

Consumer Car Purchasing Behavior in Nepal

Impact of COVID-19 on buying behavior.

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Abstract <p>This thesis aimed to investigate how the COVID-19 epidemic affected customer behavior in Nepal's automotive market, with a particular emphasis on changes in car purchasing habits. The study examined the impact of economic difficulties, health concerns, and increased digital reliance on consumer behavior.</p> <p>The study applied a descriptive approach, combining qualitative and quantitative methods. Primary data included surveys and questionnaires, as well as secondary sources, including such as books, reports, and industry analysis. The study investigated aspects like price, safety, usability, and the growing use of digital platforms for automobile research as traditional showrooms became less accessible.</p> <p>The data show that customer priorities have shifted significantly, with affordability, fuel efficiency, and maintenance costs taking priority due to financial uncertainties. Many consumers postpone purchases or choose old cars. The survey also noted the increased importance of Internet platforms and social factors in decision-making. These findings are useful for manufacturers, dealerships, and policymakers looking to react to changing consumer needs. Future research could focus on the role of technology and long-term trends in the post-pandemic automotive business.</p>		
Keywords Decision-making, Consumer, Economic, Covid-19, Consumer behavior, Appendix		

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1 Introduction

1.1 Research Background

Nepal, a South Asian country between China and India, presents a unique landscape for the automotive industry. The population of Nepal is around 30 million which is huge in numbers in comparison to the geographical area it has. The country's economic status is growing with an increasing standard of living. The number of people is rapidly growing in buying high-involvement products such as automobiles, home appliances, furniture, etc. Although precise data on the adoption rate of high-involvement products is unknown, expanding website traffic and increasing customer interest in things such as furniture, televisions, and air conditioners indicate a growing adoption trend.

Despite its geographical constraints and infrastructural challenges, Nepal has experienced steady progress in the automobile sector through the years. From 2024 to 2029, Nepal's passenger automobile market is predicted to expand at a rate of 1.27% per year, attaining a market value of USD 171.7 million by 2029 (Statista 2024). This study investigates the buying behavior of car-purchasing customers in Nepal. The market is primarily dominated by imported vehicles, both new and used, with a diverse range of brands and models available to consumers. Consumer car purchasing behavior in Nepal is influenced by various factors, including economic conditions, cultural preferences, technological advancements, and regulatory policies. Traditionally, Nepalese consumers have exhibited a preference for fuel-efficient vehicles with strong build quality and suitable for rough landscapes, given the country's diverse geography. Due to high fuel prices and environmental concerns, Nepalese customers show a strong preference for fuel-efficient automobiles, according to a study done by the Centre of Economic Research at ETH Zurich. (Filippini et al. 2020.)

The outbreak of the COVID-19 pandemic in the begin of 2020 had profound effects on economies worldwide, including Nepal. The automotive industry faced significant disruptions due to lockdown measures, supply chain interruptions, and economic uncertainties. As a result, consumer purchasing behavior underwent substantial changes, with preferences tilting towards more affordable options, increased emphasis on online transactions, and increased concerns regarding health and safety aspects. The impact of COVID-19 on customers car purchasing behavior in Nepal can be analyzed through various lenses. Firstly, the economic consequences of the pandemic, including job cut-off, salary reductions, and overall financial instability, have led consumers to reevaluate their spending priorities and opt for more cost effective transportation solutions. The need for vehicles has

moved because remote work arrangements and less mobility during lockdowns have affected transportation requirements.

During the challenges posed by the pandemic, opportunities exist for innovation and adaptation within the automotive sector in Nepal. The rise of digital platforms for vehicle research, online sales channels, and contactless delivery services has transformed the traditional car buying process. According to a recent McKinsey report, 30% of buyers intend to buy their next car exclusively online, which is a considerable rise over prior years (Brumberg & Vorrasi 2024). This change is mostly attributable to the continuous digital revolution occurring in many industries, which was caused by the COVID-19 pandemic, which fundamentally changed consumer behavior and forced companies to adapt quickly (Gupta 2024). Furthermore, initiatives aimed at promoting electric vehicles and sustainable mobility solutions align with the global trend towards environmental consciousness and could reshape the future of the automotive industry in Nepal.

With concerns about health, job security, and financial instability, consumers became more cautious and discriminating in their purchasing decisions. Non-essential expenditures such as luxury items, travel, and entertainment took a backseat as individuals prioritized essential goods and services, including groceries, healthcare products, and home essentials. This change in spending patterns reflects an increased sense of economy and a focus on meeting immediate needs rather than indulging in optional purchases.

1.2 Thesis Objectives, Research Question, and Limitations

Thesis Objectives

This research aims to identify how the COVID-19 pandemic has affected consumer taste, attitude, and preference in buying a car in Nepal. The goal of the study is to identify how COVID-19 has affected Nepalese customer's decision-making in buying a car. The study aims to investigate how unstable economic, and government regulations and public health issues influence consumer decision-making on purchasing a car after the pandemic. It also helps to find the factors that the consumer takes into consideration while buying a car before and after COVID-19. Since COVID-19 had a great effect on all businesses, the car industry is also highly affected by COVID-19.

Research Question

This study presents the main research question i.e:

- What kind of factors are taken into account while buying a car after COVID-19 in Nepal?

The sub-question of this research to gain answers to the main research question is:

- What effect did the COVID-19 pandemic have on customer's attitudes and perceptions toward buying a car?
- What factors did consumers consider during COVID-19 in order to buy a car?

Limitation of Research

- a. Because of rapidly changing market conditions there is limited reliable data on consumer car purchasing behavior at the time of the COVID-19 pandemic.
- b. Because of the huge population in Nepal, there may be some challenges in getting more respondents of car buyers in Nepal.
- c. The respondents may not give accurate information regarding the car purchasing after COVID-19 because of uncertainty and changing preferences.
- d. The findings apply only in Nepal and do not apply to other countries and regions.

1.3 Theoretical Framework

The consumer decision-making process has been a key point of both theoretical and practical research for a significant period. Understanding the motivations behind consumer behavior holds immense importance for marketers and public policymakers alike. For marketers, this understanding aids in tailoring marketing strategies to match the diverse needs of consumer segments. At the same time, policymakers can utilize this understanding to develop consumer education initiatives and make regulations to safeguard consumer welfare.

Economic issues such as individual income levels, job security, and credit availability influence consumer decisions greatly. Psychological elements such as personal opinions, brand perceptions, emotional responses from family, and car ownership all influence consumer purchasing behavior. People who own an automobile should feel proud and successful. Throughout the COVID-19 pandemic, health considerations became the key priority, and many individuals began prioritizing owning a vehicle out of fear of viral transmission since public transportation became associated with heightened health dangers. Furthermore, cultural differences between urban and rural consumers have a significant impact on purchasing behavior. Urban buyers may value attributes like as fuel efficiency, luxury, and technology, whereas rural consumers may focus on durability and affordability.

Within the context of Nepal, consumer buying behavior is state by limited information search, limited purchasing alternatives, and limited unbiased sources of information. This study aims to develop the decision making procedure of car purchasers in Kathmandu, the capital city of Nepal. To establish a framework for this study, existing literature on various components of the consumer decision-making process is thoroughly reviewed and presented in subsequent sections.

This introduction lays the foundation for the theoretical structure, emphasizing the significance of understanding consumer behavior for marketers and policymakers. It also highlights the specific context of Nepalese consumer behavior and the focus of the study on car purchasing in Kathmandu. The subsequent sections further explore key theories and concepts relevant to the consumer decision-making process to provide a comprehensive framework for analysis. Consumer decision making process usually driven by various factors which are shown in figure below.

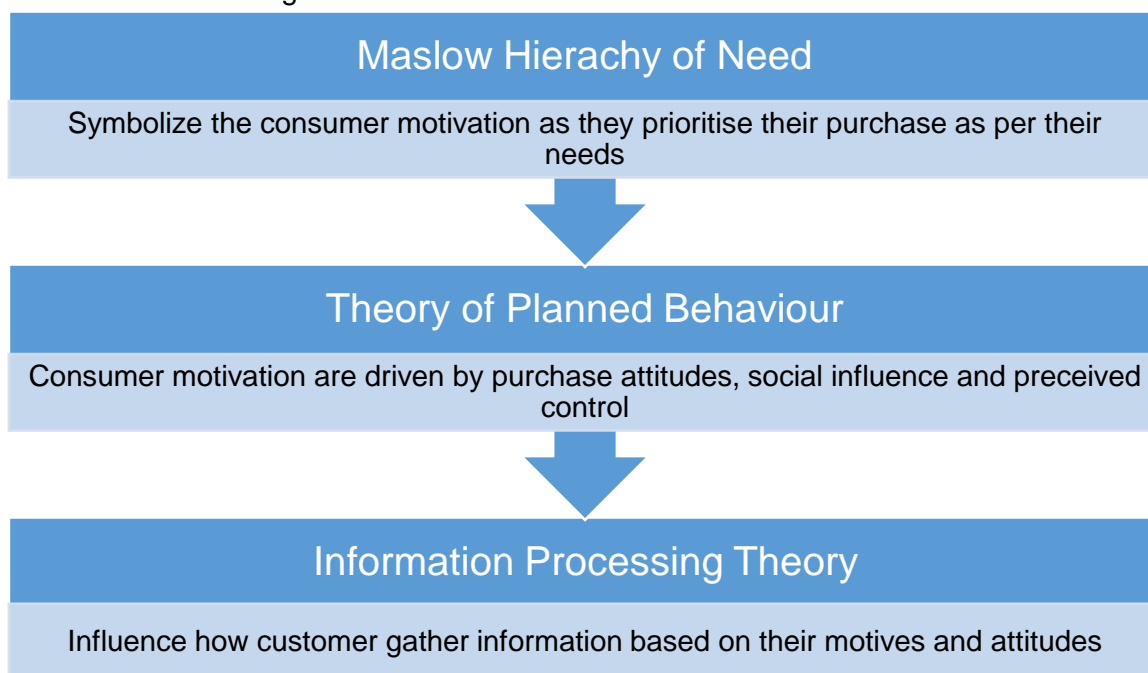


Figure 1: Linkage between key theory

The Maslow hierarchy needs highlights how a hierarchy of requirements, ranging from basic physiological necessities to self-actualization, drives consumer motivation. When buying an automobile, buyers rank their purchases according to how necessary they are and how well they meet their present demands. (Khairun & Halabi 2018.) For example, the COVID-19 pandemic may have changed priorities, making efficiency and safety more important than luxury, and consumers may purchase cars for safety or social status. The theory of planned behavior claims that social factors, attitudes toward the purchase, and the perception of

control over the decision to buy all influence how consumers behave (Brookes 2023). Attitudes like the value of safety, fuel economy, and brand dependability, together with social influences from friends, family, and social media, impact purchasing decisions in the car sector. While financial worries may impact perceived control over purchases, the pandemic may have changed social norms, increasing health and safety concerns.

Information processing theory implies that customers' demands, attitudes, and motivations influence how they process and acquire information (Cuncic 2023). When purchasing a car, buyers must search through a wide variety of information to make better choices. The pandemic probably caused consumers to become more concerned about safety, durability, and value for money.

1.4 Research Methodology and Data Collection

A research methodology outlines the methods and procedures used to gather and examine data regarding a specific research subject. It is a procedure by which researchers plan their investigation to lead them to use the chosen research tools to achieve their objectives. (Sreekumar 2023.) Research methodology is the process by which the researcher wants to do their research. It's a systematic, logical strategy to address a research issue. A methodology describes how a researcher will do their study to get accurate, trustworthy data that meets their goals and aims. It includes the kind of data the researcher will gather, where the researcher will get them, and how researchers will collect and analyze them. (Team 2023.) A researcher will use various methods to gather the information and the methods are presented in the figure below.

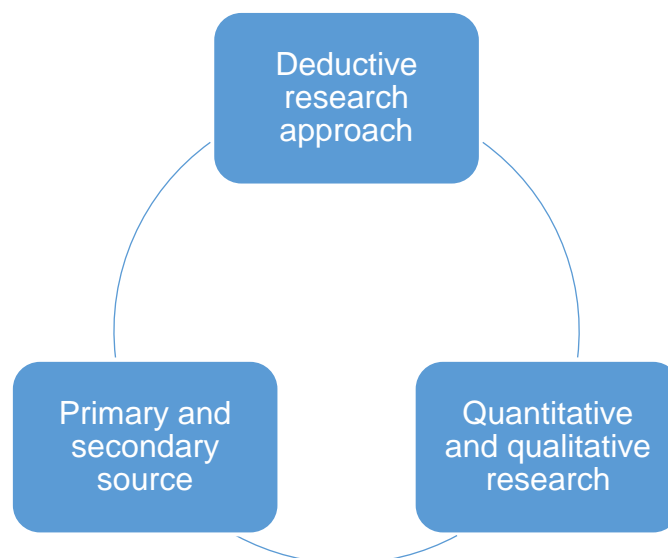


Figure 2. Research method, approach, and data collection

A research design acts as the study's framework, directing the data gathering and analysis procedures, the choice of research tools, and the sample strategies to be used (Creswell & Creswell 2018, 28). The study will use deductive research which begins with a theory or hypothesis and finds the solution through data analysis and collection. Researchers use this approach since researcher will use more quantitative data to collect the information. A researcher will use the existing theories done by other researchers on similar subjects and find what was the actual reason that affected the consumer in buying a car after COVID-19. (Salomao 2023.)

The vehicle serves as a model product for this investigation. The study is grounded on both qualitative and quantitative sources of data. This source of data helps to answer the different kinds of research queries. Qualitative data enables us to understand the subject matter more thoroughly and the context in which it exists, similarly quantitative data is more concerned with numbers and measuring factors. (Streefkerk 2019.)

The study used both primary and secondary sources to gather the insight for this survey. For the collection of primary data, a set of questionnaires is used among the customers who have purchased the car and are willing to buy a car. Similarly, for the secondary source, the data are collected through newspapers, articles, journals, and websites to get more information and a deeper understanding of similar studies that had been carried out in the past years. The study question is critical for determining how COVID-19 has influenced consumer car purchasing behavior in Nepal. The survey consists of a five-scale Likert scale, ranking, multiple choice, single choice, and demographic items.

The overall population of Nepal in 2024 is 31.07 million (Kemp 2024). Among the participants, individuals with a car driving license constitute the target population for this research. The researcher contacts one car dealership to obtain the email addresses of customers and sends the survey accordingly. Since it is impossible to gain responses from all individuals with car driving licenses, the researcher also sends the questionnaire to a personal network of contacts, which includes friends, family, and colleagues. The researcher aims to obtain responses from at least 100 respondents. The respondents include businesspersons, private and government employees, students, and unemployed individuals. The individuals selected for the research are those who are at least 18 years old, which is the minimum age required to obtain a driving license in Nepal.

The primary focus of this research is the use of surveys to collect and understand data. The findings' validity and reliability are verified by accurate questionnaire design and systematic examination of response data. This strategy keeps the research simple and focused on data

collected directly from respondents, allowing for a clear understanding of consumer behavior about car purchases following the COVID-19 epidemic.

1.5 Thesis Structure

The research is divided into five chapters that are an introduction, literature review, empirical research, conclusion, and summary as shown in Figure 3 below.

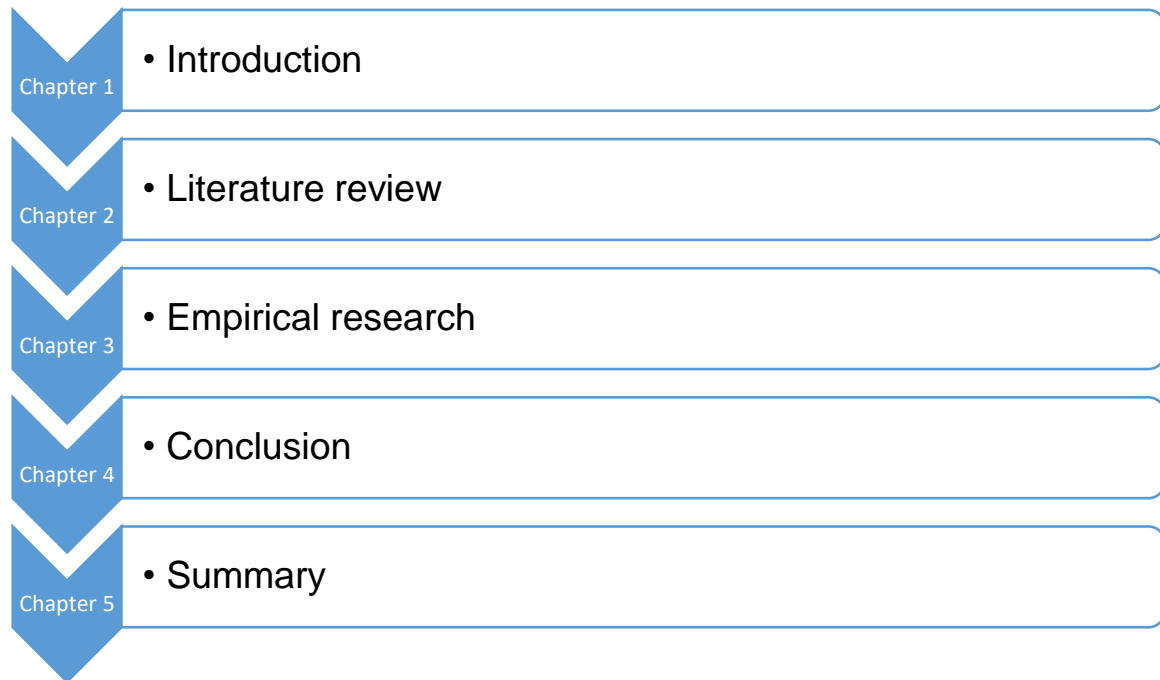


Figure 3. Thesis Structure

Chapter 1- The introduction part includes the research background, thesis objectives, research question and limitation, theoretical framework, research methodology and data collection, and thesis structure.

Chapter 2- The literature review includes some insight into customer decision-making and about covid 19 and its impact on customer decision-making before buying a car.

Chapter 3- Empirical research includes the data retrieval and methods of the research and some information about the research participants and sampling results.

Chapter 4- Conclusion includes the information that was being researched and its result. In this section, the research questions are answered.

Chapter 5- Summary includes all the topics from 1-4. It describes all the steps throughout the research.

2 Literature Review

2.1 Impact of COVID-19 on Consumer Behavior on Car Purchasing

The COVID-19 pandemic had a great impact on consumer behavior in several industries, including the car industry. One notable shift is a growing preference in some locations for private vehicles over public transportation due to concerns about safety and health in 2024. Although the fear of viruses spreading in crowded public transit had diminished by 2024, the pandemic made many passengers believe that owning a car was a safer alternative. The current study specifically addresses how the COVID-19 outbreak has affected consumer decisions about car purchases from a demand-side perspective. The COVID-19 epidemic affected the global auto industry's supply chain, primarily the purchasing habits of potential customers. Customers are cautious while making purchases because they are facing both health and financial crises. (Raza & Masmoudi 2020.)

The variables influencing intentions to purchase a car have been the subject of numerous studies on behavioral decision-making. Purchase decisions and behavior by consumers are intricate processes influenced by a variety of internal and external variables. Unexpected public health emergencies are examples of external variables acting through external contextual elements. Personal life experiences, attitudes, sociodemographic characteristics, and perceptions of travel risk during epidemics are examples of internal influences. (Prieto & Caemmerer 2013.)

During a COVID-19, people might be able to cut back on other, less significant travel, but they might still be forced to travel for a particular major trip objective (Abdullah et al. 2020). That is why people buy the vehicle for safety reasons, whether it's a used one or a new one. People were more concerned about their health and were applying safety measures by buying their cars.

The automotive sector is currently experiencing and will likely continue to experience shifts in market behavior brought on by the coronavirus. For example, the number of possibilities for working from home has increased, which has reduced the need for personal and business cars. On the other hand, those who no longer have to drive to work are even less likely to buy new automobiles in the future yet, safety concerns may cause an increase in the number of people who used to prioritize public transit to now want to buy a car. (Al-Jubouri 2021.) The purchasing process is more complicated than it has ever been for a variety of reasons, and more and more businesses are finding it challenging to stand out in a very competitive market and satisfy the demands and expectations of their customers (Zalif et al. 2020).

2.2 Pattern of search strategy

When participants acknowledge that a need or want exists and are prepared to purchase the product, they look for further details (Ovchinnikov 2017). Customers are seeking information about products and services using a variety of search strategies, both offline and online. Automobile buyers get the information they need from various sources. Apart from touring the showrooms and other venues sponsored by the sellers, buyers also use the internet (the website of the car manufacturer), commercials, corporate handbooks, brochures, and so forth to look for cars. Additionally, the search tactics can be neutral (consumer reports, books, and magazines) or interpersonal (as advised by friends, relatives, and coworkers). These information sources do, however, clearly differ in some ways, including cost, credibility, accessibility, and the type of information contained within. Consumer reports' product ratings, for instance, are regarded as more reliable than those found in commercials. Customers will therefore probably employ various information sources selectively. (Sapkota 2017.)

Consumer purchasing habits give businesses insight into the minds of their customers and help them tailor their offerings. The habits or behaviors that buyers display during the purchasing process are fundamentally known as consumer buying patterns. (Becchetti 2023.) The consumer buying process are presented in a figure below:



Figure 4: Customer-Buying Process

Source: (Becchetti 2023) Understanding Consumer Buying Patterns

This process starts with problem recognition, as shown in Figure 4 when customers determine that they need or want a car. This is frequently brought on by things like shifting lifestyle demands, increasing mobility needs, or the effect of COVID-19 on transportation requirements. Customers proceed to the information search phase after identifying the issue. They actively look for information throughout this stage to make an informed choice. To

learn more about various automotive possibilities, this may require searching online resources, speaking with friends and family, and reading reviews and suggestions. Consumers evaluate their options after conducting an information search. Here, they evaluate different car possibilities according to factors including cost, efficiency of fuel, brand reputation, and facilities that suit their requirements and interests. This phase is crucial because it enables customers to refine their selections in light of the results from the earlier phase. Customers proceed to the step of making a purchasing decision after examining their options. At this point, customers make their decision and move forward with buying the car, impacted by things like dealer offers, financing alternatives, and availability. Post-purchase behavior, when customers consider their experience buying and the vehicle's performance, brings the process to a close. Their level of happiness or discontent at this point is crucial to the decision-making process since it might affect their loyalty to the company and future purchases.

According to the study, clients' purchasing techniques vary depending on their opinions, personality attributes, and demographic factors. Consumer attitudes can be broadly classified as ethnocentrism, hedonistic purchasing, value shopping, pragmatism, or peer pressure. Customers' search tactics to find information are more likely to be influenced by these sentiments. Customers who are ethnocentric can focus only on products from their ethnic group or a similar cultural context. (Kolar & Zabkar 2014.) Predetermination, on the other hand, is the opposite approach to information search. This indicates that to save effort, simplify and schematize consumer behavior by predesigning their purchasing patterns (Ovchinnikov 2017). Interest rates, fuel costs, and the state of the economy as a whole are important economic factors that influence consumer purchasing decisions. The modern customer places a high value on connectivity and technology in their cars. Features such as 360-degree cameras, GPS guidance, Bluetooth, autopilots, sensors, and more. Influencers and social media are becoming more and more important in influencing consumer attitudes and choices about buying cars. (Holmes 2024.)

2.3 Factors affecting consumers before buying a car

Various factors affect the consumer while buying a car. This outbreak has shifted people's priorities and decision-making processes, therefore it's essential to understand how these elements influence their choices in buying a car.

1. Price

Price plays an important role when buying a car before and after the Covid 19. Nepal is a developing country, and people earn less compared to those in other developed countries. So, people are highly price-sensitive when buying luxury products like cars. The initial purchase price, as well as ongoing costs like maintenance, fuel, and insurance, are crucial factors in the decision-making process. The epidemic caused a shift in inclination towards more economical automobiles, with a considerable increase in demand for smaller, fuel-efficient cars or used vehicles as a measure to alleviate financial hardship. (Rai & Bhandari 2022.)

2. Design

Another crucial factor to take into account is an automobile's design, which includes both its utility and appearance. Nepali buyers frequently seek out automobiles that complement both their individual preferences and the driving environment in the country. The term aesthetics describes how a person perceives or thinks about a product using their five senses. (David & Glore 2010.) The way a product is designed can have a big influence on how consumers behave when making purchases (Abang 2024).

3. Brand

Brand image has a big effect on customer loyalty and purchasing behavior during the marketing process. Consumer perceptions of a brand's buying intention are positively correlated with its brand personality. Observing the brand makes it simple for customers to learn about the company and its products. The products that a brand represents embody its personality and image. (Lionel Nunes 2024.) According to Lionel Nunes (2024), the general opinion that consumers have of a brand, brand image is a main topic in the field of marketing.

4. Features

When choosing a car to buy, several features may be crucial because they can protect passengers in the case of an accident or assist drivers in avoiding crashes. Safety and dependability were regarded as the most critical aspects. (Vrkljan & Anaby 2011.) Prior investigations have shown that visibility, adaptability, and functionality of the product are the three main characteristics that car purchasers look for in a feature (Jing et al. 2019).

5. Economic condition

Economic factors frequently have an impact on the purchases and consumption decisions made by consumers. Customers' willingness to pay for products, in particular, is greatly

influenced by the pricing strategy. Customers' earning capacity influences their buying intentions and decisions when it comes to pricing. (Al-Jubouri 2021.) When it comes to items like cars, factors like income can affect both the final cost of purchase and the ongoing expenses associated with maintaining the vehicle.

2.4 Customer Decision-Making Behavior

The several procedures and elements that affect consumers' decision-making when making purchases are collectively referred to as customer decision-making behavior. Businesses looking to enhance client engagement and optimize their marketing tactics must comprehend these behaviors. This review of the literature investigates the complex process of consumer decision-making, with particular attention to the phases involved in making a purchase, the major variables influencing these choices, and the significance of the consumer's perspective.

2.4.1 Purchase Decision

The decision making process for consumer purchases is generally divided into several stages: identification of a need, information search, choice evaluation, decision to buy, and post-purchase behavior (Schiffman & Wisenblit 2019). According to Kotler et al. (2024) each phase is a crucial stage in the customer journey, and the complexity of the decision making process varies based on the kind of purchase. For example, everyday purchases involve simpler decision-making, whereas high-involvement purchases like cars or houses usually need considerable thought.

Consumers engage in different types of purchasing behaviors, ranging from habitual, low-involvement decisions to more complex, high-involvement choices. Routine purchases typically involve products that are frequently bought with minimal cognitive effort, while more significant purchases demand detailed research and consideration (Goldsmith 2008). The level of involvement and perceived risk greatly influences the approach consumers take towards these decisions.

2.4.2 Key Factors Influencing Consumer Decisions

A range of factors influence consumer decisions, notably when acquiring an automobile in Nepal, and can be broadly classified as psychological, social, economic, and cultural (Sapkota 2017). Understanding these factors is critical for marketers and organizations who want to effectively reach their target demographic.

Psychological factor plays a role in shaping the behavior of consumers. Elements such as motivation, perception, learning, and beliefs have a big influence on how customers approach making purchases. Maslow's hierarchy of needs suggests that consumer behavior is driven by the pursuit of satisfying various levels of needs, from basic physiological needs to higher-level self-actualization goals. (Solomon et al. 2013, 18-19.) For instance, consumers motivated by social needs may be inclined to purchase products that enhance their social status. Social factors, including family dynamics, reference groups, and social status, heavily influence consumer choices (Hoyer et al. 2018, 13). This implies that buying a car is a social as well as a personal choice, reflecting larger cultural relationships and trends. Cultural factors also have a significant impact, as cultural norms and values can dictate consumer preferences and purchasing habits. For example, a growing emphasis on sustainability in many cultures has led to increased consumer interest in environmentally friendly products. (Kotler & Keller 2015,.) As consumers become more conscious of their effect on the environment, the trend is reflected in the growing popularity of electric and hybrid vehicles in the automobile industry(Campau 2024).

Economic conditions greatly influence how consumers make decisions. Factors such as consumer income levels, overall economic climate, and product pricing, are pivotal in shaping consumer decision-making. During the period of economic uncertainty, consumers tend to prioritize essential purchases and seek better value for money. (Lamb et al. 2019, 56-57.) Moreover, price promotions and discounts can strongly influence purchasing decisions, especially among price-sensitive consumers. To adjust their strategies and successfully engage with customers in this ever-changing industry, marketers must be aware of these impacts.

2.4.3 Consumer Perception

Consumer perception is the process through which people select, organize, and interpret information to make sense of the world. This process greatly impacts how consumers perceive products and brands, thus influencing their purchasing decisions. (Assael 2004, 34.) Customers' opinions are greatly impacted by a variety of external elements, such as marketing campaigns, product design, and brand messaging, as they sort through a tremendous amount of information. Marketers attempt to influence consumer perception by using smart brand positioning, eye-catching packaging, and targeted advertising because they understand their influence. Marketers strive to shape positive consumer perceptions through targeted advertising, appealing packaging, and strategic brand positioning. (Keller 2013, 8.)

The way consumers perceive a brand significantly influences their purchasing behavior and loyalty. A positive brand perception often leads to repeat purchases and brand loyalty, where consumers consistently choose the same brand over others (Aaker 1996). Factors such as product quality, customer service, and effective marketing communication contribute to building strong brand perceptions and fostering consumer loyalty. One of the main factors influencing loyalty is customer satisfaction, which is strongly related to perception. Consumers are more likely to form a positive opinion of the business and become loyal over the long run when they receive exceptional service and good quality. (Oliver 1999.)

A bad brand image, whether brought on by low-quality goods or inadequate customer service, can seriously reduce customer trust and repurchase intentions. Therefore, for companies aiming to keep a competitive advantage in the market, knowing and controlling consumer perceptions is essential. (Chaudhuri & Holbrook 2001.) In addition to influencing individual purchasing decisions, customer perception is a complex process that is essential to building brand loyalty.

2.5 The COVID-19 Pandemic

The SARS-CoV-2 virus directed the COVID-19 pandemic, which has severely disrupted almost every aspect of daily life worldwide. After first appearing in Wuhan, China, at the end of 2019, the virus quickly spread in the world, posing serious problems for social structures, the economy, and public health. The present literature study delves into the wider consequences of the COVID-19 epidemic, specifically focusing on its effects on Nepal. (Khadka et al. 2020.) The review discusses the pandemic's overall consequences, its unique implications in Nepal, and the ensuing economic difficulties the nation has encountered.

2.5.1 COVID-19 Pandemic: A Global Overview

The COVID-19 pandemic had spread rapidly throughout the world, posing a serious health threat. According to the World Health Organization (WHO), the great transmissibility of the virus and the lack of preexisting immunity led to widespread infections, which severely taxed the world's healthcare systems. In response, governments all across the world imposed travel restrictions, lockdowns, and social separation orders. Even though these steps were crucial in stopping the virus's spread, they also hurt the economy. (Baldwin & Weder 2020, 28.) Millions have died as a result of the epidemic, and healthcare services are under a never-before-seen strain. Research conducted by Johns Hopkins University 2021 indicates that the virus's mortality rate differs throughout the world depending on geographic location, age bracket, and those with underlying medical issues.

The economic consequences of the pandemic have been profound, with many countries experiencing deep recessions, soaring unemployment rates, and significant interruptions in trade and industry. McKibbin & Fernando (2020) Argue that the economic fallout from COVID-19 is likely to be long-lasting, with many nations struggling to regain their pre-pandemic economic momentum.

2.5.2 COVID-19 Pandemic in Nepal

In January 2020, Nepal experienced its first incidence of COVID-19, and by March 2020, the government had implemented strict lockdowns. Managing the spike in COVID-19 cases presented significant hurdles for the nation's already undeveloped healthcare system. (Shrestha 2021, 14.) Lockdowns were successful in stopping the virus's spread, but millions of Nepalese, especially those employed in the unorganized sector, suffered greatly as a result according to Adhikari et al. (2021). Nepal's healthcare system struggled to cope with the pandemic, facing shortages of essential medical supplies such as oxygen and ventilators (Singh et al. 2021a). Background The COVID-19 pandemic has posed unprecedented challenges and threats to the healthcare system, particularly affecting the effective delivery of essential health services in resource-poor countries such as Nepal. In the Lancet report Jha et al. (2021) emphasized that Nepal's healthcare challenges were compounded by these logistical difficulties.

Nepal's vaccination campaign encountered several obstacles, including limited vaccine supplies and challenges in reaching remote populations. However, by late 2021, with assistance from international partners, Nepal began to see improvements in its vaccination coverage. (Gavi The Vaccine Alliance 2021.)

2.6 Economic Crisis After COVID-19 in Nepal

The global COVID-19 epidemic has resulted in human losses, had a significant impact on the global economy, and created disorder. The COVID-19 pandemic had a huge economic and health impact in Nepal. The severe public health crisis caused by COVID-19 also had an impact on Nepal's economy. (Al-Jubouri 2021.)

The Covid-19 outbreak affected both the Nepalese and world economies. The financial crisis caused by COVID-19 had the greatest impact on the global economy compared to past pandemics like earthquakes, and blockades. Financial crises have occurred in various historical periods since 1870 AD. The pandemic quickly impacted public health, human lives, the economy, and livelihoods. Efforts to avoid and manage the COVID-19 epidemic have disrupted daily life in several areas. (Paudel 2021.)

The COVID-19 pandemic caused a global impact. Economically developed countries failed to address the pandemic issue. Compared to developed nations, developing and underdeveloped countries failed to achieve this requirement. Nepal, a least developed country, implemented isolation and lockdown measures to prevent the spread of the life taking virus. The lack of access and isolation had a great impact on Nepal's economy. Nepal implemented a lockdown to prevent the spread of the coronavirus on March 24, 2020, and partially reopened in the first week of September. (Karn 2021.)

2.6.1 Effect on Economic Growth

The COVID-19 pandemic affects every area of the Nepalese economy. Consequently, the Nepalese GDP declined by 2.12% in the 2019–20 fiscal year. Since the beginning of the current fiscal year, the amount of external commerce decreased as a result of COVID-19. The number of workers traveling overseas for work had drastically decreased. Arrivals of tourists were paused. Remittances have increased and the balance of payments is in surplus even in this worst circumstance. (Paudel 2021.)

The pandemic has severely affected Nepal's economy, which is heavily dependent on tourism, remittances, and agriculture. According to the World Bank (2021) Nepal's GDP contracted by about 2.1% in 2020, marking the first economic decline in decades. The tourism industry, a major contributor to the economy, was particularly devastated by global travel restrictions (Nepal Tourism Board 2021).

2.6.2 Focus on Primary Needs

Globally, the COVID-19 pandemic changed consumer priorities by focusing the significance of necessities including financial stability, safety, and health. Due to health concerns and vast economic disruptions, customers became more careful with their spending, giving needed goods and services priority over luxury ones. This change emerges from Maslow's Hierarchy of needs, which states that in times of crisis, people put their basic physiological and safety demands ahead of higher-order desires. (Maslow 1943.)

Many Nepalese were compelled by the economic crisis to give priority to needs like food and medical treatment. During the pandemic, household purchasing habits changed dramatically, with a concentration on necessities. Disrupted supply chains and restricted market access posed further issues for the rural population, which is primarily dependent on agriculture. (Singh et al. 2021.)

2.6.3 Government Policy

The Nepali government implemented a variety of laws that affect the auto sector to achieve a balance between consumer welfare, environmental preservation, and economic progress. Following COVID-19, which changed consumer priorities and influenced purchasing behavior, particularly in expensive areas like cars, these policies have become increasingly relevant. While local government places more emphasis on managing isolation, quarantines, health care services, and international relationships to get medical equipment, test kits, and vaccines (Thapa 2021).

The Nepalese government introduced various policies to mitigate the economic impact of COVID-19, including financial aid packages, social protection measures, and efforts to support the agricultural sector. However, Raut (2020) argues that the resolution of these inter-linked problems needs the input of all parties involved, particularly the government. It is also important to understand the policy mix which contains the health crisis and protects employment at the same time. In addition, the policy should take into account the long-term effects of the gathering of financial, physical, and human capital to achieve sustainable progress.

2.7 Global Automotive industry distribution due to pandemic

The COVID-19 pandemic had profound effects on the global automotive industry, leading to significant disruptions in production, supply chains, and consumer behavior. The pandemic caused quick and extensive factory closures, especially in areas like Europe and Asia that heavily depend on manufacturing. Many original equipment manufacturers (OEMs) experienced major disruptions because production stopped due to a lack of auto parts, high worker absenteeism, and a significant drop in demand for new vehicles. (Muhammad et al. 2022.) The interconnected automotive supply chain meant that disruptions in one area quickly affected others, revealing the weakness in global production networks (Belhadi et al. 2021).

The financial implications of the pandemic on the automobile industry have been significant. Many companies reported significant losses from reduced production and sales, prompting a reassessment of their operational strategies and financial management practices for example, Maruti Suzuki India Limited stopped all production during the first phase of the pandemic and domestic sales dropped to nearly zero in April. (Sudan & Taggar 2022.)

Additionally, the pandemic highlighted the importance of supply chain resilience. Companies have realized the need to diversify their suppliers and invest in technologies that improve operational flexibility. Adopting additive manufacturing and other innovative production methods has been suggested as a way to decrease the impact of future supply chain disruptions. (Eldem et al. 2022.) The lessons learned during the pandemic have led many automotive companies to reevaluate their supply chain strategies, aiming to create stronger and more sustainable operations that can handle similar challenges in the future (Belhadi et al. 2021).

2.8 Role of Nepalese Government in the Covid-19 Pandemic

The nationwide lockdown stopped the production and sales in the automobile sector, as many manufacturers were forced to halt operations (Pandey et al. 2022). The automobile industry in Nepal, which relies heavily on imports for components and finished vehicles, experienced a substantial decline in sales and production. The government restrictions on movement and commerce led to a significant reduction in consumer demand. The pandemic economic implications were felt across multiple sectors, with the automobile industry being particularly vulnerable due to the global supply chains. (Rasul et al. 2021.) In response to these challenges, the Nepalese government introduced several measures aimed at supporting the automobile industry. These included financial assistance programs, tax relief, and incentives to stimulate demand once restrictions were lifted. (Al-Jubouri 2021.)

The government supported improved local manufacturing to minimize the reliance on imports, helping to strengthen the automobile industry during future challenges (Joshi et al. 2021). Despite these efforts, the effectiveness of the government measures has been mixed. While some initiatives provided some temporary relief, the long-term recovery of the automobile industry remains uncertain, particularly as global supply chains continue to face disruptions. The establishment of monitoring teams and health desks at key locations facilitated the safe resumption of economic activities, including those related to the automobile industry. (Shrestha et al. 2020.)

2.9 Nepalese Automobile Market

The Nepalese automobile industry has changed a lot over the years, with a big focus on two-wheelers, especially motorcycles. It also includes cars and commercial vehicles. The market in Nepal mainly depends on assembling parts locally by importing from foreign countries, with major brands like Hyundai and Yamaha playing important roles. A key factor

contributing to the growth of the automobile market in Nepal is the rising demand for vehicles, especially in urban regions. This demand is driven by increasing disposable incomes and the growth of the middle class, resulting in a change in consumer preferences toward personal vehicles for convenience and status. The Kathmandu Valley, serving as a hub for automotive sales, reflects these trends, with research showing that advertising significantly influences consumer perceptions and buying decisions in this sector (Ojha 2022).

Moreover, external factors like the COVID-19 pandemic have had a considerable impact. The pandemic disrupted supply chains and decreased consumer spending, resulting in a temporary drop in vehicle sales (Timsina 2021). However, the recovery phase offers opportunities for innovation and adaptations in the Nepalese automobile sector. Companies are increasingly prioritizing digital transformation and improving customer engagement through online platforms, which have become vital in the post-pandemic environment. (Chalise 2021.)

Additionally, the pandemic led to a change in consumer perceptions about vehicle ownership. Although more people begun using private vehicles more often because of health worries related to public transport, this did not result in higher sales. Many consumers were hesitant to make major purchases because of economic uncertainty, which hindered the recovery of the automobile market. (Marina et al. 2022.) This trend was seen worldwide, where an increase in personal vehicle usage, and actual sales figures were low due to economic limitations (Nayak et al. 2022).

2.9.1 Adaptation of Automotive Marketing Strategies in Times of Economic Crisis

Consumer buying patterns drastically change during financial crises, and businesses especially high-investment ones like the car industry face major challenges. Businesses must modify their marketing tactics to keep customers interested and handle difficult economic conditions as the demand for expensive goods like vehicles decreases.

Consumers become more price-sensitive during economic downturns. In response, companies often highlight value for money and cost-effectiveness in their advertising campaigns. For instance, they advertise the durability and low maintenance costs of their cars or the long-term benefits of fuel-efficient vehicles. This strategy aids in drawing in customers with limited funds who are searching for reliable yet affordable solutions (Marković & Mijušković 2022). The shift from traditional to digital marketing is accelerated by economic downturns. With smaller resources, businesses concentrate on digital platforms like internet advertising, email marketing, and social media which are more affordable. With the help of digital channels, tailored marketing can more effectively reach particular populations. By

improving its online presence and interacting with customers via virtual showrooms and online sales platforms, for instance, Ford responded to shifting market conditions. (Alonso 2023.)

Automotive firms can overcome economic crises by forming partnerships and strategic alliances. Partnerships with suppliers, competitors, and technology companies can result in cost savings, sharing of resources, and creative solutions. During recessions, it's critical to maintain strong customer relationships. Businesses use personalized marketing, loyalty programs, and outstanding after-sales support to invest in customer satisfaction. By establishing trust and brand loyalty, these initiatives support attracting new customers while maintaining control of existing customers. (Marković & Mijušković 2022.)

During economic downturns, companies provide flexible financing alternatives to boost demand. These consist of rental choices, long-term payment plans, and low-interest loans. Despite economic uncertainty, people find it easier to buy cars because of these financial benefits. By offering financial assistance, this technique not only increases sales but also fosters loyalty among customers. (Taylor 2020.)

3 Empirical Research

A survey form was used to collect data for the empirical research. To ensure that the information gathered was relevant to the study topics, the survey was created to gather primary data directly from respondents. Because the survey used both closed-ended and open-ended questions, participants were able to share both quantitative and qualitative information about their beliefs, actions, and experiences. The survey was distributed using the online platform to 100 respondents and among them, 98 respondents responded to the survey.

Following the collection of survey responses, a systematic approach was used to analyze the data. The closed-ended questions, which supplied measurable data, were analyzed using simple descriptive statistics. For open-ended questions, a thematic analysis was used to identify reoccurring themes and insights provided by participants. Responses were classified according to common themes, providing a more in-depth understanding of the study's qualitative components.

3.1 Demographic Profile

The demographic profile of respondents includes their age, gender, occupation, and education. The survey include questionnaire about how many respondents have previously owned a car and how many have owned a car during COVID-19.

3.1.1 Age group of respondents

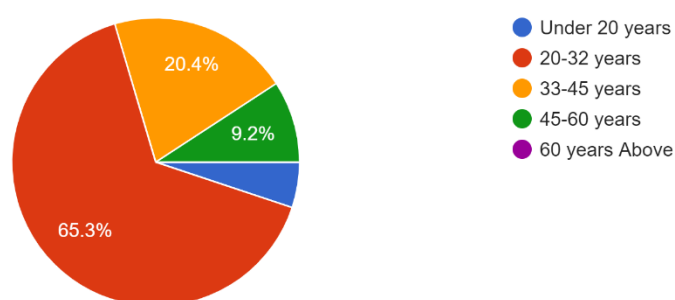


Figure 5: Age group of respondents

According to figure 5, survey includes 98 respondents of various ages. The majority of respondents, 64 (65.3%), were between the ages of 20 and 32, indicating that most were young adults. This over-representation of a particular age group may have an impact on the results' reliability and generalisability, as the findings may primarily reflect the opinions and

behaviors of young people. The second highest response category was 33-45 years old, with 20 respondents (20.4%). Additionally, 9 respondents (9.2%) between the ages of 45 and 60. There were no respondents beyond the age of 60, which could be attributed to factors such as lesser participation in online surveys or decreased interest in car ownership among older Nepali. According to the questionnaire send to the 100 respondents, the majority of respondents between the ages of 20 and 32 are more inclined to think about owning an automobile and are concerned about COVID-19.

3.1.2 Gender of Respondents

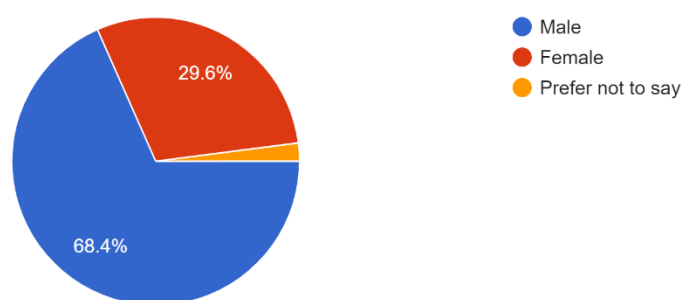


Figure 6: Gender of respondents

The survey was done by 98 respondents and both males and females participated. From the above figure 6, 67 respondents (68.4%) are male whereas 29 respondents (29.6%) are female.

3.1.3 Occupation of Respondents

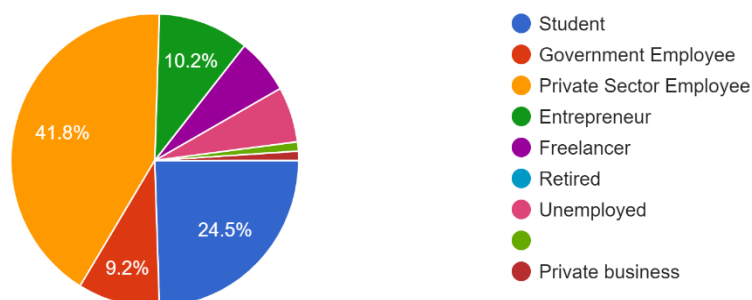


Figure 7: Occupation of respondents

The majority of responders were private sector employees, accounting for 41 (41.8%) of the total. Students were the second largest category, accounting for 24 respondents (24.5%),

a significant share. This high percentage of students was addressed when analyzing the research population, since it may have an impact on the outcomes by reflecting the interests and behaviors of a younger generation. Entrepreneurs represented the third largest group, with ten respondents (10.2%). This figure may indicate that people who must travel frequently, such as entrepreneurs, are more likely to buy a car. Thus, in Nepal, buying a car appears to be more of a need than a hobby or a pleasure based on the responses.

3.1.4 Car purchase during pandemic

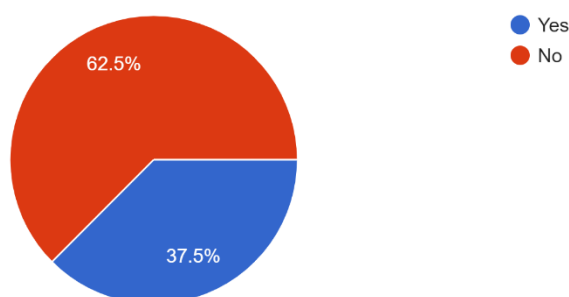


Figure 8: Car purchase during pandemic

Figure 8 depicts that during the COVID-19 epidemic, 37.5% of respondents purchased an automobile, whereas 62.5% did not buy one at all. Since many Nepalese were more concerned with taking care of their fundamental daily necessities, this may be related to the economic and financial difficulties brought on by the pandemic and the other factor may be due to more number of respondents were student. 37.5% of people who purchased vehicles might have required them for necessary travel, such as business or work-related travel.

3.2 Impact of Covid-19

With more than 3 million deaths worldwide, COVID-19 caused disaster on the entire planet (WHO 2021). Similar to other nations, the Nepalese government repeatedly enforced a nationwide lockdown to stop the virus from spreading. It is assumed that COVID-19 have a vast effect on consumers' intentions to buy cars. A few questions on COVID-19 were asked of respondents in order to measure its impact. First respondents were questioned whether the economic impact of Covid-19 affected their budget for purchasing a car. As indicated in Figure 9, 32.3% of respondents reported no change in their budget, while 24% reported an increase owing to COVID-19. In addition, 22.9% reported a slight decline in their budget, while 19.8% reported a severe decrease. The adjectives "somewhat" and "a lot" (or "significantly") indicate differing levels of impact on respondents' finances, most likely

measured using a Likert scale. This scale allows participants to rate the degree of change, with "somewhat" indicating a minor loss and "a lot" (or "significantly") indicating a larger financial decline. The economic impact of COVID-19 are shown below:

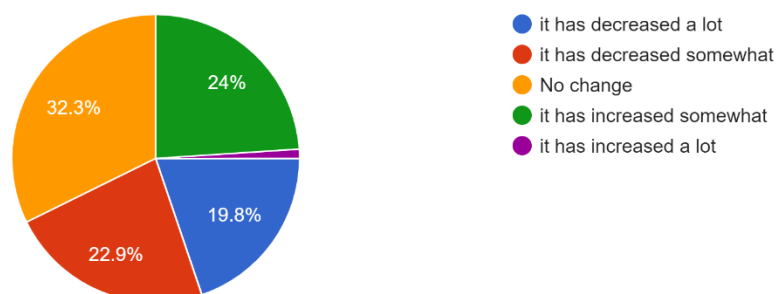


Figure 9: Economic impact of Covid-19 in purchasing car

The respondents were asked do the Covid-19 pandemic changed their car purchasing plans. The answer stated in Figure 10 depicts that 40.2% of respondents did not change their plan to buy a car. 30.4% of respondent answered they delayed their purchasing plan. About 25% of respondents answered that they cancelled their purchase because of Covid-19. It is because of the economic and financial crisis.

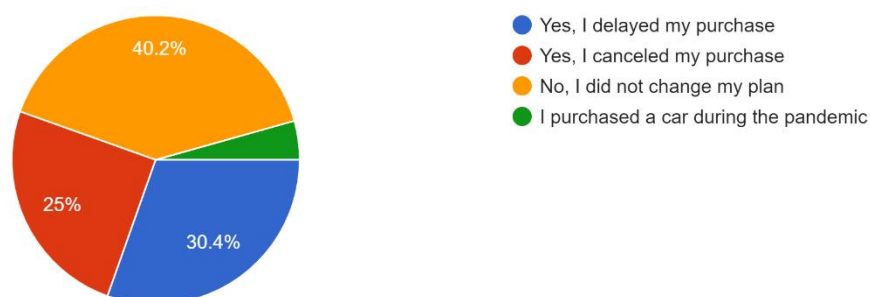


Figure 10: Consumer change the car purchasing plan due to Covid-19

The respondents were also questioned whether they are more inclined to buy an old car during a COVID-19 pandemic than a new one because of economic factors. 43.6% of respondents answered they were neutral whereas 22.3% of respondents agreed to buy a used car and then a new one because of economic factors. 19.1% of respondents strongly agree with buying an old car than a new one during the Covid-19 pandemic.

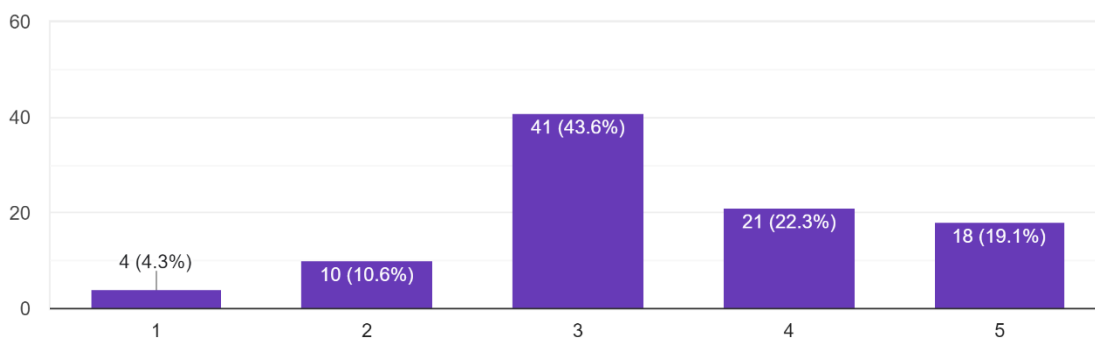


Figure 11: Consumers inclined to buy old cars than new ones during Covid-19

3.3 Economic factor

Economic issues such as income, employment, inflation, and overall economic conditions impact individuals' financial decisions. The decision of consumers to acquire a car may be influenced by financial situations, as it is an important financial commitment. Many people experienced financial difficulty during the pandemic as a result of job losses or decreased wages, which probably caused them to change their preferences when it came to buying a car from new to used or delaying purchases entirely (Tschiesner 2021). To measure the effect of economic impact while deciding on buying a car the respondents were asked whether they were confident in the economic stability of Nepal affecting their car purchasing decision during Covid-19. Of the respondent's answers in Figure 12, 40.8% respondents were neutral while 19.4% responded they were somewhat confident about the economic stability. 18.4% of respondents responded they were very confident similarly, 15.3% of respondents responded they were somewhat confident.

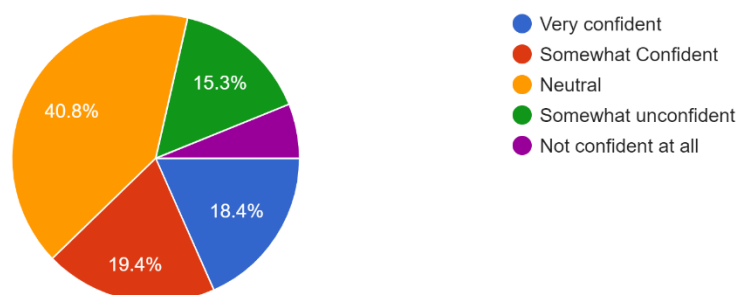


Figure 12: Respondents confidence relating to Economic stability of Nepal

3.4 Factor influencing the choice of Car

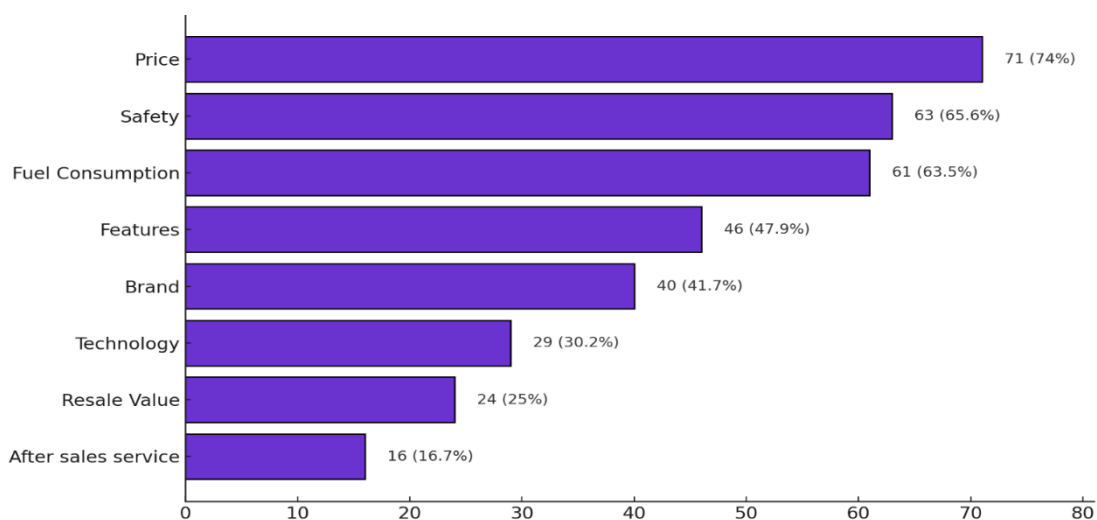


Figure 13: Factor that consumers considered

1. Price

Price emerges as the most critical factor in car purchasing decisions among respondents from survey. With nearly three-quarters of respondents prioritizing this aspect, it's clear that financial considerations play a dominant role in the car-buying process. Price sensitivity is high in the Nepalese market as per the respondents to the questionnaire. The vast majority of consumers place affordability at the forefront of their decision-making process. This strong focus on price suggests that consumers are likely to be highly responsive to promotional offers, discounts, or competitive pricing strategies. The automotive market in Nepal may be primarily driven by value-for-money propositions.

2. Safety

Safety ranks as the second most important factor, with almost two-thirds of respondents rating it as crucial. This high prioritization of safety features indicates a strong awareness and concern for personal and passenger protection among respondents. There is a significant emphasis on vehicle safety among respondents. Car manufacturers and dealerships focusing on safety features may have a competitive advantage in this market. The high ranking of safety, almost on par with price, suggests that consumers are willing to invest in cars that offer better safety features. This priority could influence the types of cars that are popular in the Nepalese market, potentially favoring models known for their safety records.

3. Fuel consumption

Fuel consumption closely follows safety in importance, with 63.5% of respondents considering it a significant factor. This high ranking indicates that fuel efficiency is a major concern for respondents. The emphasis on fuel consumption suggests a focus on long-term cost efficiency among consumers. Fuel-efficient vehicles are likely to be in high demand in the Nepalese market. This priority could also be influenced by factors such as fuel prices, typical driving distances, or environmental concerns. Car manufacturers might find success by highlighting fuel efficiency in their marketing strategies.

4. Features

47.9% of the respondents consider a car's features to be an important factor in their decision-making process. This moderate level of importance suggests that while features are significant, they are not as critical as price, safety, or mileage. There is a balanced approach to features, with consumers showing interest but not overwhelming preference. The specific types of features valued were not detailed in this survey, which could be an area for further investigation. This result suggests that while features can influence decisions, they are unlikely to override concerns about price, safety, or fuel efficiency. Manufacturers and dealerships might benefit from highlighting key features that align with the top priorities (e.g., safety features or fuel-saving technologies).

5. Brand

Brand importance ranks fifth, with 41.7% of respondents indicating it as a significant factor. This suggests that while the brand does matter to a substantial portion of respondents, it is not among the top priorities for the majority. Brand loyalty or preference exists but is not a dominant factor in the Nepalese market. This level of brand importance could indicate opportunities for lesser-known brands that can compete effectively on price, safety, and fuel efficiency. Well-established brands might need to focus on communicating their value in terms of the top priorities rather than relying solely on brand reputation. The significant importance of the brand suggests a relatively open market where consumers are willing to consider various options.

6. Technology

30.2% of respondents prioritize technology related to car when considering a car purchase. This relatively low ranking indicates that advanced technological features are not a primary driver of purchasing decisions for most respondents. The majority of consumers do not place a high premium on cutting-edge technology in their vehicles. This could suggest a preference for more straightforward, possibly easier-to-maintain vehicles. Manufacturers might find more success focusing on reliable, proven technologies rather than the latest

innovations like dependable battery. The low prioritization of technology might reflect the broader technological landscape or infrastructure in Nepal.

7. Resale Value

Only a quarter of the respondents consider resale value as an important factor. This low ranking suggests that long-term value retention is not a primary concern for most car buyers in Nepal. Consumers appear more focused on immediate benefits rather than future resale prospects. This could indicate a tendency towards longer-term ownership or less frequent car changes. The used car market dynamics in Nepal might be influenced by this lower emphasis on resale value which means prioritising current cost and utility over long-term asset worth. Dealers and manufacturers might find limited success in using high resale value as a key selling point.

8. After-sales service

After-sales service is the least important factor among those listed, with only 16.7% of respondents rating it as significant. This low prioritization suggests that ongoing support and service are not major considerations in the initial purchasing decision for most buyers. Consumers in Nepal appear to place much higher importance on the immediate aspects of the car rather than long-term service considerations. This could indicate a need for education about the importance of after-sales service in the overall ownership experience. Dealerships might need to rethink how they present and package after-sales services to make them more appealing to consumers. The low importance might reflect the current state of after-sales services in Nepal or consumers' expectations about car maintenance.

3.5 Pre-Purchase information

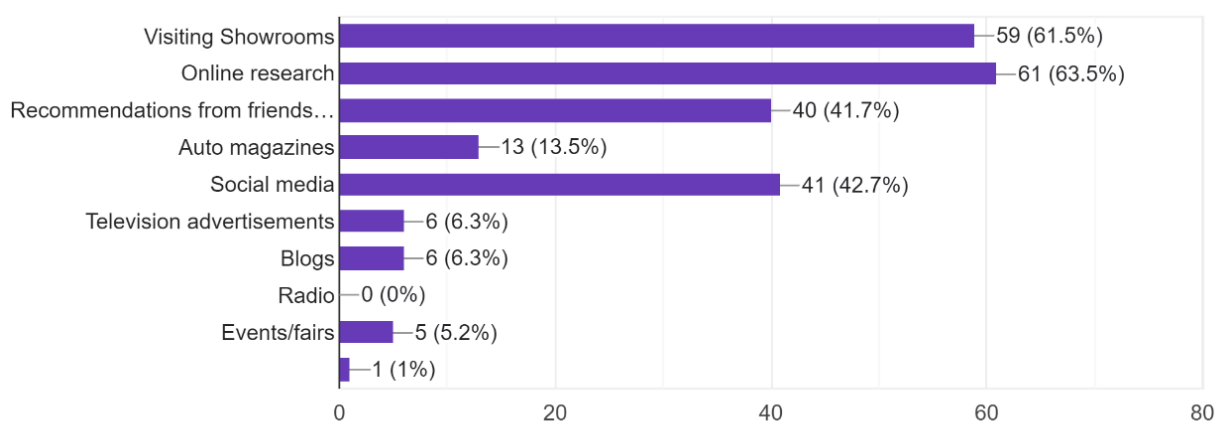


Figure 14: Pre-purchase information of consumer

1. **Online Research and Visiting Showrooms:** The two most popular methods of gathering car information were online research and visiting showrooms, with 63.5% and 61.5% of respondents using these methods, respectively. This indicates a strong reliance on both digital and physical channels for car shopping. The high percentage of respondents using online research suggests that digital platforms have become essential for car shoppers in Nepal. Car manufacturers, showroom and dealerships should prioritize online marketing efforts to reach potential customers effectively.
2. **Social Proof:** Recommendations from friends and family, as well as social media, were also significant factors in car purchasing decisions. This suggests that peer influence and social validation play a crucial role in consumer behavior. The role of recommendations from friends and family, as well as social media, highlights the importance of social proof in car purchasing decisions. Brands can leverage social media to generate positive word-of-mouth and build trust among potential customers.
3. **Traditional Media:** Auto magazines and television advertisements were less popular, with only 13.5% and 6.3% of respondents using them, respectively. This suggests a shift away from traditional media channels in favor of digital platforms. The declining popularity of auto magazines and television advertisements indicates a shift in consumer preferences. Car manufacturers should consider adapting their marketing strategies to focus on digital channels.
4. **Other Sources:** Blogs and events/fairs were used by a small percentage of respondents, indicating that these sources may be less influential compared to the other options. While blogs and events/fairs were less popular, they still have a niche audience. Brands can target these specific segments to reach potential customers who may be more engaged with these sources.

3.6 Buyer Influence

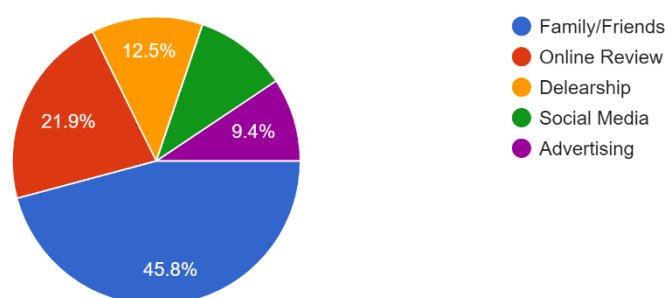


Figure 15: Buyer influence before buying a car

- **Family/Friends (45.8%):** In Nepal, family and social networks play a significant role in decision-making, especially for major purchases like cars. This high percentage aligns with theory of planned behaviour. During the COVID-19 pandemic, this influence might have become even more pronounced as people relied more heavily on trusted personal connections for advice, given the uncertainties and economic challenges brought by the pandemic.
- **Online Reviews (21.9%):** The substantial influence of online reviews likely increased during the pandemic as more Nepalese consumers used digital platforms for information as digitalization is growing rapidly. COVID-19 restrictions on movement and social distancing measures may have accelerated the shift towards online research in Nepal's car buying process.
- **Dealership (12.5%):** The relatively lower influence of dealerships could be a direct result of COVID-19 restrictions. In Nepal, lockdowns and social distancing measures might have limited physical visits to car showrooms, reducing their impact on buying decisions.
- **Social Media (10.4%):** The role of social media in car buying decisions in Nepal has likely grown during the pandemic. As people spent more time online due to lockdowns and movement restrictions, social media platforms probably became more influential in shaping consumer opinions and spreading information about car models and deals.
- **Advertising (9.4%):** Paper advertising appears to have the least impact. This could reflect a shift in Nepalese consumer behavior during COVID-19, with people relying more on personal recommendations and online sources rather than conventional advertising channels.

The epidemic most certainly contributed to an increased reliance on digital resources in Nepal's car-buying process, as indicated by the importance of online reviews and social media during this time which is based on information processing theory. However, without data from before COVID-19, it is difficult to determine how much of this shift may be directly allocated to the current pandemic. The high reliance on family and friends suggests that during uncertain times like the pandemic, Nepalese consumers may have leaned more heavily on trusted personal networks for major purchase decisions. The reduced influence of dealerships could indicate challenges faced by the traditional car sales model in Nepal during COVID-19, possibly leading to adaptations like virtual showrooms or online sales

platforms. The data suggests that COVID-19 may have reshaped the car-buying journey in Nepal, making it more digital and socially influenced.

3.7 Buying purpose

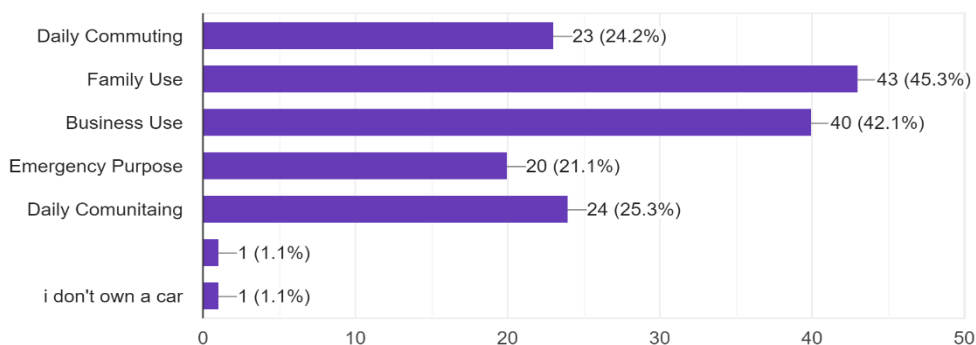


Figure 16: Consumer purpose of using the car

- **Family Use (45.3%):** This high percentage reflects the importance of family in Nepalese culture. During COVID-19, family use of cars likely increased as people avoided public transportation to reduce infection risk. Cars became safer spaces for family outings and essential trips during lockdowns.
- **Business Use (42.1%):** The high rate of business use suggests many respondents use their cars for work. In the context of COVID-19 in Nepal, this could be because of essential workers using private vehicles to commute safely, increased use of personal vehicles for business deliveries or services and adaptation of businesses to mobile or delivery models during lockdowns.
- **Daily Commuting (24.2%) and Daily Comunitaing [sic] (25.3%):** These seem to be duplicate categories, likely due to a typo. Combined, they represent about 49.5% of responses. During COVID-19 in Nepal, everyday commuting by car may have increased as people attempted to avoid crowded public transport, while work-from-home rules may have reduced commuting demands for others.
- **Emergency Purpose (21.1%):** This significant percentage likely increased during the pandemic. In Nepal, personal vehicles became crucial for emergencies like accessing healthcare or transporting essential goods during strict lockdowns.
- **I don't own a car (1.1%):** The low percentage of non-car owners in this survey suggests high car ownership among respondents. In the context of Nepal during

COVID-19, this could indicate a sample bias toward car owners and the survey possibly targets car owners specifically.

The pandemic likely pushed more Nepali people towards private car use for safety reasons. Business use of personal vehicles may have increased as companies adapted to delivery models or mobile services. The high percentage of family use aligns with the increased importance of family units during lockdowns and social distancing. Cars became essential for emergencies, reflecting the challenges in accessing services during the pandemic. The high rate of car ownership might indicate economic challenges for those without cars during the pandemic.

3.8 Financing

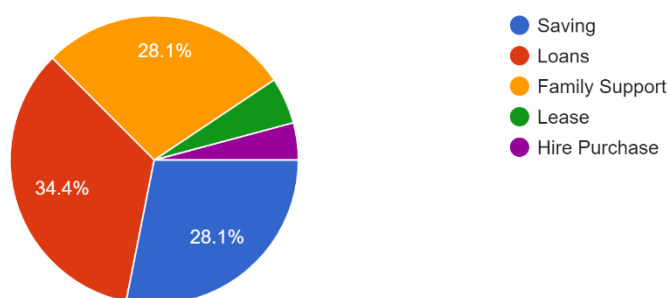


Figure 17: Consumer way of financing car

The figure 17 offers valuable insights into how people in Nepal financed their car purchases at the time of COVID-19 pandemic. Bank loans were the most common method, used by 34.4% of respondents. This suggests that despite the economic challenges brought by the pandemic, many Nepalese still had access to and confidence in using bank loans for major purchases.

Interestingly, both personal savings and family support were equally popular, each accounting for 28.1% of responses. This balance reflects two important aspects of Nepalese society during the crisis. The use of savings indicates that some people were able to maintain financial stability. Meanwhile, the high reliance on family support highlights the strong family networks in Nepal, which became even more crucial during the pandemic.

Leasing (5.2%) and hire purchase (4.2%) were much less common financing methods. This could suggest that during uncertain times, people in Nepal preferred owning their vehicles outright rather than committing to long-term payment plans. It might also indicate that these financing options are not widely available or popular in Nepal's auto market.

This financing pattern provides interesting insights into consumer behavior and economic adaptability in Nepal during COVID-19. It shows how people combined traditional approaches (family support) with modern financial tools (bank loans) to make significant purchases. The data suggests that despite the pandemic's challenges, Nepalese consumers found various ways to finance car purchases, adapting their strategies to the uncertain economic situation.

4 Conclusions and Recommendations

This thesis explored the impact of the COVID-19 pandemic on consumer behavior in Nepal, focusing on car purchasing patterns. Before the pandemic, consumer decisions in Nepal were influenced by several factors such as economic status, price sensitivity, and personal preferences. However, COVID-19 significantly reshaped these behaviors, introducing new dynamics related to health concerns, economic uncertainty, and a growing reliance on digital platforms for research and transactions.

The study employed both qualitative and quantitative research methods, including surveys distributed to recent car buyers, to gather primary data. The findings reveal that price, safety, and fuel efficiency became the crucial factors for consumers during the pandemic. Economic instability and job insecurity further pushed consumers to delay purchases for more affordable options such as used vehicles. The empirical research highlights that consumer reliance on online platforms for car research grew significantly, as lockdowns and health concerns limited physical visits to dealerships.

Additionally, the survey results show that while some consumers maintained their original purchasing plans, many adjusted their choices due to financial constraints. Social and familial influences continued to play a significant role in the decision making process, with recommendations from friends and family being highly valued by respondents. The study also touches upon the opportunities the pandemic created for the auto industry, particularly in terms of adapting to online sales and promoting sustainable mobility solutions, like electric vehicles.

4.1 Major findings of the study

1. **Shift in Consumer Priorities Due to the Pandemic:** The COVID-19 pandemic significantly impacted consumer car purchasing behavior in Nepal. The study revealed a shift in priorities, with consumers placing greater importance on affordability, practicality, and safety. Economic uncertainty and job losses pushed many consumers to reconsider purchasing high-end or new vehicles instead of purchasing more affordable models. Practical factors like fuel efficiency, maintenance costs, and long-term reliability became key concerns during the pandemic.
2. **Growth of Online Research and Buying Platforms:** Digital platforms were more widely used for car research and, in certain circumstances, purchases because of the epidemic. Customers are turning more and more to online resources, including

websites, social media, and digital reviews, to learn about automobile models, prices, and features because of mobility restrictions and restricted access to physical showrooms. This tendency was especially noticeable among younger customers who were more accustomed to using online resources. Online research has increased.

3. **Importance of Price and Economic Factors:** Economic factors emerged as the most critical drivers of car purchasing decisions. The study found that price, fuel efficiency, and maintenance costs were the top considerations for consumers during the pandemic. Many respondents indicated that their decision to delay or cancel a purchase was directly tied to financial insecurity caused by job loss or reduced income. This underlines the significant influence of economic conditions on the automotive market in times of crisis.
4. **Greater Attention to Safety and Health Issues:** The pandemic also made consumers more conscious of safety issues, including those associated with car features and health. Furthermore, consumers' concerns about cleanliness practices during vehicle delivery and maintenance led firms to modify their offerings, and hygiene also plays a certain role in purchase decisions.
5. **Family and Social Influence on Car Purchases:** The study reaffirmed the strong influence of family and social networks on car purchasing decisions within the respondents in Nepal. Many consumers reported that recommendations from family, friends, or colleagues played a significant role in their final choice of car. This was especially true in the case of first-time buyers, who relied heavily on the opinions of trusted individuals to make informed decisions. This finding highlights the ongoing importance of word-of-mouth marketing and personal recommendations in the Nepalese automotive market.
6. **Consumers' Preference for Reliable Brands:** Brand reliability and prior experience with specific car models were also key factors in car purchases. Consumers tended to gravitate towards brands with established reputations for reliability, low maintenance costs, and strong after-sales service. As per the questionnaire, some respondents preferred sticking with brands they had purchased before or those recommended by trusted sources, reflecting the importance of brand loyalty in the Nepalese car market.

7. **Limited Shift Towards Sustainable Mobility:** While fuel efficiency was a critical concern for many consumers, the study found limited interest in electric or hybrid vehicles. Despite global trends favoring sustainable mobility solutions, the adoption of electric vehicles (EVs) in Nepal remains low, primarily due to high costs, limited charging infrastructure, and a lack of government incentives (Shrestha 2023). Most consumers still favor gasoline-powered vehicles, although there is possibility for growth in the EV market as awareness and infrastructure improve.

4.2 Suggestions for further research

The research concludes that the COVID-19 pandemic had a profound impact on consumer car purchasing behavior in Nepal. Financial constraints, health concerns, and lifestyle changes brought on by the pandemic led consumers to reevaluate their priorities, with affordability and practicality becoming key considerations. The growing emphasis on digital platforms for car research, along with the shift towards used and fuel-efficient vehicles, represents a significant change in the purchasing landscape.

Nepal's auto industry has the potential to capitalize on these shifts by expanding online services and focusing on more affordable, eco-friendly options that align with consumers' new preferences. The pandemic created challenges, such as decreased consumer spending and disruptions to supply chains. The automotive industry in Nepal must evolve to meet these new expectations by focusing on digital transformation, affordability, sustainability, and customer service. Overall, the research underscores the need for the auto industry to remain adaptable in the face of ongoing economic and social changes.

4.3 Recommendations

Based on the findings of this study, several recommendations can be made for stakeholders in the automotive industry, policymakers, and researchers to adapt to the evolving consumer behavior brought on by the COVID-19 pandemic in Nepal:

1. **Strengthening Digital Platforms for Car Sales:** The COVID-19 epidemic has led to a greater reliance on digital technologies, therefore the car sector criticizes making investments to strengthen their digital sales platforms and online visibility. Creating user-friendly websites and applications that enable customers to explore cars, compare pricing, and even finish transactions online is one way to do this. Enhancing the customer experience and enabling remote decision-making can be achieved

by integrating virtual tours, offering comprehensive evaluations and car information, and enabling live chat features with sales representatives.

2. **Offering Affordable Vehicle Options:** The study found that economic instability led many consumers to prioritize affordability when purchasing cars. Car dealerships and manufacturers should focus on providing a wider range of budget-friendly models, including used cars and small, fuel-efficient vehicles that meet consumers' practical needs. Offering flexible payment plans, extended warranties, and affordable financing options will also help attract buyers who are more cautious due to the economic downturn.
3. **Promoting Sustainable Mobility Solutions:** With a global shift toward sustainability, and growing concerns around fuel efficiency and environmental impact, the Nepalese automotive industry has the opportunity to promote eco-friendly options, such as electric and hybrid vehicles. Given the concerns about rising fuel costs highlighted in the study, promoting vehicles with lower fuel consumption or those running on alternative energy sources will likely appeal to cost-conscious consumers. Government support in the form of tax incentives, subsidies for electric vehicles (EVs), and building infrastructure for EV charging stations can further boost demand for these vehicles.
4. **Improving Safety Features and Marketing Them:** Safety concerns, exacerbated by the pandemic, have become a top priority for car buyers. Automakers should focus on enhancing and communicating the safety features of their vehicles. Marketing campaigns that highlight a car's safety features, including the hygiene protocols in place for car delivery and servicing, will help build consumer confidence during these uncertain times.
5. **Offering After-Sales Services and Maintenance Packages:** Building trust and long-term relationships with customers is critical, especially in times of economic uncertainty. Dealerships should offer attractive after-sales services, such as free maintenance for the first year, extended service plans, and roadside assistance. Bundling these services into the purchase packages could enhance the perceived value and give consumers peace of mind, which is particularly important when stretching their budgets.
6. **Adapting to the Growing Used-Car Market:** The study found that a growing number of consumers opted for used cars as a more affordable alternative during the pandemic. Auto dealerships can tap into this growing demand by offering certified

pre-owned vehicles that come with warranties and quality assurances. Creating dedicated divisions for the sale of used cars, with proper quality checks and clear documentation, can further build trust and increase sales in this segment.

7. **Leveraging Social and Community-Based Marketing:** Businesses should concentrate on utilizing social proof and word-of-mouth marketing as the study found that many consumers rely on recommendations from friends and family. Promoting client recommendations, endorsements, and social media posts can aid in building a feeling of community and confidence around the brand. Providing discounts or freebies in exchange for client recommendations could strengthen this tactic even more.
8. **Collaborating with Financial Institutions:** Many consumers delayed or reconsidered car purchases due to financial instability. Collaborating with banks and financial institutions to offer attractive auto loans with low interest rates or deferred payment options can make car ownership more accessible. These partnerships can include zero down-payment schemes, flexible EMI (Equated Monthly Installment) plans, or interest-free periods, especially targeting first-time car buyers or customers in financial distress.
9. **Policymaker Support for the Auto Industry:** The Nepalese government should consider policies that support both car buyers and the automotive industry during periods of economic downturn. Reducing import duties on cars, particularly for energy-efficient models, and offering tax incentives to first-time buyers could help stimulate demand. Additionally, creating incentives for manufacturers to invest in local production of affordable cars could help reduce prices and make car ownership more accessible to a broader section of the population.
10. **Researching Post-Pandemic Consumer Trends Further:** Research should be carried out to keep an eye on the ongoing changes in consumer behavior as it continues to alter in the post-pandemic environment. Studies on the long-term effects of remote work on the need for commuting, customer preferences for environmentally friendly transportation options, and the influence of digital transformation on shopping decisions are a few examples of this. Businesses will be better able to adjust their tactics to future customer trends if they conduct ongoing research.

5 Summary

This thesis aims to understand the consumer car purchasing behavior in Nepal's impacts of COVID-19 on buying behavior. The study began with the general background which provides the basic information of Nepal. Different established theories, books, and reports are used while describing the definition. The pandemic has brought significant changes to how consumers approach large purchases, with a shift in priorities toward affordability, safety, and practicality. The study investigates how economic instability, job loss, and financial uncertainty led many respondents to buy used cars or postpone purchases. Price, fuel efficiency, and maintenance costs became critical factors influencing decisions, reflecting the heightened financial caution during the pandemic.

The research highlights the growing reliance on digital platforms for car research, as consumers turned to online resources in the absence of physical showrooms. However, while digital engagement increased, actual online purchases remained less common, with many buyers still preferring in-person transactions. The empirical study involved surveys of recent car buyers, and the findings show that recommendations from family and friends played a crucial role in shaping purchasing decisions, particularly for first-time buyers. Brand loyalty and prior experience with specific models were also significant, with consumers gravitating toward trusted brands known for reliability and affordability. Overall, the study provides valuable insights into the evolving consumer landscape in Nepal's automotive sector, driven by both economic pressures and changing priorities brought on by the pandemic.

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6 Appendix

Questionnaire on "Consumer Car Purchasing behavior in Nepal impact of Covid-19 on buying behavior".

Thank you for participating in this survey. This questionnaire is part of a research study for a Bachelor of Business Administration (International Business) thesis at LAB University of Applied Sciences. The study aims to understand the impact of the Covid-19 pandemic on consumer car purchasing behavior in Nepal. We value your participation and assure you that your data will be handled with the utmost confidentiality. Your response will help us to analyze the data. The survey will take approximately 5-10 minutes to complete.

We appreciate your time and for your valuable insights.

1. Gender

Mark only one oval.

- Male
- Female
- Prefer not to say

2. Age Group

Mark only one oval.

- Under 20 years
- 20-32 years
- 33-45 years
- 45-60 years
- 60 years Above

3. Education

Mark only one oval.

- SLC or Below
- +2 level
- Bachelors Degree
- Masters Degree
- PHD

4. Occupation

Mark only one oval.

- Student
- Government Employee
- Private Sector Employee
- Entrepreneur
- Freelancer
- Retired
- Unemployed
- Other:

5. Did you own a car before pandemic?

Mark only one oval.

- Yes
- No

6. How has the economic impact of Covid-19 affected your budget for purchasing a car?

Mark only one oval.

- it has decreased a lot
- it has decreased somewhat
- No change
- it has increased somewhat
- it has increased a lot

7. How confident are you in the economic stability of Nepal affecting your car purchasing decision post-Covid-19?

Mark only one oval.

- Very confident
- Somewhat Confident
- Neutral
- Somewhat unconfident
- Not confident at all

8. Since how long have you been driving a car?

Mark only one oval.

- Not at all
- less than 1 year
- 1-5 years
- 6-10 years
- more than 10 years

9. Which factors have become more important to you when purchasing a car after the Covid-19 pandemic?

- Check all that apply.*
- Affordability
- Health and Safety features
- Online purchasing option
- Fuel efficiency
- Environmental impact
- Brand reliability
- Other:

10. For, what purpose do you use your car?

- Check all that apply.*
- Daily Commuting
- Family Use
- Business Use
- Emergency Purpose
- Other:

11. How do you finance your car while purchasing?

- Mark only one oval.*
- Saving
- Loans

- Family Support
- Lease

Hire Purchase

12. Did you purchase a car during a pandemic?

Mark only one oval.

- Yes
- No

13. What factors are most important when purchasing a car?

Check all that apply.

- Price
- Brand
- Fuel consumption
- Features
- Safety
- Technology
- Resale Value
- After sales service
- Other:

14. How did you primarily gather information about cars before purchasing?

Check all that apply.

- Visiting Showrooms
- Online research
- Recommendations from friends/family
- Auto magazines
- Social media
- Television advertisements
- Blogs
- Radio
- Events/fairs

- Other:

15. Did the Covid-19 pandemic change your car purchasing plans?

Mark only one oval.

- Yes, I delayed my purchase
- Yes, I canceled my purchase
- No, I did not change my plan
- I purchased a car during the pandemic

16. Who plays a main role while buying the car?

Mark only one oval.

- Family/Friends
- Online Review
- Dealership
- Social Media
- Advertising
- Other:

17. During the Covid-19 pandemic, health concerns led me to decide to purchase a car.

Mark only one oval.

- 1 (Strongly Disagree)
- 2
- 3
- 4
- 5 (Strongly Agree)

18. Price is the primary factor when buying a car before and after COVID-19.

Mark only one oval.

- 1 (Strongly disagree)
- 2
- 3
- 4
- 5 (Strongly agree)

19. The COVID-19 outbreak has increased my fear about taking public transport.

Mark only one oval.

- 1 (Strongly disagree)
- 2
- 3
- 4
- 5 (Strongly agree)

20. The environmental impact of a car is an important consideration for me.

Mark only one oval.

- 1 (Strongly disagree)
- 2
- 3
- 4
- 5 (Strongly agree)

21. I am more inclined to buy an old car during a COVID-19 pandemic than a new one because of economic factors.

Mark only one oval.

- 1 (Strongly disagree)
- 2
- 3
- 4
- 5 (Strongly agree)

22. I have postponed my car buying decision during the pandemic.

Mark only one oval.

- 1 (Strongly disagree)
- 2
- 3

- 4
- 5 (Strongly agree)

23. How have car dealerships in Nepal adapted to meet your needs during the pandemic? What improvement do you suggest?

24. What challenges did you face when trying to purchase a car during the COVID-19 pandemic?

25. Please share any additional comments or feedback regarding your experience with purchasing a car during the COVID-19 pandemic.