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**What impacts the intentions to buy of the
Personal Contract Purchase products in the
automobile sector?**

Miguel André Duarte Nunes

Dissertation presented as partial requirement for obtaining
the Master's degree in Information Management

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**WHAT IMPACTS THE INTENTIONS TO BUY OF THE PERSONAL
CONTRACT PURCHASE PRODUCTS IN THE AUTOMOBILE SECTOR?**

by

Miguel André Duarte Nunes

Dissertation presented as partial requirement for obtaining the Master's degree in Information Management, with a specialization in Marketing Intelligence

Advisor: Carlos Tam Chuem Vai

Advisor: Diego Costa Pinto

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ABSTRACT

A personal contract purchase (PCP) idea is a complex, innovative and progressively popular type of vehicle financing. Clients know in the beginning of the contract how much do they car is valorised in the end of the contract and finance the difference between the invoice price and that value, which originates a smaller monthly instalment. In the end of the contract, the costumer can buy the car for the price settled in the beginning of the contract, return it to the dealer, or exchange the old car by a new car, originating a new finance contract. This dissertations aims to investigate what impacts the consumer intentions to buy PCP products in the automobile sector. 131 participants completed a multiple-choice questions questionnaire to evaluate their opinions regarding what would lead them to acquire PCP products. The results revealed that consumer's attitude, perceived value and monetary literacy influence the intentions to buy PCP. A conclusion was made that the monetary literacy have the biggest impact on it, so raise the knowledge of the costumers regarding financial knowledge could increase their intents to acquire PCP.

KEYWORDS

Keywords: *Personal contract purchase, guaranteed minimum future value, perceived value, monetary literacy, perceived value, intentions to buy*

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LIST OF ABBREVIATIONS AND ACRONYMS

PCP – Personal contract purchase

GMFV – Guaranteed minimum future value

HTMT – Heterotrait-Monotrait ratio

PLS-SEM – Partial least square - structural equation modelling

APR – Annual Percentage Rate

1. INTRODUCTION

Personal contract purchase (PCP) is a financial services product for new automobiles grounded in one diverse type of monetary goods, such as renting, credit or leasing. What differs PCP from the ones stated before, is that in the start of the agreement, it is guaranteed to the client the worth that the automobile will have at the end of the contract, also called guaranteed minimum future value (GMFV). Once the contract comes to the end, the customer will select among one of three alternatives, namely pay the GMFV, and keep the vehicle, give back the vehicle to the car dealership and get a new one, introducing a new financing contract, or just take back the vehicle without occurring in any extra expenses (Frederick, Loewenstein, and O'Donoghue 2003).

Considering that the residual value is not involved in the total amount which will be divided by the number of instalments, PCP offers will generate smaller monthly instalments that will permit possible costumers to own automobiles that they would not be able to afford if they have chosen to finance with a different financial product alternative. PCP is a finance product with a broad area to explore; for instance, 80% of an automobile purchased in the United Kingdom are through PCP (Disney and Gathergood 2013). It was also trailed a procedure on the car brands websites which have announced they had PCP options. In a sample of 40 brands, precisely 50% of them have PCP offers.

Though there are some studies on customers' acceptance choices like (Dasgupta, Siddarth, and Silva-Risso 2007), this dissertation falls on thoughtful customer acceptance choices near PCP, to the best of our knowledge, we did not found studies on this specific topic. There is only study regarding specifically PCP products done by (McElvaney, Lunn, and McGowan 2018) and it focus on understanding the knowledge of consumers towards PCP products. In this study, it was performed a Multiple-choice questionnaire regarding the PCP

knowledge, which the outputs were that, without getting any briefing, many consumers were not aware of how this financial product works, once that only 43.3% of the questions were answered correctly. Since the customer's acceptance of PCP is an under-researched topic, it was formulated the following question:

- What impacts the consumers' intentions to buy PCP products?

To answer the previous question, it was combined the dimensions "attitude", "perceived value" and "monetary literacy" to comprehend the intentions of customers to buy PCP products. After studying different possibilities, it seemed more appropriate to analyse the direct impact of all of those dimensions on the intentions to buy PCP. It was chosen attitude as one of the dimensions because it is important to understand what the consumer feels about buying this product (Hamari, Sjöklint, and Ukkonen 2013). Perceived value is another of the dimensions and it was chosen because the better a customer understands the value of a product, the higher is the probability of acquiring it (Swait and Sweeney 2000). The last dimension, monetary literacy, was chosen because the PCP is a financial product that is not as popular as the traditional automobile financial services products, so it was important to analyse the importance of customers on financial matters (McElvaney et al. 2018).

The study presents the following contributions by understanding the factors that affects consumers' adoption towards PCP will enable companies to gain new insights about their customers and develop tailored services that match their consumers' needs. PCP will be relevant for the consumers because it will clarify them what is this product, how does it work and their correspondent benefits. Furthermore, understanding these factors will not only help car brands to develop effective marketing strategies, but also it will affect their sales positively. The financial services company will be able to reach more customers and do more contracts which will lead to the increasing of their penetration rate.

$$\textit{Penetration Rate} = \frac{\# \textit{Financing Contracts for New Vehicles}}{\# \textit{License Plates}}$$

For the same reason as for the car brands, when the customer returns to the dealer in the end of the contract to decide what to do with the car, there is a chance of make a new financing contract, and with this increase the renewal rate, not only if the customer wants to finance a new car, but also if the customer pretends to keep his car and refinance the GMFV.

The car dealership, by selling this financial product makes a car sale, a financial services sale and the opportunity at the end of the contract the customer buys a new car from him as well and make again a new financing contract.

The structure of this study includes sections like “literature review and conceptual model”, where it will be analysed previous studies that impact this dissertation, as well as it will be introduced the conceptual model of it, “methodology” where it will be explained how it will be retrieved the insights of the dissertation, and “results and discussion” where it will be analysed the outputs from the developed questionnaire.

2. LITERATURE REVIEW & HYPOTHESIS

2.1. PCP & INTENTIONS TO BUY

PCP is an automobile financial product with a high probability of causing an impact, however, it is not accomplishing it in the Portuguese market. For most households, buying an automobile or car is subsequent money dealing (Clark, Lyons, and Chatterjee 2016). Detrimental choice-making in reverence to financing automobiles has chances to source considerable consumer disadvantage and might have wider outcomes for the clients' stages of debt. Therefore, the influence of creativities in car financing is vital when it is time for the client to decide.

The most purchased automobile financing product in other countries is leasing, which is characterized with low monthly payment plans instead of personal loans or hire purchase contracts (Daifen 2022). PCP allows customers to benefit from even lower instalments than leasing, since their GMFV is usually bigger than leasing residual value (Sherman, Heffernan, and Cullen 2018). However, PCP arrangements are relatively complicated, and it involves possible drawbacks that can be understood better by customers (Rajendran and Jayakrishnan 2018). PCP arrangements have resemblances with old-style HP contracts that the customer obtains a new automobile by creating a primary reimbursement and then subsequently followed by monthly payments. Leasing products are commonly not associated with business-to-consumer but business-to-business dealings, so PCP represents an innovation in the context of consumers because, at the end of the deal, the client have the option to choose of buying the automobile by paying the GMFV price. Then, there are two scenarios. If the GMFV is lower than the market value, then the client will have the advantage of buying the car bellow the market value. If the GMFV is higher than the market value, the client should not buy the car, once it can buy a similar car for a smaller price. Instead, the client should merely take back the automobile to the car dealership.

It is significant to identify that PCP have more rewards and can enjoy increasing their popularity. The reason is that customers pay back only depreciation; the monthly payments are low and make car buying more reasonable. For example, in Ireland, most of the automobile brands and dealerships now advertise PCP arrangements as their initial way to attract new automobile buyers.

Besides in some markets the PCP products already have an impacting on the share of the automobile financial services sales, there are other where this does not happen because their consumers do not have yet the intentions to buy PCP. The reason that can explain it, is the fact that for non-frequently purchases, the past purchasing influences the current purchases (Bird and Ehrenberg 1966). Since the PCP is a recent product on some markets, when the costumer pretends to buy a new financial services product, the chances of him already bought a PCP in the past are lower when compared to any other financial services product.

2.2. ATTITUDE

The attitudes towards customers consuming products have changed through the years and are bringing increasing concern over society, ecological and developmental effects. The accumulating concern about yearning for social embeddedness and climate change by communal consumption and localness. Yao, Hanna, and Lindamood (2004) described collaborative consumption among consumers to be a peer grounded action of giving, gaining or distributing access to services and properties that are matched through community founded online services. Sometimes, customers of the automobile sector show that they may turn away from ethically purchasing a specific type of car because of institutional and economic reasons.

Ennew and Sekhon (2007) further stated the rise of sharing an economy is assumed to have a major impact on society, and it holds relevance to both policymakers and practitioners. For example, if there is a change in online (e-commerce) platforms patterns, that might have a substantial influence on online sales. In that case, that will make it significant to investigate the effects and roles of collaborative consumption. The e-commerce patterns will affect how often or regularly customers will purchase PCP products in the automobile sector. Collaborative consumption provides benefits to the economy by facilitating access to resources and saving money that establishes more reasons for customers to participate. For the reason above, there is an actual problem of how collaborative consumption will become more widespread among customers (Agarwal, Ambrose, and Chomsisengphet 2008).

Based on that, we posit:

H1: Attitudes influence positively consumers intentions to buy PCP?

2.3. PERCEIVED VALUE

The perceived value is how much a customer valorises something (Swait and Sweeney 2000). If a client forecasts that a service or product has a higher value, they will be more interested in purchase it. Incorporating this to the precise study, if a customer recognizes the perceived value of the product, that is, either the flexibility at the contract end or the lower monthly instalments, it will be more willing to obtain it. In this context, we undertake that perceived value would positively influence PCP adoption (Anderson and Jackson 2021).

From the market perspective, value orientation as the foundation for segmentation suggests that individuals have peculiar shopping perceptions and attitudes. These are very useful and cost-effective to specific groups of customers that the market segments address the different sections. Swait and Sweeney (2000) have shown that customers vary in their orientation or sensitivity towards the characteristics of a product. Clients are measured in

terms of ethnocentrism, value consciousness, energy consciousness. In short, value orientation is defined as the inborn attitudes towards attaining a product at a high quality and low price, or a combination of price and quality while a consumer is buying a product.

Based on that, we posit:

H2: Perceived value influence positively consumers intentions to buy PCP?

2.4. MONETARY LITERACY

Financial literacy was defined as demonstrates how much consumers know about financial topics as well as how they behave towards it (Lusardi 2019). This is a neglected topic around the world, even in well-developed financial markets. If monetary literacy becomes more explored, it can lead to greater money savings (Lusardi and Mitchell 2011). There are evidence that monetary literacy has an impact on consumers decisions and financial behaviour (Timmons and Lunn 2021). Integrating this on this specific study, a consumer with more monetary literacy is more likely to know about the existence of PCP products, how it works, and their advantages compared to the traditional substitute products. In the previous study mentioned, it is also stated that monetary literacy is also associated with higher returns on investments. On a traditional financial product, the return over investment almost never happens because the costumer pays the car in constant monthly instalments. In PCP, there is an opportunity for the costumer to make money with the car, if in the end of the contract the market value of the car is higher than the GMFV settled in the beginning of the contract, because it will be possible for the costumer to acquire the car for a smaller value than the one it is being commercialized in the market.

Based on that, we posit:

H3: Monetary Literacy influence positively consumers intentions to buy PCP?

Based on the topics and the hypothesis formulated before, it was developed the research model present bellow on figure 1. With it, it will be explored the direct influence of perceived value, attitudes and monetary literacy on the PCP intentions to buy.

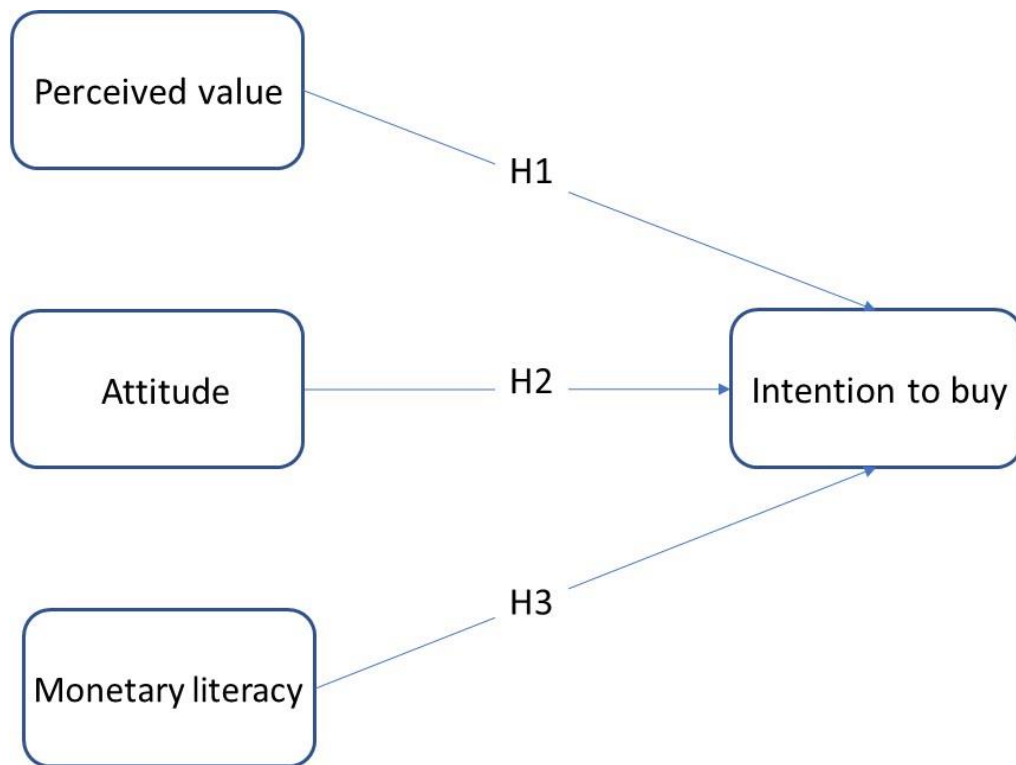


Figure 1. Research model

3. METHODOLOGY

3.1. MEASUREMENT

This thesis aims to show the influence of the PCP products in the automobile segment. Due to its specificity, PCP is a topic that is not researched, so the data used to progress it was collected using a study. By following this method, it was likely to recover quantitative statistics. The data collection is focused on descriptive data by collecting observations without any interference. The study was structured mostly by Likert Scale questions. To get dependable data, the study was completed online, using Qualtrics, by individuals that bought an automobile recently or intend to buy in the adjacent future.

The study was established with questions, based on the constructs “Perceived value”, “Attitude”, “Monetary literacy” and “Intentions to buy”. The questions for “Perceived value” and “Attitude” were adapted from (Hamari et al. 2013), and the questions for “Monetary literacy” and “Intentions to buy” were adapted from (Flores and Vieira 2014). It was taking in account that the questions should be easy to reply to be more appealing for the participants to answer to the whole survey (Henseler, Ringle, and Sinkovics 2009).

From the 232 people who started the survey, 134 of them finished it, however it was used for the analysis 131 of those responses. The reason why it was removed three of them is because it was missing in two of them the answer to the question ITB2 and in the other one the answer to the question ITB1. Since these three answers represented only approximately 2% of the sample, it was decided to remove them instead “manipulating” the value. So, since it was considered 131 responses out of 232, it can determine an 56,5% response rate.

3.2. DESCRIPTIVE DATA

Descriptive data statistics are small description coefficients that review a given data group and are either a sample of the population or a representation of the whole populace. These studies are broken down into measures of variability and central tendency. Examples of measures of central tendency comprise meaning, mode and average used in every level of statistics and mathematics. Researchers use descriptive statistics to re-arrange hard-to-understand quantitative perceptions with large data sets grouped into small-sized descriptions. We need descriptive statistics to describe the features of a data sample or set like standard deviation, mean or frequency. Hence, this research data sample will use descriptive statistics to examine the data.

3.3. RESEARCH METHOD

These are the processes or strategies used to gather signs or information for examining to generate an improved understanding of the theme or expose new info. In this investigation, we will use quantitative research methods to examine the data retrieved by the survey, through Smart PLS.

3.3.1. Questionnaire

The study used self-administered questionnaires tools to gather the data on recent views and practices of the usefulness of digital skills and tools at the level of engagement. Questionnaires were the data collection method to collect data that can be examined. A questionnaire allows for the secrecy and efficient gathering of data in a small amount of time and without any extra costs. The main purpose of utilizing questionnaires is to get a wide-based opinion from the contestants. Open-ended questions are typically encouraging and permit the participants to express themselves dependent on the data provided.

Experts and partakers should first verify a questionnaire for purposes of fullness and clarity and their response combined in the last draft. It is vital to reflect on the language used and to raise the level of knowledge and understanding. The researcher administered the questionnaire through the survey was completely online, by individuals who purchased a car lately or are inclined to buy in the future.

3.3.2. Observation

Observation involves either the enumeration of the number of times that a specific phenomenon happens or occurs or the decrypting of observational data to be able to interpret them into numbers. Depending on the type of observation research, the purpose of the study by marketing researchers will vary among the participants identified in the study. Sometimes an investigator inserts themselves in the surroundings and other incidences the researcher does not intervene in the research setting and just observes from a laboratory setting or distance (Henseler et al. 2009). The function of the observation research method is to collect more consistent insight into data. That is to say, and researchers can capture information that participants do as contrasting to what they can do.

As a marketing researcher, using observational data is better when the research applies to the following situations: First, if the researcher needs to collect sensitive information and does not trust that their participants will be truthful with their reports. Secondly, the researcher uses observation when they require to understand what or how of a research question (Brown et al. 1999). For example, what is the impact of PCP in the automobile sector? Thirdly, if the topic is new and one needs vigorous information to explain customer behaviour concerning products. Fourth, observation is utilized when the behaviour of participants is happening in a controlled setting. Observation is critical to the research questions formed an accurate and complete survey. Finally, the observation method of

research is used when the researcher needs more data that is different from self-reports and the real-actual behaviour, even if it is not intentional (Moskowitz 1986).

3.4. DATA ANALYSIS

Data analysis is a procedure of methodically applying statistical or logical methods to demonstrate, define, recap, condense, and assess the data collected for a study. Indeed, investigators examine data for patterns in observations through all the data collection phases. Therefore, data collected for this study were analysed using structural equation modelling (SEM). SEM is becoming a quasi-standard tool in management and marketing research that intends to analyse cause and effect relationships among latent constructs (Hair et al. 2019). For many researchers, SEM is equal to carrying out covariance-grounded SEM (CB-SEM) (Hair et al. 2012). While marketing researchers have basic knowledge of CB-SEM, many of them are only acquainted with a more appropriate approach to partial least squares (PLS) SEM method. In conclusion, when applied appropriately in studies, the PLS-SEM is a “silver bullet” for approximating casual models in many theoretical and empirical data circumstances (Richter et al. 2016), and that was the reason why it was chosen to adopt it in this study.

3.4.1. Demographic statistics

Table 1 - Sample characteristics.

Distribution (n=131)					
Gender			Education		
Female	90	69%	High School or below	5	4%
Male	41	31%	Undergraduate degree	18	14%
			Bachelor	62	47%
Age			Master's degree or higher	46	35%
<25	63	48%			
25-34	51	39%	Occupation		
35-44	9	7%	Employee	39	30%
>44	8	6%	Self-employed	11	8%
			Student	72	55%
			Other	5	4%
			Unemployed	2	2%
			Retired	2	2%

According to the results demonstrated on Table 1, 69% are female, 87% of people are less than 35 years. Regarding to the higher education level of the respondents, 62 of them (47%) had a bachelor degree, 46 of them (35%) had a master's or higher degree. When it comes to the occupation, 38% are working as employees or self-employed, while the majority of the respondents are students, which corresponds to 55%.

3.5. INSTRUMENTATION

An instrument is a tool that the researcher uses for evaluating results from a questionnaire. Hence, instrumentation is the development of activities in testing, evolving and utilizing the device (Bastos et al. 2014). A diversity of scales are employed to evaluate every variable that was fragmented into diverse sections in the study. The sections include “perceived value”, “attitude”, “monetary literacy”, and “intentions to buy”.

Validity refers to the degree to which the study exactly evaluates or reflects the idea that the investigator is trying to evaluate. In addition, evaluating validity is typically concerned with measuring the scales to ensure that specific scales evaluate what it is supposed to assess (Borsboom, Mellenbergh, and Van Heerden 2004). Validity is proof of whether the study is used correctly and measures the sections of “perceived value”, “attitude”, “monetary literacy”, and “intentions to buy”.

Reliability refers to the degree to that conclusion are dependable over some time. Reliability accurately depicts the individuals experiencing study. Reliability connects to the dependability of evaluating with time, the extent that a sure valuation stays the same and the contrast of assessment given within an exact period. Therefore, the valuation of reliability and validity of the measurements utilized in the research process is directed in two stages, namely content validity and data preparation (Bruton, Conway, and Holgate 2000). Data presentation involves editing, data entry, data encrypting and last review, liberating the study

4. RESULTS & DISCUSSION

4.1. MEASUREMENT MODEL

In order to evaluate the measurement model, it is necessary to validate the internal consistency, the convergent validity and the discriminant validity.

It is considered that a study has an internal consistency if both the composite reliability (CR) and the cronbach' alpha (CA) are bigger than 0.7. In this case, as present in Table 2, the conditions are met. The CA values are in the range from 0.773, for “monetary literacy”, to 0.901, for “intentions to buy”. CR is in the range from 0.854, for “monetary literacy”, to 0.922, for “intentions to buy”.

To test the convergent validity, it is necessary to meet the requirement of the average variance extracted (AVE) being bigger than 0.5. In this study, this requirement is fulfilled, with “perceived value” having an AVE of 0.704, “attitude” having 0.814, “monetary literacy” having 0.594 and “intentions to buy” having 0.630.

Table 2 - Means, standard deviations, correlations, reliability and validity measures (CR, CA, and AVE) of latent variables

Constructs	Mean	SD	CA	CR	AVE	Perc. value	Attitude	Mon. literacy	Intent. to buy
Perceived value	5.874	1.484	0.861	0.905	0.704	0.839			
Attitude	5.557	1.671	0.888	0.929	0.814	0.422	0.902		
Monet. literacy	6.876	1.464	0.773	0.854	0.594	0.331	0.137	0.771	
Intentions to buy	6.381	1.559	0.901	0.922	0.630	0.476	0.378	0.513	0.793

Lastly, it is needed to evaluate if the measurement model meets the discriminant validity. For that to happen, the construct loadings must be bigger than the cross loadings. As it shows in the Table 2, this happens for all the constructs. Other requirement to test the discriminant validity is to verify if the \sqrt{AVE} is bigger than the correlations constructs (Fornell and Larcker 1981). As verified on Table 2, this condition is met, since the “perceived

value” $\sqrt{\text{AVE}}$, “attitude” $\sqrt{\text{AVE}}$, “monetary literacy” $\sqrt{\text{AVE}}$ and “intentions to buy” $\sqrt{\text{AVE}}$ are bigger than any of their correspondent correlations constructs. The last requirement to confirm the discriminant validity is confirming if the Heterotrait-Monotrait ratio (HTMT) is lower than 0.9 (Henseler, Ringle, and Sarstedt 2015). This requirement is also met as it is shown on table 4, where HTMT range from 0.169 to 0.515.

Table 3 - PLS loadings and cross-loading

Constructs	Perceived value	Attitude	Monetary literacy	Intentions to buy	
Perceived value	PV1	0.895	0.332	0.261	0.376
	PV2	0.808	0.307	0.114	0.320
	PV3	0.843	0.385	0.429	0.499
	PV4	0.806	0.376	0.229	0.355
Attitude	ATT1	0.371	0.932	0.129	0.406
	ATT2	0.389	0.923	0.110	0.341
	ATT3	0.395	0.850	0.136	0.243
Monetary literacy	FL3	0.221	0.026	0.739	0.420
	FL4	0.278	0.122	0.803	0.349
	FL5	0.185	0.139	0.780	0.362
	FL6	0.325	0.140	0.759	0.432
Intentions to buy	ITB3	0.308	0.352	0.461	0.759
	ITB4	0.394	0.255	0.525	0.797
	ITB5	0.408	0.320	0.399	0.820
	ITB6	0.517	0.379	0.402	0.868
	ITB7	0.382	0.274	0.437	0.860
	ITB8	0.328	0.279	0.226	0.734
	ITB9	0.257	0.222	0.331	0.702

Table 4 - Heterotrait-Monotrait Ratio of correlations (HTMT)

Constructs	Perc. value	Attitude	Mon. literacy	Intentions to buy
Perceived value				
Attitude	0.481			
Monetary literacy	0.374	0.169		
Intentions to buy	0.515	0.405	0.593	

Since all the previous conditions were met, it can be proved the reliability and validity of the latent variables.

4.2. STRUCTURAL MODEL

The path weighting scheme was employed to evaluate this model, as suggested by (Hair, Ringle, and Sarstedt 2011). It was run a basic bootstrapping of 5,000 subsamples to generate the t statistics and p-values. This approach was taken considering that once the sample size was bigger, the generalizability of the results would be more relevant. All the hypotheses were accepted. The positive relationship between “monetary literacy” and “intentions to buy” have the highest path coefficient ($\beta=0.400$), and a significance level of 0.1%. The positive relationship between “perceived value” and “intentions to buy” have the path coefficient of 0.252, and the positive relationship between “attitude” and “intentions to buy” have the path coefficient of 0.217. Both the “attitude” and the “perceived value” relationships with “intentions to buy” have a significance level of 5%. The coefficient of determination (R^2) identifies the amount of variance in dependent variables that is explained by the independent variables (Oliver, Liehr-gobbers, and Krafft 2010).

Even though the acceptable level of R^2 value depends on the study field (Halcoussis 2005), since this is a study on consumer intentions to buy PCP the obtained result (40.7%) can be considered as substantial on social sciences (Ferenc 1998) or weak to moderate (Henseler et al. 2009). The results mentioned before are represented on Figure 2.

It was looked to the values of inner Variance Inflation Factor (VIF) provided by SmartPLS. All the values were between the range of 1.123 and 1.340 which are acceptable (Hair et al. 2015; Hair, Ringle, and Sarstedt 2013). It is demonstrated that there are no collinearity problems since VIF is smaller than 5.

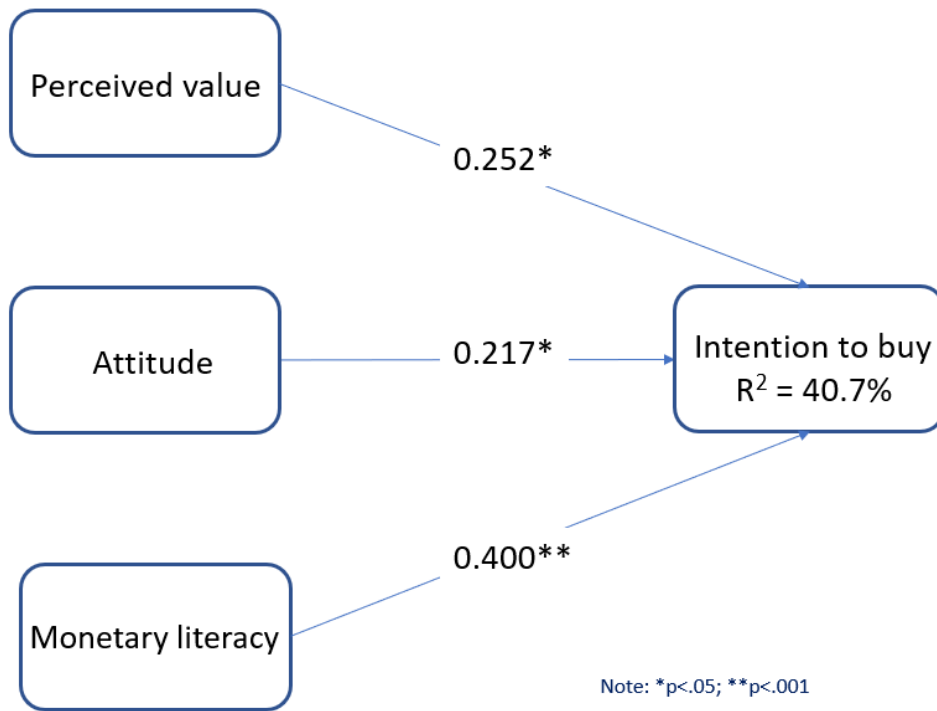


Figure 2. Structural model results

5. DISCUSSION & CONCLUSIONS

To the best of the writer knowledge, this is the first study that investigates what can impact the PCP intentions to buy. The findings show that all the hypotheses are totally supported.

The presented research model validates the relationship between the “perceived value”, “attitude” and “monetary literacy” and “intentions to buy”, which it is explained by this model in 40.7%. This means that this model has a strong predictive influence regarding what impacts the intentions to buy PCP products in automobile sector. The findings demonstrate the importance of the 3 independent variables mentioned before on the dependent variable. When compared with other researches exploring the intentions to buy (Hajli 2015), this study achieves a stronger predictive power.

The results indicates that if consumers perceive the value of the PCP, have a positive attitude towards the product and have a monetary literacy to understand how it works, there will be a higher probability of have the intention to buy it. The theoretical and practical implications of this study are summarized below.

5.1. THEORETICAL IMPLICATIONS

Considering the theoretical perspective, it was discovered with this study that “perceived value”, “attitudes” and “monetary literacy” have a direct influence on “intentions to buy”, where “monetary literacy” plays an important role. The contributions of this study, according to these results are: Firstly, the study improves the reduced limited body of knowledge on intentions to buy PCP. To the best of our knowledge, the number of studies about PCP are very low and are focused in if the consumers understand or not the financial product. Secondly, it was tested the possibility of creating a moderation effect with any of the constructs, where it was discovered that any of those combinations would decrease the R^2 of

intentions to buy. For example, as demonstrated on Appendix B, the strongest moderator effect would be of monetary literacy on perceived value and it would have a path coefficient of 0.103. Monetary literacy on Attitudes would have a path coefficient of -0.099.

The positive impact of attitude and perceived value in intentions to buy can be explained by how the product is seen contributes to the costumer to purchase it (Zeithaml 1988). Regarding the monetary literacy, knowing about the existence of this product is already a step ahead for the typical costumer. A consumer who knows this product, and understand how it works have a bigger propensity to acquire PCP since it knows all the advantages of choosing it over the traditional financing options (McElvaney et al. 2018).

Since the PCP financial products is such an unexplored subject, we believe that this study will be helpful for future researches who want to develop more this topic. The approach applied in this paper should be used as a model to identify the influences of intentions to buy PCP and can be used as a basis for future research.

5.2. PRACTICAL IMPLICATIONS

This study has impacting managerial implications for decision makers, which in this case are the consumers and the financial services company. If consumers get more knowledge on monetary subjects, and in this specific scenario, on PCP, they will have this option that many may not know. The consumer who chooses PCP over the traditional car finance options, will have a financial product with lower instalments and with flexibility, so their propensity to acquire it will be higher. However, having a bigger monetary literacy could also means know other characteristics of the product better, like the interest rate and the annual percentage rate (APR), and if the costumers start to do a previously studied benchmark before acquiring an automobile financial product, there is a higher chance that the financial services company will not be able to sell an interest rate as high as if the costumer did not have the monetary

literacy. What our results suggests is that is both important to invest in monetary literacy. On the consumer point of view, so they know about the different options of automobile financing, which in some cases, will permit them to acquire a vehicle that they would not be able if they were paying in prompt payment (Oxender et al. 1998), and for the financial services companies, so they can develop tools and campaigns to advertise their different products and their correspondent advantages. Perceiving the value of PCP and have a positive attitude towards it, is something that also needs to be worked by the financial services companies. It is necessary to awake consumer's perceptions of the product and make them excited about acquiring it. For that to happen, the financial services companies could develop special campaigns with higher GMFV for each cars or lower interest rates, in order to become the product even more attractive.

It is suggested that decision-makers base their actions on activities that promote monetary literacy, positive attitudes, and the perceived value, so they can successfully reach their strategies.

5.3. LIMITATIONS & RECOMMENDATIONS FOR FUTURE WORKS

This study is presented with some limitations. The first one, is the fact that the data was collected during the Covid 19 lockdown, and this might influence the answers because the propensity for consumers to buy cars and finance them was lower than in a regular situation. For future research, it would add value if it was developed interviews to retrieve qualitative insights about the intentions to buy PCP.

Secondly, the sample size of this study was too small and made it difficult for the statistical outcomes to meaningfully identify associations in the set of statistics. If the sample scope was bigger, it would have generated more solid results. For future studies, it is better to gather a bigger sample size that will enable to get even more conclusive and accurate results.

It was also detectable that there was a big percentage of respondents which their occupation was only study, and that might impacted the results since the typical costumer who finance a car is already an employee (or a self-employee), so in future studies, it would be important to get more responses from employees and self-employees since they are a more probably potential costumer for this product.

The last limitation is the fact that all the data was collected within Portuguese respondents. Having point of views from different perspectives and realities would bring an interesting path to investigate when it comes to attitude, perceived value, and monetary literacy on intentions to buy. Regarding attitude, it would be interesting to analyze which countries are conservative to the adoption of the PCP. Regarding perceived value, it would be interesting to analyze which of the PCP features is more appreciated by country, if it was a global opinion, or if it differed from country to country. Regarding monetary literacy, it would be interesting to analyze the financial literacy of the population, in order to know which are the countries with highest level of financial literacy, and if they were also the ones which demonstrates the biggest intentions to buy PCP.

6. CONCLUSIONS

The main focus of this dissertation is analyzing what impacts the intentions to buy PCP products, so, in order to identify the gaps and the best approach to move forward, a literature review was conducted. To the best of our knowledge, the PCP is an under researched topic, and the studies that were found were about if the consumer understand or not this financial product, and not what impact their intentions to buy it, like this dissertation does. This empirical work pursues to understand the impact of monetary literacy, perceived value, and attitudes on the intentions to buy PCP.

The results point to a significant effect of perceived value, attitudes, and monetary literacy on intentions to buy PCP. All the independent variables play an important role on intentions to buy, however, the financial literacy impact highlights even more than the attitudes and perceived value. The results demonstrate that all of these constructs are important direct precedents of intentions to buy, and, as tested, their directly impact on intentions to buy is higher than through moderation effects.

Thus, we might learn more about how to help automobile financial services managers to apply strategies to incentive costumers to acquire PCP products. We believe this dissertation will be helpful for researchers undertaking future studies on PCP products and causes to buy them.

7. BIBLIOGRAPHY

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8. APPENDIX

8.1. APPENDIX A - QUESTIONNAIRE

Appendix A - Items

Constructs	Item	Adapted from	
Perceived value	PV1	I think knowing the perceived value of the car beforehand is exciting.	(Hamari et al. 2013)
	PV2	I think knowing the perceived value of the car beforehand is fun.	
	PV3	I think knowing the perceived value of the car beforehand is interesting.	
	PV4	I think knowing the perceived value of the car beforehand is pleasant.	
Attitude	ATT1	All things considered, I find buying a PCP product to be a wise move.	(Hamari et al. 2013)
	ATT2	All things considered, I think buying a PCP product is a positive thing.	
	ATT3	PCP product is a better mode of getting a car than the conventional ways.	
Monetary literacy	FL1	I set monetary goals that influence monetary management (e.g., save a specific amount in a year, avoid overdrafts).	(Flores and Vieira 2014)
	FL2	I am satisfied with my system to control finances.	
	FL3	I pay bills with no delay.	
	FL4	I can identify the costs of what is bought on credit (e.g., embedded interest).	
	FL5	When buying on credit, I make comparisons among available credit options (e.g., instalments directly with the store, instalments on credit card).	
	FL6	I analyze personal finances in depth before making any major purchase.	
	FL7	I prefer to buy something in instalments than to save and buy	
Intentions to buy	ITB1	If I intend to buy a car, I prefer to finance it	(Flores and Vieira 2014)
	ITB2	If I intend to buy a car, I prefer to save money and buy it later in prompt payment	
	ITB3	If I'm going to buy an Automobile Monetary Product I care about the Monthly Installment	
	ITB4	If I'm going to buy an Automobile Monetary Product I care about the Interest Rate	
	ITB5	If I'm going to buy an Automobile Monetary Product I care about the Car residual value	
	ITB6	If I'm going to buy an Automobile Monetary Product I care about the Flexibility in the contract ends	
	ITB7	If I'm going to buy an Automobile Monetary Product I care about the monetary services company	
	ITB8	If I'm going to buy an Automobile Monetary Product I care about the Car Dealer	
	ITB9	If I'm going to buy an Automobile Monetary Product I care about the Car Down payment	

In this questionnaire, all the questions were developed to be answered with a Likert scale.

8.2. APPENDIX B - STRUCTURAL MODEL TESTS

