ATTITUDES TOWARDS CHINESE AUTOMOBILES OF CONSUMERS IN AZERBAIJAN

By

Hasanov Elmir Zeynalabdi

THESIS

Submitted to
KDI School of Public Policy and Management
in partial fulfillment of the requirements
for the degree of

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Professor ANTHONY MICHELL

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Committee in charge:

Professor Anthony Michell, Supervisor

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Approval as of December , 2010

Abstract

This research is aimed at investigating beliefs and attitudes towards Chinese automobiles among consumers in Azerbaijan. Chery, the first Chinese car that entered the Azerbaijani market in 2004, has managed to sell only a few hundreds units. The Chinese car manufacturers are working to establish contacts with key car dealers on the Azeri market and hope to change consumers' attitudes towards consumer products made in China. For the purpose of this study an online survey was conducted to determine what factors are more likely to influence Azeri consumers' willingness to buy a Chinese car. The online questionnaire was designed following the Theory of Reasoned Action (TRA) model, with special attention being given to the country of origin (COO) effect. The analysis of the quantitative data revealed that the price, the engine power and the assortment of colors available were the factors most likely to impact consumers' intention. The more affordable the price and the higher the engine power, the stronger was consumers' intention to purchase a Chinese car. Curiously, the availability of colors was found to be negatively correlated with intention, which may suggest that Azerbaijani consumers tend to be more conservative and stick to classic colors when they decide to buy a car. Consumers did not appear to be strongly influenced by stereotypes regarding COO; however, they did not show high expectations in terms of quality for the Chinese cars sold in Azerbaijan.

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Chapter 1. Introduction

Beginning with the 90s, low-priced consumer goods made in China have dominated the global market. The low production costs determined numerous western brands to move their factories and plants to Asia. "Made in China" has become one of the most recognizable labels in the world due to the large manufacturing industry in the country, which lead to its rapid development. Today, this label can be found on a wide range of goods from clothing to electronics and doesn’t necessary stand for cheap or low quality goods. With government support and a lack of regulations in the field of intellectual property and copyright, Chinese companies could copy the technology of their international competitors at a fraction of their price.

During the past 2 decades, after China’s accession to WTO, the Chinese engineering industry has grown to become one of the strongest industries in the world, standing aside world leaders. Numerous global car brands such as Volkswagen, GM, Nissan, Ford, Hyundai-Kia assemble automobiles in joint ventures formed with Chinese government-owned carmakers. These cars have been primarily produced for the growing Chinese market, as automobiles become affordable for the average consumer. However, because of overcapacity the Chinese car makers are now searching ways to export.

A few decades ago Japanese and South Korean automobiles were making their way on foreign markets. They had to overcome a quality gap, in competition with the already established Western brands, but also, a perception gap, as consumers tended not to trust Asian brands. Japan succeeded in the Western world in 50 years; the Korean automobile industry needed 20 years to establish itself as a premier car manufacturer in the minds of consumers around the world.

Nowadays China is striving to establish itself on the international arena as a manufacturer of reliable, good quality goods and to change consumers' beliefs about products made in China, stereotypically considered as being of poor quality and cheap. The rapid economic growth and the immense Chinese capital available for investments abroad may help China build its brands globally at a faster pace than its neighbors.

Nowadays China has acquired the technology owned by it's competitors and most Chinese companies continue to innovate, having their own Research & Development Departments. They have trained their own engineers, have the largest number of PhD students abroad, primarily in the US and have decades of experience producing for famous international brands as Original Equipment Manufacturer. Most analysts consider that the quality gap is no longer present and that the biggest problem for most Chinese companies is to change consumers' attitudes towards goods made in China, to learn the marketing skills that can convince foreign markets to pay good money for good value.

Background of the study

The Country of Origin Effect - Chinese Brands Abroad

When competing with the global brands, Chinese companies have to overcome two gaps: the quality gap and the perception gap. For 3 decades Chinese companies were limiting their business to that of an Original Equipment Manufacturer, producing a variety of goods for already established Western private labels (Gao, Woetzel &. Wu, 2003). Until recently, China lacked its own brands, but today branding has become a priority, being a crucial aspect in the fierce competition for the home and international market. Brands are powerful communicators of products' value, quality and credibility having a huge impact on consumers' buying intention and purchasing behavior.

Companies from developing countries like China 30 years ago have to overcome a

quality gap in order to compete with the global brands. Chinese companies overcame the gap by investing in research and development, but also from being able to quickly copy the technologies developed by the industry leaders. (Bhattacharya & Michael, 2008). Nowadays, numerous Chinese car manufacturers chose to offer copy-cats of famous brands at a fraction of their price.

There is also a perception gap, which refers to a psychological gap described in the literature as “the country of origin” or COO effect. A product made in Japan is nowadays automatically perceived as being of high quality, while a similar product of Chinese origin usually suffers from a very negative COO effect, due to negative country images (Roll, 2006).

Consumers’ attitudes towards the country of origin can change with the passage of time (Kotler & Keller, Marieke de Mooji, 2004). Japan for instance, was associated with poor quality before the second world war, but has gained global recognition nowadays for superior quality and top-noch technologies. To summarize, the perception gap is more difficult to overcome and tends to be a long-term process that gives consumers time to erase the negative images from their memory; the branding process plays a central role here, as it educates consumers to associate products and countries with new images, giving positive cues.

A growing number of researches are supporting the idea that the country of origin of a good or service may significantly influence consumer’s perception. Consumers are biased by clichéd country images promoted by the society.

Stereotypically consumers tend to associate goods produced in China with low quality, low price, and no reliability (Jian & Guoqun, 2007). For many consumers “made in China” is a warning label, which influences negatively their behavior (Roll, 2007). Other consumers are careful not to be seen buying, using or wearing goods made in China, being afraid this could harm their image in the society and among their friends.

The strategies chosen by Chinese companies like Hier or Lenovo which have already

succeeded to impose their brands internationally differed in emerging, neighboring markets from those used in the well-established markets such as the USA, but their common point has been the sustained branding efforts. (Gao, Woetzel &. Wu, 2003).

Chinese local cars benefitted from the technology spillovers determined by foreign investments in the car industry and have considerably improved the quality of their products. With lower prices than the already established car brands, a good quality for the price they claim and over-production capacity for their saturated home market, Chinese car manufacturers are now ready to export. For that, there are building brands.

The first targets for the major players in the Chinese automobile industry are the developing countries in Asia and Africa; however, the producers of the small Chery also tackled the Australian and the European market. The demand for these very affordable cars is growing in many countries, although at the present moment there are no well-known Chinese car brands. Slowly, in some developing countries, consumers begin to perceive Chinese cars as a good deal, as imitations of the famous brands. However, cars suffer from a lack of credibility due to the COO effect and a poor performance in safety tests. According to *The Sunday Times* (Septemebr 18th 2005), a JiangLing Landwind, the first Chinese automobile to be sold in Europe in 2005 scored zero in safety tests.

The Car Industry in China

It was in the 80's when the Chinese government identified the automobile industry as a major pillar of their economy, closely linked to a major boost that could be given to other sectors, including steel, plastics or glass. As a consequence, China liberalized its policies and invited foreign carmakers to start producing or assembling there, forming joint-ventures with domestic, government owned companies. (Tao, Dongya & Yi)

Some of the biggest names that entered joint-ventures are Volkswagen and GM, which entered a partnership with SAIC (Shanghai Automotive Industry Corporation Group). The Chinese state controlled FAW (First Auto Works) partnered with Toyota, Volkswagen and Mazda, while Dongfeng Motors formed a JV with Citroen, Nissan and Hyundai-Kia. (ACRC, 2005). There was competition and rivalry between Chinese companies to enter partnerships with world leaders as such contracts were opening their doors towards technological improvements. Initially joint ventures were producing outdated models, but the growth of the Chinese middle class and the increasing competition between carmakers made place for new designs that considered the tastes of the Chinese consumers.

While most customers in China were very price-sensitive, being at their first car-purchase, the richer ones demanded cars that looked and performed similar to established international brands.

Since 2001, when China joined WTA, until 2005, the automobile sales increased at a compound annual rate of 64%. (ACRC, 2005). Even 5 years ago it became obvious for consultants at McKinsey & Co. that, by 2010, China would have undertaken US and Japan as world's largest car markets.

The joint ventures dominated the growing Chinese market of passenger vehicles for 3 decades; however, Chinese carmakers like **Geely, Chery** or **FAW Tianjin** started producing

independent car brands, competing on the low-end market segment. At the present moment the Chinese auto industry has reached overcapacity, despite the fact that the country has grown to be the largest car market in the world in 2009 (*The Guardian*, 2010). The car industry here has registered a 45% annual grown in 2009, China becoming the biggest player in the world both in terms of sales and production - 13.5 million vehicles sold in China in 2009, comparing to only 10.4 million in US (*The Guardian*, 2010). Therefore, the protectionist measures adopted by the Chinese government are expected to limit the joint-venture while trying to promote exports of Chinese car brands in emerging markets.(ACRC, 2005).

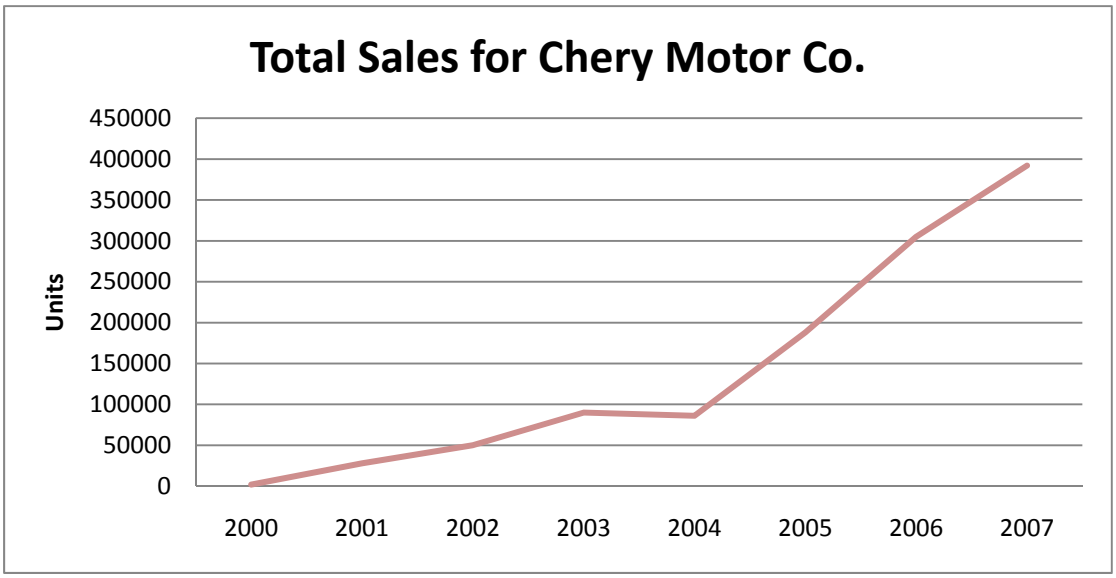
Chery Motors, an Ambitious Chinese Brand

Chery Motor Co. was established in 1997 by the Chinese government in Wuhu, an underdeveloped province at that time and has grown today into China's best known car brand and number 1 exporter (Delaere, 2009). They started the production of automobiles two years later, using SEAT Toledo chassis. Its expansion became possible in 2001, when a 20% share of Chery Motor Co was purchased by Shanghai Automotive Industry Association; this provided Chery with the right to use SAIC retail license. Thus, in 2001, Chery was the first Chinese company to start car exports, to Syria (W. Gerry Sanders and Mason A. Carpenter, 2007). They put emphasis on improving the quality and the design of their cars, founding a Research & Development Institute, hiring Japanese automotive consultants and famous Italian designers, Chery obtaining ISO/TS 16949:2002 production quality in 2005. (Source: company website).

By 2006 Chery had already become the 3rd largest Chinese car manufacturer, selling 305,000 vehicles, of which 50.000 were exports. Growing at a fast pace, the company continued to invest in production facilities both at home and abroad. Thus, Chery Automobiles set up overseas factories in Russia, Ukraine, Iran, Egypt, Indonesia, Uruguay,

Malaysia, Thailand. (Source: http://www.cheryinternational.com/en/Oversea-factories)

FIGURE 1. SALES BETWEEN 2000-2007 FOR CHERY CARS (SANDERS & CARPENTER, 2007)



With respect to their ***international strategy,*** Chery's managers decided to explore firstly the developing neighboring markets and only later go to western, more mature ones where the competition is fierce. According to Chery's website, the main principles they have followed are:

- *"Developing country first, then the developed country.*
- *CKD exports prior to vehicle exports.*
- *Reasonable arrangement and regional radiation*
- *Cooperation first, then joint venture.*
- *Establish wholly owned subsidiary, control overseas marketing channels."*

(Source: http://www.cheryinternational.com/en/Chery-International)

Nowdays Chery offers affordable electric cars and continue to improve the quality of its vehicles buy turning to foreign suppliers of spare parts. We may expect to soon be able to see the cars on niche markets in the developed countries.

The Automobile Market in Azerbaijan

The car imports in Azerbaijan have been a growing business during the last decade. In 2007, a total of 70,963 passenger cars entered the Azeri market, both through customs pay-in slips and cargo customs. The total value of these imports rose to 456.163 million US dollars, the average cost per car being 5.241 Azeri Manat (AZN) (about $6.428). (Fineko, 2010)

In 2008 the imports went up to 89,044 automobiles, more expensive models being bought, as shown by the higher average car price of 5.939 AZN (about $7.284). This was a 648.647 million dollar business (Fineko, 2010). In fact, the cargo imports alone accounted for 44.469 automobiles, in the amount of $381.967 million. The average cost for these new cars to enter the market was thus even higher, 7003 AZN (about $8.589).

In 2008 the ownership of passenger vehicle reported to the Azerbaijani population was of 79 automobiles for every 1000 people; in 2009 the number went up to 86 despite the difficult economic situation.

The economic crisis determined a decrease in the number of cars that entered the market during 2009. Imports dropped to 63.427 cars, in the amount of $455.887 million. The average price of a car also dropped, although not significantly, to 5.860 AZN (about $7.187). The data released by Azeri cargo customs shows that 28.309 cars were imported by the end of 2009. The business decreased 36.5% comparing with 2008, the imports reaching only 254.426 million dollars. (Azerbaijan Statistics Committee, 2010). The situation improved by April 2010, imports being again on the rise, as well as the average car price. The cars imported under customs paying-in slips, most of the times second-hand cars cost on average 4.699 AZN (about $5.763) (Fineko, 2010).

For one new Chery Cowin 1.5L, Azeri consumers had to pay 9100 AZN, price that

was considerably lower than the cheapest models of the already established brands. For example, the 1.4L (mex.) Hyundai Accent was 11.800 AZN, Volkswagen Polo was priced at a much higher 16.900 AZN and Toyota Yaris was 15.500 AZN. (see Appendix 1 for a comparative chart of car prices in 2009 on the Azerbaijani market).

The imports of cars from China, most of which were Chery, only reached 160 vehicles in 2009. The sales are low as Chinese brands lack contacts with local dealers, the market being dominated at this class of small affordable cars by Korean automobiles such as Daewoo Nexia (assembled in Uzbekistan), Kia Rio or Kia Optima. The best selling car in Azerbaijan has been Toyota Corolla, imported from Japan and Saudi Arabia.

Although the Azeri market is very small at this moment, Chinese companies have expressed their interest in the strategic position of Azerbaijan as supplier of Chinese car brands in the Caucasus region. Lifan was the first Chinese car manufacturer to start assembling automobiles in Azerbaijan. In 2006 they signed an agreement with Ganja Automobile Plant, which was authorized to export to Georgia, Russia, Iran and Kazakhstan. The plant could assembly up to 1000 units per year and the prices were affordable for most customers in the region. (Automotive News, 2007)

Starting November 2009, other 4 models of Lifan cars are assembled at the Nakhchivan automobile plant in Azerbaijan. However, the annual capacity of the factory is still small, 1500 vehicles. (Bsanna News, 2009)

Objective of the study

This study investigates attitudes and beliefs of Azerbaijani consumers toward Chinese cars in general and Chery brand in particular. The objective of the research is to identify the factors most likely to positively impact consumers' intention to purchase a Chinese car, what are the positive and the negative attributes associated with Chinese car brands. Thus, this study will be an in-depth analysis of consumers' attitudes towards what Chinese automobiles have to offer in terms of price, safety, design, performance, oil consumption, service and availability of spare parts, image and reputation.

Chapter 2. Literature review

The Country-of-Origin Effect

> "*Countru of origin* perceptions are the mental associations and beliefs triggered by a country."(Kotler & Keller, *p. 659)*

When products made in foreign countries are introduced in international markets they must deal with country-of-origin effects. Consumers evaluate products based on intrinsic and extrinsic cues (Olson and Jacoby 1972). The intrinsic cues refer to product performance or quality, which are difficult to determine when a product is new and unknown. Therefore, consumers tend to rely more on extrinsic cues, such as brand names, price, warranty or the country of origin, as indicators of quality and value.

As suggested by Marieke de Mooji (2004), consumers tend to use country of orig in as stereotipical information in making evaluations of products (p.121). Thus, attitudes toward developed countries tend to be more favorable than attitude toward developing countires. As a consequence, attitudes towards goods made in advanced economies ten d to be more positive than those towards products made less developed countries, which are perceived as economically and technologically inferior (p.122)

Studies have found that in most developed countries consumers tend to be etn ocentric and trust their domestic brands more than the foreign ones. Countries with a good international image tend to use their good reputation, goods made in developed economies usually desplaying highly visible labels which draw consumers' attention t owards the place of origin. On the other hand, good manufactured in developing coun tries, such as those made in China try to hide their origin, or use brand names which evoke other a Western origin (such as Italian or French). However, such perceptions can not be extended to all product categories.(Kotler & Keller, p. 660) Moreover, rese

arch has found that some consumers tend to underrate only some product attributes, while they exhibit a relatively good perception of other attributes.

The Theory of Reasoned Action

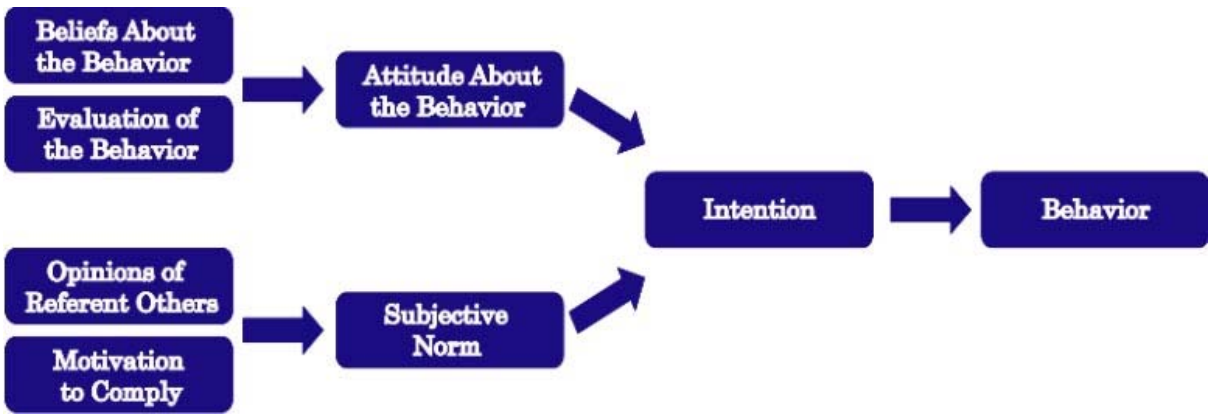
The theory of reasoned action (TRA) was proposed by Martin Fishbein and Ajzen Icek in 1975, in their book *Beliefs, Attitudes and Behaviour.* According to TRA the human behavior is volitional, as people are considered to make perfectly rational decisions. Fishbein and Ajzen's theory suggests that intentions are the closest predictors of behavior, and intentions are a function of people's attitudes towards performing the behavior and their subjective norms. The subjective norms refer to beliefs people have with regards to what others in their circles (family, work, society) may think about them if they perform the behavior. Attitudes and subjective norms must be measured to determine the strength of intention.

Attitudes refer to a person's positive or negative feelings towards the behavior and are measured as the sum of beliefs about the consequences of performing the behavior and the auto-assessment of the desirability of these effects.

In the case of overall subjective norms, a person's beliefs about what their significant others may think about them if they engage in a certain behavior is weighted by the motivation individuals have to comply with these norms.

According to the theory *(See figure 2)*, if behavior is under volitional control, then the intention to perform an action will correlate very highly with the action itself. By and large, this supposition has been found to be correct, with correlations between intention and behavior averaging 0.55. The full model is illustrated on the next page:

FIGURE 2. THE THEORY OF REASONED ACTION1,



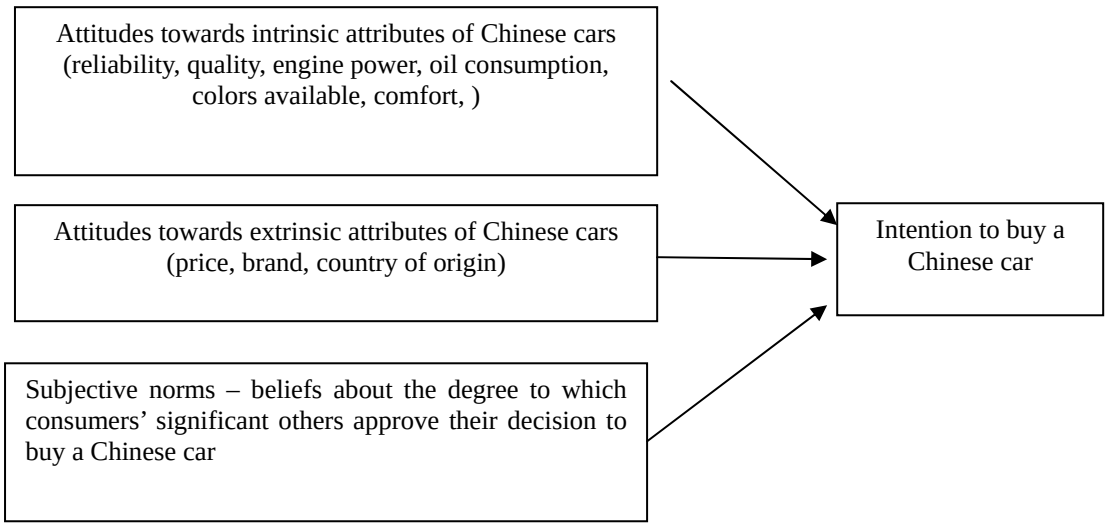
The model and the theory have their limitations, as consumers are not entirely rational and often times their behavior can be better explained by other factors than the volitional control. However, in case of automobiles, people tend to spend plenty of time reaching for information and analyzing the consequences of their purchase, given the fact that automobiles are high-involvement good which require a big investment. TRA appeared to be the most suitable model to found this research.

Research Model

To identify Azerbaijani consumers' attitudes towards Chinese cars, this research proposed a model which incorporates beliefs about the country of origin into the Theory of Reasoned Action. This approach was thought necessary to overcome TRA's limitations regarding non-rational behavior, as the buying decision in the case of Chinese goods is oftentimes biased by a very negative perception shared by most consumers. The research model is illustrated in Figure 3, on the next page:

FIGURE 3. RESEARCH MODEL TO INVESTIGATE THE ATTITUDES OF AZERBAIJANI CONSUMERS TOWARDS CHINESE CARS

[1] Fishbein, Martin and Ajzen Icek (1975), *Belief, Attitudes and Behaviour*



Hypotheses Development

According to the research model, the following research hypotheses are proposed and will be tested through an online survey.

Intrinsic attributes of automobiles are usually very important aspects taken into account when buying a car. Most buyers question the reliability, the safety and the comfort of their future car. Engine power and oil consumptions are other aspects of high interest. Therefore, the first hypothesis is:

H1. Consumers with more positive attitudes towards the intrinsic attributes of Chinese cars will have stronger intentions to purchase them.

Consumers are also influenced by extrinsic attributes of their prospective future car. The price or the reputation of the brand may be decisive factors for numerous individuals. Therefore, the next hypothesis is:

H2. Consumers with more positive attitudes towards the extrinsic attributes of Chinese cars will have stronger intentions to purchase them.

Most consumers ask for their significant others' opinions before buying a car or at

least imagine other people's opinion about their future acquisition. A very negative country of origin effect in case of goods made in China may significantly impact the intention to purchase a Chinese automobile. To determine these aspects, the third hypothesis is:

H3. Consumers perceiving a higher degree of approval from their significant others will have stronger intentions to purchase a Chinese car.

In general, research has demonstrated that numerous consumers rely on extrinsic cues such as brand names as indicators of quality. In case of Chinese cars, which are largely unknown or have a bad reputation in safety tests the price alone may be a significant predictor of intention. The brand on the other hand may negatively impact consumers' intention due to the "made in China effect".

Chapter 3. Research Methodology and Interpretation of Results

Research Methodology

This research was conducted as an e-mail survey. The questionnaire was e-mailed to 500 Azerbaijani consumers, chosen on a matter of convenience from the employee database of the Ministry of Economic Development of Azerbaijan and the Azerbaijan State Economic University alumni and current students. The response rate was 37%.

The questionnaire (see Appendix 1) was first developed in English and was than translated in the Azerbaijani language in order to facilitate an accurate understanding of all items by a wide range of consumers.

The questionnaire items where developed using the methodology described by Fishbein and Ajzen, which was the most appropriate for a research based on TRA. For the selection of the most relevant intrinsic and extrinsic car attributes, a qualitative research has been conducted, under the form of an online focus group. This served as a source of inspiration for the final items included in the questionnaire.

The questionnaire had 2 parts. The first part surveyed the importance given to different car attributes by respondents who declared that they intended to purchase a car in the near future. The goal was to determine which factors are more relevant in the case of new cars, second hand cars and in the special case of Chinese automobiles. Further, the questionnaire investigated attitudes towards the attributes of Chinese cars.

In general, respondents needed approximately 15 minutes to fill out the questionnaire.

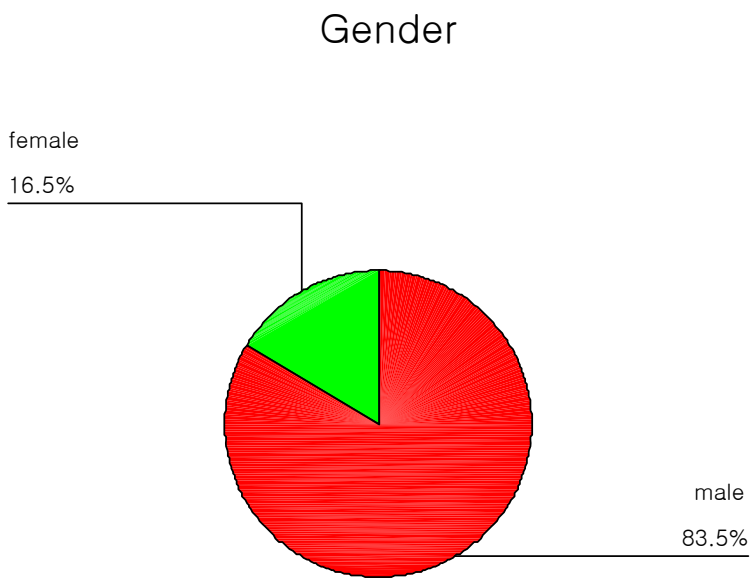
The survey data was collected and analyzed with the help of the statistical software SPSS. 11.

Demographic Data

Among the 500 Azerbaijani consumers who received the survey on their e-mail, 134 returned it. However, only 103 questionnaires were considered appropriate for analysis, as 31 contained missing demographic data or skipped the answer for several questions.

According to their gender and marital status, respondents can be categorized as follows.

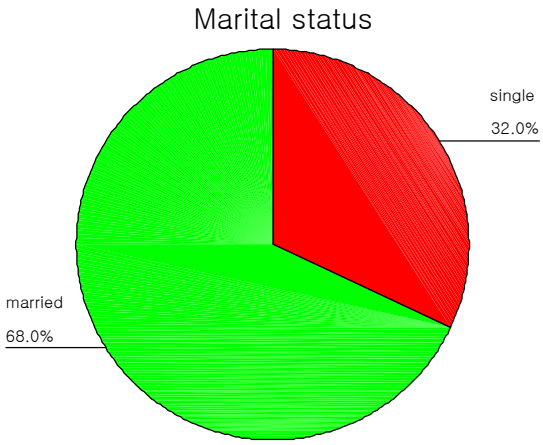
FIGURE 4. GENDER



Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	male	86	83.5	83.5	83.5
	female	17	16.5	16.5	100.0
	Total	103	100.0	100.0	

FIGURE 5. MARITAL STATUS

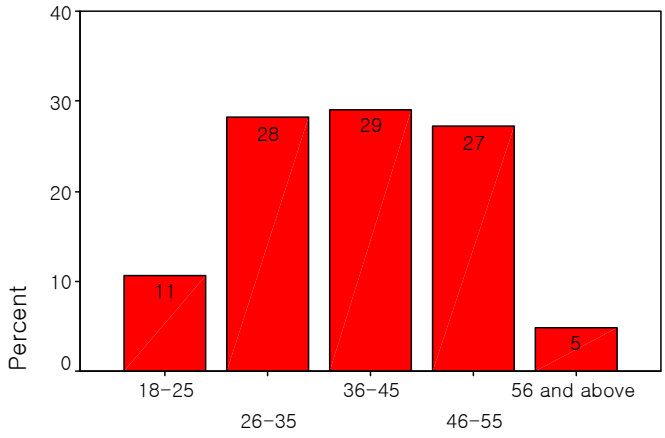


Marital status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	single	33	32.0	32.0	32.0
	married	70	68.0	68.0	100.0
	Total	103	100.0	100.0	

Respondents were also required to specify their age. The summary of their age categories is presented in the graph below:

FIGURE 6. AGE GROUPS

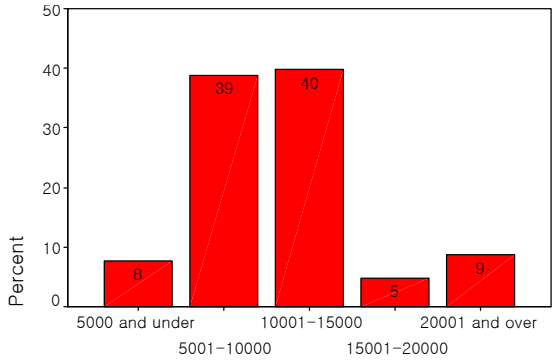


Please specify in what age group you are

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-25	11	10.7	10.7	10.7
	26-35	29	28.2	28.2	38.8
	36-45	30	29.1	29.1	68.0
	46-55	28	27.2	27.2	95.1
	56 and above	5	4.9	4.9	100.0
	Total	103	100.0	100.0	

Although a very sensitive issue, the earning power of the respondents was considered one of the critical factors for choosing a Chinese car. Therefore, the participants had to indicate in what income group they were. The questionnaire provided five income categories, expressed in manat.[2] The income categories are presented below:

FIGURE 6. INCOME CATEGORIES



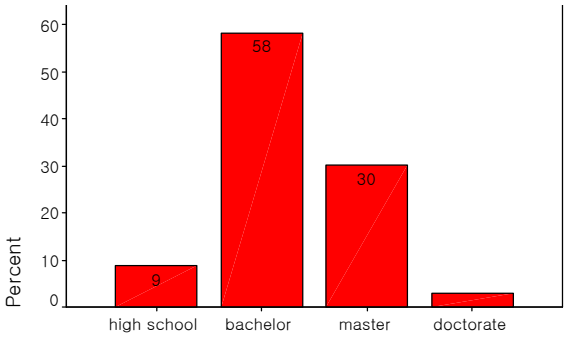
Please choose your annual income in manat?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	5000 and under	8	7.8	7.8	7.8
	5001-10000	40	38.8	38.8	46.6
	10001-15000	41	39.8	39.8	86.4
	15001-20000	5	4.9	4.9	91.3
	20001 and over	9	8.7	8.7	100.0
	Total	103	100.0	100.0	

The next question included on the questionnaire surveyed the education level. This aspect was considered to be a significant one, along with age, gender and earning power, Chinese cars being expected to compete on the low-end segment which normally targets young, female consumers, educated at high-school or professional school level.

FIGURE 7. EDUCATION LEVEL

[2] Manat is the official currency of Azerbaijan since 1994. 1 manat is approximately 0.8 USD or 1.15 Euro (at December 20th 2009).

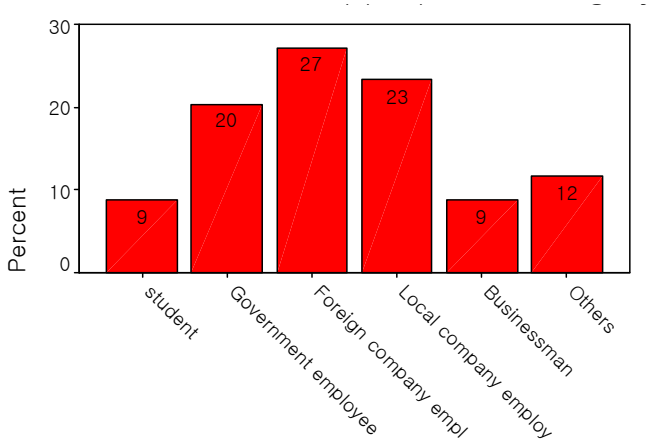


Your educational degree which you have already gotten.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	high school	9	8.7	8.7	8.7
	bachelor	60	58.3	58.3	67.0
	master	31	30.1	30.1	97.1
	doctorate	3	2.9	2.9	100.0
	Total	103	100.0	100.0	

One more questionnaire item was developed to inquire the occupation of the respondents. The statistics are illustrated below:

FIGURE 8. OCCUPATION



Please tick the appropriate category for your present occupation.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	student	9	8.7	8.7	8.7
	Government employee	21	20.4	20.4	29.1
	Foreign company employee	28	27.2	27.2	56.3
	Local company employee	24	23.3	23.3	79.6
	Businessman	9	8.7	8.7	88.3
	Others	12	11.7	11.7	100.0
	Total	103	100.0	100.0	

orrespondents were asked whether they had already possessed an automobile, and whether they had ever had a Chinese car. Almost 85 percent of the respondents declared they had already owned a car, while only close to 4 percent stated that they had a Chinese car.

TABLE 1. CAR OWNERSHIP

Do you already own a car ?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	87	84.5	84.5	84.5
	no	16	15.5	15.5	100.0
	Total	103	100.0	100.0	

TABLE 2. CHINESE CAR OWNERSHIP

Have you ever had a Chinese car?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	4	3.9	3.9	3.9
	no	99	96.1	96.1	100.0
	Total	103	100.0	100.0	

The independent variables included in the model were going to be tested separately, for 3 different dependent variables, referring to new cars in general, second-hand car, respectively new Chinese cars. The dependent variables measured on a 5-point scale the intention to buy a car within one year. The mean values for the three variables are summarized in the table below:

TABLE 3. MEAN VALUES FOR INTENTION TO BUY A CAR

	N	Minimum	Maximum	Mean	Std. Deviation
How likely are you to buy a new car this year?	103	1.00	5.00	3.1359	1.45554
How likely are you to buy a second hand car this year?	103	1.00	5.00	2.3592	1.21957
How likely are you to buy a Chinese car this year?	103	1.00	5.00	2.1359	1.05764
Valid N (listwise)	103				

It can be observed from the mean values presented on the previous page that the intention to purchase a Chinese car registered the lowest value, of only 2.14, while the intention to purchase a random new car scored higher, at 3.14.In the middle was the respondents willingness to buy a second hand car, with a mean value of 2.36.

Further, it was observed that most people's attitudes towards the attributes of Chinese cars tend to be more positive, especially in terms of price, warranty and oil consumptions.

TABLE 4. CENTRAL TENDENCY TABLE FOR THE 13 VARIABLES ARE MEASURING THE PERCEIVED ATTRIBUTES OF CHINESE CARS.

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
How do you perceive the advertising of Chinese cars?	103	1.00	5.00	2.1165	.96305
How do you perceive the reliability of Chinese cars?	103	1.00	5.00	2.4078	1.04259
How do you perceive the made in chine cars?	103	1.00	4.00	2.5146	.89513
How do you perceive the comfort of Chinese cars?	103	1.00	5.00	2.5437	.95770
How do you perceive the engine power of Chinese cars?	103	1.00	4.00	2.7087	.72262
How do you perceive the interior design of Chinese cars?	103	1.00	5.00	3.0194	.89640
How do you perceive the availability of spare parts of Chinese cars?	103	1.00	4.00	3.2233	.69919
How do you perceive the warranty period of Chinese cars?	103	2.00	5.00	3.4078	.63303
How do you perceive the exterior design of Chinese cars?	103	2.00	5.00	3.6214	.82979
How do you perceive the rapport price /quality of Chinese cars?	103	2.00	5.00	3.7087	.81205
How do you perceive the color of Chinese cars?	103	2.00	5.00	3.8447	.84896
How do you perceive the oil consumption of Chinese cars?	103	2.00	5.00	3.8932	.79104
How do you perceive the price of Chinese cars?	103	2.00	5.00	4.2913	.83585
Valid N (listwise)	103				

Attitudes towards the country of origin

Consumers' general attitude towards cars "made in China" was surveyed through two questionnaire items. In the first place, respondents had to indicate their rating of Chinese cars, from "very bad" to "very good", on a 5 point scale with 1 as the lowest value and 5 as the maximum one. Secondly, respondents have to express their level of approval or disapproval with the statement: "Nowadays, goods made in China have a good quality." The results are summarized below.

TABLE 5. STATISTICS FOR CONSUMERS' ATTITUDES TOWARDS THE COUNTRY OF ORIGIN

		How would you rate Chinese cars in general?	How much do you agree or disagree with the statement: Nowadays products "made in China" have a good quality?
N	Valid	103	103
	Missing	0	0
Mean		2.6214	2.7670
Median		3.0000	3.0000
Mode		3.00	3.00
Std. Deviation		.82979	.64480
Minimum		1.00	1.00
Maximum		4.00	4.00

As the mean values indicate, consumers' perception of goods produced in China in general, and cars made in China in particular is more negative than positive, scoring 2.72, respectively 2.76 on a 5 point scale. These numbers support the opinion that most Chinese brands have to overcome a quality perception gap to be successful abroad.

However, the data in the above table suggests that 3 was the rating most often chosen by respondents for both Chinese products in general and Chinese cars in particular. Moreover, the median is also 3, which suggests that half of the respondents chose answer above and half chose answers below this neutral position.

TABLE 6. FREQUENCY AND DISTRIBUTION OF RATINGS FOR CHINESE CARS IN GENERAL

How would you rate Chinese cars in general?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	10	9.7	9.7	9.7
	2.00	32	31.1	31.1	40.8
	3.00	48	46.6	46.6	87.4
	4.00	13	12.6	12.6	100.0
	Total	103	100.0	100.0	

It can be clearly seen that 46.6 percent of respondents expressed a neutral position towards Chinese cars, while only 9.7 percent chose the minimum score, very bad. In fact, a higher percentage, of 12.6 percent had a positive perception about these cars, rating them as high as 4 (good).

TABLE 7. BELIEFS ABOUT THE QUALITY OF PRODUCTS MADE IN CHINA

How much do you agree or disagree with the statement:
Nowadays products "made in China" have a good quality?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	1	1.0	1.0	1.0
	2.00	33	32.0	32.0	33.0
	3.00	58	56.3	56.3	89.3
	4.00	11	10.7	10.7	100.0
	Total	103	100.0	100.0	

When thinking of Chinese goods in general, a higher percentage of 56.3 chose a neutral position, but only 10.7% rated them as good. By comparing these numbers with the 12.6 percent of respondents who rated Chinese cars as “good”, we can further infer that cars are a special product category which some people tend to perceive as being of higher quality than other products made in China.

Factors affecting consumers' decision to buy a car

The first part of the questionnaire contained 15 variables thought to influence consumers' decision to purchase a car. The factors were: price, design, color, reliability, advertising, and engine power, country of origin, family's opinion, friends' opinion, warranty period, brand, oil consumption, interior design, comfort and the price-quality rapport. The goal was to determine how important are each of these factors for the respondents and to identify among these variables those factors which are constant and thus can be predictors of intention. The table on the next page shows the scores obtained by the 15 factors, in the ascending order of their mean values.

Regression Analysis to Determine the Constant Factors

The ratings summarized in the central tendency table on the previous page suggest that the least important factor when deciding to buy a car is advertising, while the factor with the highest mean value was price. However, these results are just descriptive and characterize the sample that took part in the online survey. In order to determine which of these factors can significantly affect consumers' decision to purchase a new car, a first linear regression was run, having the 15 factors as independent variables. The regression analysis revealed which factors had constant ratings for most respondents; therefore, we can extend these factors to a wider group of consumers, the results being statistically significant.

TABLE 8. CENTRAL TENDENCY TABLE FOR THE IMPORTANCE OF THE FACTORS HYPOTHESIZED TO IMPACT CONSUMERS INTENTION

	N	Minimum	Maximum	Mean	Std. Deviation
How Important is the advertising when you decide to buy a car?	103	1.00	5.00	2.2621	1.18786
How important is the brand when you decide to buy a car?	103	1.00	5.00	3.2330	1.18986
How Important is the family's opinion when you decide to buy a car?	103	1.00	5.00	3.3301	1.03268
How important is the interior when you decide to buy a car?	103	1.00	5.00	3.4466	.93649
How Important is the friends opinion when you decide to buy a car?	103	1.00	5.00	3.4660	.99819
How Important is the country of origin when you decide to buy a car?	103	1.00	5.00	3.4660	1.18665
How Important is the engine power when you decide to buy a car?	103	1.00	5.00	3.7184	.99427
How important is the comfort when you decide to buy a car?	103	2.00	5.00	3.8058	.91885
How Importan is the color when you decide to buy a car?	103	1.00	5.00	3.8155	1.21871
How Importan is the design when you decide to buy a car?	103	1.00	5.00	3.9126	.97122
How important is the warranty period when you decide to buy a car?	103	1.00	5.00	3.9903	.89108
How important is the oil consumption when you decide to buy a car?	103	1.00	5.00	4.0777	.88217
How Important is the reliability when you decide to buy a car?	103	1.00	5.00	4.1748	.90128
How important is the Rapport Price/Quality when you decide to buy a car?	103	3.00	5.00	4.2524	.71013
How Important is the price when you decide to buy a car?	103	1.00	5.00	4.3981	.85566
Valid N (listwise)	103				

TABLE 9. REGRESSION ANALYSIS FOR FACTORS AFFECTING CONSUMERS' INTENTION TO BUY A NEW CAR

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.213[a]	.046	.036	1.42904

a. Predictors: (Constant), How Important is the reliability when you decide to buy a car?

Reliability

Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.697	.670		2.532	.013
	How Important is the reliability when you decide to buy a car?	.345	.157	.213	2.195	.030

a. Dependent Variable: How likely are you to buy a new car within one year?

The regression showed that, when asked to reflect upon buying a new car, consumers tend to focus on reliability, an intrinsic attribute. However, reliability is in general hard to evaluate before making a purchase decision and most consumers tend to rely on extrinsic attributes such as brand reputation or word-of-mouth.

The R Square value showed in the model is only 0.046, which indicates a low model fit. R value indicates that there is a positive correlation between the values observed in the central tentency table and the ones predicted. This correlation is very week, therefore, we can infer that reliability can little explain consumers' decision to purchase a new car.

The second regression analysis was for determining consumers' intention to buy a second hand car. In this case, two variables were found to fit the model. Apart from reliability, design was found as a constant factor in the model. Again, consumers tended to focus on intrinsic car attributes.

The Beta coefficient indicates a negative correlation between the importance of design and the intention to purchase a second hand car. In other words, the more important the design is for a consumer, the less likely he or she is to purchase a second hand car. The degree of correlation is again very low, -0.364. As a whole, the model with 2 predictors,

reliability and design has a higher Adjusted R square value, which thus indicates a higher probability that consumers' decision will be influenced by the 2 intrinsic attributes.

TABLE 10. REGRESSION ANALYSIS FOR FACTORS AFFECTING CONSUMERS' INTENTION TO BUY A SECOND HAND CAR

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.271[a]	.074	.064	1.17965
2	.337[b]	.114	.096	1.15969

a. Predictors: (Constant), How Importan is the design when you decide to buy a car?

b. Predictors: (Constant), How Importan is the design when you decide to buy a car?, How Important is the reliability when you decide to buy a car?

Design

Reliability

Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.692	.485		7.617	.000
	How Importan is the design when you decide to buy a car?	−.341	.120	−.271	−2.832	.006
2	(Constant)	2.903	.604		4.803	.000
	How Importan is the design when you decide to buy a car?	−.457	.130	−.364	−3.507	.001
	How Important is the reliability when you decide to buy a car?	.298	.140	.220	2.123	.036

a. Dependent Variable: How likely are you to buy a second hand car within one year?

Finally, a third regression was performed to identify predictors of intention in case of Chinese cars. Only one factor was found to affect the willingness to buy a car made in China: price. This result may be explained by the fact that consumers do not have enough information about the performance of Chinese automobiles commercialized in Azerbaijan, therefore they tend to rely on extrinsic attributes.

Price on the other hand is usually perceived by consumers who do know much about a new brand as an indicator of quality. Thus, a low price may be automatically associated by consumers with a low quality.

TABLE 11. REGRESSION ANALYSIS FOR FACTORS AFFECTING CONSUMERS' INTENTION TO BUY A CHINESE CAR

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.395[a]	.156	.147	.97660

a. Predictors: (Constant), How Important is the price when you decide to buy a car?

Price

Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-9.36E-03	.506		-.018	.985
	How Important is the price when you decide to buy a car?	.488	.113	.395	4.316	.000

a. Dependent Variable: How likely are you to buy a Chinese car within one year?

The results of the three regressions suggest that consumers tend to consider, in general, the reliability of the automobile when they make their decisions regarding the purchase of a new car. Moreover, if they are very sensitive about the design of their vehicle, they are less likely to buy a second hand car, but if they want reliability and do not consider design to be very important, they have more chances to look for used cars. In the case of Chinse cars, the data supported the idea that consumers who are price sensitive will drive their attention towards these automobiles. Therefore, price can be a key success factor for the Chinese brands of automobiles which want to enter the Azerbaijani market and find a niche.

The analysis continued with the perception of Chinese cars by Azerbaijani consumers. The respondents indicated how they perceive different attributes of the automobiles made in China. The attributes tested in the model corresponded to the 15 variables previously measured in importance and in their capacity to predict the intention to buy. The model fit for the highest R value 0.554 suggests that the price, the engine power and the color availability of Chinese cars are those factors most likely to influence consumers. In the model c. the price

has a correlation coefficient of 0.505 which indicates a medium-strong positive correlation between price and intention. Price on the other hand was the most higly rated factor, with a mean value of 4.29 on a 5 point scale. This suggests that an affordable price for Chinese cars may have a significant impact on the purchasing behavior of Azerbaijani consumers.

A weaker positive correlation exists between the engine power and the intention to buy, while the correlation coeffcient between collor and intention was found to be negative.

This suggests that the wider the palette the more reluctant consumers are to buy a Chinese car. Speculating, many may consider these cars more like toys than real automibiles, and unusual colors may enhance this negative perception.

TABLE 12. FACTORS AFFECTING CONSUMERS' INTENTION TO BUY A CHINESE CAR WITHIN ONE YEAR

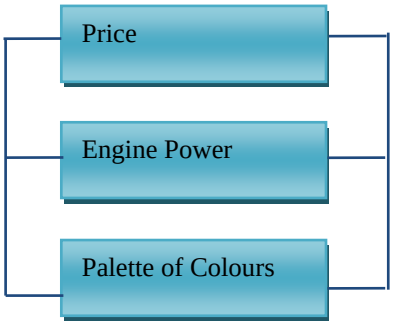
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.476[a]	.227	.219	.93472
2	.515[b]	.265	.250	.91573
3	.554[c]	.307	.286	.89358

a. Predictors: (Constant), How do you perceive the price of Chinese cars?

b. Predictors: (Constant), How do you perceive the price of Chinese cars? , How do you perceive the engine power of Chinese cars?

c. Predictors: (Constant), How do you perceive the price of Chinese cars? , How do you perceive the engine power of Chinese cars?, How do you perceive the color of Chinese cars?



Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	−.449	.484		−.927	.356
	How do you perceive the price of Chinese cars?	.602	.111	.476	5.440	.000
2	(Constant)	−1.034	.539		−1.919	.058
	How do you perceive the price of Chinese cars?	.554	.111	.438	5.015	.000
	How do you perceive the engine power of Chinese cars?	.292	.128	.200	2.288	.024
3	(Constant)	−.511	.567		−.900	.370
	How do you perceive the price of Chinese cars?	.640	.113	.505	5.644	.000
	How do you perceive the engine power of Chinese cars?	.359	.128	.245	2.812	.006
	How do you perceive the color of Chinese cars?	−.278	.113	−.223	−2.453	.016

a. Dependent Variable: How likely are you to buy a Chinese car within one year?

The last regression was to determine whether variables measuring the normative beliefs may impact consumers' intention to buy a Chinese car. The regression found that the opinion of consumers' significant others about the Chinese cars are likely to weigh considerably in their decision. The Beta coefficient for this factor was calculated at 0.502, indicating the existence of a medium strong positive correlation between what the people consumers' care about think in relation to Chinese cars-, and consumers' intention to buy.

TABLE 13. REGRESSION ANALYSIS FOR CONSUMERS' SUBJECTIVE NORMS AND INTENTION

Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.673	.266		2.525	.013
	How likely are the people you care about to approve your decision to buy a Chinese car?	.580	.099	.502	5.837	.000

a. Dependent Variable: How likely are you to buy a Chinese car within one year?

Mean Differences Observed between Groups and their Statistical Significance

One way to look for differences in the perceived degree of likelihood to purchase a new, a second hand or a Chinese cars, is to divide the respondents into groups, according to their income, education level, occupation, gender and age.

The table on the next page illustrates that consumers with income levels of 5000 manat and under per year were the ones with the highest ratings when asked about the possibility of purchasing a new car, a second hand car or a Chinese car. However, the Anova test confirmed the significance of these differences only in the case of Chinese cars. Therefore, we can infer that consumers with low income are more likely to form positive attitudes towards cars made in China than other consumer groups, with higher revenues. In other words, consumers with low wages are more likely to purchase a Chinese car.

The different income groups are related to different occupations and employment categories to which respondents belong. Thus, it is illustrative to check for mean differences and their significance between employees of a state owned company, those who work or domestic private firms and those employed by foreign businesses. The results of the analysis with ANOVA showed that the local companies' employees were the ones with stronger intentions to buy a new car within one year. The mean value of their group was 3.75. Businessmen followed with a mean of 3.55. One explanation for having a slightly weaker intention to purchase a new car among businessmen may be the fact that they already own one. The differences were found to be statistically significant.

Government employees were the ones more likely to purchase a second hand car, choosing low ratings for their likelihood to purchase a Chinese car (a mean of only 1.9). However, in the case of second hand cars the differences between people with different occupations were not found to be statistically significant.

Descriptives

		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
How likely are you to buy a new car within 1 year?	5000 and under	8	3.6250	.91613	.32390	2.8591	4.3909	2.00	5.00
	5001-10000	40	3.0750	1.38467	.21894	2.6322	3.5178	1.00	5.00
	10001-15000	41	3.0488	1.59611	.24927	2.5450	3.5526	1.00	5.00
	15001-20000	5	3.6000	1.51658	.67823	1.7169	5.4831	1.00	5.00
	20001 and over	9	3.1111	1.61589	.53863	1.8690	4.3532	1.00	5.00
	Total	103	3.1359	1.45554	.14342	2.8515	3.4204	1.00	5.00
How likely are you to buy a second hand car within 1 year?	5000 and under	8	3.0000	.75593	.26726	2.3680	3.6320	2.00	4.00
	5001-10000	40	2.4500	1.35779	.21469	2.0158	2.8842	1.00	5.00
	10001-15000	41	2.2683	1.20467	.18814	1.8881	2.6485	1.00	4.00
	15001-20000	5	2.6000	.89443	.40000	1.4894	3.7106	1.00	3.00
	20001 and over	9	1.6667	.86603	.28868	1.0010	2.3324	1.00	3.00
	Total	103	2.3592	1.21957	.12017	2.1209	2.5976	1.00	5.00
How likely are you to buy a Chinese car within 1 year?	5000 and under	8	3.2500	1.16496	.41188	2.2761	4.2239	2.00	5.00
	5001-10000	40	2.2000	1.11401	.17614	1.8437	2.5563	1.00	4.00
	10001-15000	41	2.0244	.90796	.14180	1.7378	2.3110	1.00	4.00
	15001-20000	5	1.6000	.89443	.40000	.4894	2.7106	1.00	3.00
	20001 and over	9	1.6667	.86603	.28868	1.0010	2.3324	1.00	3.00
	Total	103	2.1359	1.05764	.10421	1.9292	2.3426	1.00	5.00

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
How likely are you to buy a new car within 1 year?	Between Groups	3.456	4	.864	.398	.810
	Within Groups	212.641	98	2.170		
	Total	216.097	102			
How likely are you to buy a second hand car within 1 year?	Between Groups	8.560	4	2.140	1.465	.219
	Within Groups	143.149	98	1.461		
	Total	151.709	102			
How likely are you to buy a Chinese car within 1 year?	Between Groups	14.021	4	3.505	3.433	.011
	Within Groups	100.076	98	1.021		
	Total	114.097	102			

TABLE 14. MEAN DIFFERENCES BETWEEN CONSUMER GROUPS WITH DIFFERENT INCOME LEVELS

Employees of local companies were the group more likely to buy a Chinese car, with a mean of 2.9. Their higher openness towards purchasing a car which was produced in China may be explained by the fact that this group's income is usually low or medium, which makes other car brands inaccessible to them.

The data analysis indicated that the gender differences were significant only in the case of second hand cars, man being more likely to buy a Chinese car than women. The T-tests also suggested there were significant differences between married and single consumers. Thus, married people appeared to be more likely to buy a Chinese car than those who live by themselves.

Regarding the made in China effect, the analysis suggested there were no significant differences between men and women, nor between ages or marital status. The level of education did not determine significant differences in the perception of the country of origin, either. The groups which produced significant differences of perception were the occupational categories and the income categories. Thus, people with incomes under 5000 manat per year tended to agree more with the statement claiming that the good produced in China nowadays are of a good quality. Local companies employees were the occupational group which produced the higher mean values for the items measuring the perception of quality in case of both Chinese cars and Chinese good in general.

TABLE 15. MEAN DIFFERENCES BETWEEN OCCUPATION CATEGORIES OBSERVED FOR INTENTION

Descriptives

		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
How likely are you to buy a new car within 1 year?	student	9	2.2222	1.30171	.43390	1.2216	3.2228	1.00	4.00
	Government employee	21	3.1429	1.31475	.28690	2.5444	3.7413	1.00	5.00
	Foreign company employee	28	3.4286	1.50132	.28372	2.8464	4.0107	1.00	5.00
	Local company employee	24	3.7500	1.18872	.24265	3.2480	4.2520	1.00	5.00
	Businessman	9	3.5556	1.50923	.50308	2.3955	4.7157	1.00	5.00
	Others	12	1.5833	.79296	.22891	1.0795	2.0872	1.00	3.00
	Total	103	3.1359	1.45554	.14342	2.8515	3.4204	1.00	5.00
How likely are you to buy a second hand car within 1 year?	student	9	2.2222	1.20185	.40062	1.2984	3.1460	1.00	4.00
	Government employee	21	2.8095	1.24976	.27272	2.2406	3.3784	1.00	5.00
	Foreign company employee	28	2.6071	1.13331	.21418	2.1677	3.0466	1.00	4.00
	Local company employee	24	2.1250	1.32902	.27129	1.5638	2.6862	1.00	4.00
	Businessman	9	1.8889	1.05409	.35136	1.0786	2.6991	1.00	3.00
	Others	12	1.9167	1.08362	.31282	1.2282	2.6052	1.00	4.00
	Total	103	2.3592	1.21957	.12017	2.1209	2.5976	1.00	5.00
How likely are you to buy a Chinese car within 1 year?	student	9	1.8889	.92796	.30932	1.1756	2.6022	1.00	3.00
	Government employee	21	1.9048	.88909	.19401	1.5001	2.3095	1.00	3.00
	Foreign company employee	28	2.1071	.83174	.15718	1.7846	2.4297	1.00	4.00
	Local company employee	24	2.9583	1.23285	.25166	2.4377	3.4789	1.00	5.00
	Businessman	9	1.5556	.88192	.29397	.8777	2.2335	1.00	3.00
	Others	12	1.5833	.79296	.22891	1.0795	2.0872	1.00	3.00
	Total	103	2.1359	1.05764	.10421	1.9292	2.3426	1.00	5.00

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
How likely are you to buy a new car within 1 year?	Between Groups	49.474	5	9.895	5.760	.000
	Within Groups	166.623	97	1.718		
	Total	216.097	102			
How likely are you to buy a second hand car within 1 year?	Between Groups	11.806	5	2.361	1.637	.157
	Within Groups	139.903	97	1.442		
	Total	151.709	102			
How likely are you to buy a Chinese car within 1 year?	Between Groups	24.623	5	4.925	5.339	.000
	Within Groups	89.474	97	.922		
	Total	114.097	102			

Subjective Norms

Significant differences were found between people with different occupations and their perception of subjective norms. Thus, businessmen were the ones more likely to worry about their image if they are seen driving a Chinese car. At the opposite end, the local companies' employees reported low levels of concern regarding their image. Differences had been proven to be significant. The income level produced similar results, businessmen being usually the ones with highest incomes and most worries.

Businessmen again indicated that they are less likely to obtain their friends and family's approval in case they decide to buy a Chinese car. At the other extreme, students appeared to be more likely to be approved by their significant others if they purchase a car made in China.

Asked whether they are bothered to be seen by their friends driving a Chinese car, businessmen one more time scored highest, being more likely to be bothered. Local company employees were the least likely group to be bothered if friends saw them driving a Chinese car. No significant difference was found between men and women.

Conclusions

Chinese cars may have significant success on the Azerbaijani market if the market niche they will target initially is that of younger, more price sensitive consumers. This research revealed that consumers may be willing to purchase a Chinese brand if they can find a new automobile with a good engine power at an affordable price. Although the products made in China are generally seen as having a low –to-medium quality, the country of origin effect was not found decisive for consumers' final judgment, many of the respondents reacting positively to the attractive report price-quality that Chinese cars can now offer.

In conclusion, the data suggested that the price, an extrinsic attribute, is the most significant tool for influencing consumers' intention to buy a Chinese car.

The model validated through regression analysis also confirmed the first hypothesis. Intrinsic attributes had weaker capacity to influence consumers' decisions, but they were also found to be constant predictors. It was further suggested that a higher engine power could positively impact consumers' intention to buy a car made in China. The assortment of colors available, a second intrinsic attribute, is likely to impacts the intention of potential buyers negatively; in other words, a smaller variety of colors may lead to stronger intentions, as consumers may associate classic colors with better quality. On the other hand, a large palette may be regarded as a strategy to cover and compensate for lower technologies or safety issues, which in turn may lead to weaker intentions from the rather conservative Azeri consumers.

Hypothesis 3 referring to the subjective norm was also confirmed. Consumers' friends and families appeared to be important influencers, their opinion being positively correlated with consumers' intention.

Limitations

This research revealed some of the factors most likely to influence Azerbaijani consumers when they consider purchasing a car. It focused primarily on the choice of a Chinese brand, as opposed to other car brands sold in Azerbaijan and considered both new and second hand cars as alternatives.

Further research may concentrate more on Chinese brands as very affordable alternatives to second-hand cars for the price-sensitive consumers. It may also be useful to survey consumers' attitudes towards a particular brand, such as Chery, or even towards a particular model which is being introduced on the market, such as QQ.

This research has been carried out as an online survey on a limited sample and the results may differ significantly if the sample is increased and extended to population living in other regions of Azerbaijan than Baku, the capital city. The attitudes nevertheless are expected to change positively as Chinese brands penetrate the market and more consumers learn about these cars, see them on the street and get the chance to drive them.

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Appendix 1. Comparative price charts for automobiles in Azerbaijan in 2009[3]

[3] Source: Car Dealers in Azerbaijan

MODEL: Chery	Currency: Azeri Manat
COWIN 1.5 L	9 100
TIGGO 2.0 L	15 600
FOR A 2.0 L	13 500

MODEL: Volkswagen	Currency: Azeri Manat
JETTA 1.6	21 900
POLO 1.4	16 900
TIGUAN 2.0 turbo	29 900
TIGUAN 2.0 turbo (luks)	36 900
PASSAT 1.8	28 500
PASSAT 1.8 (luks)	32 500
TOUAREG 3.6	59 900
TOUAREG 3.6 (luks)	66 900
DER GOLF PLUS 1.6	20 900

MODEL: Toyota		Currency: Azeri Manat
Yaris	1.3 L Benzin	15 500
Corolla	1.6 L Benzin	20 000
	1.8 L Benzin	21 500
Camry	2.4 L Benzin	29 500
		32 500

	3.5 L Benzin	**40 000**
Rav 4	**2.0 L Benzin**	**29 500**
		30 000
		31 500
	2.4 L Benzin	**33 000**
	2.4 L Benzin	**31 500**
PRADO	**2.7 L Benzin**	**35 000**
	2.7 L Benzin	**39 990**
	4.0 L Benzin	**59 900**
Land Cruiser 200	**4.5 L Turbo Dizel**	**70 550**
	4.7 Benzin	**74 000**

MODEL: Hyundai	**Currency: Azeri Manat**
ACCENT 1.4 (mex)	**11 800**
ACCENT 1.4	**12 400**
ACCENT 1.6	**14 400**
MATRIX 1.6	**14 900**
ELANTRA 1.6	**16 300**
ELANTRA 1.6 Luks	**16 600**
ELANTRA 2.0	**17 900**
SONATA yf 2.0	**20 500**
SONATA yf 2.4	**22 700**
SONATA yf 2.4 FULL	**24 900**

SONATA yf 2.4 FULL Sport	**26 900**
IX 35 2.0 L	**20 500**
IX 35 2.0 GL	**22 500**
IX 35 2.4 FULL	**24 500**
GRANDEUR 2.7 FULL	**27 900**
GRANDEUR 3.3 FULL	**30 500**
SANTA FE 2.4 L	**23 900**
SANTA FE 2.4 GL	**26 400**
SANTA FE 2.2 Dizel	**27 000**
SANTA FE 3.5 FULL	**29 900**
IX 55 3.8 FULL	**36 700**
II-I 2.5 CRDI Panel van	**20 500**
II-I 2.5 TCI Passenger	**22 600**
II-I 2.5 TCI Passenger	**23 400**
II-I 2.5 CRDI Passenger	**24 900**
I 10 1.2	**11 400**
I 10 1.2 Luks	**11 900**
I 20 1.4	**14 400**
I 20 1.6	**15 400**
I 30 1.6 L	**16 300**
I 30 1.6 GLS	**16 900**
I 30 2.0 Sport	**19 900**

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