

# Factors Affecting Consumers' Buying Behavior for Honda City CNG

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**Abstract** - The research on factors affecting consumers' buying behavior for Honda City CNG aims to study consumer behavior for car purchase and to evaluate factors that have influences on buying decision for Honda City CNG. Questionnaires were used to collect data from total 400 samples and statistics used for data analysis were percentage and mean. The study can be concluded and recommended in the following part. The study revealed that most of the questionnaire respondents were female aged 31-40, single, graduated Bachelor's degree, working in private companies, having 2 members in the family, and earning monthly income of 40,001-50,000 Baht. For the consumers' buying behavior for car, most of them have one car in the family, the type of car required is passenger car, the get information about the car from friends, they are interested to buy cars in the price range of 500,001-600,000 Baht, Japanese cars are mostly chosen, engine power is between 1800-2000cc., obligation resulting from buy cars have some effect on the decision, income is in the form of salary, person having influences on the decision is spouse. Factors affecting buying behavior for car are after sales service, appropriate cost of purchase/commission charges, availability of service branches covering all area, and good promotion. The research recommends that the company should seek for advantage in order to compete and survive in the market. Using new technology to serve customers is advisable to respond to customers' needs in a prompt manner and can serve more number of customers. Commissions should be appropriately set to motivate salesperson to do their job and promotion strategy should match customers' needs.

**Keywords:** Marketing promotion, CNG, NGV

## I. INTRODUCTION

Since oil price had increased significantly and Thai government could not control the price ceiling anymore, domestic petrol and gasoline have to be sold at floating price according to the market. People were suffered from such brutal effects since transportation is the basic necessity for everyone. For this reason, Honda (Thailand) Company Limited tried to keep up with the market situation and manufactured cars with CNG/NGV [1] as an alternative for consumers to save their transportation cost. Compressed Natural Gas (CNG) is an alternative that has been used continuously since then. It has advantage in

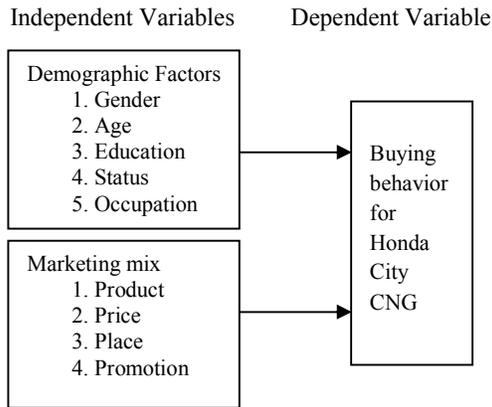
complete combustion and lower level of pollution released into the environment and Toyota had developed technology to support CNG use since 1984. The quality of CNG contains high octane, therefore it is suitable to apply to engine with internal combustion having high compression ratio enabling maximum power while producing very low carbon dioxide. However, the limitation of CNG is it needs big size of cylinder to be sufficient for long journey causing loading space to become narrower. Natural Gas for Vehicle (NGV) is a natural gas used for vehicles only. Its advantage is complete combustion and produce less pollution especially dust and black smoke. With regards to global warming, pollution problem, and the highest oil price in the history, the world has tried to reduce such problems by encouraging and supporting the use of vehicles with NGV-supported engine.

The use of natural gas as fuel for vehicles had been reported more than 80 years in Italy where currently there are over 300,000 vehicles using NGV. Later the popularity of NGV spread to the United States, Asia, and Africa. Currently there are approximately 4.7 million vehicles worldwide using NGV. Thailand has seriously promoted the use of NGV [3] and now it is in the 23<sup>rd</sup> rank of countries that use NGV as fuel for vehicles. Since the oil price increased, consumers are interested to modify their vehicles to support the use of alternative fuel but there are also big worries of safety. For this reason, Honda (Thailand) Company Limited could see an opportunity and manufactured Honda City CNG to satisfy the market needs. Therefore, it is an appropriate time for the researcher to conduct a study on consumer behavior and factors [2] that have influences on buying decision for Honda City CNG and the result would be used as guideline for car manufacturers to proceed on further development.

### A. Objectives

1. To study factors [5] affecting consumers' buying behavior for Honda City CNG.
2. To study consumers' buying behavior for Honda City CNG.
3. To study the problems those have impacts on consumers' choices for Honda City CNG.

**B. Conceptual Framework**



**Figure 1: Conceptual Framework**

**II. LITERATURE REVIEW**

The study on factors affecting consumers' buying behavior for Honda City CNG applied marketing mix theory (4Ps) consisting of the following. Phillip Kotler has classified marketing concept and theory into Traditional Marketing which involves building product awareness as usually practiced in the past. This level marketing focuses on marketing mix. Product means things offered by business to satisfy customers' needs. Price means financial value that customer has to pay to acquire the goods needed. Place or distribution means channels consisting of organization and activities that products have to go through to the market. Promotion is a tool to communicate brand of product, service, or idea to people to persuade the needs by reminding them of the product.

**III. RESEARCH METHODOLOGY**

Data was collected by distribution of questionnaires to 400 samples of people living in Bangkok. The questionnaire was divided into 3 parts as follows.

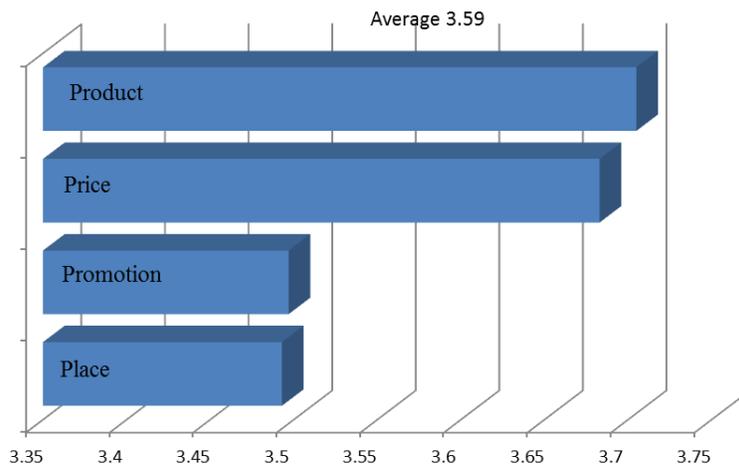
- Part1 contains demographic data of the respondents
- Part2 contains data about buying behavior for Honda City CNG
- Part3 contains data on marketing mix factors that influence buying behavior for Honda City CNG

Statistics used for data analysis are frequency, percentage, and standard deviation.

**A. Research Findings**

From the 400 questionnaires respondents, it was found that most are female aged 31-40, 195 of them are single, graduated Bachelor's degree, working for private company. Regarding their buying behavior for cars, most have Japanese passenger [4] cars, got information about cars from internet, the car chosen has down payment between 50,001-60,000 Baht, 218 of them chose period of paying installment more than 5 years, source of income is monthly salary, person having influence on buying decision is spouse, and they are interested to buy Honda City CNG.

Marketing mix factors that affect buying decision for Honda City CNG of the respondents are found that product and service i.e. test drive, parts, installation of CNG, CNG car periodical check, after sales service, installation of CNG equipment from the car manufacturing company is up to standard, and engine check have influences on consumers' buying decision for Honda City CNG



**Figure 2 : Overview of factors affecting buying decision for Honda City CNG**

The figure indicates that opinions on marketing mix factors affecting buying behavior for Honda City CNG are in a high level of measurement.

TABLE 1  
COMPARISON OF CONSUMERS' DIFFERENCE AND THEIR BUYING BEHAVIOR  
FOR HONDA CITY CNG

Buying behavior for Honda City CNG	$\chi^2$	<i>p</i>
1. What brand of car are you using	16.000	.042*
2. What type of car are you using	39.826	.000**
3. What is your source of information	1201.116	.000**
4. What is your expected down payment	40.599	.000**
5. What is your period of installment	28.252	.000**
6. What is your source of income	112.754	.000**
7. Who has influence on your buying decision for car	38.208	.000**
8. You are interested to buy a car	12.443	.014*

\* Statistically significance level of 0.05, \*\* Statistically significance level of 0.01

Results of the analysis and comparison (See Table I) in the study of factors affecting buying decision for Honda City CNG regarding brand of the car currently using, type of the car, information source, desired down payment amount, source of income, and person having influence on the buying decision has probability (*p*) equals to 0.00 which is less than

0.05 meaning that different occupation has influence on buying decision for Honda City CNG in the aspect of brand, source of information, amount of down payment, income source, and person influencing the buying decision at a statistical significance level of 0.05 (See Table II).

TABLE 2  
INDICATING RESULT OF THE TEST FOR FACTORS THAT HAVE INFLUENCE ON BUYING  
DECISION FOR HONDA CITY CNG

Buying behavior for car	Promotion Factor		
	Pearson Correlation	Sig. (2-tailed)	Relations
What brand of car are you using	0.165	0.001	Yes
What type of car are you using	0.089	0.074	No
What is your source of information	0.069	0.171	No
What is your desired down payment amount	0.085	0.088	No
What is your period of paying installment	0.220	0.000	Yes
What is your source of income	0.008	0.869	No
Who has influence on your purchase of car	0.105	0.036	Yes
You are interested to buy car	0.077	0.24	No

\* Statistically significance level of 0.05, \*\* Statistically significance level of 0.01

#### **IV. CONCLUSION AND RECOMMENDATION**

Results of the study suggested that Honda (Thailand) Company Limited should pay attention to promotion. It should come up with variety of promotions by learning from competitors' strategies. For distribution channel, it should expand branches to cover strategic areas in order to serve customers as widely as possible and apply new technology to improve working system to respond to customers' needs more promptly and extendedly.

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