CONSUMER BEHAVIOR IN AUTOMOTIVE INDUSTRY IN TURKEY: RESEARCH ON SHOPPING PRACTICES AND BUYING BEHAVIORS OF B AND C SEGMENT AUTOMOTIVE CONSUMERS

BY

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PLAGIARISM PAGE

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ABSTRACT

This dissertation hereby is aimed to analyze the buying behavior ofautomotive consumers in Turkey. The thesis contains three main parts; conceptual framework, research, and results. What these parts include is explained below.

The conceptual framework contains three parts:

a) The Concept of Consumer and Consumer Behavior

This part explains consumer behavior, types of buying behavior, consumer buying (decision process), and the factors affecting buying behavior.

b) Automotive Sector

This part explains the segments in the Renault-Nissan (Europe) automobile classification, campaigns and target audience of segments' brands, and the effects of the changing conditions in the automotive industry on the consumer.

c) Consumer Behavior in Automotive Sector

This part combines the information presented in the first two parts and explains the expectations of consumers, considerations when buying an automobile and SEC classification, consumer decision styles, and its result in automotive.

The research includes the research topic and the problem, which is the consumers' buying behavior considering the segments in the automotive industry. Questions and hypotheses mainly focus on two of the best selling segments in Turkey; which are B and C segments. The methodology includes a survey that is done by consumers.

The results include the analysis and inferences of the survey answers and their correlation with the automotive sector and consumer behavior.

ÖZET

Bu, Türkiye'de otomotiv endüstrisinde tüketici davranışları hakkında bir tez çalışmasıdır. Bu tezin temel amacı, otomotiv tüketicilerinin davranışlarını analiz etmektir. Çalışma üç ana bölümden oluşmaktadır: kavramsal çerçeve, araştırma ve sonuçlar.

Kavramsal çerçeve üç ana noktaya odaklanır; a) tüketici ve tüketici davranışı kavramları, b) otomotiv sektörü ve c) otomotiv sektöründe tüketici davranışları. Tüketici kavramı ve tüketici davranışı çalışmaları, otomotiv sektörü/endüstrisi ile ilişkisini analiz etmek için kullanmak ve gerekli bilgileri sağlamak için sunulmuştur. Bu bilgileri sağlarken, özellikle James F. Engel, Roger D. Blackwell ve David T. Kollat gibi tüketicilere odaklanan pazarlama profesyonelleri tarafından yazılan güvenilir kaynaklar kullanılmıştır.

Kavramsal çerçevede otomotiv sektörü kısmı, ağırlıklı olarak otomotiv segmentlerine odaklanmaktadır. Bu segmentasyon, Avrupa segmentasyonu olarak da bilinen ve onaylanan Renault – Nissan sınıflandırmasıdır. A'dan F'ye gider. A en küçük segmenttir ve F en büyüğüdür. Çalışma, bu kesimlere örnekler ve hedef kitleleriyle değinmektedir. Ayrıca otomotiv sektörü kısmı, artan elektrikli araç sayısı ve dizel motor kısıtlamaları gibi otomotiv endüstrisindeki güncel gelişmeleri içermektedir. Üçüncü bölüm ise otomotiv sektöründe tüketici davranışlarıdır. Bu bölüm, birinci ve ikinci bölümlerden elde edilen bilgileri birleştirir ve çalışmayı daha otomotiv odaklı bir teze taşır. Bu bölüm, otomotiv tüketicilerinin satın alma davranışlarına odaklanmaktadır. Tüketici beklentilerine yönelik yapılan çalışmaları ortaya çıkarır ve otomotive uyarlar. Ürünün sorumluluğu, tüketicilerin sosyoekonomik durumu, tüketici karar stilleri ve motivasyonu ile ilgili tüketici tasvirleri ortaya çıkarılarak çalışmanın amacına geçilmiştir.

Araştırma bölümü, sekiz hipotez ortaya çıkarır ve bunları otomotiv tüketicilerinin katıldığı anket aracılığıyla analiz eder.

Son olarak, sonuç bölümü, kavramsal çerçeve ve araştırma yoluyla elde edilen tüm bilgileri birleştirir ve hipotezlere ilişkin belirli analizleri ortaya çıkarır. Önce anket sorularına verilen cevaplar analiz edilir, ardından anket cevaplarından elde edilen bilgiler ve teorik bilgiler kullanılarak hipotezler analiz edilir.

Özetle kavramsal çerçeve, pazarlamada tüketici davranışlarının ve otomotiv sektöründeki sonuçlarının incelenmesine odaklanmaktadır. Araştırma, otomobil

tüketicilerinin otomobil satın alma kriterlerine odaklanarak satın alma davranışlarını ortaya çıkarır. Ayrıca bu bölüm otomotiv tüketicilerinin katıldığı bir anketten oluşmaktadır. Sonuç bölümü, kavramsal çerçeve ve araştırma bölümlerinden elde edilen bilgileri birleştirir ve belirli analizlerle birlikte gelir.

PREFACE

Before studying master's degree in marketing, I studied Translation and Interpreting. Social sciences were my main field of focus in my studies regarding translation and interpretation. Therefore, I have decided to broaden my language and social science skills by studying Integrated Marketing Communications Management and picked a thesis topic that I want to contribute to the most.

The master's thesis on Consumer Behavior in the Automotive Industry in Turkey is both a part of automotive enthusiasm and professional development. I have always wanted to contribute to automotive. Studying Integrated Marketing Communications Management was the best opportunity for me to contribute to my favorite field, automotive. This dissertation allowed me to have a wider point of view on the automotive sector.

This study brings out the buying behavior of automotive consumers. As a result, it targets the automotive marketeers and hopefully allows them to offer the best for their customers.

I would like to thank all contributors to this thesis including my supervisors and all participants in the research process. Especially, I wish to thank my thesis supervisor Dr. Gökçe Aslaner for all his advice and guidance.

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LIST OF ABBREVIATIONS

SEC -- socioeconomic classification

CRM -- customer relationship management

SUV -- sport utility vehicle

USA -- United States Of America

HMC -- Hyundai motor company

KMC -- Kia motor company

TÜİK -- Türkiye İstatistik Kurumu

ODD -- otomotiv distribütörleri derneği

HB -- hatchback

MPV -- multi purpose vehicle

VW -- Volkswagen

SW -- station wagon

CDV -- car derived van

AECC -- ability enhancement compulsory course

EU -- European union

SCR -- selective catalyst reduction

LPG -- liquefied petroleum gas

KM -- kilometer

SES -- socioeconomic status

NBER -- national bureau of economic research

IT -- information technology

OEM -- original equipment manufacturer

TOGG -- Türkiyen'nin otomobili girişim grubu

TL -- Türk Lirası / Turkish Lira

1. INTRODUCTION

This dissertation is about the consumer behavior in automotive industry in Turkey. Consumer behavior is a significant part of marketing. Studies about consumer behavior help marketing employees and managers to create better advantages and solutions for customers. Learning the consumer behavior about a certain product makes it easier to improve that product and its selling techniques. That is why this study is aimed at consumer behavior in automotive industry. This study can help automotive marketers in Turkey to understand the consumer and offer them better solutions throughout their buying process.

Automotive is a major industry in Turkey. It is possible to find all kinds of vehicle classifications in large numbers. That is why automotive marketing is something to be considered significant by marketers in Turkey. The main reason for this consideration is that buying a vehicle in Turkey is more than just buying something new. It is an investment. This is what this dissertation concentrates on. Turkey is going through a rather unstable economic situation. However, even before the unstable times in the economy of Turkey, buying and selling vehicles have been quite important. There is a consideration that people go through a buying decision thinking about selling the vehicle they are buying. This dissertation will prove that this consideration is real by focusing on the consumers of best-selling automotive segments (B and C) with research. If automotive marketers in Turkey could focus on this consideration and its effects on the buying process, it would be easier for them to reach out to the customers that they are willing to reach and offer them better campaigns and solutions.

The main hypotheses are for proving the "consideration of buying a vehicle as an investment." These hypotheses will be studied among the two best-selling automotive segments in Turkey, which are the B and C segments. The research part will include a survey on vehicle owners and will ask the participants questions which can support or disprove the hypotheses. The survey will have at least 384 participants and will be done online in Istanbul, Turkey. Here is the list of all hypotheses:

- H1: B segment consumers see their automobiles as investments and buy their automobiles considering the resale value.
- H2: Also, B segment consumers buy their vehicles focusing mostly on the practicality (less expensive, cheap to run, easy to transport.) The main reason behind this hypothesis is that B segment vehicles are considered the supermini (economical vehicles) in the market.
- H3: B segment consumers are mostly under 40 years old.
- H4: B segment is the segment that happens to be the first automobile people buy most of the time.
- H5: C segment consumers also see their automobiles as investments and buy their automobiles considering the resale value.
- H6: However, in addition to the practicality factor of the B segment consumers, they are also focusing on higher aspects such as comfort, space, and performance.
- H7: The owners of C segment vehicles consist of all age groups.
- H8: C segment vehicles are usually not the vehicles people buy for the first time.

2. CONCEPTUAL FRAMEWORK

2.1 The Concept of Consumer and Consumer Behavior

To be able to study consumer behavior, some descriptions of the concept of the consumer will be covered first. The consumer in marketing is an individual who buys products or services for personal use and not for remanufacturing or resale (InverstorWords, 2017). According to Remzi Altunışık, the consumer is an actual person who buys or is capable of buying the components of marketing for personal use or their family's desires or needs. (Altunışık, 2013) This is the personal consumer, one who buys products for themselves such as a toothbrush or a shampoo. Then there is the organizational consumer which includes profit – nonprofit businesses, government agencies, institutions, etc. (Schiffman and Kanuk, 1997, p.7) The consumer is sovereign. It is up to them whether to buy or not to buy the product. There are certain effects on the way to the buying process and they are the ones that create the consumer. These effects can be psychological, individual or environmental, etc. 'Consumer behavior, as a rule, is purposeful and goal oriented' (Engel, Blackwell, and Miniard, 1990, p.8) Peter and Olson explains this with an example of a single mother deciding to buy a gun because recently there have been many robberies and burglaries occurred close to her. This can be seen as an environmental effect on buying behavior. (Peter and Olson, 1996, p.23) 'A need arouses when there is a difference between what a person experiences and what is desired. Closing the gap requires a genuine understanding of the needs of the people and providing products and services with specifications even beyond the expectations of the potential market.' (Bilgin, 2001, p.2)

2.1.1 Consumer behavior.

In this part, the study will be touching upon three main subjects which are consumer behavior, automotive sector, and consumer behavior in automotive sector. Starting with consumer behavior, four subheadings exist; the concept of consumer, types of buying behavior, the buying process, and factors affecting the buying behavior. Assistant professor of clinical marketing Lars Perner (1999-2016) defines

Consumer Behavior as the study of individuals, groups, or organizations and processes of how they decide to choose, use or dispose of products and services. The use of products or services is often great for marketers but Consumer Behavior contains disposal of the products, and how Consumer Behavior is considered in society is relevant as well.

Consumer behavior is shaped by the environment of consumers. In order for one's desire for shopping, there have to be the right conditions and it affects the product options of the consumer. According to Schiffman & Kanuk, 'Our needs are shaped by our environment and culture' (Schiffman and Kanuk, 1997). For example, nomad tribes in Central Asia will not be looking for buying a late model Mercedes-Benz, as a celebrity in Hollywood will not be looking for cheap pair of wipers from a thrift shop. These examples bring out the economic and cultural factors affecting the buyer behavior as well as SEC classification, however, I will be touching upon these subjects lately. Again according to Schiffman & Kanuk, 'Consumer behavior is the study of how individuals make decisions to spend their available resources (time, money, effort) on consumption related items. This is the consumer buying process and it includes; what, why, when, where, how often they buy the product, and how often they use it. Answers to these questions would bring out the economic and cultural factors affecting the buying behavior and they would help the researchers and marketing managers to have a better understanding of consumer behavior. 'Prior to World War II, many businesses, but by no means all, operated from a production orientation reflecting the philosophy that 'a good product will sell itself.' This was the case because there frequently was more demand than supply in some industries. Why ask consumers what they want when they will buy almost anything you produce?' (Engel, Blackwell, and Miniard, 1990, p.3). However, this is not the case anymore in the 21st century. Today, with the competition among brands and developing marketing areas such as online marketing, the consumers have almost unlimited options. It is way ahead of a good product nowadays and the best seller does not have to be the best product. As Schiffman and Kanuk point out, it is about relationship marketing, developing a close affiliation with the consumer that results in brand or store loyalty. To achieve this, marketers need to predict consumer behavior. 'If marketing managers could predict consumer behavior they could influence it. This approach has come to be known as positivism, and consumer researchers primarily concerned with predicting consumer behavior are known as positivists. Understanding consumption behavior and the meanings behind is known as interpretivism. It includes subjective aspects of consumer behavior such as effects of moods, emotions, and types of situations on consumer behavior. For interpretivists each purchase is unique. Because of these aspects, they are also known as experientalists.' (Schiffman and Kanuk, 1997, p.8)

Marketing managers may be researching consumer behavior to get to the purchase decision point, however; 'Hirschman and Holbrook among others, strongly advocate that the purchase decision is only a small component in the constellation of events involved in the consumption experience' (Engel, Blackwell, and Miniard, 1990, p5) such as loyalty can carry more significance than purchase decision itself since it would produce a source for the marketers. Sometimes the best way to understand consumer behavior is to be on the field, observing. Seeing how consumers are using the products can bring innovative developments and better solutions for consumers' needs. 'Eastman Kodak executive Raymond H. Moulin was in a Tokyo fish market in the early morning when he observed a photographer trying to pry open a film container with his teeth while holding the camera. This observation quickly gave rise to a product change so that it is now possible to open containers of Kodak film with one hand.' (Engel, Blackwell, and Miniard, 1990, p.20) That is why almost all marketing departments are trying to obtain feedback from users to develop their products or services. Consumer behavior is not only shaped but it is also shaping the market. According to Kardes, there are three types of consumer responses. First is affective responses which are feelings and emotions when consumers interact with a product, second is cognitive responses which are beliefs, opinions, and attitudes towards products and services, the third one is behavioral responses which include purchase decisions and consumption related practices. (Kardes, 2002)

Now in the next part, the types of buying behavior will be covered.

2.1.2 Types of buying behavior.

Types of buying behavior contain several stages and could be interpreted differently. "Consumer buying behavior is the sum total of a consumer's attitudes, preferences, intentions, and decisions regarding the consumer's behavior in the marketplace when purchasing a product or service. The study of consumer behavior draws upon social science disciplines of anthropology, psychology, sociology, and economics” (Grimsley, 2015) (Online Lecture).

The stages of the buying decision were first introduced by John Dewey in 1910. Later his studies were developed by the studies of Engel, Blackwell, and Kollat. These stages are ‘problem (need) recognition, information search, evolution of alternatives, purchase decision’ (Engel, Blackwell, and Kollat, 1968).

According to Miranda Brookings, when people buy products after recognizing what they need or want, they begin to search for a product or service that fits their needs. Consumers evaluate their options in terms of price and the quality of the brand. Brookings brings out four types of buying behaviors. These include impulse purchases, ones done without planning, routine purchases, ones done daily, weekly, or monthly, etc., limited decision making, ones that have deadlines such as purchasing a suit before a job interview and this type of buying behavior might require pieces of advice from other people’s opinions, lastly extensive decision making, ones that require a long decision making process since the consumer is investing in a big spending such as a house or a car. (Brookins, n.d.)

2.1.3 Consumer buying (decision) process.

As far as known, the consumer buying process is the process that goes through five main steps until and after the consumer buys the product or service. Shane Jones (2014), an internet marketer and consumer behavior blogger describes it with a Maslow’s Hierarchy like diagram. It includes the five steps of buying process starting with the problem (need) recognition, information search, evaluation of the alternatives, purchase decision, and post-purchase. Jones adds one more step as the sixth. She counts ‘purchase’ (the moment of purchase) as a step as well. Jones explains this as ‘All the stages that lead to conversion have been finished. However, this doesn’t mean it’s a sure thing.’ Consumers still might be on the brink of changing their minds, therefore marketing needs to be fully active at this point. The basic rule to proceed the decision process is to keep it simple. The buying process should not be complicated. Simpler it is quicker the process works.

This decision process can also be said for rational decision making, since the consumer goes through an evaluation. Another type of buying decision is hedonic. According to Engel, Blackwell, and Miniard, rational decision making is actually a problem solving perspective, there are no hedonic benefits that occurred by emotional responses, sensory pleasures, daydreams or aesthetic considerations. The hedonic perspective is occurred when the consumption object is viewed symbolically. (Engel, Blackwell, and Miniard, 1990, p.27)

2.1.3.1 Need recognition.

The decision process always starts with need recognition. When need recognition occurs people become energized about consumption and goal oriented behavior begins (purposeful behavior). In the first step of the process, the consumer comes to a realization that the object which the consumer is going to buy is rational but not hedonic. This is the step the consumer asks himself/herself the question ‘Do I need it?’ ‘The consumer perceives a difference between the desired state of affairs and the actual situation sufficient to arouse and activate the decision process. Need recognition actually depends on the level of discrepancy of the actual state and the desired state. For example, a person feeling hungry is the actual state, wanting to eliminate this feeling is the desired state. A need does not arouse by itself, there are some factors that trigger needs to occur.

- Changed Circumstances
  Needs often occur due to changed circumstances in one’s life. Such as a person changing cities due to work will recognize the need to find new living quarters or a raise in one’s salary might push one into thinking about changing their automobile.
- Product Acquisition
  Acquisition of a new product can create the need for additional products. For example, buying a new home will require the purchase of additional products such as new furniture.
- Product Consumption
  Consumption itself can trigger need recognition, especially on highly consumed products such as trash bags.
- Marketing Influences

Marketers are unable to create needs but they can stimulate consumers. (Engel, Blackwell and Miniard, 1990, p.491) According to Zeynep Bilgin a need can arise through internal stimuli (hunger, thirst, etc.) or external stimuli (recognizing a product on the shelf) which could be identified as hedonic. (Bilgin, 2001, p.32) The stimulation may either be primary or selective. ‘Marketing activities that focus on primary demand are, in essence attempting to elicit generic need recognition. Selective need recognition on the other hand occurs when the need for a specific brand within a product category is stimulated.’ (Engel, Blackwell, and Miniard, 1990, p.491) Changing the telecommunication company because another one is offering a better deal is an example of selective need recognition.

- Individual Differences

Two extremes are at differences here. At one extreme (Actual State Types) need recognition is triggered by changes in the actual state for example buying clothes when really needed. At other extreme (Desired State Types) need recognition is triggered by changes in the desired state. Desired state types will often experience need recognition as a result of desires for something new. For example, buying clothes when not satisfied with the old ones. (Engel, Blackwell, and Miniard, 1990, p.492)

2.1.3.2 Information search.

The consumer goes through the information in his/her memory about the product and tries to find rational reasons to make a decision (internal search) or acquires completely new decision oriented information from the environment (external search). (Engel, Blackwell and Miniard, 1990, p.27) ‘Information is collected through personal sources (family intereaction), public sources (mass media), experiential sources (handling, examining, using).’ Consumers’ past experience also carries significance for their decision making. (Bilgin, 2001, p.33). Pointing out some of the aspects of internal and external search;

- Internal Search

‘Internal search is nothing more than a memory scan for decision-relevant knowledge stored in long term memory.’ (Engel, Blackwell, and Miniard, 1990 p.494) Internal search usually depends on the previous purchase experiences of the consumer. For example, consumers needing auto repair services are most likely to rely on their existing knowledge in making their choice. However, there are cases that can require even experienced buyers to go through an external search. This can be due to consumers' inadequate knowledge of product categories characterized by large inter purchase times that results in significant product changes in terms of prices, features, and new brands or stores.

- External Search

When consumers decide that internal search does not compensate for their needs, they decide to collect additional information from the environment. 'External search that is driven by an upcoming purchase decision is known as prepurchase search.' (Engel, Blackwell, and Miniard, 1990 p.495) This can be contrasted to ongoing search, where consumers go through a deeper search not just to buy anything. For example, a consumer subscribing to an automotive channel on YouTube. This can happen during the prepurchase search when the consumer is in the market for a new automobile but ongoing search does not have to lead to a purchase decision. 'The primary motivation behind prepurchase search is the desire to make better consumption choices. Similarly, an ongoing search may be motivated by desires to develop a knowledge base than can be used in the future decision making.' (Engel, Blackwell, and Miniard, 1990 p.496) However ongoing search can also occur because of the enjoyment derived from the search.

2.1.3.3 Evolution of alternatives.

Perhaps the most important step is the evolution of alternatives because the power of marketing is the key point the in competition. The consumer evaluates options that are useful for their expected benefits and narrows down the number of alternatives in order to achieve the best decision, which is most likely to be price performance oriented. (Engel, Blackwell, and Miniard, 1990, p.27) According to Geoffrey Paul Lantos, the stage of evolution of alternatives occurs simultaneously with the external search. The consumer decides which criteria (price, quality, style, etc.) to use comparing products among several brands, considers his/her evoke set to evaluate. If a brand appears generally positive in the consumer's mind, then the consumer develops a positive attitude towards that brand. (Geoffrey P. Lantos, 2010, p.68)

2.1.3.4 Purchase decision.

'The consumer acquires the preferred alternative or an acceptable substitute if necessary.' (Engel, Blackwell, and Miniard, 1990, p.27) Consumers make purchases according to the intent of their decisions. According to Schiffman and Kanuk, consumers tend to make three types of purchases; trial, repeat, and long-term commitment purchases. When a consumer buys a product for the first time, it is considered a trial purchase, this is seen as a test of the product or brand and will be evaluated by the consumer in order to build trust for the brand, in order to get the first impression consumers usually buy a smaller quantity than usual. When a new brand occurs in a product category and is found better than other products by trial purchase, consumers tend to repeat the purchase. Repeat purchases are likened to brand loyalty. After consumers build up trust in a brand they are likely to buy their products repeatedly. Repeat purchases are a sign of long-time commitment purchases when the consumer is ready to buy the product repeatedly and in larger quantities. (Schifman and Kanuk, 1997, p.581)

2.1.3.5 Post-purchase.

The consumer asks himself/herself whether they made the right choice and evaluates that it meets the needs and expectations once it is used. (Engel, Blackwell, and Miniard, 1990, p.27) The post purchase step can be supported by marketers by interacting with the consumer through CRM programs that would increase the rightfulness of consumers' decisions about the product or service. After the purchase there occurs satisfaction or dissatisfaction. Dissatisfaction may lead to complain behavior, return of the product, negative word of mouth or withdrawal. That is why the marketer must be alert after the sales and try to minimize the level of dissatisfaction. (Bilgin, 2001, p.35)

2.1.3.6 Different approaches on decision process.

According to J. Paul Peter and Jerry C. Olson, consumer decision making process involves three important cognitive processes. The first one is interpretation processes. Here are two related cognitive processes; attention and comprehension. Attention is about the consumer evaluating which information is to be interpreted and which is to be ignored. Comprehension is about how consumers interpret the subjective meanings of information and create personal knowledge and beliefs. The second is integration processes. The consumer integrates different types of knowledge to form overall evaluations of the products, objects, or behaviors in order to come to a solution about making a purchase. ‘When consumers choose between different purchase behaviors, they form an intention or plan to buy. Integration processes also are used to make choices among behaviors other than purchasing.’ (Peter and Olson, 2001, p.51) Third one is product knowledge and involvement. It includes the product knowledge of the consumer’s memory. It is the consumer’s idea and experiences about the characteristics of the product. For example, an automobile manufacturer such as BMW reflects the idea that their products are premium and expensive so whoever has one should have a lot to afford one. Or the experience with the manufacturer can play a specific role when buying another product (again) like I used to have a BMW and I would like to buy another one again. (Peter, Olson, 2001, p.51)

The next subject the study will touch upon is the factors affecting the buying behavior which happen to be cultural, social, personal, and psychological factors.

2.1.4 Factors affecting the buying behavior.

Consumers go through the buying process as mentioned before but several other factors exist affecting their decisions. These factors happen to be cultural factors (which consist of culture, subculture and social class), social factors (which consist of reference groups, family, role, and status), personal factors (consist of age, occupation, economic situation, lifestyle, and personality), lastly psychological factors (consist motivation, perception, learning, and experience, attitude and beliefs) (Gajjar, 2013).

2.1.4.1 Cultural factors.

Culture is the basic determinant of what people want. It affects the buying behavior of societies directly because basically, culture is always in daily life. Culture broadly determines what to eat, what to wear, where to live, or where to travel. (Arslan, 2003, p.89) Culture is a sum total of learned beliefs, values, and customs in society. (Bilgin, 2001, p.44) It frames our lives, our standards, and our behavior. Values can be classified among cultures numerously; other oriented values, environment oriented values, self oriented values. Starting with other oriented values, they are the appropriate behavior among the relationships of people in a society. These values can be collectivist or individualist and buying behavior is affected directly of these values. In a society with high collective values, people will always be interested in what the majority prefers. For example ‘high amount of Volkswagen sales in Turkey’. Environmental values are the acts of society in economic, technical, and physical environments. Societies being problem solver, risk taker, performance seeker or fatalistic, security oriented, status oriented affects buying behavior thus the marketing strategy towards the audience. Self values are the choices of individuals about materialism or non-materialism. They reflect on buying behavior as ‘save and buy later’ or ‘buy first pay later’.

2.1.4.2 Social factors.

Social factors are one of the most significant effects on consumer behavior because it directly comes from the consumer society that is users of products and services. Social factors can simply be categorized into three; reference groups, family and social roles, and status. (Rani, 2014, p.55) Before mentioning reference groups it is necessary to point out the membership groups. A membership group is a social environment that the consumer is involved in. Membership groups are usually related to consumers’ age, place of work, hobbies, leisure, etc. A reference group is a group which consumers’ are influenced. It could form a person’s attitude or behavior.

According to Pinki Rani (from Institute of Law Kurukshetra, University Kurukshetra, India): ‘More generally, reference groups are defined as those that provide to the individual some points of comparison more or less direct about his/her behavior, lifestyle, desires or consumer habits. They influence the image that the individual has of himself as well as his behavior.’ (Rani, 2014, p.55) The consumer does not have to be a part of a reference group, it is the group that the consumer desires to be a part of it. For example, a teenager wants to buy Beats by Dre headphones in order to take place in the group that he/she admires. Rani identifies several roles within the reference groups;

The Initiator: The person who suggests buying a product or service.

The Influencer: The person whose point of view or advice will influence the buying decision.

The Decision Maker: The person who will choose which to buy, does not always have to be the consumer. (eg. Leader of a membership group)

The Buyer: The person who buys the product or service. Generally, this will be the final consumer.

Family could be the most influential factor for consumers because family is the social group where individuals’ personality is shaped and acquire values. Individuals develop attitudes and opinions on various subjects in their families and that forms their buying behavior. Family members form the buying behavior of other members. That is according to the lifestyle of the family. For example, if an individual grew up in a non-smoking family, then he or she would less likely to have the intention of buying cigarettes or being affected by a cigarette commercial.

An individual’s position within his or her family, friends, and work environment can be defined as social status. ‘A social role is a set of attitudes and activities that an individual is supposed to have and do according to his profession and his position at work, his position in the family, his gender, etc. and expectations of the people around him.’ (Rani, 2014, p.56)

2.1.4.3 Personal factors.

Personal factors are the interests of consumers’ when buying a product or service throughout their lifetime. These interests are determined by age and way of life, lifestyle, personality and self concept, occupation, and economic situation.

- Age and Way of Life

A person's likes and needs change throughout his/her lifetime. People do not tend to buy the same products or services in their entire lives. Their lifestyle, values, environment, hobbies, and consumer habits evolve throughout their life. (Rani, 2014, p.56) People have different buying behavior when they are young adults, married, have family, or retired, that is why age plays a significant role in the personal factors affecting buying behavior. For example, 'Teenagers would be more interested in buying bright and loud colors as compared to a middle aged or elderly individual who would prefer decent and subtle designs.' (Junega, P., 2019) Changing way of life is a significant effect as well. For example, people might decide to change their diet, and eat healthier food instead of regular or unhealthy food such as fast food and this decision changes the buying behavior of consumers.

- Lifestyle

'Lifestyle, a term proposed by Austrian psychologist Alfred Adler in 1929, refers to the way an individual stays in the society.' (Junega, P., 2019) Lifestyle of individuals put them to their consumer range in society. It is their activities, interests, values, and opinions and they directly affect the purchasing decision of individuals. For example, an individual with a healthy lifestyle will look for healthier food materials and probably is interested in sports as well. These choices take them to organic food and sports stores. (Rani, 2014, p.57)

- Personality

Every individual has their own characteristic traits that would affect their buying behavior. 'It is the product of the interaction of psychological and physiological characteristics of the individual and results in constant behaviors.' (Rani,, 2014, p.57) These behaviors are derived from traits such as confidence, sociability, charisma, shyness… etc. A wide range of options in products can catch various personal traits of consumers, for example: custom interior colors in automobiles.

- Occupation and Economic Status

Occupation affects buying behavior in terms of consumers' areas of interest. For example, a marketing manager is interested in buying good looking suits, while an athlete would be looking for a specific outfit that would be suitable for his or her branch. However, this is due to the economic status of consumers. If the salary or savings of a consumer is high, then he or she is able to buy higher quality products. (Rani, 2014, p.57)

2.1.4.3 Psychological factors.

To understand psychological factors affecting buying behavior it is better to mention consumer psychology. Consumer psychology is studying individuals and groups engaging themselves with consumer activities, and how they are affected by them. It is focused mostly on cognitive processes and behavior when consumers buy and use products or services. ‘Consumer Psychology is an interdisciplinary subject area and it combines theories and research methods from Psychology, Marketing, Advertising, Economics, Sociology, and Anthropology.’ (Jansson-Boyd, 2010, p.1) Psychological factors that are affecting buying behavior of consumers can be mentioned as; motivation, perception, learning, beliefs, and attitudes. (Rani, 2014, p.58)

- Motivation

  Motivated behavior is a result action of need recognition. ‘A need or motive is activated when there is a sufficient discrepancy between the actual state and a desired or preferred state of being.’ (Engel, Blackwell, and Miniard, 1990, p.252) As the need gets stronger, the desire to satisfy the need gets from utilitarian to hedonic. For example, if one is hungry he or she would like to eat something to surpass this feeling (need) but if the one gets more and more hungry then he or she would like to think about their favorite meal as their solution for their desire. These behavior patterns are described as incentives and the favorite meal is the anticipated reward. Needs turn into expected benefits and according to these benefits, purchasing happens. These benefits can be utilitarian (objective, functional) or hedonic (subjective, emotional). Motivation can be conducted by activating the needs of consumers, such as by showing an advertisement of a delicious meal and the consumer gets hungry. This is a psychological factor.

- Perception

  Perception is the process of understanding the information and interpreting it on a logical basis in life. ‘The perception of a situation at a given time may decide if and how the person will act.’ (Rani, 2014, p.58) There are three different perceptual processes that can be mentioned about; selective attention, selective distortion, and selective retention.

- Selective Attention

  According to Alexander Burgemeester, an internet marketer and psychologist ‘Selective attention is the ability to notice and pay attention to some environmental stimuli and not others.’ (Burgemeester, n.d.) In selective attention, marketers try to attract attention from the consumer, however, consumers will only pay attention if there are different stimuli or the advertisements are connected with their needs. For example, an individual about to buy a car will pay attention to the car ads on the radio. (Rani, 2014, p.59)

- Selective Distortion

  In selective distortion, consumers interpret the information or stimuli according to their personal feelings or beliefs. (Armstrong, Kotler, da Silva, 2006) ‘Selective distortion often benefits to strong and popular brands. Studies have shown that the perception and brand image play a key role in the way consumers perceived and judged the product.’ (Rani, 2014, p.59)

- Selective Retention

In selective retention consumers only memorize the benefits of something such as brands. (Rani, 2014, p.59)

- Learning

  ‘The significance of learning is captured by one simple but powerful observation: Consumer Behavior is learned behavior’ (Engel, Blackwell and Miniard, 1990, p.396) Likes and preferences and purchases towards them are the results of prior learning. Learning happens throughout the life of consumers. When they act or spend time on things they learn and make preferences towards their experience. (Rani, 2014, p.59) According to Engel, Blackwell, and Miniard, there are two major perspectives on learning. One is the cognitive approach where learning occurs by the changes in the consumers' knowledge, the other is the behaviorist approach, where the learning is solely concerned with observable behaviors. (Engel, Blackwell, and Miniard, 1990, p.396)

- Beliefs and Attitudes

  Individuals have beliefs about products and services. These beliefs can be positive (eg. Tea is good and healthy), negative (eg. Tea is easily spilled and stains clothes), or neutral (eg. Tea is red). Consumers have all kinds of beliefs, that is why it is difficult to get down to an overall belief about something. (Perner, 2017) Beliefs are acquired through the experience of consumers' lifetime and they build up their buying behavior. (Rani, 2014, p.60) Attitudes are a composite of a consumer's beliefs, feelings, and behavioral intentions towards products and services. Beliefs and attitudes build up brand image and that is why they are significant for marketers. They can be changed by marketers through campaigns and special offerings.

2.2 Automotive Sector

This part will be touching upon subjects such as segments in European Automobile Classification, campaigns, and target audience of segments' brands which includes automobile segments from A (Super Mini) to F (Full Size Luxury), then the study will be bringing out the effects of the changing conditions in the automotive industry on the consumer. This will be including; the rising number of hybrid vehicles, restrictions on diesel engines and electric vehicles, high tax rates, and the success of Tesla Motors.

This part will be starting with the introduction of the Renault-Nissan (European) Automobile Classification. This classification is accepted by the automotive industry, especially in Europe. The classification of vehicles is different in the United States, whereas there is no classification that includes using letters or numbers. In the USA., the classification is made due to the sizes of the vehicles. It includes classifications such as mid-size sedan, mid-size SUV, full-size sedan and full-size SUV, etc. Of course, there are equivalent elements with the European Automobile Classification. Yet, it is different when considering the market in the United States. For example, in the American classification, mid-size vehicles are equivalent to the E-segment in the European classification, whereas the D-segment is considered as large family vehicles. This is an example of the difference in the automotive market between Europe and the United States.

The automotive sector part will continue with the effects of the changing conditions in the automotive industry on the consumer. This part will touch upon the recent developments in the industry and the market. The topics of the rise of electric vehicles and the restrictions on diesel engines will be brought out and will be supported by some examples. These examples are some of the successful electric vehicles and brands such as Toyota and Tesla Motors. There will be a special part left for Tesla Motors to bring out the importance of its success and how it leads the market for electric vehicles. In the restrictions on diesel engines part, the study will mention the Volkswagen Scandal that took place in 2015. The use of diesel engines has changed in the last five years due to the emission rules of several countries. The Volkswagen scandal played a big role in starting this change.

2.2.1 Segments in Renault-Nissan (Europe) automobile classification.

The general purpose of passenger cars is to transport individuals on public roads. Unlike commercial vehicles, they are not made and designed for commercial use. According to The Commission of the European Communities, the parties HMC (Hyundai Motor Company) and KMC (Kia Motor Company) define the relevant product market as the market for all passenger cars. They argued that the whole passenger car market cannot be narrowed down to the passenger car market itself (Commission of the European Communities, 1999). However, in previous decisions in the passenger car market, the commission has held it possible to subdivide this market according to criteria such as engine sizes or dimensions of vehicles. The narrowest segmentation used by the commission is the following;

A (mini cars)

B (small cars)

C (medium cars)

D (large cars)

E (executive cars)

F (luxury cars)

S (sports coupes)

M (multipurpose cars)

J (sport utility cars) (including off- road vehicles)

Even though Sport Utility Vehicles (SUVs) have their own segment (J), SUVs also have their own sub segments from B to F.

2.2.2 Campaigns and target audience of segments' brands.

This part of the study will be looking at the websites of automotive brands such as Ford, Mercedes-Benz, Renault, and other. Campaigns and target audiences of brands change due to the segments and they will be included in the study under the segment titles.

2.2.2.1 A segment (automobile and SUV)

A segment is the smallest segment in the automotive industry, it can also be called mini cars. This segment of vehicles is for city use. Examples of this segment are Aston Martin Cygnet, Citroen C1, Fiat 500, Peugeot 108, Smart Fortwo, Toyota IQ, and such. Although A segment is much more common in Europe, since there are lots of settlements with old narrow streets, it is not the same for Turkey. A segment is the least sold segment in Turkey even with a less amount of sales than the F segment. According to the Sectoral Evaluation Report of end of November 2019 by Otomotiv Distribütörleri Derneği (ODD), the percentage of A segment sales in Turkey is 0,2% with sales number of 768 out of 316.427 (total number of automobiles sold in Turkey). 716 of these vehicles are hatchbacks (HB) and 52 are sports cars. There are no SUVs in this segment.

2.2.2.2 B segment (automobile and SUV)

B segment is the second smallest segment in the industry. It can also be described as small cars. This segment of vehicles is for city use but offers a quite better long distance experience compared to the A segment. Examples for this segment are Ford Fiesta, Hyundai i20, Renault Clio, Volkswagen Polo and such. SUV examples of the segment are Ford Ecosport, Hyundai Kona, Renault Captur, Volkswagen T-Roc, etc. Common both in European and Turkish streets B segment is the second most sold segment in Turkey. According to the Sectoral Evaluation Report of the end of November 2019 by ODD, the percentage of B segment sales in Turkey is 24,0%. The total number of sales is 75.973 out of 316.427. Among the 75.973 total number, 13.415 of these are sedans, 43.582 are HBs, 3.712 are station wagons (SWs), 458 are multi purpose vehicles (MPVs), 3.141 are car derived vans, 49 are sports cars and 11.616 are SUVs.

2.2.2.3 C segment (automobile and SUV)

C segment is the largest of compact automobiles (a,b,c segments). It can also be described as Compact or Small Family Cars. Although the C segment is a compact segment, this range of vehicles offers better room size, power, and quality compared to the B segment. Examples for this segment are Ford Focus, Renault Megane, Opel Astra, Volkswagen (VW) Golf. SUV examples of the segment are; Ford Kuga, Renault Kadjar, Opel Grandland X, Volkswagen Tiguan. C segment is the best selling segment in Turkey. It is appropriate for family use and also it is the most used segment by rental companies that provide vehicles to companies. According to the Sectoral Evaluation Report of end of November 2019 by ODD, the percentage of C segment sales in Turkey is 61,5%. The total number of sales of the C segment is 194.562 out of 316.427. Among the 194.562 total number, 114.721 are sedans, 22.094 are HBs, 482 are SWs, 1.798 are MPVs, 287 are CDVs, 685 are sports cars and 54.395 are SUVs.

2.2.2.4 D segment (automobile and SUV)

D segment is the upper middle class of vehicles. It can also be described as Large Family Cars and for premium brands ‘Compact Executive Cars’. D segment vehicles are not considered compact. Most of these vehicles are in sedan form yet they can offer HBs and SWs. There is a noticeable increase in the quality, size, and power compared to the C segment. Examples of this segment are; Ford Mondeo, Renault Talisman, Opel Insignia, VW Passat. Some of the SUV examples are; Ford Edge, Honda CRV, Land Rover Range Rover Evoque, VW Touareg. Compact executive cars are the compact versions derived from executive cars (E Segment). These cars are very popular throughout the world, especially in Europe. Some of the compact executive cars are Audi A4, BMW 3 Series, Mercedes-Benz C Class, Volvo S60. For premium brands, it is a newer segment. Until the oil crisis in the 1970s premium brands were not concentrated on the D segment. However, two of the European premium brands, Mercedes-Benz and BMW got into a serious competition in this segment. Mercedes-Benz released 190 E (W201) in 1982 and produced performance models of this series named 190E 2.3-16, 2.5-16 and Cosworth. As a challenge BMW released the famous E30 (3 Series) M3, and the competition gained a higher importance. Sinan Koç, an internet phenomenon of testing vehicles describes this segment as the least competitive segment in Turkey. According to the Sectoral Evaluation Report of end of November 2019 by ODD, the percentage of D segment sales in Turkey is 11.0%. The total number of D segment sales in Turkey is 34.917 out of 316.427. Among the 34.917 total number, 26.334 are sedans, 1.428 are HBs, 90 are SWs, 21 are MPVs, 610 are sports cars, 6.434 are SUVs. There are no CDVs sold in this segment.

2.2.2.5 E segment (automobile and SUV)

E segment is the luxury segment of vehicles, it is also called ‘Executive Cars’. As seen from its name, this segment is the choice of company executives and such people. Unlike the D segment, the E segment is the actual segment of premium brands such as Mercedes-Benz and BMW. The three major German companies Mercedes-Benz, BMW, and Audi are the most preferred brands in this segment both in Europe and Turkey. Vehicles offered in this segment have better quality and power than the previous segment yet they can offer better fuel consumption due to their highly developed technology however they are indeed more pricy. Examples of this segment are Mercedes-Benz E Class, BMW 5 Series, Audi A6, Volvo S90, Tesla Model S. Some of the SUV examples of this segment are, Mercedes-Benz GLE, BMW X5, Audi Q7, Volvo V90, Tesla Model X. According to the Sectoral Evaluation Report of end of November 2019 by ODD, the percentage of E segment sales in Turkey is 2.4%. The total number of E segment sales in Turkey is 7.667 out of 316.427. Among the 7.667 total number, 5.017 are sedans, 0 are HBs, 85 are SWs, 0 are CDVs, 242 are sports and 2.322 are SUVs.

2.2.2.6 F segment (automobile and SUV)

F segment is the ultimate luxury segment in automotive. It can also be called ‘Full Size Luxury’ or ‘Full Size Cars’. As seen from its name, these vehicles are the largest ones in terms of passenger vehicles. Power and quality is the top of the line in this segment. The largest engines in passenger vehicles have been put in this segment throughout history. It is possible to see V12 engines with more than 500 horsepower. Most of these vehicles come in sedan and SUV forms, also there are coupe versions of the sedan models. Some of the examples of this segment are Mercedes-Benz S Class, BMW 7 Series, Audi A8, Porsche Panamera, Jaguar XJ. Some of the SUV examples are Mercedes-Benz GLS Class, BMW X7, Audi Q8, Range Rover Vogue. Most of the non-premium brands do not have vehicles in this segment. The reason is the low sales numbers compared to their premium rivals. For example, VW Phaeton was a complete fail. VW Phaeton was an F segment Volkswagen that directly rivaled the S Class yet its sales numbers were so low and to increase the numbers VW reduced its price and lost 38.252 dollars per vehicle, in the end, VW had to stop its production. (Motor 1, 2017) According to the Sectoral Evaluation Report of the end of November 2019 by ODD, the percentage of F segment sales in Turkey is 0.8%. The total number of F segment sales in Turkey is 2.540 out of 316.427. Among the total number of 2.540, 342 are sedans, 194 are sports cars and 2.004 are SUVs. There are no other body types sold in Turkey.

2.2.3 The effects of the changing conditions in automotive industry on the consumer.

In this part, the most up to date subjects happening in the sector such as the rising number of hybrid vehicles, restrictions on diesel engines, electric vehicles and the success of Tesla Motors will be brought out. Battery powered vehicles are starting to get a significant share in the market alongside petrol and diesel engine vehicles in the market. In 2016, China, US, and Europe accounted for more than 90% of electric vehicle sales. The growth globally indicated a revolution in the market for electric cars (The Guardian, 2017). Especially after the Volkswagen scandal of diesel engines, the high amount of carbon emission from diesel engines started to become a major issue. Britain has a plan of banning diesel engines and petrol engines by 2040 in terms of poor air quality (BBC, 2017). Of course, this would make a turn in the market and electric vehicle manufacturers such as Tesla Motors will be benefiting from these bans. Tesla has been around for ten years but has come a long way during that time. Unlike other electric vehicle manufacturers, they make luxury electric vehicles. It was not until 2013 that Tesla introduced the most famous Model S, there was no profit. Yet it is one of the most successful brands today.

2.2.3.1 Rising number of hybrid vehicles.

In the 21st century, hybrid vehicles started to become popular. This was not a result of a marketing trend, but an action made by people due to the increasing fuel prices. Hybrid vehicles include both an electric engine and a combustion engine. It is a mixture of these technologies and it is also considered the transition technology before the use of fully electric vehicles. Hybrid vehicles are famous for their low gas mileage, and the electric engine can produce enough power to keep the vehicle dealing with the modern traffic without much need for the fuel engine. However, when the electric engine runs out of battery (in plug-in hybrid vehicles), usually the combustion engines do not offer much performance. They are considered backup engines. Most of the hybrid engine manufacturers used smaller and more efficient fuel engines and relied on the electric engine fundamentally. Electric engines offered better power in the first acceleration and low speeds, while the fuel engines offered their power at higher speeds and revolutions. (Consumer Reports, 2017). Some of the plug-in hybrid vehicles did not even use the combustion engine until their electric engine ran out of power. Of course, not all hybrids are plug-ins.

The expansion of hybrid vehicles was started mostly by Japanese manufacturers such as Toyota and Honda. It is safe to say that Japan has become the pioneer of today's hybrid technology and they also became successful in marketing these vehicles. Especially, Toyota successfully marketed its famous plug-in hybrid model Prius in the United States. Toyota was already a market leader in the United States and its reputation helped Toyota to introduce and gain the hybrid technology and its lifestyle to the U.S. Toyota Prius was the world's first hybrid vehicle that included both combustion and electric engines. It was also the world's first mass-produced hybrid vehicle. (The Official Blog of Toyota G.B., 2015).

Although Toyota has a great market share and production facility in Turkey, the same cannot be said for Turkey. Toyota Prius was released to the market in 1997. Although its sales in Turkey started with the second generation (2003-2009), it could never have made a name for itself in the market. It is possible to say that there were several reasons for it. One of the reasons was the unpopularity of electric vehicles in Turkey. At that time, electric engine vehicles were seen as the far future. Another reason is the body type of Prius. The Toyota Prius is an MPV. These type of vehicles has never been popular in Turkey. Although MPVs address large families, station wagons and light commercial vehicles are more preferred by large Turkish families. It is possible to see the sale ratio of MPVs in the segments section that starts on page 20. The MPV sale numbers are always the lowest compared to other body types in Turkey.

Yet, Toyota still managed to have success with hybrid vehicles in Turkey through the production of the Toyota C-HR. The Toyota C-HR is a compact crossover, which is a very popular body type in Turkey. Toyota C-HR used the same 1.8 Hybrid engine that the Prius used. Of course, considering the special consumption tax on engine sizes, an 1800 cc engine couldn't have reached a major success if there was no government support for hybrid vehicles, especially for a compact crossover. The C-HR was produced in Turkey, and it had a price advantage compared to its rivals. Actually, C-HR did not have many rivals, because it is the only C-SUV that offers a hybrid engine. Non-hybrid engines were also introduced in the C-HR, however, combustion engines were not preferred compared to the hybrid ones. 52% of

C-HRs sold in Turkey had a hybrid engine. Despite its unordinary styling, it is the best selling hybrid vehicle in Turkey. (Toyota Turkey, n.d.)

Rise of the electric vehicles sped up after the emission scandal of Volkswagen in 2009. This scandal made everyone ask; ‘if one of the most trustworthy German manufacturers could do this, who else is doing it?’ The emission scandal took place in the U.S. Which also brought the question ‘was it made intentionally?’ VW had a big market share in the U.S. and it was seen as an obstacle to the sales of domestic automotive in the U.S. However, VW has admitted that they were using a defeat device or software that could detect that the vehicle is in an emission test and change its performance according to that. This was made in diesel engines of VW. Later it was seen that almost all VW products with diesel engines had the same cheat including Audi. (Hotten, 2015) This scandal caused all the brands to work on electric engines and hybrids. Yet, the technology could not reach much success, and the battery life of electric engines could not go far enough to offer a daily driving experience to their customers. Before the scandal, many manufacturers were investing in the production of diesel engines. Even many governments supported diesel engines as if they were better for the environment. The scandal resulted in proving that was a false proposition. (Hotten, 2015) Volkswagen started to work on electric engines after the emission scandal of their diesel engines and decided to stop the production of combustion engines in 2026. Yet, the sale of the combustion engine models would continue in developing countries including Turkey until 2030. (Rauwald, C and Sachgau, O, 2018)

2.2.3.2 Restrictions on diesel engines.

In the past decade, diesel engines have developed very much. They have become more efficient, and environment friendly. Of course, this resulted in the popularity of diesel engines. Especially in Europe and Turkey. Since diesel engines offered low fuel consumption, diesel cars have become more and more preferred especially due to the rising fuel prices. (AECC, n.d.)

Usually, diesel cars did not come with much equipment until the 2010s. It used to be difficult to find a diesel car with an automatic transmission. Even if found, it would be very expensive, and not many brands offered such products. Yet, after diesel engines became so popular and reached high sales, brands started to offer more equipment for their diesel cars. These were the combinations of high performance engines (turbo diesel) and automatic transmissions. They were and still are expensive compared to the gasoline engines, yet they offer much efficiency especially if the owner is driving rather more kilometers than normal.

Europe has brought regulations to diesel engines since 2000. The first regulation the EU brought was the Euro 5 and Euro 6 emission standards. The Euro 5 standard required the diesel particulate filters to limit soot from the exhaust pipes. The Euro 6 standard required reduced technologies such as NOx absorbers and Selective Catalyst Reduction (SCR). In 2014, EU started the industry-wide reviews of emissions limits and test produces named ‘Dieselgate.’ In 2017, they have started the real driving emissions tests that are performed on the roads. The purpose of these tests was to get lower carbon emissions. In 2019, The United Kingdom has started the low emission zones in London. This procedure only allowed Euro 6 diesel cars to enter the city center of London.

In the future plans of the EU, some cities such as Paris, Madrid, and Athens have proposed to ban the entering of diesel engines. However, the actual plan is to ban diesel engines that are not Euro 6. The reason is that diesel engines are still effective and they are vital for the economy, especially considering most commercial vehicles use diesel engines. The planning of restricting diesel engines goes far beyond it and it reaches to the banning of both petrol and diesel engines and leaving the area only for electric vehicles. Some countries are planning to do so in the period between 2030 and 2049. (AECC, n.d.)

However, the same plans are still not considered in Turkey. In fact, the sales of diesel vehicles have risen 3.5 times more in the last 10 years. According to Anadolu Agency reporter Erhan Cihan Ünal, automobiles with diesel engines and LPG systems have risen dramatically in the past ten years. (Ünal, E, 2020) It is due to the rising petrol prices in Turkey, and it seems like it will continue like this if the prices will not drop. Turkey does not have any plans to restrict diesel or petrol engines in the near future, yet the government offers support for the taxation of hybrid vehicles.

2.2.3.3 ElectricvVehicles and the success of Tesla Motors.

The world is starting to make plans for abandoning fossil fuels. These plans are not just for automotive but for all kinds of industries that use fossil fuels. Besides the air pollution, fossil fuels are running out. Fully electric vehicles make up a tiny fraction of the automobiles sold in the world. However, this fact will be changed soon. According to a study by Bloomberg New Energy Finance, electric cars could make up 57% of the passenger vehicles market by 2040. (Dapena, 2019) Electric cars are starting to be in almost the same price range as gasoline cars and they are already more cost effective to look after. (Dapena,2019) However, there is still time to create the basic infrastructure for electric vehicles such as power stations and authorized services.

When fully electric vehicles are the case, the most crucial thing is the one-charge range they offer. Although many brands have electric vehicles, most of them cannot offer a decent range in one charge. Since there are not enough infrastructure elements in the world, and in Turkey, it creates a serious problem. That is why most people don't consider buying an electric car. Yet, this range problem was solved in 2012 by Tesla Model S. With a one-charge range of more than 500 KMs, Tesla has started a unique success for electric vehicles and became an inspiration for other manufacturers. The range of Model S showed the world that it is possible to offer the range of a fuel tank. Tesla Model S P100D has a range of 540 KMs and can accelerate 0-100 km/s in 2.5 seconds. With this performance and range, it broke a record, and many manufacturers are still trying to beat that record. (Motor1 Türkiye, 2018) Nowadays in 2020, Tesla Model S offers 610 KMs of range. (Tesla, n.d.)

As mentioned before, many other manufacturers are competing with Tesla in order to be successful in the electric vehicle market. Two of the strongest rivals came from premium German brands such as Mercedes-Benz and Porsche. Mercedes-Benz has the EQC model as the rival of Tesla, and Porsche introduced its Taycan model to compete with Tesla Model S. Mercedes-Benz EQC offers a one-charge range of 471 KMs as maximum (Mercedes-Benz Official Website, n.d.) and Porsche Taycan offers 412 KMs as maximum. (Porsche Official Website, n.d.) These ranges are not to be underestimated. However, they are still much lesser than the range of Tesla Model S, which is 610 KMs.

It is possible to see that there are mostly premium brands trying to compete with Tesla. Also, they are doing it with high-end expensive models. However, Tesla is even one step ahead when it comes to offering cheaper fully electric models. Tesla introduced its Model 3, which takes place in D segment, also, a new compact crossover named Model Y is on the way as well. Tesla Motors has only offered fully electric vehicles since it was established and continues to expand its model range. Offering various models including cheaper and modest ones is a lack for other brands.

2.3 Consumer Behavior in Automotive Sector

In the last part of the conceptual framework, consumer behavior in automotive industry will be touched upon. It will be a result of combining the consumer behavior part and the automotive sector part. The study will bring out the expectations of consumers. We will take the expectations of consumers into consideration due to the depictions within products liability. In this part, the study will touch upon the consumer as sovereign, susceptible, and socially situated, as mentioned in the first part of the conceptual framework. Yet, it will combine the information mentioned above about the automotive sector with these depictions. Then the considerations when buying an automobile will be mentioned along with the information that the study has given in the SEC classification part. The best way to relate the considerations of the customers due to the SEC classification is to bring out the relation between SEC classification and the SES groups. The SES groups play an important role in the decision of buying a vehicle in different vehicle classifications. Then, the study will touch upon the consumer decision styles and their results in automotive. Here, the study will bring out information about the consumer's motivation, post-purchase experience, and the resale ratio of the product.

2.3.1 Expectations of consumers.

Consumers are not official institutions, their expectations are rather subjective. 'The consumer expectations test for design defectiveness has become products liability's version of the rule against perpetuities' says Douglas A. Kysar (2003). He also examines consumer depictions within products liability in three subheadings; consumer as sovereign, consumer as susceptible, consumer as socially situated.

2.3.1.1 Consumer depictions within product's liability.

In this part, consumer depictions within products liability in automotive will be brought out. Consumers have considerations when buying a product; but before that, some factors shape these considerations. So, in order to understand what a consumer really wants, it is crucial to have knowledge of their background. However, it is not always possible for sales consultants or managers. Consumers are sovereign, susceptible, and socially situated. Keeping their background a secret is a consumer's choice, and it brings us to the first depiction of the consumer; being sovereign.

2.3.1.1.2 Consumer as sovereign.

Consumers are sovereign. In a free market, they are able to choose any product they want. For example, a consumer can consider buying an automobile out of their budget. He or she can do it by taking credit for it or even stay with the consideration only. Either way, consumers can still consider the automobiles that are expensive for them. Even if they are not buying them, they can still have a look. The sales team and the manager of the automotive company at the dealership do not have to know about the background of the consumers. Even if they did, and understand that the consumers are not going to buy their product, it does not mean that these consumers will not buy any automobile. The buying process is goal oriented. (Engel, Blackwell, and Miniard, 1990, p.8) If the positive sides of an out of budget automobile can convince the consumer to buy it, the consumer can still buy it no matter the background.

2.3.1.1.3 Consumer as susceptible.

Many outside factors affect the consumer buying process. In many cases, a stimulus can change the buying behavior. (Blackwell, Miniard, Engel, 2000, p. 460) If we look from the automotive perspective, especially in Turkey, many people tend to choose a brand because of these outside factors. Sometimes, these factors can be a reason for not choosing a brand as well, even if it is not true. For example, Subaru in Turkey has the 'lack of services' problem. It is an outside factor that leads many people not to choose a Subaru vehicle, even if it is a good selection. However, it is a fact that Subaru does not have many services in Turkey. They have authorized services only in 15 provinces out of 81. (subaru.com.tr) Yet, if we look at another Japanese brand, Honda, we can see that there are 43 authorized services in 33 provinces. It is a direct outside factor to choose a brand in automotive.

Another major outside factor in the Turkish automotive market is the hearsay information. For example, Volkswagen in Turkey has a very high reputation and credibility. Many people prefer buying a VW vehicle even without considering the alternatives. We can see the power of this reputation in the emission scandal period. The emissions scandal did not affect Volkswagen’s sales in Turkey at all. In fact, VW was the best seller in Turkey after the scandal. (Bölge Gündem, 2015) This clearly shows how important the outside factors are in sales.

2.3.1.1.4 Consumer as socially situated.

In the last section, we have covered consumer as susceptible. However, the opposite of the situation exists. Although consumers are influenced by outside factors, their decisions are not always a direct result of those factors. Usually, consumers make their decisions according to their budget; and this situation makes the consumer as socially situated. In this part, the socially situated consumer will be brought out.

People have reference groups, and they influence their buying behavior. These reference groups can make people take conspicuous decisions because the need to fit in brings some expenses. (Blackwell, Miniard, Engel, 2000) Yet, when people decide to buy something rather more affordable for their pocket, they make decisions by excluding the reference groups. When consumers buy automobiles that they can afford to buy and run, they are making a logical choice. This logical choice is thanks to the socially situated learnings of individuals. These consumers are aware that a higher class vehicle would bring problems and can create more expenses. For example, buying a regular brand rather than a premium one in the same class is logical; because the parts and the service costs would be so much higher than a regular brand’s parts and services and could even reach the expenses of a higher class vehicle. In order to avoid these expenses, people choose the affordable option, even though the more expensive product would look greater and make them closer to their reference group.

In Turkey, the impact of reference groups is high, and they affect the buying behavior of consumers. For example, German automobiles are known to be the ultimate machines because German engineering is always one step ahead of the others. It is a common belief among Turkish buyers. That is why, although there are many good and logical options in other brands that are non-German, buyers would still choose the German brand even if they have to pay more. This way, they would be closer to their reference group. Yet, it is not always the case. The recent economical problems and the gas prices affect the buying behavior and make people go with the more affordable options.

2.3.2 Considerations when buying an automobile and SEC classification.

This part will be covering what consumers consider when buying an automobile and SES groups. Socioeconomic status (SES) is not only due to the amount of income, it's due to the education and the quality of life as well (APA, n.d.) The considerations do not only depend on income but depend on other factors as well, so I will be bringing out if this really affects the choice of consumers.

2.3.2.1 SES groups & SEC classification.

To reconcile SES groups with SEC classification, it is necessary to explain what SES groups are. This part will be examining what SES groups are in a brief manner.

SES (Socioeconomic status) groups are the classified groups of people according to their socioeconomic status. According to APA, socioeconomic status is the social standing or the class of an individual or a group. (APA, nd.)

Socioeconomic status is a direct factor that affects the buying decision in automotive sector. As a matter of fact, automotive producers have come up with different models that could adapt to the socioeconomic status in different countries. They come up with lower models just to meet the need of an automobile by modern standards. It is possible to show B segment sedan cars as an example. Some B segment sedans are only produced for developing countries. One of the greatest example is Peugeot 206 Sedan, which was produced in 2006, and developed by Iranians for the markets of Iran, Russia, Turkey, Romania, Bulgaria, and Algeria. (Payvand, 2006) This was for the people who wanted a sedan without paying for a C segment vehicle. We can still see its more modern variants such as Peugeot 301, Citroen C-Elysee, Renault (Dacia) Symbol, and Volkswagen Polo Sedan. When we look at China, there is a totally different automotive market. One of the most different things about the Chinese market is the long versions of E segment premium brands, which you cannot see anywhere in Europe. The most popular model in this segment is the Mercedes-Benz E Class Long wheelbase.

Socioeconomic status does not only include the income of people. It also includes the educational background, financial security, and subjective perceptions of social status and social class, and that is how the SES groups are classified. (APA, 2017) According to research done by the National Bureau of Economic Research (United States), the higher level SES individuals are more likely to invest in automotive. (NBER, 2017) However, this is not exactly true. It may be partly true for new vehicles, yet, the second hand market covers the needs of all SES groups. Even in the first hand market, it is possible to find all kinds of models for different SES groups as we mentioned earlier like the B segment sedans and SEC classification.

2.3.3 Consumer decision styles and its results in automotive.

Here exist the factors such as; the motivation of consumer, post purchase (augmented product), and resale ratio of the product. The study will be mentioning the experiments which Mary Frances Luce made on consumers who made automobile purchases. In many durable goods such as automobiles, used products are often traded in decentralized markets. Transactions in the secondary market may occur due to the quality of a durable product deteriorates over time and current owners sell their product in order to obtain such quality again (Schiraldi, 2011).

2.3.3.1 The motivation on consumer.

In this part, the study will be explaining the motivation of the consumer when buying an automobile. Although there are several factors in the world, not all of them compose the motivational behavior when buying an automobile in Turkey. According to research Tsung-Sheng Chang and Wei-Hung Hsiao from the Department of Information Management of the National Chung Cheng University in China, technology plays an important role in the motivation. (Chang, Hsiao, 2011) The research study argues that the infotainment systems in automobiles are a significant factor when buying an automobile. However, the same study states that the carbon footprint and the emissions are also important factors, but the scenario is not the same for Turkey. We can see it through the stability of the buying behavior of Turkish consumers by still considering VW a major selection even after the emissions crisis.

However, the study does not only argue about the infotainment systems. It also consists of a table which includes perceived benefits, and perceived sacrifice. Among the benefits, there are usefulness and driving safety. On the contrary, there are the risk and the price factors in the sacrifices. According to the study, the calculation of these factors leads to a perceived value, and then the purchase decision.

Another study emphasizes the technology in automotive. (Dominici, Roblek, Abbate, and Tani, 2016) The study mentions that the internet of things is a major impact on automotive since IT majorly takes place in modern automobiles. The technology and the feeling of being online when consumers are mobile are considered two of the major factors when buying an automobile. This is of course valid in buying first-hand automobiles. It is a fact that nowadays people expect at least a piece of the newest technology when buying automobiles. We can see that one of the biggest complaints is the lack of technology, especially in the economic vehicles in the market, which is still very expensive in Turkey. If we look at the forums and social media pages about vehicles, we can see that people expect a lot of technology in return for the money they are paying. However, the lack of technology is not only the fault of the brands, it is also a result of the current economic status in Turkey and high exchange rates.

We have covered the importance of technology in automobiles and its effect on consumer motivation. However, the motivation does not only include the existence of the newest technologies. As stated in the early pages of this study, there are several steps in people’s buying decision. The first one is ‘need recognition.’ First of all, people need to decide whether they need the product or not. In this part, the price and performance of the product are considered. However, the decision is not always made by rational thinking (Jaffe, Eric, Bloomberg, 2013.) The main reason is emotional motivation which is mainly affected by socioeconomic status and conspicuous consumption. It is possible to support this opinion with selective distortion and retention. The brand image plays an important role here. The choices are made considering the brand image.

2.3.3.2 Post-purchase (augmented product).

In this part, the study will be focusing on the post-purchase period of the automotive consumer. Post-purchase is the period that starts after buying a product. It is possible to think that disposable products do not have a post-purchase period, yet they actually have in terms of consumer satisfaction. If the use of the consumer ends with a positive experience, the consumer is more likely to repeat the purchase. This is actually something common in automotive as well. We may see that there exist many individuals who repeat their automotive purchases in the same brand, if not always, but for a long time. However, the post-purchase period of the product in automotive is not just limited to the positive user experience. All automotive brands have their own post-purchase services. Of course, these services affect consumer satisfaction with what they offer. The post-purchase services of an automotive company are definitely one of the major elements that affect buying behavior. For example, many people in Turkey choose local brands such as Renault and Fiat because it is much easier to look after their vehicles. Their services are cheaper, and it is easier to find their parts, it is even easier to find original and OEM parts at reasonable prices compared to other brands. On the contrary, Subaru, which suffers from a lack of quality post-purchase services is one of the least preferred brands in Turkey, even though it is a popular brand in the world, especially in the United States. This example shows us how significant post-purchase services are in the automotive industry. According to the December 2020 press release report of ODD, only 35 Subarus were sold in Turkey, while Renault sold 14,061 units excluding commercial vehicles. (ODD, 2021)

2.3.3.3 Resale ratio of the product.

In this part, the study will be examining the buying behavior of automotive consumers considering the resale ratio of the product, in other words; second hand sales. In Turkey, it is possible to see many local brands such as Fiat, Ford, Hyundai, and Renault have huge sales numbers compared to the other brands. Of course, the main reason why these brands sell more is that because they are cheaper to buy and look after compared to the imported brands. However, there is another factor why these brands are the most preferred ones; the resale ratio.

The resale ratio may not be so important for highly developed countries and higher level automobiles. However, it is a factor that many people in Turkey consider when buying an automobile. Even the color selection is made by thinking the resale of the product because buying a car is not just a need, it is also seen as an investment.

3. RESEARCH

3.1 Research Topic and the Problem

This research will be finding out how consumers of different segments approach automotive marketing. What are their criteria when buying automobiles? However, the study will focus on the criteria of B and C segment consumers when buying a new automobile. The research will touch upon the consumer decision styles and their results in the automotive sector.

3.2 Questions and Hypotheses

This study touches upon the buying behavior of B and C segment consumers. The main focus consists of the buying criteria of these segments. Do B and C segment consumers see their automobiles as investments? Do consumers choose their automobiles for conspicuous consumption? Or, do the consumers decide on their purchases considering the resale value of what they are buying. The study will be seeking the answers to these questions by the hypotheses below:

H1: B segment consumers see their automobiles as investments and buy their automobiles considering the resale value.

H2: Also, B segment consumers buy their vehicles focusing mostly on the practicality (less expensive, cheap to run, easy to transport.) The main reason behind this hypothesis is that B segment vehicles are considered as the supermini (economical vehicles) in the market.

H3: B segment consumers are mostly under 40 years old.

H4: B segment is the segment that happens to be the first automobile people buy most of the time.

This study answers if Turkish consumers of these vehicles are fitted to the target audience of the manufacturers of these vehicles.

H5: C segment consumers also see their automobiles as investments and buy their automobiles considering the resale value.

H6: However, in addition to the practicality factor of the B segment consumers, they are also focusing on higher aspects such as comfort, space, and performance.

H7: The owners of C segment vehicles consist of all age groups.

H8: C segment vehicles are usually not the vehicles people buy for the first time.

The main reason behind this hypothesis is that C segment vehicles are considered as the compact (small family cars) in the market. This study answers if Turkish consumers of these vehicles are fitted to the target audience of the manufacturers of these vehicles.

3.3 The Purpose and the Scope of the Study

The purpose of the study is to find answers to the questions above and see if the hypotheses are true or not. To find these answers the study takes place in Istanbul. The reason for Istanbul is the city that hosts the highest amount of population and automobile sales in Turkey. It is possible to reach consumers from every segment and SES group in Istanbul. The research includes a survey with consumers. The survey consists of 401 participants of all age and economic groups. Participants joined the survey from various environments including car clubs in social media, social and working environments. The survey consists of 18 questions. First 8 questions are to determine general information such as gender, age, education, occupation, and etc. Other 10 questions are about automotive. Questions are elective, only one question allows the participant to choose multiple answers.

3.4 The Significance of the Study

The study is aiming to examine the factors that are significant for the consumer throughout the buying process and gathering information. The results that the research will bring out the main factors of what is leading the automotive sales in terms of the B and C segments in Turkey.

This study also carries a significance for shaping the automotive market in Turkey mainly because of the lack of research on this subject. Since there are not many studies that focus on the consumer behavior in automotive industry in Turkey, this study will help the Turkish market to find some useful information regarding the consumer behavior in the automotive market.

As the research method, this study uses the survey method which is made by the consumers themselves. That is why it is a useful guide to see this buying decision process from the perspective of automotive consumers in Turkey. The survey will include questions and answers related to the best-selling automotive segments in Turkey, which are the B and C segments. The answers the consumers will provide can help the marketplace better understand the needs of consumers and shape their marketing strategies as more consumer friendly. The information is also significant for a country that is preparing to bring out its first local brand (TOGG) which is being designed for today’s technology and the future.

When the information is gathered through this study, more detailed analyzes can be made and also be applied to the other segments as well. All of these analyzes can provide more proper marketing strategies and maybe production.

3.5 Methodology

The methodology consists of a survey in automobile clubs such as ‘Astra J Team’, ‘Suzuki Vitara Türkiye’ and other environments. The survey includes questions about how they have decided to buy their current products. Survey is a common research method which is used in social sciences. It is possible to find many results in an economic way. Results can be obtained by related software programs. It is a good way to get into the topic of research for the researcher. (Coşkun. R., Altunışık R., Yıldırım. E., 2019)

3.6 Sample Size

The survey includes various environments. These environments are social media car clubs (Opel Astra J Team and Suzuki Vitara Türkiye), working, and social environments which all participants have their own vehicle or actively a driver. Total number of the participants is 401. Although the survey includes all kinds of socioeconomic groups, the consumers of the B and the C segments are highlighted. No other methods but the answers themselves made the highlight in these two segments, which is compatible with the TÜİK data and the purpose of the study.

3.7 Limitation of the Study

The research study will be limited to the consumers in Istanbul. The main reason for this limitation is the ability to find sufficient number of consumers for all segments, especially B and C Segment automobile consumers. Also, Istanbul is the largest city of Turkey and can be considered as a summary of the country's overall perspectives.

Lack of individuals who would agree to do the survey: Usually people do not want to be bothered by surveys, they think that surveys take a lot of their time and will not be able continue what they are doing. This is true most of the time yet a survey with an interesting subject might get their interest.

Low number of sources in the field of automotive comparing other fields: Research regarding to automotive does exist yet not much on the marketing side. Finding sufficient sources might be difficult.

3.8 Survey Results

The Survey of Consumer Behavior in Automotive Industry in Turkey has been completed by a total of 401 participants, in the period between 10.2021 and 12.2021. Each question was answered by variable participants. Here are the details of responses to each question:

1) Gender Question: Answered by 399 participants.

- 66.7% (266) of the people who participated in the survey were male.
- 31.1% (128) of the people who participated in the survey were female.
- 1.3% (5) participants did not want to share their gender identity.

2) Age Question: Answered by 401 participants.

- 46.9% (188) of the participants and the majority were aged more than 51.
- 24.7% (99) of the participants were aged between 21 and 30; which makes the second largest majority.
- 16% (64) of the participants were aged between 41 and 50.
- 9.2% (37) of the participants were aged between 31 and 40.

- 3.2% (13) of the participants were aged younger than 20 years old.

3) Educational Degree/Status: Answered by 400 participants.

- 59.8% (239) of the participants are university graduates, which makes the majority.
- 20.8% (83) of the participants are master's degree graduates, and they make the second largest majority.
- 9.5% (38) of the participants are high school graduates.
- 9.0% (36) of the participants are junior college graduates.
- 0.5% (2) of the participants are secondary school graduates.
- There are no primary school graduates among the participants.

4) Monthly Income Question: Answered by 399 participants.

- 37.1% (148) of the participants are receiving a monthly income of more than 10.000 liras, and they are the majority in this survey.
- 19% (76) of the participants are receiving a monthly income between 6.001 and 8.000 liras.
- 18% (72) of the participants are receiving a monthly income between 4.001 and 6.000 liras.
- 10.5% (42) of the participants are receiving a monthly income between 8.001 and 10.000 liras.
- 8.3% (33) of the participants are receiving a monthly income between 2.001 and 4.000 liras.
- 7% (28) of the participants are receiving a monthly income lower than 2.000 liras.

5) Marriage Question: Answered by 396 participants.

- 61.4% (243) of the participants are married, which is the majority.
- 38.6 (153) of the participants are bachelors.

6) Having Kids or Not: Answered by 399 participants.

- 39.8% (159) of the participants do not have kids. This is the majority.
- 28.6% (114) of the participants have 1 kid, which makes the second largest majority.

- 28.1% (112) of the participants have 2 kids.
- 3.3% (13) of the participants have 3 kids.
- None of the participants have 4 or more kids.

7) Occupational Status: Answered by 366 participants.

- 39.6% (145) of the participants are white collar; which is the majority.
- 22.4% (82) of the participants are of middle management.
- 16.7% (61) of the participants are business owners.
- 15% (55) of the participants are executives.
- 6.3% (23) of the participants are of blue collar.

8) Status of Work: Answered by 397 participants.

- 62.7% (249) of the participants are working full-time; which is the majority.
- 23.7% (94) of the participants are not working/retired.
- 7.1% (28) of the participants are working project-based.
- 6.5% (26) of the participants are working part-time.

9) How Often Participants Drive: Answered by 387 participants.

- 53% (205) of the participants drive every day.
- 24.8% (96) of the participants drive once or twice a week.
- 11.9% (46) of the participants drive once or twice a month.
- 10.3% (40) of the participants drive every work day.

10) The Number of Vehicles Participants Have in Their Household: Answered by 390 participants.

- 64.4% (251) of the participants have one vehicle.
- 27.7% (108) of the participants have two vehicles.
- 5.1% (20) of the participants have three vehicles.
- 2.8% (11) of the participants have four or more vehicles.

11) Which Segment of a Vehicle Would Participants Buy: Answered by 399 participants.

This question informs the participants with a brief explanation of vehicle segments with examples. This is also the question to determine the consumers of each segment.

- 36.1% (144) of the participants would buy a C segment vehicle. This is the majority of the consumers participated in the survey.
- 22.8% (91) of the participants would buy a D segment vehicle; which makes the second largest majority.
- 15.3% (61) of the participants would buy a B segment vehicle.
- 13.3% (53) of the participants would buy an E segment vehicle.
- 7.3% (29) of the participants would buy an A segment vehicle.
- 5.3% (21) of the participants would buy an F segment vehicle.

12) Would Participants Downgrade in Segment When Buying a New Vehicle: Answered by 397 participants.

- 78.1% (310) of the participants have answered no and would not want to downgrade in segment. This makes the majority of the participants.
- 21.9% (87) of the participants have answered yes and would consider downgrading in segment; which makes the minority of the participants.

The main reasons why the participants have answered yes to this question are such as below:

- The economic situation in Turkey.
- High prices in automotive in Turkey.
- The more economical care and taxing of lower segment vehicles.
- The qualifications and features of lower segment vehicles becoming better over time and taking over their older higher segment vehicles.
- More practical vehicle sizes in lower segments.

13) Would Participants Take Credit When Buying a New Vehicle: Answered by 396 participants.

- 61.9% (245) of the participants have answered yes and would take credit; which makes the majority.
- 38.1% (151) of the participants have answered no and would not take credit.

14) Which Type of a Vehicle Would Participants Buy as Secondary: Answered by 395 participants.

- 24.8% (98) of the participants would buy a C segment automobile or SUV. This makes the majority.
- 20.3% (80) of the participants would buy a B segment automobile or SUV. Which makes the second largest majority on the contrary to D segment in the 11th question.
- 16.2% (64) of the participants would buy a D segment automobile or SUV.
- 10.4% (41) of the participants would buy an A segment automobile or SUV.
- 8.1% (32) of the participants would buy an E segment automobile or SUV.
- 8.1% (32) of the participants would buy a sports car.
- 5.6% (22) of the participants would buy a classic automobile.
- 3.8% (15) of the participants would buy a van.
- 2.8% (11) of the participants would buy an F segment automobile or SUV.

15) The Main Motivations of Participants When Buying a New Vehicle: Answered by 397 participants. This is a multiple-choice question.

- Safety, chosen by 248 participants (62.5%) is the strongest motivation.
- Fuel economy, chosen by 226 participants (56.9%) is the second strongest motivation.
- Styling, performance, comfort, etc., chosen by 224 (56.4%) participants is the third strongest motivation.
- Quality, chosen by 217 (54.7%) participants is the fourth.
- Reliability, chosen by 176 (44.3%) participants is the fifth.
- Technological equipment, chosen by 196 (42.6%) participants is the sixth.
- Resale value, chosen by 114 (28.7%) participants is the seventh and the last main motivation.

16) Number of Participants That Consider Buying a New Car as an Investment: Answered by 399 participants.

- 56.6% (227) of the participants have answered yes to this question and consider buying a new car as an investment.
- 43.2% (172) of the participants have answered no to this question and do not consider buying a new car as an investment.

17) Buying Behavior of Participants When Buying a New Car: Answered by 387 participants.

- 30% (116) of the participants would take credit for a new car to upgrade in segment; which is the majority.
- 23.8% (92) of the participants would buy a used car to upgrade in segment.
- 23.3% (90) of the participants would buy a new car even if they had to downgrade in segment.
- 13.4% (52) of the participants would take credit for a new car in their current segment.
- 9.6% (37) of the participants would buy a used car to keep their current segment.

18) The Most Important Feature for Participants When Buying a New Car: Answered by 398 people.

1. Safety by 36.4% (145 of the participants)
2. Fuel economy by 29.1% (116 of the participants)
3. Technological features by 19.8% (79 of the participants)
4. Engine power by 9.8% (39 of the participants)
5. Size (trunk capacity) by 4.8% (19 of the participants)

4. RESULTS

In this part, the answers to the survey questions will be discussed through the hypotheses. The hypotheses are as follows:

H1: B segment consumers see their automobiles as investments and buy their automobiles considering the resale value.

H2: Also, B segment consumers buy their vehicles focusing mostly on the practicality (less expensive, cheap to run, easy to transport.) The main reason behind this hypothesis is that B segment vehicles are considered as supermini (economical vehicles) in the market.

H3: B segment consumers are mostly under 40 years old.

H4: B segment is the segment that happens to be the first automobile people buy most of the time.

H5: C segment consumers also see their automobiles as investments and buy their automobiles considering the resale value.

H6: However, in addition to the practicality factor of the B segment consumers, they are also focusing on higher aspects such as comfort, space, and performance.

H7: The owners of C segment vehicles consist of all age groups.

H8: C segment vehicles are usually not the vehicles people buy for the first time.

401 people have participated in the survey.

66.5% of the participants are male, 32.3% of the participants are female, and 1.2% of the participants don't want to share their sexuality.

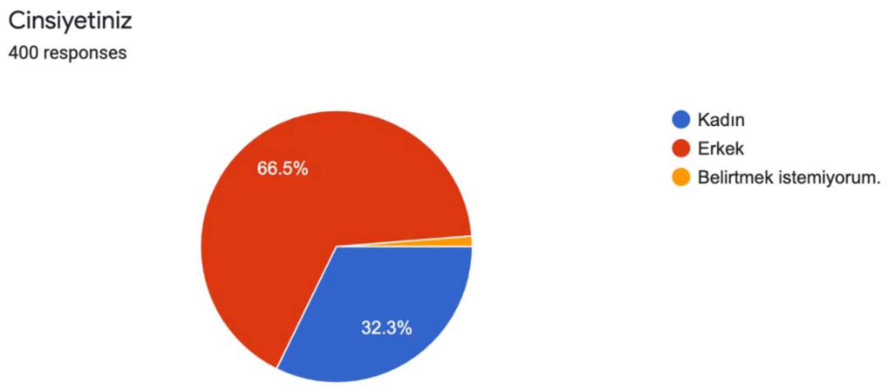

Figure 1 Gender Breakdown of Survey Participants

The majority of the participants (46.9%) are older than 51 years old. The following majority is the people aged between 41 and 50. The majority of the participants have a license degree.

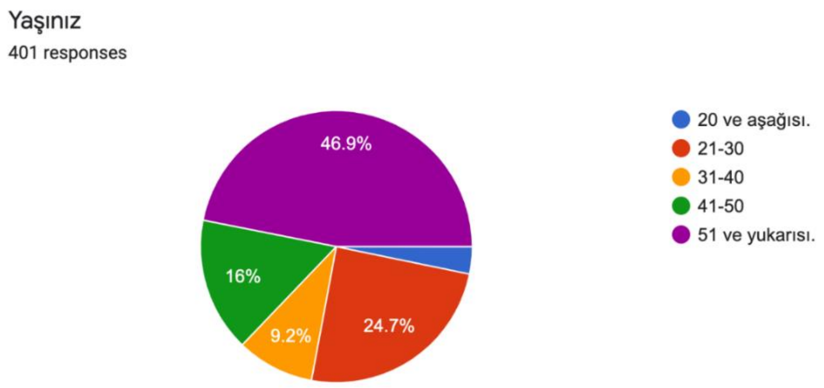

Figure 2 Age Range Breakdown of Survey Participants

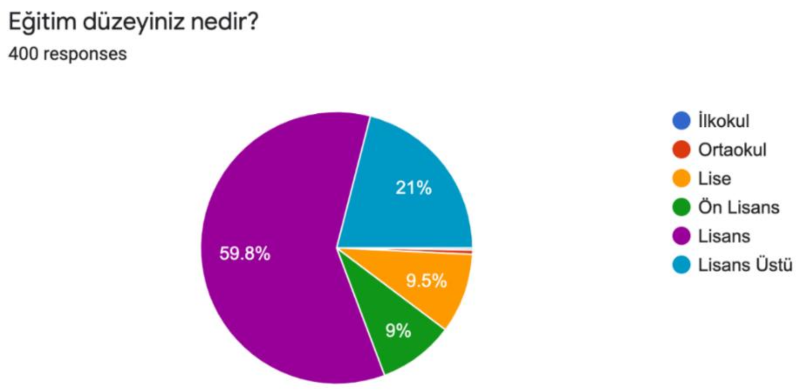

Figure 3 Educational Status Breakdown of Survey Participants

When looked at the survey answers, it is clear to see the majority see buying an automobile as an investment and they act regarding to this result. Interestingly, the resale ratio is not that significant for the participants, at least it is not a part of their main motivation when buying an automobile. The best motive seems to be safety and fuel economy. Considering the fuel prices in Turkey which are 14.04 for 95 octane gasoline, and 14.25 for diesel fuel (Opet, 21.01.2022), safety coming up as the first motivation is quite surprising. So, H1 is confirmed. Although the main motivation differs, automotive consumers including B segment owners see their automobiles as an investment.

Figure 4 Ratio of Survey Participants Who Accept Buying a

Taking a look at the answers to the downgrading a segment question, majority of the participants would not want to downgrade in segment when buying a new automobile. However, the participants that would downgrade in segment have pointed out that practicality is their main motivation; including practicality that is discussed in H2. Answers to this question do not directly target the B segment, yet accepting the hypothesis as true is plausible.

9.2% of the survey participants are between the age of 31 and 40. The percentage of B segment consumers in the survey is 15.3%. Considering the largest majority of the participants' age is more than 51, H3 might be true but there is no exact data to prove so.

When looked at the answers to the secondary car question (question number 14), it's possible to see that 20.3% of the survey participants would buy a B segment vehicle as secondary. Considering this percentage is the second largest majority on this answer, B segment appears to be the second most preferred segment as a secondary automobile rather than being the first automobile the participants buy. However, there is no exact data to confirm this issue with the H4.

The largest majority of participants would buy a C segment vehicle, which makes them C segment consumers. When looked at the ODD data for the best selling segments in Turkey, we can see that the C segment is the top seller. Since the majority of the participants see buying an automobile as an investment, this can relate to C segment consumers seeing buying an automobile as an investment. Considering this data, it is possible to confirm the H5.

Figure 5 Vehicle as an Investment

Taking a look at the answers to the 15th question, higher aspects such as comfort, space, and performance are not the main motivation of the participants when buying a new automobile. Yet, it is not one of the inessential motivations. So, the H6 can be both true and false.

Since the C segment is the best selling segment in Turkey, it is most likely that C segment consumers consist of all age groups. In case the survey done in this dissertation, the largest majority of the survey participants are aged more than 51, and the percentage of C segment consumers is the highest. Yet the study consists of all age groups. The results of the segment question in terms of the C segment are compatible with the ODD data. So H7 is plausible.

C segment is the best selling segment in Turkey. However, there is no exact data that can confirm H8. Considering the sales numbers of the C segment, the H8 can be true and false.

5. DISCUSSION

In this part of the study, the discussion of the hypotheses and the survey results will be brought out. The survey includes questions that directly targeted consumers in the automotive industry in Turkey. The results will be discussed through the hypotheses, starting the hypothesis 1 (H1).

5.1 Discussion Through H1

H1: B segment consumers see their automobiles as investments and buy their automobiles considering the resale value.

The majority of the participants of the survey has considered buying a new car as an investment. B segment consumers are the third largest majority of this survey; which is mostly due to the high number of participants that are aged 50 and more. However, B segment consumers are the second largest majority in the answer to the secondary vehicle question (14th question). When looked at the main motivations of consumers when buying a new vehicle, the first answer is the security, and then the fuel efficiency follows. This shows that B segment consumers see their automobiles as investments but don't buy them considering the resale value. It is possible to say that security, after sales services, and fuel efficiency are the reasons why consumers see their automobiles as investments. Consumers want their automobiles to be safe when traveling and it is an understandable investment for their lives. Also, consumers do not want high maintenance prices including fuel.

5.3 Discussion Through H2

H2: Also, B segment consumers buy their vehicles focusing mostly on the practicality (less expensive, cheap to run, easy to transport.) The main reason behind this hypothesis is that B segment vehicles are considered as supermini (economical vehicles) in the market.

The answers given in the survey clearly prove this hypothesis. It is seen in the answers to the 15th and 18th questions. The second main motivation of consumers is fuel efficiency when buying a new vehicle. Also, in the 12th question which is about downgrading in segment, the main reasons why participants answered yes are as below:

- The economic situation in Turkey.
- High prices in automotive in Turkey.
- The more economical care and taxing of lower segment vehicles.
- The qualifications and features of lower segment vehicles becoming better over time and taking over their older higher segment vehicles.
- More practical vehicle sizes in lower segments.

If we consider the C segment consumers are the majority, which is seen in the survey answers and TÜİK data, it is true that lower segment vehicles (which are mainly B segment) are getting popular due to being less expensive, cheap to run, easy to transport.

5.3 Discussion Through H3

H3: B segment consumers are mostly under 40 years old.

Although there is no exact proof to this hypothesis, it is possible to interpret it as such; The age group participated in the survey are majorly 51 and more. The second largest majority is the age group of 21-30. Since the D segment consumers are the second majority, it is possible to interpret this situation as D segment consumers are mostly aged 51 and more. This leaves us with the other segments such as B and C. 37.1% of the participants are under 40 years old. So, it is possible to say that B segment consumers are mostly under 40 years old, yet there is no exact proof.

5.4 Discussion Through H4

H4: B segment is the segment that happens to be the first automobile people buy most of the time.

Since there is no question regarding the first automobile that people buy, it’s not possible to come up with an answer. However, the answer to the 14th question, which is the secondary vehicle question, is B segment cars and SUVs, and they are the second largest majority in this question. This brings out the chance that participants buy B segment vehicles for the people that are going to own a vehicle for the first time. Of course, this is a prediction, not a fact.

5.5 Discussion Through H5

H5: C segment consumers also see their automobiles as investments and buy their automobiles considering the resale value.

The majority in the 16th question answered that they see buying a new car as an investment. Since the best selling segment is the C segment in Turkey, and the C segment consumers are the majority in the survey, it is possible to say that they see their automobiles as investments. However, the same thing cannot be said for the resale value part. In the 15th and 18th questions, safety is the strongest answer, followed by fuel efficiency. These results show that resale value is not the main motivation of C segment consumers when buying a car.

5.6 Discussion Through H6

H6: However, in addition to the practicality factor of the B segment consumers, they are also focusing on higher aspects such as comfort, space, and performance.

In the 15th question, styling, performance, and comfort are the third strongest motivation of consumers. This does not directly apply to C segment consumers, however, this option is the strongest motivation after safety and fuel efficiency; which are logically the strongest motivations considering the economic situation of the country.

Also, one of the common comments on the 12th question was ‘The qualifications and features of lower segment vehicles becoming better over time and taking over their older higher segment vehicles.’ This answer could be interpreted as consumers are still looking for comfort, space, and performance even though they had to downgrade in segment.

So, as a result, this hypothesis is partly true but does not only apply to the C segment consumers.

5.7 Discussion Through H7

H7: The owners of C segment vehicles consist of all age groups.

The participants to the survey consist of all age groups. Some age groups are larger than the others, however, it is still possible to observe all age groups. The largest consumer group in the automotive sector in Turkey is the C segment consumers. This is approved by both TÜİK data and the survey. So, it is clear to say that C segment consumers consist of all age groups.

5.8 Discussion Through H8

H8: C segment vehicles are usually not the vehicles people buy for the first time.

There is no exact data in the survey or the TÜİK data to confirm this hypothesis. Yet, it may not be true. In the 14th question, the strongest answer to the secondary vehicle question is the C segment. This can lead to the assumption of people buying a secondary vehicle to the household and the driver could be someone who is going to own and drive a vehicle for the first time. Of course, this is only an assumption, not a fact. The answer to this hypothesis is uncertain.

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ADDITIONS

Survey Questions

Addition 1:

Survey Questions

Demographic Questions

1- Your gender.

Male

Female

I don’t want to share

2- Your age.

Less than 20

21-30

31-40

41-50

51- and more

3- What is your educational degree?

Primary school

Secondary school

High school

Junior college

University

Master’s Degree

4- Your average monthly income.

2.000 TL and less

2.001 - 4.000 TL

4.001 - 6.000 TL

6.001 - 8.000 TL

8.001 - 10.000 TL

10.000 TL and more

5- Are you married?

Yes

No

6- Do you have children? If yes, how many?

None

1

2

3

4

More than 4

7- What is your occupational status?

White collar

Blue Collar

Middle management

Executive

Business Owner

8- What is your status of work?

Full time

Part time

Not working

9- How often do you drive?

Everyday

Every work day

Once or twice in a week

Once or twice in a month

10- How many vehicles do you have in your household?

1

2

3

4 and more.

11- If you were to buy a vehicle, which segment would it be?

A

B

C

D

E

F

12- Would you downgrade in segment when buying a new car instead of your current one? (If yes, why?

Yes

No

13- If you wanted to buy a new vehicle, would you take credit?

Yes

No

14- If you wanted to buy a secondary vehicle, what would it be?

Supermini

Small Family Car

Large Family Car (Compact Executive)

Executive Car

Full-Size Car

Sports Car

Van

Classic

15- What is your main motivation when buying a new car? (Multiple Choice)

Resale rate

Fuel economy

Reliability

The quality of the car

Technological equipment

Safety

Styling, performance, comfort, etc.

16- Would you consider buying a new car as an investment for future?

Yes

No

17- When you are buying a new car:

I'd like to buy a new car even if I had to downgrade in segment.

I'd like to take credit for a new car in my current segment.

I'd like to take credit for a new car to upgrade in segment.

I'd like to buy a used car to keep my current segment.

I'd like to buy a used car to upgrade in segment.

18- Which of the following factors are the most important for you when buying a car?

Fuel consumption

Engine power

Safety

Technology

Size (trunk capacity)