, the role of a salesperson has become redundant and reduced to a transactional dealmaker. This dynamic, and its impact on the role and function of the salesperson, must be reviewed and a new sales architecture must prevail.
- *Adaption and investment in digital technology* - It is important for car companies to understand and embrace the disruption of the digital technology by adapting their business models to remain competitive. The car companies and their dealers must invest in the digital technology that will keep them closer to their customers so that they can have a deeper understanding of their behaviour and preferences. This will help them to develop customer-oriented features such as virtual test drives and augmented-reality views of the car features.
- *Build analytic capabilities* – Car companies and their dealers must be active on the digital platforms to ensure their brands are visible. The car companies must build analytic capabilities to generate valuable insights on the customer behaviour and analyse it to gather actionable strategies that could be included in the digital marketing and sales strategies.
- *Online car retailing* - The concept of online car retail is fast becoming a reality and necessity for the survival of the car companies. In the short term, this retail channel must form part of the omnichannel business model to give customers an option. This is an imperative that cannot be ignored.

- *Shift from transactional to relational role for salespeople* - The role of a new car salesperson must be changed to be congruent with the influence of the internet on the car retail process. The car salesperson must focus on building enduring connections and relationships with the customers for retention and loyalty instead of the traditional transactional modality.

## **5.6 SUGGESTIONS FOR FUTURE STUDIES**

The study has raised several questions that could be investigated further in future studies, particularly within the South African context.

The topics which emerged that merit future studies include:

- *Digital Platforms* – such a study can focus on understanding the customer digital platforms engagement activities such as search patterns, product review and cross-shopping, mobile/tablet engagement before, during, and after the search journey. It is important to identify and understand each digital touchpoint that a customer follows during the car search journey;
- *Online Car Retail Business Model* – such a study can explore the readiness and willingness of the South African customers to buy new cars online without a single visit to a dealership. The study must look at the only online car retail business model in the context of the car retail omnichannel approach; and
- *Future role of new car salesperson* – such a study can investigate the evolution of the role of a new car salesperson as an intermediary in the customer buying decision process and how this influences the relationship with customers as part of the Customer Retention Management (CRM).

## **5.7 CONCLUSION**

This study has provided insight on the impact of the internet on the car retail business and its influence on the customer buying behaviour during the decision-making

process. It has also revealed how the role of a new car salesperson has been fundamentally changed by the advent of the internet.

The car companies and dealers are required to invest in digital technology and marketing to remain relevant and competitive.

It is important for the car companies and dealers to redefine the role of a salesperson in the era of digital technology by formulating new sales models that have an omnichannel and customer centric approach.

Further vital information on this emergent change in consumer decision making and buying behaviour for motor vehicles will be gleaned by proactively embarking upon the range of suggested new avenues for studies identified by this research.

The findings from such endeavours will empower motor vehicle industry captains and decision makers to remain aligned with the evolving preferences of their target audiences and to be at the forefront with innovative and cutting-edge competitive advantages.



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**INTERVIEW CONSENT FORM**

**Research Project Title:** Insight into the influence of the internet on the buying behavior of new car customers during their decision-making process

**Research Investigator's Name:**

**Research Participant's Name:**

**CONSENT TO TAKE PART IN RESEARCH**

I ..... voluntarily agree to participate in this research study.

I understand that even if I agree to participate now, I can withdraw at any time or refuse to answer any question without any consequences of any kind.

I understand that I can withdraw permission to use data from my interview within two weeks after the interview, in which case the material will be deleted.

I have had the purpose and nature of the study explained to me verbally and in writing. I also have had the opportunity to ask questions about the study.

I understand that participation involves answering only the questions of the study based on my experience.

I understand that I will not be paid or benefit directly from participating in this research.

I agree to my interview being audio-recorded.

I understand that all information I provide for this study will be treated confidentially.

I understand that in any report on the results of this study my identity will remain anonymous. This will be done by changing my name and disguising any details of my interview which may reveal my identity or the identity of people I speak about.

I understand that extracts from my interview will be quoted in the dissertation.

I understand that if I inform the researcher that myself or someone else is at risk of harm they may have to report this to the relevant authorities - they will discuss this with me first but may be required to report with or without my permission.

I understand that signed consent forms and transcript of my interview in which all identifying information has been removed will be retained in a secured computer for a period of 5 years for evidence in case the study is questioned in the future.

I understand that under the *Promotion of Access to Information Act* I am entitled to access the information I have provided at any time while it is in storage as specified above.

I understand that I am free to contact any of the people involved in the research to seek further clarification and information.

.....  
**Signature of research participant**

.....  
**Date**

I believe the participant is giving informed consent to participate in this study

.....  
**Signature of researcher**

.....  
**Date**

**INTERVIEW RESEARCH QUESTIONS**

***A. How has the convenience and ease of access of the internet change the customer buying behaviour for new cars?***

1. How has the internet changed the way customers search for the new cars?
2. How do you think the internet has empowered customers particularly those who are in the market to purchase new cars or during the buying decision process?

***B. What are the key variables that influence the customer buying behaviour of new cars?***

1. What can you attribute this change in customer behaviour to? Have you seen similar behaviour in South African customers? Is this prevalent in certain age group of customers?
2. How have the social networks/platforms like YouTube, FaceBook, Twitter and online shopping experience change the customers buying behaviour?

***C. What are the factors that enable customers to start their new car search journey online instead of visiting a dealership?***

1. Where do you think customers begin their journey for the search of the new car? Which source do they visit at the start of their journey?
2. What type of information do customers search for on the internet when they are in the market for new cars? How does that information help them during their buying decision process?

***D. How are Online Information Sources (OIS) empowering and influencing the knowledge of new car buyers?***



1. How do the motoring online information sources such as carmag.co.za, cars.co.za, autotrader etc influence and empower customers' buying decision or behaviour?
2. How important or credible is the information retrieved from OIS?
3. How are the OIS impacting the traditional car retail process?

***E. How has the internet changed the role of a car sales person during the customer decision-making process?***

1. How has the internet changed the role of a car salesperson during the customer car buying decision making process? Have you noticed a change in the number of dealer visits during the initial phases of the search? At what point do customers visit the dealership?
2. At what point do customers visit a dealership during their search journey?
3. What is the future role of car salespersons in the car buying process?

***F. How prepared are the manufacturers and dealers for the disruption of the car buying process caused by the internet?***

1. How prepared are the manufacturers and dealers for the disruption of the internet on the car buying decision process?
2. Will the virtual dealerships be reality in the future? What will happen to the traditional brick and mortar showroom?
3. How can manufacturers and dealers take advantage of the internet to attract customers to their products? Has there been a shift to focus marketing activities in the digital space to reach new customers?

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Chairperson: Faculty Research Ethics Committee (Human)  
Tel: +27 (0)41 504 2906

Ref: [H20-BES-BUS-069] / Approval]

29 June 2020

Prof C Arnolds  
Department: Graduate School

Dear Prof Arnolds,

## **TITLE OF STUDY: INFLUENCE OF THE INTERNET ON THE BUYING BEHAVIOUR OF NEW CAR CUSTOMERS DURING THEIR DECISION-MAKING PROCESS (MBA)**

PRP: Prof C Arnolds  
PI: A Dlamini

Your above-entitled application served at the *Faculty Ethics Committee of the Faculty of Business and Economic Science*, (8 May 2020) for approval. The study is classified as a negligible/low risk study. The ethics clearance reference number is **H20-BES-BUS-069** and approval is subject to the following conditions:

1. The immediate completion and return of the attached acknowledgement to [Lindie@mandela.ac.za](mailto:Lindie@mandela.ac.za), the date of receipt of such returned acknowledgement determining the final date of approval for the study where after data collection may commence.
2. Approval for data collection is for 1 calendar year from date of receipt of above mentioned acknowledgement.
3. The submission of an annual progress report by the PRP on the data collection activities of the study (form RECH-004 to be made available shortly on Research Ethics Committee (Human) portal) by 15 December this year for studies approved/extended in the period October of the previous year up to and including September of this year, or 15 December next year for studies approved/extended after September this year.
4. In the event of a requirement to extend the period of data collection (i.e. for a period in excess of 1 calendar year from date of approval), completion of an extension request is required (form RECH-005 to be made available shortly on Research Ethics Committee (Human) portal)
5. In the event of any changes made to the study (excluding extension of the study), completion of an amendments form is required (form RECH-006 to be made available shortly on Research Ethics Committee (Human) portal).
6. Immediate submission (and possible discontinuation of the study in the case of serious events) of the relevant report to RECH (form RECH-007 to be made available shortly on Research Ethics Committee (Human) portal) in the event of any unanticipated problems, serious incidents or adverse events observed during the course of the study.
7. Immediate submission of a Study Termination Report to RECH (form RECH-008 to be made available shortly on Research Ethics Committee (Human) portal) upon unexpected closure/termination of study.
8. Immediate submission of a Study Exception Report of RECH (form RECH-009 to be made available shortly on Research Ethics Committee (Human) portal) in the event of any study deviations, violations and/or exceptions.
9. Acknowledgement that the study could be subjected to passive and/or active monitoring without prior notice at the discretion of Research Ethics Committee (Human).

Please quote the ethics clearance reference number in all correspondence and enquiries related to the study. For speedy processing of email queries (to be directed to [Lindie@mandela.ac.za](mailto:Lindie@mandela.ac.za)), it is recommended that the ethics clearance reference number together with an indication of the query appear in the subject line of the email.

We wish you well with the study.

Yours sincerely



**Prof S Mago**

Cc: Department of Research Capacity Development  
Faculty Research Co-ordinator: Lindie van Rensburg

<b>ACKNOWLEDGEMENT OF CONDITIONS FOR ETHICS APPROVAL</b>
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I, **Prof C Arnolds** (PRP) of the study entitled **INFLUENCE OF THE INTERNET ON THE BUYING BEHAVIOUR OF NEW CAR CUSTOMERS DURING THEIR DECISION-MAKING PROCESS (MBA) (H20-BES-BUS-069)**, do hereby agree to the following approval conditions:

1. The submission of an annual progress report by myself on the data collection activities of the study by 15 December this year for studies approved in the period October of the previous year up to and including September of this year, or 15 December next year for studies approved after September this year. It is noted that there will be no call for the submission thereof. The onus for submission of the annual report by the stipulated date rests on myself.
2. Submission of the relevant request to Faculty RECH in the event of any amendments to the study for approval by Faculty RECH prior to any partial or full implementation thereof.
3. Submission of the relevant request to Faculty RECH in the event of any extension to the study for approval by Faculty RECH prior to the implementation thereof.
4. Immediate submission of the relevant report to Faculty RECH in the event of any unanticipated problems, serious incidents or adverse events.
5. Immediate discontinuation of the study in the event of any serious unanticipated problems, serious incidents or serious adverse events.
6. Immediate submission of the relevant report to Faculty RECH in the event of the unexpected closure/discontinuation of the study (for example, de-registration of the PI).
7. Immediate submission of the relevant report to Faculty RECH in the event of study deviations, violations and/or exceptions.
8. Acknowledgement that the study could be subjected to passive and/or active monitoring without prior notice at the discretion of Faculty RECH.

Signed:  \_\_\_\_\_

Date: 29 June 2020

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