

THE EFFECTS OF CONSUMER BUYING HABITS IN THE AUTOMOTIVE INDUSTRY

by

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## Abstract

This study addressed the effects of consumer buying habits in the automotive industry. With consumer buying habits constantly changing and the advancement of technology and e-commerce, there is a growing opportunity for brick-and-mortar stores and dealerships to adapt their strategies to maintain and enhance revenues and profitability. Failure of organizations to adapt their strategies have resulted in a loss of revenue and led to bankruptcy. This qualitative case study addressed the failure of an organization to adapt to consumer buying habits in the automotive industry resulting in a loss of revenue and profitability. Further, the study provided an understanding of the actions taken by organizations to increase profits, and also the upcoming consumer buying habit trends that will cause an organization to adapt their strategies to maintain and enhance revenues. The results of this study indicated that a dealership's adaptability was a necessity in a constantly changing industry. The actions taken by the dealership group included aggressive pricing, use of new technology, advertisement initiatives, and strategies, such as off-site and on-site services were effective among other results. While electrification was a common theme of discussion, the results of this study indicated no significant concern for upcoming trends.

*Keywords:* automotive dealership, consumer buying habits, electrification, strategies, qualitative study

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## Dedication

To my family, I love you. You have been a constant source of encouragement, motivation, and guidance throughout this journey. You have never wavered in your love and support for my goals and aspirations. I thank God for each of you and the joy that you bring to my life.

To those special individuals that helped me through this process, thank you. You have helped me overcome the many emotions, obstacles, and disruptions I faced. I am beyond blessed by your friendship, kindness, and love and am forever grateful.

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## **Section 1: Foundation of the Study**

With the goal of organizations to enhance revenues and profitability, consumer buying habits are changing the way businesses are managed. This study attempted to explore the strategies organizations use to mitigate consumer buying habits trends and to maximize profits. As new technology advances and demands shift, the automotive industry is experiencing a significant impact. These particular categories in the industry are underrepresented in professional and academic literature.

### **Background of the Problem**

Consumer buying habits are constantly changing and there is a growing opportunity for brick-and-mortar stores and electronic commerce (e-commerce) to adapt their strategies to maintain and enhance revenues and profitability. The growth of ecommerce specifically is driving the change and is capturing the ever-growing share of consumer buying behavior (Rustan, 2017). E-commerce has brought endless choices, convenience, and price efficiency to the modern, powerful components of the consumer's decision-making criteria (Rustan, 2017). In 1995, Jeff Bezos shipped Amazon's first ever online book sale and consumers have never looked back (Olenski, 2015). E-commerce has not just grown exponentially, but has transformed to meet the needs of the modern-day consumer. Amazon has since become a major competitor as it provides convenience for customers and now free one-day shipping for Prime members (Maurer, 2020).

Competitors such as Amazon have contributed to many retailers closing their brick-and-mortar stores. Within the past year, retailers planned to close more than 9,300 United States (US) stores with companies such as Toys "R" Us, Payless ShoeSource and Gymboree Group having to liquidate their stores (Maurer, 2020). At one time, Sears was a large department store with

multiple brick-and-mortar storefronts. As competitors such as Target and Kohl's started to utilize digital tools, Sears failed to launch these digital tools resulting in a loss of shoppers (Business Insider Intelligence, 2016). New technologies have large effects on consumer buying behaviors from the way consumers evaluate products and services to the way items are purchased (Majumdar et al., 2018). Brick-and-mortar and online retailers have been competing for consumers in recent decades with online retailers generally expanding (Chen & Chen, 2019). Netflix, for example, has disrupted the movie industry as their new business model includes streaming services enabling convenience for customers (Rayna & Striukova, 2016). This has caused the leading video rental chain, Blockbuster, to be unsuccessful (Rayna & Striukova, 2016). Similar to Sears's position, Blockbuster failed to adopt to the new digital models, causing the company to file bankruptcy (Rayna & Striukova, 2016).

While consumers are not simply abandoning traditional in-store locations, price differences has become the leader driving consumer's purchases (Smith & Anderson, 2016). Some researchers suggest that price is more important than location in determining whether a purchase happens online or in a physical store (Smith & Anderson, 2016). This has led showrooming to effect consumer's buying habits (Gensler et al., 2017). When consumers are purchasing in store, they most likely will receive personal assistance in the buying process. Improving customer service could keep sales in the physical stores, but some consumers may still visit a store to experience and become knowledgeable on the products but continue to purchase online (Gensler et al., 2017). Some consumers prefer seeing and touching the merchandise before purchases (Mehra et al., 2018). This behavior is known as showrooming and can present a significant cost to retailers without generating sales (Mehra et al., 2018). When demand-generating services are costly to the retailer, manufacturers design compensation



structures to incentivize retail by the level of service (Kuksov & Liao, 2018). Examples include lower wholesale prices, exclusive distribution, or exclusive territories (Kuksov & Liao, 2018). If a retailer does nothing to prevent showrooming, it may suffer from consumers using its informational services but buy online (Kuksov & Liao, 2018). This is a risk that retailers and manufacturers must consider to remain profitable (Nistor & Nyer, 2018).

Consumer buying habits are also affected by price matching (Mohammed, 2017). Mohammed (2017) stated that brick-and-mortar retailers have struggled with pricing since Amazon's inception in 1994. Retailers are facing strategic customer and online rivals that make it critical to set a competitive price (Chen & Chen, 2019). If customers are showrooming, a retailer may need to cut the price or match the price of the online retailer to save the sale (Mohammed, 2017). An additional issue to consider is if a company sets rock-bottom prices to compete with e-commerce, it will lose money on in-store purchases due to the store's higher costs which include employees, rent, and service (Mohammed, 2017).

Within the automotive industry, the challenges mentioned above are happening in the dealerships (Amick, 2019). While a dealer's main competitor was other automotive dealerships in the past, e-commerce is becoming a challenging opponent (Amick, 2019). Carvana is a new competitor that sells inventory directly to consumers in over 100 US cities (Cohan, 2019). Carvana's strategy has vehicles being delivered to consumers' homes or the vehicles can be picked up at an automated garage which is similar to a giant car vending machine (Cohan, 2019). This tactic does not require consumers to interact with salespeople, does not allow haggling over price, and has the financing and paperwork all completed online (Cohan, 2019). The strategies used by Carvana creates a shift for consumers as they are presented with a great value proposition (Cohan, 2019). Another competitor, CarMax has a similar no haggle approach to

sales (Trefis Team, 2019). This dealership provides lower used- car prices while also engaging with consumers seamlessly (Trefis Team, 2019). With growing competitors such as Carvana and CarMax, automotive dealers must consider their store footprints while leveraging strategy that engages with customers across digital and physical stores (Cohan, 2019; Trefis Team, 2019). In summary, it has been demonstrated that consumer buying habits are changing (Chen, 2018; Nagaraja & Girish, 2016). The automotive brick-and mortar dealership model needs to be making changes to address this (Kuksov & Liao, 2018; Nistor & Nyer, 2018). If they do not, they will find themselves going down the same road as companies such as Blockbuster, Sears, or Toys ‘R’ Us (Maurer, 2020).

### **Problem Statement**

The general problem to be addressed is the failure of organizations to adapt to consumer buying habits resulting in a loss of revenue and profitability. Business Insider Intelligence (2016) has reported Sears department stores failed to launch digital tools, which competitors such as Target and Kohl’s use, resulting in a loss of shoppers. Rayna and Striukova (2016) noted Netflix’s disruption in the movie industry due to new business models including streaming services, caused the leading video rental chain, Blockbuster, to be unsuccessful. Blockbuster failed to adopt to the new digital models, causing the company to file bankruptcy (Rayna & Striukova, 2016). According to an article by Long Island Business News (2017), retailers of all kinds are struggling. Recently, Toys ‘R’ Us filed bankruptcy joining a list of at-least 18 others including Payless ShoeSource, and Gymboree, as people shop less in stores and more online (Long Island Business News, 2017). The specific problem to be addressed is the failure of the organization to adapt to consumer buying habits in the automotive industry resulting in a loss of revenue and profitability.

## **Purpose Statement**

The purpose of this qualitative case study is to add to the body of knowledge by expanding on the emerging business issue relating to the impact of, and the reasons behind changing consumer buying habits and organization's adaptability to such within the automotive industry (Business Insider Intelligence, 2016). The study will focus on the failure or success of organizations within the automotive industry to adapt strategies to maintain and enhance revenue and profitability. This urgent business problem will be explored through an in-depth study of changes in consumer buying behavior and its effect on revenue and profit at a large automotive dealership within North Carolina.

## **Research Questions**

As noted earlier, there is a problem in the automotive industry with organizations failing to adapt to consumer buying habits (Long Island Business News, 2017; Rayna & Striukova, 2016). Organizations must consider the variables that will maintain and enhance their profitability (Arend et al., 2017). Further, to show the objectives of the research, a series of questions are formulated below. These questions aid the researcher in understanding the issues, focus on what drives the automotive industry, and help provide the specific objectives surrounding the automotive industry changes.

### ***Research Question 1***

Why do organizations fail to adapt to consumer buying habits?

- What actions do organizations take that lead to failed adaptation of consumer buying habits?
- What actions do organizations take that lead to successful adaptation to consumer buying habits?

***Research Question 2***

In what ways are changes in consumer buying habits impacting revenue and profitability?

***Research Question 3***

Which new consumer buying habits are present in the automotive industry that could require organizations to change to maintain or enhance revenue and profitability?

These research questions are posed at understanding an organization's perspective on why the problem exists in their respected industry. By researching and addressing these variables relating to consumer buying habits and profitability, a researcher can understand the meaning of how adaptability influences an organization. Additionally, by understanding new consumer buying habits within the automotive industry, organizations can strategize and direct their dealerships to be as profitable as they can.

**Nature of the Study**

This section provides a discussion of the research method and design chosen to study a business issue within the automotive industry. With the presented research paradigms, constructivism, pragmatism, positivist, and post positivist are described. In addition, the researcher's perspective on the paradigms are described from a biblical point-of-view. After examining the research paradigms, the designs, which include flexible, fixed, and mixed methods, were discussed. The chosen design, flexible qualitative method, allows open-ended questions so participant responses tend to be more complex leading to a range of flexibility for the researcher. This method was adopted to probe participant responses – that is, to ask why or how. In an effort to support the case study findings, the method of triangulation was discussed. Looking at the data triangulation, the researcher pursued multiple sources to corroborate the findings. After discussing the method designs, the chosen path to pursue with this study was a

case study method. With the premier quality vehicle retailer in the world, Hendrick automotive, using a case study approach allowed the researcher to solely focus on a business issue directly impacting this business.

### ***Research Paradigms***

The intention of any research is to seek the truth about whatever the subject of the research is (Robson & McCartan, 2016). Robson and McCartan (2016) provided different approaches and perspectives of this term, whether positive or negative. In educational research, the term paradigm is used to describe a researcher's worldview and perspective of truth (Kivunja & Kuyini, 2017). This worldview is the perspective or thought-process that informs the meaning or interpretation of the data (Kivunja & Kuyini, 2017).

**Constructivism.** There are many research paradigms in existence today due to the advancement in the human way of thinking and the various ways to explain occurrences or phenomena within the world (Adom et al., 2016). With research paradigms holding viewpoints of subjective verses objective, one of the key subjective perspectives is constructivism (Robson & McCartan, 2016). Robson and McCartan (2016) described constructivism as indicating meaning does not exist in its own right, but rather is constructed by human beings as they interact and engage. It is approached as an individual perspective meaning their own understanding and knowledge of the world through experiencing things and reflections on their own experiences rather than on a group of people (Adom et al., 2016). From a biblical standpoint, this paradigm is incompatible with the Christian view. God created all of reality with a purpose and imposed structure with meaning (Genesis 1:36, English Standard Version). Even as Christians remain imperfect, one has insight into that perfect knowledge which is in Scripture. All human beings are fallen creatures who can only see a portion of the picture. According to 1

Corinthians 13:12, one sees through a glass darkly, but one day Christians shall come to know even as one is known (English Standard Version).

**Pragmatism.** Sharing some similarities with a constructivist approach is pragmatism (Robson & McCartan, 2016). A pragmatic approach features knowledge as being both constructed and based on the reality of the world one experiences and resides (Robson & McCartan, 2016). Pragmatism ontology is both subjective and objective (Kaushik et al., 2019). This approach holds that human actions can never be separate from past experiences and the beliefs that have originated from those experiences link human thoughts to actions (Kaushik et al., 2019). Additionally, truth is simply defined as what works (Robson & McCartan, 2016). This perspective also clashes with Scripture (Wilson, 1992). As pragmatism is used to make judgments about right and wrong, biblical truth is not determined by testing what works and what does not (Wilson, 1992). Scripture shows examples of the gospel not always producing a positive response as shown in 1 Corinthians 2:14 (English Standard Version). Pragmatism as a test of truth is not compatible with the Scriptures (MacArthur, 2010).

**Positivist.** Contrasting with the previously discussed subjective approaches is an objective approach, positivism (Robson & McCartan, 2016). For many years, the standard philosophical view of natural science was positivism which has now become subjected to severe criticism (Robson & McCartan, 2016). Robson and McCartan's (2016) assessment of positivistic view is that facts can be gained from direct experience or observation and is the only knowledge available to science. Values and facts are separated from this perspective (Robson & McCartan, 2016). Alakwe (2017) adhered to positivism holding the view that only factual knowledge gained through observation and lived phenomena is trustworthy. A researcher must then be independent of the research and is therefore purely objective. From a Christian perspective, this paradigm

fails to describe reality (Hick, 1975). There are some truths that cannot be naturally perceived (Hick, 1975). This is described in Hebrews 11:13. Scripture points out Abraham's promises that were not fulfilled in his days and he died in faith of them. Faith is a main component of Christianity as one believes in something they cannot see (Hebrew 11:1, English Standard Version).

**Post-positive.** Positivism and post-positivism share some similarities (Robson & McCartan, 2016). The main difference is the belief a reality does exist with post-positivist, however, it considers it can only be known imperfectly due to limitations (Robson & McCartan, 2016). With this research paradigm, the truth is sought out with the understanding that one study cannot do this (Robson & McCartan, 2016). However, other related studies with correlation, provides more confidence in the conclusion (Robson & McCartan, 2016). Post-positivists are realists in the sense they believe in the external reality separate from the descriptions of it but do not believe all things in the world can be known (Robson & McCartan, 2016). This aligns more with the biblical perspective as one cannot know all things (1 Corinthians 2:14, New International Version). However, Creation testifies the reality of God as shown in Psalm 19. One cannot see, hear, touch, or smell Him, but there is evidence to support His existence.

**Paradigm Summary and Best Practice.** With the four paradigms presented, the approach best fitting a Christian perspective was the post-positivistic view. As Christians, faith is a large component as one cannot fully understand the depths of God the Father. The constructivist, pragmatic, and positivistic approaches have components that differ from my view of Christianity and truth from the Scriptures. As this research was conducted with the understanding the truth would not be fully understood with this study, it still drew confidence of a conclusion to aid the industry.

## **Design Methods**

As research paradigms presented above describe the worldview of the research, the design methods describe the approach to research (Yin, 2018). The design methods that will be discussed are fixed, flexible, and mixed method design. Flexible design incorporates a qualitative approach and is more conversational (Rwegoshora, 2016). Contrasting with the flexible design is the fixed design that utilizes a quantitative approach involving a researcher's objective to be measurable (Morgan, 2014). The third approach is the mixed methods which incorporates both concepts of fixed and flexible (Shorten & Smith, 2017). By understanding these three approaches, the researcher concludes with the option to proceed.

### ***Flexible Design***

When questions such as what and why are being addressed, the recommended path is a flexible design (Rwegoshora, 2016). The strength of a flexible qualitative research is the ability to provide complex textual descriptions of how people experience a given research issue (Rwegoshora, 2016). This method provides information about the human side of an issue such as contradictory behaviors, beliefs, or opinions (Mack et al., 2005). Conducting research requires an openness when collecting data (Mack et al., 2005). During research, unexpected events or experiences can occur (Rwegoshora, 2016). Having a flexible design allows for those experiences to be taken into consideration (Rwegoshora, 2016). Further, these important aspects in the process of gathering data can improve findings (Pultz, 2018). As this study considered the strategies within the automotive industry, understanding management and consumer's behaviors with those experiences only benefitted the research.



### ***Fixed Design***

A fixed design, on the other hand, uses quantitative methods focusing on objects that can be measured (Morgan, 2014). Quantitative research also produces broadly applicable information through well-controlled procedures with larger number of cases (Morgan, 2014). This design is theory driven otherwise it is impossible to know in advance which variables need to be measured or controlled (de Vaus, 2001). With this research pertaining to the automotive industry, the variable of interest was not quantitatively measured. A fixed design was not a recommended approach.

### ***Mixed Methods***

The third approach is a mixed method which combines both flexible and fixed design (Shorten & Smith, 2017). This method allows researchers to explore diverse perspectives and uncover relationships that exist between the intricate layers of the multi-faceted research questions (Shorten & Smith, 2017). Additionally, this approach provides a researcher with a panoramic view of their research landscape allowing the phenomena different viewpoints and through diverse research lenses (Shorten & Smith, 2017). As mixed methods requires a purposeful mixing of methods in data collection and interpretation, involving both quantitative and qualitative, this method was not be appropriate for this study (Shorten & Smith, 2017).

### **Appropriateness of Flexible Design**

With the flexible, fixed, and mixed methods previously discussed, a description of each route was provided. As the researcher sought to gain insight versus testing relationships, the flexible design was the appropriate method to utilize. The flexible design allows more freedom during the data collection (Rwegoshora, 2016). Additionally, the flexible design allows a process or action to produce a theory; whereas, fixed design has a theory set ahead of time (de Vaus,

2001). This same reasoning is justification for not pursuing the mixed method route (Shorten & Smith, 2017). It was also not appropriate to use a fixed or mixed design as it does not capture the complexities of the individual human behavior which will aid in the conclusion of this study (Robson & McCartan, 2016). As qualitative approaches generate knowledge using inductive reasoning, starting with what participants say or enact while researchers theorize from data rather than applied theories, a flexible qualitative design is the appropriate method (Creswell & Poth, 2018). A flexible qualitative approach could support the efforts as the researcher sought to understand the events between consumer buying habits and an organization's adaptability to such habits.

### **Flexible Methods**

As the study involved consumers and various dealership personnel, the flexible qualitative design aided the research as it allowed adaptability within the interviews (Mack et al., 2005). The flexible qualitative design includes five methods: narrative, phenomenology, grounded theory, ethnography, and case study (Creswell & Poth, 2018). These five methods create a methodological path for a researcher to consider (Creswell & Poth, 2018). To consider a qualitative path, the researcher must define the research questions to direct the study path (Creswell & Poth, 2018). With this study focused on the what questions, this provided a baseline for considering the following methods.

#### ***Narrative***

The first flexible method, narrative design, is an approach that relies on the written or spoken words from individuals as told through their own stories (Creswell & Poth, 2018). The emphasis on this approach is typically what and how it is narrated (Creswell & Poth, 2018). This approach provides access to the personal experiences of the participant, a storyteller, providing

the researcher an opportunity to study subjects in their natural setting and understanding behavior, actions, and feelings in a whole context (Elci, 2014). This approach was not appropriate as the focus of a narrative method was on the experiences of an individual, whereas this researcher's focus was on larger context (Creswell & Poth, 2018).

### ***Phenomenology***

Phenomenology method, on the other hand, is a study focused on the experiences from the first-person point-of-view (Creswell & Poth, 2018). The central structure of an experience is its intentionality being directed toward something as it is an experience of or about some object (Creswell & Poth, 2018). Phenomenology is a powerful research strategy that is well-suited for exploring challenging problems within an industry (Neubauer et al., 2019). The goal is to describe the meaning of the experience in terms of what was experienced and how it was experienced (Neubauer et al., 2019). This approach was not appropriate as the researcher was not seeking to understand the essence of the phenomenon, but rather an analysis of the problem (Creswell & Poth, 2018).

### ***Grounded Theory***

Grounded theory is a flexible method for developing theory that is grounded in data systematically gathered and analyzed (Chun Tie et al., 2019). With grounded theory, participants are not located in the same place nor have frequent interaction to share a pattern of behavior (Chun Tie et al., 2019). This theory also guides a researcher in understanding the meanings of human actions (Sbaraini et al., 2011). These studies are generally focused on social processes or actions that ask about what happens or how people interact (Sbaraini et al., 2011). This choice of method was not appropriate as the central focus was not to understand a behavior process (Creswell & Poth, 2018).

### ***Ethnography***

The fourth flexible method, ethnography, seeks to examine those participants that share patterns (Creswell & Poth, 2018). The focus of ethnographic research is toward culture-sharing group (Waring et al., 2014). Ethnography also provides insight into how knowledge is constructed through intersubjective and culturally informed sense-making and how beliefs and assumptions are shared among different groups or communities (Waring et al., 2014). This approach is most important if the literature is deficient in actually knowing how a group works because the group is not in the mainstream, people may not be familiar with the group, or readers cannot identify with the group (Creswell & Poth, 2018). This approach was not appropriate as the desire was not to focus on the changing cultural conditions of a group (Creswell & Poth, 2018).

### ***Case Study***

The final flexible method of research is a case study. Creswell and Poth (2018) described this design as one that involves a real-life, contemporary context or setting. The study of this setting can be with an individual, organization, community, or small group (Creswell & Poth, 2018). Common questions case study research seeks to answer are how and what questions (Creswell & Poth, 2018). This method is advantageous when the researcher's goal is to describe the incidence or prevalence of a phenomena or when it is to track certain outcomes (Yin, 2018). This method was most appropriate as the researcher sought to explore the participant's experiences, opinions, and challenges faced within the automotive industry (Creswell & Poth, 2018).

### **Appropriateness of Qualitative Case Study Design**

With the descriptions of narrative, phenomenology, grounded theory, ethnography and case study presented above, it provides a methodological path for a researcher to consider (Yin, 2018). After entertaining each perspective that might be relevant or pertinent to the research questions and field of study, the chosen path was the case study. When studying a business issue within the automotive industry, a case study was the best approach to explore the issue and to illustrate theories that show the different aspects of consumer buying habits impacting the automotive industry (Yin, 2018). As the case study sought to be exploratory, the how, what, and why questions were most likely to favor the case study method (Yin, 2018).

### **Methods for Triangulation**

The major strength of any case study approach is the data collection and the use of the different sources of evidence (Yin, 2018). Yin (2018) described the rationale for multiple sources of evidence in case study research is to do an in-depth study providing a context that potentially includes events over a period of time. This means collecting a variety of relevant data which requires relying on multiple sources (Yin, 2018). In this study, the method of triangulation involved a data triangulation focusing on multiple sources that corroborated the same findings (Yin, 2018). As the researcher sought to understand the effects of organizations adapting to consumer buying habits in relation to revenue and profitable, multiple sources were utilized (Yin, 2018). The sources included open-ended interviews or surveys with customers and various dealership personnel, including owners, managers, and sales personnel (Yin, 2018). This study also included descriptive statistics to show simple summaries about the financial and sales reports that were reviewed (Yin, 2018). Using evidence from these multiple sources increased confidence in the case study.

To facilitate triangulation further, financial and sales reports were utilized. Descriptive statistics were used to look at any changes in revenue, sales volume, and units sold (Yin, 2018). The financial reports were a great resource to show adjustments and ascertain the effect of consumer buying habits (Yin, 2018). This quantitative approach was appropriate to utilize as it built on the data and provided an advantage to link research to theory in a straightforward approach (Robson & McCartan, 2016).

### **Summary**

This study was grounded in the researcher's post positive paradigm. The researcher employed a flexible design using qualitative methods (Rwegoshora, 2016). The specific design was a single case study (Creswell & Poth, 2018). The researcher also supported this study with quantitative methods (Yin, 2018). To facilitate triangulation, multiple sources such as observing and interviewing dealership personnel such as sales representatives, managers, and owners were taken into account (Yin, 2018). Descriptive statistics were also utilized with financial and sales reports.

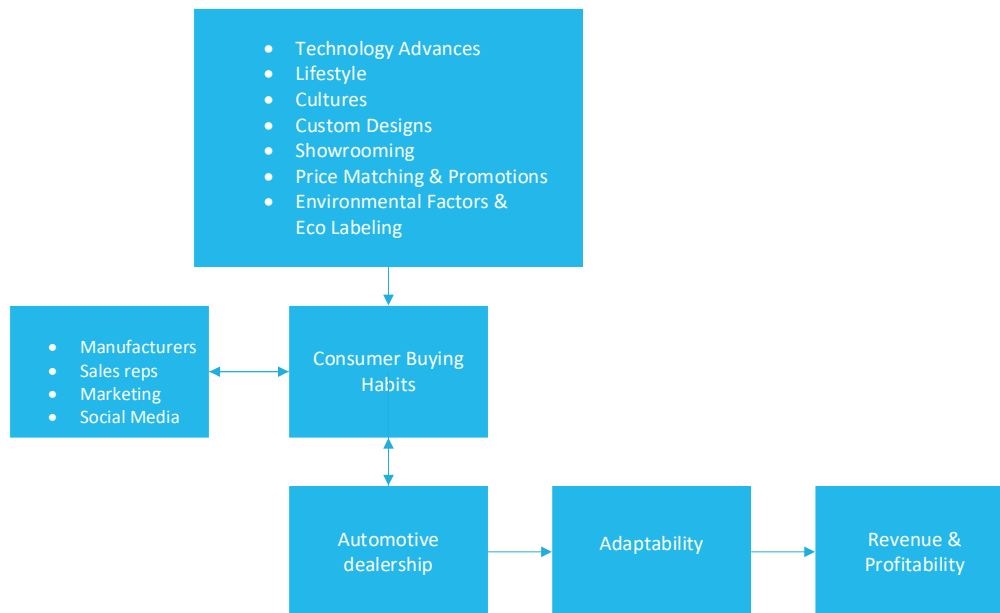
### **Research Framework**

The following information provides the structure of the research. The various concepts to consider involve showrooming, eco labeling, and pay-as-you-go services (Folkvord et al., 2019; He et al., 2019; Mehra et al., 2018). After understanding these concepts, it is important to understand the theories that support the concepts. The theories include internal and cultural theories of buying behavior (Cambra-Fierro et al., 2008; Krishnan & Murugan, 2011). These two theories cover the consumer's lifestyle and values and beliefs on why they make certain purchases (Cambra-Fierro et al., 2008; Krishnan & Murugan, 2011). Two other theories to understand are disruptive technology that presents new market trends, and demand shifters which

can include the new technologies (Kamolsook et al., 2019; Lim et al., 2014). These factors are what lead the actor's actions (Kamolsook et al., 2019; Lim et al., 2014). The actors in this study were the automotive side which includes dealerships, sales representatives, manufacturers, and marketing teams. However, the main actor in this study was the consumer itself. The consumer and the automotive industry then lead the variables. The variables are understood as revenue and profitability, management's adaptability, purchasing decisions, price matching and sales promotion, social media influence, technology advances, and environment and organizational culture, as shown in Figure 1.

## Figure 1

### *Research Framework Diagram*



### *Concepts*

When conducting research within the automotive industry, there are a few concepts to consider that are driving consumer buying habits (Folkvord et al., 2019; He et al., 2019; Mehra et al., 2018). A growing trend between brick-and-mortar stores and online retailers is the concept of showrooming (Mehra et al., 2018). With showrooming, customers evaluate options within the

stores and then proceed to make purchases from competing online retailers (Mehra et al., 2018). While this concept brings customers into the store physically, it is also an opportunity for an organization to strategize on ways to increase revenue by having customers purchase then and there (Mehra et al., 2018). This concept is shown on the above diagram (Figure 1) noting the connections between consumers and the automotive industry. Another concept to consider is eco labelling (Folkvord et al., 2019). This is a signaling method that encourages future consumers to purchase eco-friendly vehicles (Folkvord et al., 2019). According to Folkvord et al. (2019), consumers continue to review price, safety, and performance in comparison with health and environmental concerns. With this label, it can be considered a strategic move by an organization to encourage purchases that are better for the environment (Folkvord et al., 2019). Additionally, traditional car ownership has also seen a growing trend in consumers using pay-as-you-go services such as GoDrive or cars on demand, Zipcar (He et al., 2019). In larger cities where cars are not necessarily needed daily, these services have made it difficult for dealerships to make a profit in those areas and has provided a new challenge for strategizing (He et al., 2019).

### ***Theories***

As organizations strategize to handle the previously discussed concepts, some theories to consider are cultural and the internal theory of buying behavior (Cambra-Fierro et al., 2008; Krishnan & Murugan, 2011). As noted previously and within Figure 1, a consumer's values and beliefs can lead to certain buying behaviors such as environmentally friendly (EV) cars (Cambra-Fierro et al., 2008). These cultural influences that affect consumer's purchases creates an opportunity for an automotive management to make strategic moves with their vehicle offerings (Cambra-Fierro et al., 2008). This theory has similarities to the internal theory of buying behavior which considers the consumer's lifestyle as an influence on purchases (Krishnan &



Murugan, 2011). The buying behavior of an individual can also be analyzed by what course of action would benefit that consumer (Krishnan & Murugan, 2011). An example of this is living in a family neighborhood where neighbors all own a certain vehicle, SUV for example, which would then lead the consumer to purchase the same vehicle as well (Krishnan & Murugan, 2011). This theory also correlates with demand shifters as shown in Figure 1. Forecasting has become more difficult due to the cyclic environment and the increasing competition between car manufacturers (Lim et al., 2014). Whether new technology debuts or consumers want more individualized vehicles, this shifts the demand for automotive dealership to adapt to (Amick, 2019). This also leads into the final theory to be addressed, disruptive technology. Disruptive technology can benefit consumers, but it also requires sacrifices from organizations (Kamolsook et al., 2019). This theory introduces a new market and network that drives organizations to evaluate current offerings and may require adapting to certain behaviors or technology (Amick, 2019; Kamolsook et al., 2019).

### ***Actors***

As the concepts and theories portray drivers for consumer buying habits, the actors need to be considered. There are multiple actors involved in the automotive industry, which are shown in Figure 1. From an automotive perspective, there are dealership managers that aid in consumer sales and service (Sing et al., 2019). These managers are what influence the sales representatives (Yilmaz et al., 2019). Sales representatives and the marketing team correlate as they can help drive consumers to purchases, which is noted in the above diagram in Figure 1. Manufacturers also have a play as they custom design vehicles or have to adapt to new technologies and products such as EV cars. Lastly, consumers are an important factor to consider (Ng & Lee, 2015; Ozdemir & Akcay, 2019). Consumers drive the opportunities for dealerships,

manufacturers, and automotive representatives to adapt to (Ng & Lee, 2015; Ozdemir & Akcay, 2019).

### ***Variables***

The variables to consider within the automotive organization are sales promotion, social media, technology, and organizational culture, which are demonstrated in Figure 1. Within the marketing team, an organization can influence social media in the way vehicles are marketed (Yadav & Rahman, 2018). Yadav and Rahman (2018) found social media to be a significant and positive influence on customer loyalty. This provides an opportunity for an automotive dealership to influence consumer's purchases (Yadav & Rahman, 2018). Price matching is another variable that drives organization's revenue and consumer's purchases (Mehra et al., 2018). Shown within Figure 1 are other variables, including profitability and revenue, management's adaptability, and the environment both internally and externally (Cagliano et al., 2017; Heidenreich et al., 2017; Vargas et al., 2019).

### **Summary**

Consumer buying habits have implications in all industries (Heidenreich et al., 2017; Lin et al., 2015; Lu et al., 2018; Shim et al., 2018). Between brick-and-mortar stores and e-commerce, there is a growing opportunity for organizations to strategize to maintain and enhance revenues and profitability while also presenting challenges and problems for business (Gensler et al., 2017). The purpose of this research concept was to show the goal of the study. The framework was presented from the perspective of concepts, theories, actors, and variables. A diagram was also listed providing a visual of the relationship between all the elements.

## **Definition of Terms**

*Cars on demand*: a car-sharing industry that provides members with on-demand access to the right vehicle for the right trip at the right time (Zipcar & Honda, 2019). This program will also help reduce emissions and city congestion, while providing a new level of freedom and personalization to members (Zipcar & Honda, 2019).

*Disruptive technology*: a business environment with rapid development that generates discontinuous innovation change and impacts the established technology, markets, and consumers (Kamolsook et al., 2019).

*Eco-labeling*: an environmental management tool that can inform customers of products' new green features in a visual way (Prieto-Sandoval et al., 2016).

*Hybrid (HEV) or battery electric vehicles (EV)*: plug-in hybrid and battery electric vehicles that are seen as a promising technology to reduce carbon emissions and achieve the transition to more sustainable transport (Wolf et al., 2015).

*Price matching*: a pricing strategy where the retailer promises to match any lower price offered by the competition for an identical or similar product during a period of time (Lin, 2015).

*Showrooming*: refers to customer's behavior of evaluating products at brick-and-mortar stores to identify their best-fit product but buy it for a lower price at a competing online retailer (Mehra et al., 2018).

## **Assumptions, Limitations, and Delimitations**

When defining a study, clarifying the boundaries becomes important to define the estimated beginning and ending of the research and for the purpose of the study (Yin, 2018). Research assumptions build on this concept as it affects the way the data are interpreted (Slife & Williams, 1995). In this study, the assumptions were discussed in their relation to the

participants. The limitations, on the other hand, were discussed from a perspective of utilizing one sole corporation. Other factors such as time and funding constraints were shown as a potential limitation. The last boundary to be discussed was the delimitations as other dealerships were disregarded.

### ***Assumptions***

With the research design being a case study, the researcher utilized a large automotive dealer and solicited their participation. The first assumption was that participants were willing to participate and provide assistance to the research. The perspectives of these participants greatly aided the research and served as a resource for developing alternative information (Knapik, 2006). The researcher then solicited the services of the participants through a large automotive dealership's management team to avoid the researcher's influence over the candidate selection pool and to mitigate risk. The second assumption was that participants provide honest responses that truly reflect their experiences within the automotive industry. Integrity is important within research and the researcher seeks to conduct ethical research (Creswell & Poth, 2018). Integrity should also lead the researcher to seek to avoid bias in data interpretation and to stress the importance of sticking to the research questions by use of the interview guide (Creswell & Poth, 2018). Therefore, the integrity of the participants and the researcher had a wider domain on the integrity of the research. While conducting this study, the interview questions were worded in a manner that allowed the most authentic answer to mitigate risk. The questions were phrased to be simplistic to minimize any misinterpretations. Additionally, the interviews were transcribed and returned to participants to review accuracy.

### ***Limitations***

The limitations within this study may be the sample size as one corporation was the sole focus. With automotive dealerships, the study was limited to just one single automotive dealer which posed a risk of employees of that one dealership wishing to not participate within the study. Resource limitations could also include time and funding constraints. Time is required for an effective execution of research (Antes & Mumford, 2009). As this study was conducted, time may have been limited in an effort to capture the most accurate and essential information creating a potential lack of effectiveness. To mitigate the risk of timing issue, the researcher followed an interview guide to avoid conversations venturing elsewhere.

### ***Delimitations***

Delimitations set the research boundaries and helps establish the course of action for the study (Leedy & Ormrod, 2010). Within this case study, the first delimitation was there was only one dealership utilized. This decision was made to focus on one large automotive dealership instead of multiple dealerships, which limited the scope of this study. A second delimitation was that banks and insurance companies were not utilized. The financial input and data from the dealership was expected to be sufficient for the research. Additionally, opening the doors for other entities to be studied would overwhelm the size and compromise the conclusions drawn.

### **Significance of the Study**

This study was important in the field of strategic management because it contributes to literature concerning consumer buying habits and an organization's ability to adapt their strategies to remain profitable. Also, this study demonstrates several biblical truths of adaptability and flexibility including the importance of a Christian's actions to seek the good of

others over self. The researcher also sought to improve the field of study with strategic management opportunities for organizations within the automotive industry to consider.

### ***Reduction of Gaps***

While there are multiple sources that cover the topics of consumer buying habits (Godey et al., 2016; Hallikainen & Laukkanen, 2018; Ji & Wood, 2007; Mehra et al., 2018), this researcher was not able to find literature that relates to an organization's ability to adapt to these habits further effecting revenue and profitability. As many organizations utilize e-commerce, failure to adapt has lead organizations, such as Toys 'R' Us, Payless ShoeSource, and Gymboree to run into financial troubles leading ultimately to bankruptcy (Long Island Business News, 2017). Much of literature's focus is on retail and excludes the automotive industry. Especially with automotive dealerships facing unique challenges with online competitors and the drive of consumer buying habits, this study will help to fill that gap in literature.

Additionally, with technology constantly advancing and demands being shifted, automotive dealers are facing challenges of e-commerce and competitors, such as Carvana (Cohan, 2019). This company's strategy eliminates the interaction of an automotive dealership's sales personnel, eliminates price discussion, and eases paperwork necessary for the sale (Cohan, 2019). Some claim that e-commerce is expected to become the largest retail channel in the world by 2021 (Grant, 2018). This research will encourage automotive dealerships to adapt their strategies to compete with these current and upcoming trends.

Additionally, this research will help increase the knowledge base of the problems faced by automotive dealerships. Today's consumers have a specific buying experience that allows them to buy with the click of a button from anywhere and anytime – the Amazon experience (Lutz, 2016). Being able to adapt and educate dealers on the digital components, for example,

can launch a new wave of strategic opportunities (Lutz, 2016). Uncovering more of the current consumer buying habit trends, such as showrooming and environmentally-friendly components of cars, should bridge the gap showing that dealers are successful in business while adapting to these trends.

### ***Implications for Biblical Integration***

Just as adaptability is important and necessary within the automotive industry, adaptability is important for the ministry of the gospel as well. 1 Corinthians 10:33 states, “Just as I try to please everyone in everything I do, not seeking my own advantage, but that of many, that they may be saved” (English Standard Version). This verse reiterates the need to adapt for the good of others and not just for personal sake. The ultimate example of adaptability is Jesus Christ as He was both Son of God and Son of Man. Philippians 2:6-8 confers that Jesus Christ is a form of God and took upon Himself the form of a servant. It further states that He was “made in the likeness of men. And being found in fashion as a man, He humbled Himself, and became obedient unto death, even the death of the cross” (English Standard Version). He adapted for the good of everyone and was the sacrifice for the world. Adaptability also requires one to yield one’s will and mind to God and His plans. Christians are to give themselves completely to God and to do what is right for the glory of God (Romans 6:13, English Standard Version).

Correlating with this concept of adaptability is also flexibility. Being open to the plans and ideas of others, and having a willingness to be instructed or challenged also makes one better. As was discussed previously, many organizations fail because they do not adapt to changes in the market. Because companies such as Blockbuster did not change to the needs of the public, they no longer exist (Maurer, 2020). When Christians fail to be flexible, one could lose connections and possibilities of relationships and ministry opportunities. By being flexible,

one can see how God uses each situation for His honor and glory. Even when the original plans do not work out, one must be accommodating to make the most of the opportunity.

### ***Relationship to the Field of Study***

The researcher's field of study is in Strategic Management. This study focused on a strategic plan for an organization to adapt to consumer buying habits to remain profitable. According to data recently released, automotive dealerships are seeing a heavier inventory of unsold vehicles on their lots (Naughton, 2020a). Especially with the current situation of COVID-19, many dealerships are having to be even more strategic with their plans for sales (Naughton, 2020b). Leaders within the automotive industry have a huge role in carrying out these strategic plans to adapt to (Yilmaz et al., 2019). Companies excel when they adopt good strategies and implement them efficiently (Allio, 2015). To promote effective strategic plans, information needs to be communicated throughout the organization and the leader holds the key role (Allio, 2015). This study is essential to the field of Strategic Management to increase the base of knowledge for automotive dealers to be successful in adopting strategies based on consumer buying habits in an effort to remain profitable and to increase revenue (Godey et al., 2016; Hallikainen & Laukkanen, 2018; Ji & Wood, 2007; Mehra et al., 2018). With the lack of research on consumer buying habits and automotive industry's ability to adapt to those strategic opportunities, this study has potential to fill this research gap. The value of this study also relates to the growth of popular trends of e-commerce and environmentally-friendly vehicles (Bhatti et al., 2016; Yadav & Rahman, 2016).

### ***Summary of Significance of the Study***

As many automotive dealerships are faced with the growth of e-commerce, EV cars, and technology advances, the goal of this research is to increase the knowledge of these problems



and to provide solutions and opportunities for improvement. Adaptability of organizations is important, but is especially so of a Christian. With Jesus Christ being the ultimate example, the common good of all should be considered. No matter the challenges faced or plans changed, all actions are to be done for the glory of God. The focus of this study is to then build on these concepts and to aid the field of study.

### **Review of the Professional and Academic Literature**

This study to define consumer buying habits and the effects on organizations to strategize and adapt was inspired by previous researchers' work that explored various strategies and tactics to enhance revenues and profitability. The automotive industry faces significant challenges as online competitors force dealerships to reconsider their offerings (Cao, 2016). Previous studies have demonstrated consumer's buying habits that has transformed the way brick-and-mortar stores continue business (Chen, 2018; Nagaraja & Girish, 2016). Furthermore, there are studies that support the importance of adaptability and its impact on businesses (Hidenreich et al., 2017; Lin et al., 2015; Lu et al., 2018; Shim et al., 2018).

### **Consumer's Perspective**

One of the biggest questions organizations face is how one can change consumer behavior (Godey et al., 2016; Hallikainen & Laukkanen, 2018; Ji & Wood, 2007; Mehra et al., 2018). Today's consumers are busy with limited time and energy which contributes to their purchasing decisions (Quora, 2018). Consumers want choice and convenience even from the standpoint of returning items purchased online (Quora, 2018). A consumer survey found that 88% of respondents want to have the option to return products to a physical store or through a pre-paid shipping method ("Voxware Reveals," 2018). Additionally, 95% of consumers reported that retailers handle of returns influence their decision for future purchases ("Voxware Reveals,"

2018). Choice and convenience are common themes with these surveys and will be found within the next lifestyle and cultural influence on buying patterns (Quora, 2018).

### ***Lifestyle Influence on Buying Behavior***

Consumers today have the ease of accessing updated product or promotion information to fulfill their shopping needs which saves shopping time and provides convenience for the consumer (Chen, 2018). The occurrences of shopping behavior are not merely a good design of marketing quality, but is also affected by consumer's lifestyle (Chen, 2018). Consumer's lifestyle can be affected by experiences, beliefs, culture values, social classes, or family (Chen, 2018). Consumer's various lifestyles also guide their shopping activities and preferences leading toward a willingness to adapt to more innovative shopping experiences (Gupta & Arora, 2017). Lifestyle consumer choices also contribute to consumer's preference to shop independently without delay in lining up at crowded places (Becker & Pizzutti, 2017). As consumers are constrained by time and location for shopping, these lifestyle factors contribute to the way consumers make purchases (Becker & Pizzutti, 2017).

### ***Cultural Influence on Buying Behavior***

Due to economic and social improvements, impulse buying has increased over the past two decades (Cakanlar & Nguyen, 2019). Cakanlar and Nguyen (2019) concluded that factors of consumer purchases relate to shopping environment, shoppers' personal traits, and situational factors of cultural factors. Ng and Lee (2015) discussed how cultural differences affect consumers' responses, information, judgment, and behavioral decisions. The difference among these dimensions pertain to individualism/collectivism, uncertainty/avoidance, power distance, masculinity/femininity, and long-term versus short-term orientation (Ng & Lee, 2015).

**Individualism and Collectivism.** One dimension of cultural influence pertains to individualism versus collectivism (Cakanlar & Nguyen, 2019). Individualism implies that creating and maintaining a positive sense-of-self is a basic human endeavor that focuses on oneself whether attitude, trait, or opinions (Oyserman, 2008). Collectivism, on the other hand, implies that being in a group reflects sacrifice for the common good and maintaining harmonious relations with others (Oyserman, 2008). Cakanlar and Nguyen (2019) found a significant relationship between individualism and collectivism regarding impulse buying behavior which is attributed to culture.

**Gender.** Similarly, gender plays a role in buying behavior (Ozdemir & Akcay, 2019). The concept of gender identity has recently been researched in the field of marketing and consumer buying behavior (Ozdemir & Akcay, 2019). In Ozdemir and Akcay's (2019) research, feminine and masculine personality traits are observed with its correlation to impulse buying behavior. As gender personality traits have shifted in terms of attitudes, traits, and behaviors, females can exhibit masculine traits and vice versa (Ozdemir & Akcay, 2019). As a result of the Ozdemir and Akcay (2019) study, females did not change their behavior regarding their personality traits. However, males who identified with feminine traits were more likely to impulse buying behavior (Ozdemir & Akcay, 2019). Males who have more masculine traits were not likely to have impulse buying behaviors (Ozdemir & Akcay, 2019).

The role of gender has also changed in society (Ivankovic et al., 2019). Purchasing items is no longer just an obligation to buy household goods, but has transformed into becoming a pleasure and form of entertainment especially for women (Ivankovic et al., 2019). Ivankovic et al. (2019) found that women with higher monthly income levels are more likely to buy on weekends, in hypermarkets, or on the internet. While women are more often buying products for

their children, they also tend to make purchases that are not influenced by other people (Ivankovic et al., 2019).

Buying behavior based on gender also have differences in emotions (Lee & Workman, 2018). Lee and Workman (2018) found that women have a greater tendency to regret their purchase decisions than men. This is explained as women are more interested in subjective (symbolic or affective) product performance; whereas, men are more interested in objective (instrumental) performance (Lee & Workman, 2018). Lee and Workman (2018) also found that women have a higher impulse buying behaviors than men and are also more interested in certain buying tendencies such as fashion, for example. Women have more positive attitudes towards certain tendencies leading to their purchase behavior (Lee & Workman, 2018).

In regards to compulsive buying behavior with women, Maccarrone-Eaglen and Schofield (2017) disagreed with the behavior from a cultural and gender standpoint. One result of a study contributed to showing no differences across the cultural groups (Maccarrone-Eaglen & Schofield, 2017). However, it was concluded that gender did make a difference with compulsive purchases (Maccarrone-Eaglen & Schofield, 2017). The differential impact was due to the dissimilar cultural perceptions of indulgence within the social settings and by the difference in women's role in society (Maccarrone-Eaglen & Schofield, 2017).

**Consumer Groups.** When it comes time to make a decision of purchases, it varies across the consumer groups (Nagaraja & Girish, 2016). The reason for this is due to the demographic features of consumers, occupational changes, and knowledge from education, income, and the thinking process that differs among genders (Nagaraja & Girish, 2016). Many consumers purchase products that reflect their self-image in addition to a lot of other behavioral activities (Nagaraja & Girish, 2016). Nagaraja and Girish (2016) also found both genders have an

inclination towards buying products with local vendors rather than going in search of a showroom when the value of the product is not high. When a product is of high value to the consumer, regardless of gender, the consumers prefer going to an exclusive outlet for purchasing (Nagaraja & Girish, 2016). Knowing these consumer buying habits between genders and groups can enhance the way business adapt to behaviors amongst specific consumers (Nagaraja & Girish, 2016).

### ***Eco-Labeling***

As organizations seek to become increasingly competitive and introduce new products, many are seeking rich extrinsic attributes such as claims regarding healthiness and environmental sustainability (Zhang et al., 2018). Zhang et al. (2018) revealed that consumers have a willingness to pay for eco-label products. Retailers are then placing a higher price premium on eco-labels and use promotion strategies leading the retailers to have a higher success (Zhang et al., 2018).

As eco-labels see an increase in business uses, communication and positioning strategies is also increasing (Taufique et al., 2019). Taufique et al. (2019) discussed the effectiveness of eco-labels from a consumer's standpoint of understanding the concept and the value of such. Taufique et al. (2019) found the problem with customer's lack of understanding these features is poor eco-label design, insufficient information, or poor imagery. The complexity surrounding the understanding of eco-labeling and the trust of information is an issue (Taufique et al., 2019). Taufique et al. (2019) further concluded this complexity hinders consumers' ability to use the information and to make environmentally responsible decisions.

An additional perspective is management's view on eco-labels (Yilmaz et al., 2019). Yilmaz et al. (2019) highlighted consumer perception within the hotel industry leading more

consumers to be environmentally conscious and friendly towards decision making. The study further focuses on designing business models to include ecofriendly marketing strategies administered by senior executives (Yilmaz et al., 2019). The participation of managers in the application and maintenance of environmental systems and accommodations such as eco-labeling is significant. Further, the success of a hotel in adopting green practices is directly related to the attitude of managers and its employees (Yilmaz et al., 2019). There is significant impact to an organization when eco-labeling activities are established (Yilmaz et al., 2019).

### ***Disruptive Technology***

Sweeping the world today is the impact of some of the most disruptive technologies and innovations (Majumdar et al., 2018). The forces unleashed through the emergence of the internet, digitalization, and technology has the potential to severely disrupt economic order (Majumdar et al., 2018). Majumdar et al. (2018) found technology such as cloud, artificial intelligence, and internet of things is radically changing current manufacturing and construction practices.

**Change in Consumer Buying Habits.** As new products in the context of disruptive innovation emerge, consumers' motivations are changing as well (Kamolsook et al., 2019). The issue of consumer's switching motivation and behavior is seeing more attention from practitioners as it effects the financial performance and survival of technology firms and on society in general (Kamolsook et al., 2019). Kamolsook et al. (2019) found consumers are more likely to switch to disruptive technology products due to the stronger benefits even with drawbacks of required behavioral change, learning efforts, or additional costs.

Specifically, within the automotive industry, disruptive technology has increased (Schulze et al., 2015). Schulze et al. (2015) found the automotive industry experiencing significant turbulence due to changes in markets, regulatory requirement and technologies due to

globalization, changes in government policies, and convergence among distinct technologies in running an automobile. One such disruptive technology is the electric vehicles (EV; Pandit et al., 2018). Pandit et al. (2018) argued it is a disruptive technology as it cannot be used in mainstream markets, it offers a set of attributes that commands attentions to gasoline powered networks, and the technology is moving ahead faster than the market's trajectory of need.

**Electric Vehicles.** The automotive industry at one point was disruption for other companies (Butler & Martin, 2016). Due to the rise of automobiles, the rise of gas stations, highway transportation systems, and other businesses such as restaurants and shops increased (Butler & Martin, 2016). Recently, Tesla Motors received over 400,000 pre-orders for the electric vehicle, Tesla Model 3 sedan (Butler & Martin, 2016). While newer versions of EVs are evolving over time, the general platform is now in place with Tesla paving the way for a new generation of vehicles (Butler & Martin, 2016). As automotive dealerships are increasing their research and development centers, partnerships with Apple, Google, and Tesla are happening as well (Butler & Martin, 2016). These partnerships are becoming major players in the market and the traditional automotive manufacturers become the niche players in the segment (Butler & Martin, 2016).

In a recent study conducted on Tesla, the electric vehicle industry faced many challenges such as large fixed costs and network effects (Stringham et al., 2015). Tesla overcame many barriers to enter the automotive industry with the electric vehicle (Stringham et al., 2015). To disrupt this industry, Tesla leveraged its expertise and infrastructure of other firms by partnerships that create viable products and by building its own high-technology production facility (Stringham et al., 2015). To keep attacking its challenges, this company is attempting to

address network effects in the electric vehicle industry by building distribution, service, and charging centers, and encouraging others to enter the industry (Stringham et al., 2015).

Other challenges posed by electric vehicles pertain to the capacity of the electric grid (Kahlen et al., 2018). Kahlen et al. (2018) studied this component resulting in no overall serious problems presented by the additional demand from charging electric vehicles. The capacity of the grid in the long-term can be increased gradually in the system (Kahlen et al., 2018). Kahlen et al. (2018) also found the introduction of large numbers of electric vehicles can cause problems for grid operations and can quickly become overloaded. Kahlen et al. (2018) suggested smart charging should incorporate price incentives to help address the peak-load issues.

As the rise of electric vehicles occurs, governments are also stepping in to target a widespread adoption of EVs (Bennett & Vijaygopal, 2018). Bennett and Vijaygopal (2018) found governments are creating national campaigns to raise public awareness of the benefits of zero and ultra-low emission vehicles. A number of studies also find consumers are generally ignorant to how EVs work, the driving experience of such, and the financial implications of buying an electric vehicle (Bennett & Vijaygopal, 2018; Burgess et al., 2013). European governments, United Kingdom for example, have partnered with leading EV manufactures such as BMW, Nissan, and Toyota to help execute a marketing campaign for educational purposes (Bennett & Vijaygopal, 2018). While electric vehicles seem to produce positive environmental effects, there is still a growing challenge of educating the value while also increasing charging stations for use of more consumers (Bennett & Vijaygopal, 2018; Burgess et al., 2013).

Junquera et al. (2016) sought to explain the reasons for consumer's willingness to buy electric vehicles. Junquera et al. (2016) focused on the consumers' perceptions about technical specifications of electric cars, which includes charging times, perception of the pride of the



electric vehicle, driving range, and driver's ages. The results indicate the higher a consumer's perception of the price and the longer charging times, the less a consumer is willing to purchase a new electric vehicle is (Junquera et al., 2016). There are many advantages of environmentally-friendly vehicles; however, consumers must perceive a value increasing to purchase such vehicles (Junquera et al., 2016).

**Plug-in Hybrid Vehicles.** A way to ease into the electric vehicle market is by the introduction of the plug-in hybrid vehicle (Doppstadt et al., 2016). As a way to reduce exhaust gas emissions, the plug-in hybrid allows vehicles to be charged and run electrically (Doppstadt et al., 2016). The electric motor allows the vehicle to drive a certain distance before the normal gasoline engine kicks in once the electric motor is depleted (Doppstadt et al., 2016). This option for consumer purchase shows a potential savings; however, Doppstadt et al. (2016) indicated it depends on the location and the usage of the vehicle. These disruptive technologies that have been discussed can also then lead to demand shifts (Amick, 2019).

### ***Demand Shifters***

**Buyer's Expectations.** As convenience and empowerment for making purchases fuels consumers, the younger generation of tech-savvy consumers are forcing companies to rethink how they engage with consumers (Amick, 2019). Consumers are empowered to use technology to learn a brand and product (Amick, 2019). If a company does not offer what the consumer is looking for, the younger generation will find one that does (Amick, 2019). Brands such as Lincoln, Infiniti, and Lexus have used newer technologies, such as tablets and gadgets to help connect with the younger customers, but studies found it is still not enough to close deals with these new-gen consumers (Amick, 2019).

**Internet of Things.** What the automotive industry has taken advantage of to help close the deal with the younger generation is the opportunity offered by Internet of Things (Dominici et al., 2016). Cars today have 4G connectivity and wireless technology to connect with consumer's devices (Dominici et al., 2016). Cars can also be updated with smart keys to unlock doors, start engines, and even set seat and steering wheel settings (Dominici et al., 2016). As Internet of Things is being implemented to reduce road accidents, it also requires consumer's acceptance of the technology, the trust involved, and the social influence the consumer is exposed to (Dominici et al., 2016; Zhang & Mao, 2008). The social influence component is seen as a strong driver of technological adoption with the younger generation (Dominici et al., 2016).

**Safety.** Not only is technology a factor with buyer's expectations, but safety as well (Sarkar & Rajagopalan, 2018). In recent years, there has been a record number of vehicles being recalled in the USA due to safety defects (Sarkar & Rajagopalan, 2018). Consumers have expectations of a certain quality when making their purchases (Sarkar & Rajagopalan, 2018). However, as vehicle recalls have seen an increasing trend in recent years, many automotive manufacturers are learning from the mistakes and improving the newer releases (Sarkar & Rajagopalan, 2018). As newer vehicles are released, Sarkar and Rajagopalan (2018) found an increase of consumer attraction as new styles and features are offered. To ease buyer's concerns of safety, continuous product innovation is critical for the survival of automobile brands in a competitive environment (Talay et al., 2014).

**Individualization.** The automotive industry is known as a typical industry adopting mass production as its standard strategy of production (Ambe & Badenhorst-Weiss, 2011). The mass production of vehicles heavily relies on forecasting demand accurately and historical data (Ambe & Badenhorst-Weiss, 2011). However, with changing demands and a mass shift toward

customization, the production may not be capable of coping with this rapidly changing market (Ambe & Badenhorst-Weiss, 2011). Automotive manufacturers have made some shifts toward customer orders and not forecasts which thus avoids stockpiles (Ambe & Badenhorst-Weiss, 2011). This revolution has allowed supplier collaboration and manufacturing operations to be more efficient (Ambe & Badenhorst-Weiss, 2011).

**Forecasting.** As demand shifts occur, analyzing the relationship between the new products and consumer purchases initiates the use of a forecasting models (Kim et al., 2019). With consumer information search activity increasing due to internet and survey data, new products are expected to improve the accuracy of demand forecasts (Kim et al., 2019). Chauvet et al. (2016) found that forecasting can be done using internet search query data as it confirmed economic indicators for buying behavior, such as unemployment, consumer confidence, mortgage default risk and stock market indices. This same data have also been used to improve the accuracy of a forecasting model for tourist arrivals (Bangwayo-Skeete & Skeete, 2015). Forecasting automobile sales and consumer preferences for hybrid vehicles has been shown with this data; however, newer product models have yet to be studied and understood (Fantazzini & Toktamysova, 2015). Kim et al. (2019) studied the effects of forecasting with newer product models and resulted in meaningful and detailed evidence between consumer purchase decision and internet search patterns. Moreover, marketing that seeks to increase internet search volume could positively affect vehicle sales and consumer purchases, further allowing organizations to successfully forecast demand for new products (Kim et al., 2019).

## **Profitability and Adaptability Components**

### ***Showrooming***

As organizations seek to increase revenue and profitability, organizations also compete with the concept of showrooming (Gensler et al., 2017). Showrooming refers to consumers visit to retail stores to gather information about products, but end up making their purchases online at a competing retailer (Gensler et al., 2017). Interestingly, showrooming has become a popular shopping behavior with 68% of US internet users indicated showroom participation (“Share of internet users,” 2016). With showrooming increasing in competitiveness, it threatens the brick-and-mortar store and retailer performance and further aids the online industry. Gensler et al. (2017) examined the factors that influence showrooming with results indicating significant price savings for those that associated with showrooming. The sales personnel had a significant impact on respondents as well as the availability of personnel affected the outcome of showrooming (Gensler et al., 2017). The quality of the sales personnel, however, had no impact on showrooming (Gensler et al., 2017).

Arora et al. (2017) harped on the idea of uncertainty with showrooming. Within the context of online shopping, there is an uncertainty that can be experienced when ordering products and through various processes (Arora et al., 2017). The risk is more enhanced as customers do not have a physical examination of the products (Arora et al., 2017). Online purchasing can also pose information overload creating confusion for the consumer or the lack of sales assistance can create issues when making purchasing decisions (Arora et al., 2017). By physically visiting the stores, consumers reduce the uncertainties with the buying process and minimizes the risks of purchases by salespeople mitigating such risks (Arora et al., 2017).

**Manufacturer's Role.** To combat the threat of showrooming, it is imperative for retail management to consider strategies to reduce the amount of showrooming. Kuksov and Liao (2018) argued regarding the profits retailers can gain from showrooming. The strategic role of a manufacturer in the distribution channel holds the key (Kuksov & Liao, 2018). The results of their study require manufacturers to be restricted to wholesale-only contracts and are not allowed to price discriminate between channels (Kuksov & Liao, 2018). If consumers engage in showrooming, the brick-and-mortar retailer may reduce service-levels to save money further lowering the profit for both manufacturer and the retailer. The authors' suggestion is for manufacturers to also consider increasing compensation for the services (Kuksov & Liao, 2018).

**Showrooming Strategy.** Mehra et al. (2018) found price matching as a short-term strategy to combat showrooming. With the price matching, customers would be purchasing the product from the store for less than the original posted price, which keeps the sale in the store (Mehra et al., 2018). With Mehra et al.'s (2018) study, it was more effective to use this short term strategy when customers do participate in showrooming. The authors' analysis also suggests implementing exclusivity through store brands which is better than known brands (Mehra et al., 2018). When customers do not showroom, the known-brand strategy dominates the store-brand strategy (Mehra et al., 2018).

Opposing the results of prices driving showrooming, Daunt and Harris's (2017) findings support price as a driver, but also the role of additional product, customer, and channel-based characteristics as determinants of showrooming behavior. For example, channel characteristics relating to trust is a critical component to understanding showrooming dynamics (Daunt & Harris, 2017). Daunt and Harris (2017) found a negative relationship between customer's trust of

brick-and-mortar employees contributing to strong and statistically significant showrooming behavior. Customer service approaches also fuel showrooming activities (Daunt & Harris, 2017).

As competition between online and offline sellers increase, Jing (2018) studied competition between the two areas, with multiple results obtained. As mentioned previously, lowering the cost may aggravate showrooming and decrease the traditional retailer's profits (Gensler et al., 2017). Jing (2018) found the return policy of online retailers alleviates showrooming, while also relaxing competition. The negative aspect is it weakly reduces its demand and increases its profits only for intermediate search costs (Jing, 2018). When search cost is not high enough, price-matching by the retailer may also intensify competition, while hurting its own profit (Jing, 2018). Flavian et al. (2016) gave suggestions of reverse showrooming behavior commonly referred to as Webrooming behavior. In an attempt to reduce consumer uncertainties, consumers can use online reviews and physical examination of the products to be purchased (Flavian et al., 2016).

From a positive standpoint, Sit et al. (2018) approached showrooming as a potential opportunity for retailers to appreciate the shopper behavior. A gap in literature pertaining to showrooming is consumer emotions. An understanding of consumer emotions, such as their feelings during the shopping process, allows retailers valuable insight to diagnose and design a desired shopping experience for the consumer (Sit et al., 2018). The authors found an array of emotions from excitement and curiosity to distrust, confusion and hesitance (Sit et al., 2018). Through this study, threats from showrooming can be managed and converted into opportunities favorable to brick-and-mortar retailers (Sit et al., 2018).

**Retail Salesperson Performance.** To attempt to define how to combat showrooming, one study addresses the implications of sales personnel's engagement and interaction with

customers (Rapp et al., 2015). Rapp et al. (2015) suggested to educate and prepare retail salespeople to interact with customers at different stages of the buying process. Rapp et al. (2015) focused on the salespeople, cross-selling moderates the relationship between consumers showrooming and salespeople performance. A result of the study, Rapp et al. (2015) found this pattern of showrooming can be diminished through salespeople's engagement of customers through cross-selling and through foundational selling techniques. By having bundles pushed via cross-selling, it can help customers to reevaluate knowledge of their intended purchase and consider the sales person's guidance when making their purchasing decision (Rapp et al., 2015).

### ***Price Matching***

Acting as a bridge between products and consumers, price is a component that dealerships can utilize to market while also creating competition with other organizations (Lin, 2015). Consumers today are becoming more conscious and sensitive of prices while always looking for the best or lowest price (Lin, 2015). For dealers or retailers to keep a sale, a good pricing strategy must be utilized and constantly adjusted to keep up with the market changes and consumer's buying habits (Lin, 2015). Doing so allows the firm to achieve business goals, while also retaining customers (Lin, 2015). Lin (2015) studied the effects of price matching guarantee, which support competitive scope having a positive effect on purchase intention; however, it has no influence on price perception. When refunds are discussed, Lin (2015) indicated there is a significant effect on both price perception and purchase intention.

A different strategic approach to price matching is through rival's product (Constantinou & Bernhardt, 2018). Constantinou and Bernhardt (2018) described a setting where retailers offer generic products which create incentives to raise prices for those goods to compete with generics. Doing so creates a shift in consumer purchases toward more profitable generics

(Constantinou & Bernhardt, 2018). The strategy with price matching guarantees is to avoid price wars and to avoid reductions in profits (Constantinou & Bernhardt, 2018). As organizations offer their generics across stores, the difference is the quality of such which will also cause organizations to price their branded goods differently (Constantinou & Bernhardt, 2018).

While online prices have caused consumers to redirect their sales, customers are not; however, abandoning the traditional retail stores (Smith & Anderson, 2016). A survey from the Pew Research Center shows that 64% of adults in the United States still prefer to purchase products from the physical stores; however, the price differences are the ultimate driver for purchase decisions (Smith & Anderson, 2016). Digital attributes are also a common theme of where the final purchases are made (Chen & Chen, 2019). Customers prefer purchasing online for products with high digital attributes; whereas, others purchase from the physical store for low digital attributes (Chen & Chen, 2019). Within Chen and Chen's (2019) study, suggestions of when brick-and-mortar retailers should implement price matching strategy were discussed. It has been found that a brick-and-mortar retailer's profit may increase causing an online retailer's profits to decrease when generally brick-and-mortar retailers implement some price-matching strategies (Chen & Chen, 2019).

### ***Sales Promotions***

Additionally, as organizations seek to be profitable, sales promotion has been a common way to introduce new products (Jones, 2019). Jones (2019) described the challenges for promotion decision-makers as they identify suitable promotions that avoid undermining responses towards products or weaken the long-term effects. DelVecchio et al. (2006) suggested that too much attention on the promotion is detrimental to the product's sale. However, DelVecchio et al. (2006) also showed that promotions with normal levels of desirability produce



better outcomes on purchases than no promotions. Sales promotions are also seen as a way to offset competitor's actions or to induce trial (Andrews & Shimp, 2018).

Another strategy that is believed to be a motivational tool is sales promotion for the online impulse buyers (Akram et al., 2018). Akram et al. (2018) discussed sales promotion as a design to stimulate consumers to purchase multiple products or services within a short amount of time. This strategy plays an important role in the online environment and in advertising strategy (Akram et al., 2018). Akram et al. (2018) also showed sales promotion as a means to increase customer base gradually. With the online environment, suggestions, purchase ideas, and sales promotions can lead a consumer to buy impulsively and was found to influence consumers positively (Badgaiyan & Verma, 2015).

### ***Environmental Adaptability***

As consumers become more interested toward electric vehicles to help the environment, the effects on the potential impact on the automotive dealership needs to be considered (Vargas et al., 2019). In a recent study, the environmental impact of manufacturing electric vehicles has been evaluated, while taking into consideration vehicle mass reduction, material switching, energy consumption, and battery improving (Vargas et al., 2019). The authors have also found there was no consistent environmental advantage over the global reference and also low production plants might cause larger impacts and unexpected burden shifts due to the electric vehicle (Vargas et al., 2019).

Many countries across the world are expanding their investments into making environmentally-friendly products to stimulate market demand (Shim et al., 2018). Efforts to educate consumers and implementing a labeling program, eco-labeling, are being crafted and executed within organizations (Shim et al., 2018). Shim et al. (2018) found these efforts to be

successful in gauging interest with consumer; however, it did not lead them to purchase the products. While some consumers are willing to pay more for eco-friendly products, the problem is that consumer's mindset does not translate into actually purchasing the items (Royne et al., 2011). There is a significant gap, referred to as the attitude-behavior gap, between the consumers concerns for the environment and their willingness to pay for eco-friendly products (Joshi & Rahman, 2015). To bridge this attitude-behavior gap successfully, Shim et al. (2018) found high compatibility and low complexity must be emphasized in eco-friendly products, and high relative advantage must be emphasized for electric vehicles sales.

Within cities, even increased freight transportation has caused problems due to congestion and pollution leading city logistics to take on initiatives to reduce these negative impacts on citizens (Cagliano et al., 2017). To combat this issue, some projects restrict freight carriers to certain areas or congestion charges or substitution of low emission vehicles with enough battery life for an entire route are utilized (Nordtømme et al., 2015). Studies to aid in supporting the low-impact electric vans for freight distribution have taken into account the main operational factors (Cagliano et al., 2017). The factors that might help drive the adoption of electric commercial vehicles require public intervention measure to facilitate the use of environmentally friendly vehicles while discouraging the adoption of traditional commercial vans (Cagliano et al., 2017). Cagliano et al. (2017) also found that public incentives to purchase both green vehicles and charging stations, together with carbon taxes and a congestion charge affecting polluting vehicles, are able to shorten the adoption time.

A common theme in literature is the consumer's behavior toward environmentally-friendly vehicles (Cagliano et al., 2017; Shim et al., 2018). Consumers tend to admire the idea of environmentally-friendly products but fail to actually purchase them (Heidenreich et al., 2017).

Heidenreich et al. (2017) studied ways to stimulate consumer demand for environmentally-friendly innovations with strong regards for early adoption. Heidenreich et al. (2017) stated that for an innovation to reach market success, it is critical to turn at least 20% of the target market into early adopters. To turn as many consumers as possible into early adopters, measures can be employed to enhance consumer innovativeness by ways of profiling consumers or segmenting markets (Heidenreich et al., 2017).

### ***Vehicle Sharing Systems***

Newer business models that are enhancing the use of resources is the car-sharing model (He et al., 2017). This model is being adopted on a mass scale within the major metropolitan areas as the service bridges the gap on public transit and the flexibility of personal transportation (He et al., 2017). Building on the concept of electric vehicles, this strategy has the potential to reduce car ownership, and support the adoption of fuel-efficient vehicles (He et al., 2017). Because fuel-efficient cars are typically more expensive, the car-sharing operations is a natural candidate for consumers (He et al., 2017). Some car sharing companies, Car2Go and DriveNow, allow consumers to check out and return cars anywhere within the service region, whereas Zipcar's system is a road trip model (He et al., 2017).

Car sharing provides many benefits with rentals being categorized as one-way and round-trip with the options of returning in same or different locations (He et al., 2017). There are benefits to this availability, but it also adds a complexity for demand (Lu et al., 2018). Among these complexities, planning for the imbalances in demands such as vehicle location is one of the most significant (Lu et al., 2018). Lu et al. (2018) provided options such as parking lot contracts granting car share exclusivity. To further remain profitable and to strategically combat any

parking issues, the impact of one-way rental pricing was found to improve an organization's profitability (Lu et al., 2018).

The term *servicing* can be used to describe this business model that shares products instead of selling (Agrawal & Bellos, 2017). Agrawal and Bellos (2017) assessed the potential of servicing business models as a strategy for environmental sustainability. Agrawal and Bellos (2017) found some discrepancies with profitability as auto manufacturer's try to find optimal prices and fleet size when its offers car sharing in conjunction with their traditional sales. Strategy is also critical when service providers determinate a region before the system is in operation (He et al., 2017). The organization must look at the various adoption scenarios to have a robust and demanded operation (He et al., 2017).

**Sharing Economy.** While consumers are adapting towards sharing vehicles, leasing is a viable option as well as there is a collaborative consumption approach occurring (Matzler et al., 2015). This concept of *sharing economy* is rapidly growing with estimated that by 2025, sharing economy could represent \$335 billion in revenue worldwide (Matzler et al., 2015). With the use of the internet, it has made sharing considerably simple (Matzler et al., 2015). Matzler et al. (2015) proposed the adoption of the business model by expanding from selling products to selling the use of the products to take advantage of the sharing economy. Other car manufacturers have taken the plunge by introducing their own car sharing systems such as DriveNow by BMW and Mu by Peugeot (Matzler et al., 2015).

**Sharing Services.** A similar service model that businesses can adopt to is the Best Buy Geek Squad model (Wernle, 2013). These services assume assurance to customers there will be consistent maintenance for new and older products which can also influence consumer buying decisions (Matzler et al., 2015). Ford Motor Co. has contracted this vendor to install home

charging stations for electric vehicles (Wernle, 2013). Ford, like, other carmakers, are finding more streamlined processes for servicing their customers (Wernle, 2013). These concepts presented above provide ways for organizations to improve their business and to encourage future expansion and profitability.

## **Manufacturer's Perspective**

### ***Collaboration With Dealerships***

The automotive industry will be described from the perspective of both manufacturers and dealership. Various factors including consumer behavior need to be considered to see the collaboration between the two (Busse et al., 2016). Gasoline prices is one of them (Busse et al., 2016). Busse et al. (2016) found manufacturers relying heavily on large, low-fuel economy vehicles for profits; however, there is potential exposure to gasoline price increases. Busse et al. (2016) stated the change in the mix of vehicles when gasoline price changes are not due to intertemporal selection. This means consumers are more likely to purchase high fuel economy vehicles when prices are high with no relation to past purchases (Busse et al., 2016). The sales of low-fuel economy vehicles are lost during periods of high gasoline prices, while also seeing the intertemporal shifted sales (Busse et al., 2016). Gasoline prices have different effects on revenue with manufacturers and dealerships; however, used car sales help dealerships counter the negative effects of gasoline price increases (Busse et al., 2016).

The automotive industry has been characterized as an industry where innovations are created by research and development departments (Wilhelm & Dolfsma, 2018). Wilhelm and Dolfsma (2018) concluded the automotive industry has to have open innovation where firms actively seek knowledge developed by other parties to incorporate it within its own efforts or provide knowledge it has developed to other parties. Collaborations between dealers and

manufacturers have intensified as market trends shift for new products and technologies (Helper & Sako, 2010). While Wilhelm and Dolfsma (2018) ran into limitations with the supply side of the innovation competition and inventors, there is a positive correlation as carmakers were reputable for their quality and fair dealings with firms they collaborated with and outside parties being highly motivated to participate.

Automotive suppliers also play a key role in the development of powertrain systems for cars (Borgstedt et al., 2017). As technology advances shift toward electric vehicles, innovative activities are required to further impact the industry (Borgstedt et al., 2017). As powertrains have the potential to become obsolete, this allows new markets to enter and requires suppliers to become innovative or adaptive (Borgstedt et al., 2017). Borgstedt et al. (2017) addressed the major trend of alternative powertrain systems that could substantially affect the automotive industry. However, the automotive industry has the potential to influence this technological shift with its innovative output (Borgstedt et al., 2017).

### ***Strategic Moves Involving Technology***

The development and application of new technologies is another key factor for success within an ever-increasing market in the automotive industry (Lawson et al., 2015). As markets require faster time-to-market and a higher quality of products, virtual reality has been seen to achieve these aims (Lawson et al., 2015). Virtual reality can be used for design and evaluation during the development process before expensive and time-consuming mock-ups are produced (Lawson & Burnett, 2015). Additionally, using virtual reality has allowed teams spread across the work to collaborate and work on the same prototype at the same time, which demonstrates a cost-time reduction and quality increase (Lawson et al., 2016).

### ***Strategic Moves Involving Leanness***

Toyota Motor Company in Japan, on the other hand, has been known for their concept of lean production causing other companies to benchmark their remarkable system (Keykavoussi & Ebrahimi, 2018). As the need for organizations to increase their market shares and achieve profitability, competitive advantages and application of quality and performance improvement methods considering current business conditions hold the key (Keykavoussi & Ebrahimi, 2018). In this regard, lean thinking principles provides a way to reduce production costs, improve product quality, and reduce delivery time (Keykavoussi & Ebrahimi, 2018). Keykavoussi and Ebrahimi (2018) presented a new manufacturing method of lean models that identifies the current value of their products, eliminate waste, and improve the value-added time in production, which creates effective and more desirable execution. Having manufactures considering methods for improvement creates a cost effective measure to continue production and further profitability (Keykavoussi & Ebrahimi, 2018).

### ***Strategic Move Involving Service Provisions***

Commonly, manufacturers will distribute through a set of retailers who are authorized to sell its products (Yang et al., 2020). As manufacturers seek to maintain a consistent product image, manufacturers can provide uniform or differential services which is a strategic decision (Yang et al., 2020). It is proposed that services, include advertising, training store personnel, deliveries, maintenance, and repairs, to name a few (Yang et al., 2020). An example of store-in-store boutiques where manufacturers sets the prices, displays products and pay a fix fee to retailers is Sephora in J.C. Penney stores (Jerath & Zhang, 2019). Yang et al. (2020) found retailers having comparable demands while increasing differentiation. While retailers can

provide their own services, they also see a benefit from yielding the decision on service provision to the manufacturer (Yang et al., 2020).

As share economy increases, manufactures must consider these services (Jerath & Zhang, 2019; Yang et al., 2020). As consumer's attitudes toward owning and sharing products are changing, the future product development strongly affects the manufacturers' decision making strategies (Nishino et al., 2017). Nishino et al. (2017) found that manufacturers are having to estimate the functionality of their products and the durability considering the different usage patterns. The negative results show manufacturers are affected by severe price competition because the amount of manufactured products will decrease as sharing services increase in addition to additional funds for research and development (Nishino et al., 2017).

## **Dealership Perspective**

### ***Sales Personnel***

As technology disrupts automotive products, it also disrupts well-established sales practices (Singh et al., 2019). As artificial intelligence and other technologies exist, salespeople will have to adapt to co-exist (Singh et al., 2019). Trailer (2017) argued the technological advances foreshadow a future where despite a shrinkage in sales personal, but also an advance in sales profession as ethical standards, formal processes, and continuous education advancement. The salesperson response to these advancing technologies is crucial as it could lead to higher retention of salespeople (Trailer, 2017). Singh et al. (2019) found digital technologies leading to higher retention of salespeople as they were less able to leverage knowledge, skills and abilities elsewhere. The downfall of technology advances is the impact on salesperson's stress, motivation, and performance (Singh et al., 2019).



A challenge faced by automotive salespeople is not only competitors but the pressure relating to the progress of an automotive company (Noviantoro et al., 2018). Employee turnover has proven to be one of the most costly and difficult challenges of a company as invests are heavily applied to training, developing, and retaining employees (Noviantoro et al., 2018). To avoid turnover, a study was conducted to gauge job satisfaction with car salesmen (Noviantoro et al., 2018). Noviantoro et al. (2018) found while compensation held a positive and significant effect on job satisfaction, the work environment plays a role in mediating turnover intention.

### ***Marketing Initiatives***

Marketing communication has grown to be one of the most difficult but crucially important component of marketing today (Valos et al., 2016). In recent years of new digital media options, new opportunities for car dealership emerge with marketing initiatives (Sipho, 2016). Sipho (2016) highlighted these communication tools through the target advertisements on social media networks such as Facebook, Twitter, or YouTube, banner or display advertisements, or through paid or search engine advertisements. Sipho (2016) proposed that marketers of car dealerships consider the seasons of the year to budget marketing communication to harp on the busy seasons. Additionally, marketers should consider a dealer's internal stock to be a part of the marketing campaign (Sipho, 2016).

**Social Media Influence.** Following communication tools, organization's efforts to engage with consumers through social media platforms has become an increased topic for research (Lin et al., 2015). Lin et al. (2015) found brand engagement on social media positively associated with an organization's financial performance. A dimension of brand engagement on social media is the affiliation between the number of consumers connected to a brand (Yang et al., 2016). McAlexander et al. (2002) suggested brand communities strengthen brand affiliation

by providing platforms for consumers to connect with. Through these marketing strategies, brand communities can provide relationships between marketers and consumers by sharing information, providing assistance, and fostering engagement (Yang et al., 2016).

Madsen (2017) built on this concept of social media influence by highlighting the increasing of employee engagement. Social media provided a communication arena where coworkers and managers can communicate, interact, and connect through work and organizational life (Madsen, 2017). This platform provides two-way channels for managers to listen closely to employees in an effort to increase involvement (Men, 2015). Additionally within an organization, the adoption of social media has contributed to workplace productivity, organizational collaboration, employee engagement and information sharing (Jiang & Neill, 2017).

Social media influence is also an innovative effort by an organization (Palomares et al., 2018). Palomares et al. (2018) encouraged the implications for public relations professionals to consider the content and the channels that communicate with consumers. By creating opportunities for social interaction using the latest technology, studies show a sense of community being adopted while also improving financial performance (Palomares et al., 2018).

To improve society, corporate social responsibility actions influence organization's commitment and reputation (Dutot et al., 2016). Public awareness is increasing due to social media platform usage as it enhances and fosters relations between companies and public (Dutot et al., 2016). Some to the most important advantages of social networks are the target markets and the ability to increase brand reputation at reduced costs (Dutot et al., 2016). As customers are crucial stakeholders who expect companies to be present on social media, companies having

a constant presence and interaction on social media could enhance their e-reputation (Dutot et al., 2016).

The value of social media marketing also contributes to brand referrals and information sharing (Neff, 2014). Many companies are proactively engaging in new social media marketing strategies and tactics (Neff, 2014). General Motors is taking advantage of this marketing strategy by moving 25% of its global marketing spending on the Cadillac brand in comparison with previous year's percentage at 17% (Hudson et al., 2016). Hudson et al. (2016) found social media engagement within the automotive industry has compelling evidence showing social media use making a difference. Across the automotive markets, consumers engage with their favorite brands using social media and have built stronger relationships to those brands (Hudson et al., 2016). Companies such as General Motors see the added value within this platform of engagement (Hudson et al., 2016).

**Brand Equity.** To increase a dealer's brand, managers are also seeing limitless opportunities for sharing and posting information such as photo, videos, and comments through online marketing tactics (Raji et al., 2019). Dwivedi and McDonald (2019) concluded that firm-created contents have the potential for improving brand equity and enhancing consumer responses. Raji et al. (2019) examined the effects of consumer's evaluation and perception of advertising and marketing on company's social media platforms, which result in significant relationships with customers.

Garrison (2019) addressed ways to navigate digital space for effective dealership marketing. To appeal to the new customers, strategies on *why buy here* reach consumers at the top of the funnel while enhancing dealership brand (Garrison, 2019). This strategy builds trust and improves first impressions with consumers (Garrison, 2019). When consumers are ready to

purchase, many buyers research online and having inventory ads posted will create an easy opportunity to promote dealer's services (Garrison, 2019). Lastly, creating events also drives consumers from online platforms to the physical dealerships (Garrison, 2019). With social media platforms that allow target audiences, such as certain radius or mutual tastes, events make for an easy captivated promotion to drive consumers to the perspective brand or dealership (Garrison, 2019).

### ***Online Competition***

Sales organizations have seen an increasing shift away from a traditional selling approach that depends largely on persuasive techniques and emphasized product features and benefits (Isaac et al., 2019). Due to disruptive changes in the marketplace with online information, Isaac et al. (2019) argued that solution and relationship selling, which encourages salespeople to build personal and social relationships with customers is no longer effective. Isaac et al. (2019) proposed a concept as the challenger sales model where sales organization teaches commercial insight while guiding the two-way communication, tailoring and identifying value drivers to the customer, and taking control to debate pre-existing assumptions. This approach has been found to be very effective when used with prospective customers, but has potential to backfire on existing or former customer (Isaac et al., 2019). From a dealer's perspective, insight from this study can help inform the decision when implementing new strategies within an organization (Isaac et al., 2019).

**Vroom.** Auto dealers have started to seek consolidation with the used car marketing by offering online marketplaces (Cao, 2016). Companies such as Vroom considers itself a used car e-tailer as it combines the traditional dealership service with the robust selection online shopping provides (Cao, 2016). Using technology and algorithms, this company sells cheap vehicles at a

fixed costs with facilities that load vehicles onto a truck for delivery so consumers have a hassle-free, home delivered vehicle (Cao, 2016). The key for Vroom's success is buying, inspecting, and refurbishing used cars for resale (Cao, 2016).

**Carvana.** Due to Coronavirus and the shutdown of many businesses and dealerships, companies such as Carvana can still carry out business as normal and provide its products to customers (Light, 2020). This disrupter, Carvana, has shown a light on the potential of pure online car buying and selling, which bypasses what current dealerships are able to offer (Light, 2020). Their advertising portrays car vending machines and contactless approach to sales while also changing business models with finance approval in minutes and car deliveries to consumer's home (Light, 2020). This company has created a challenge for current dealerships (Light, 2020).

**CarMax.** Similar to the hassle-free business model Carvana portrays, Carmax has become one of the largest retailer of used vehicles in the United States (CarMax Inc., 2019). Their business model involves the purchase of used cars and light trucks, reconditioning, and reselling through their network of superstores (CarMax Inc., 2019). By using marketing analytics to drive growth, CarMax executives look at the key differentiators with consumer behavior and adapt accordingly (Krell, 2015). Their brand eliminates the battle with car salesmen and provides a convenient and quick purchasing process (Krell, 2015).

### ***Dealership Strategies***

With companies such as Vroom, Carvana, and CarMax, shopping through the internet poses challenges for automotive dealerships (Traweck, 2018). Although it is tougher to sell vehicles the traditional way, automotive companies are looking for ways to expand their offerings to appeal to consumers (Traweck, 2018). With predictions of more flat car sales

economy, some dealers are finding revenue boosts by adding more body work or collision centers to service more consumers (Traweek, 2018).

Increasing car inventory can also contribute to sales (Cachon et al., 2019). Cachon et al. (2019) studied the effects of increasing inventory to provide consumers more options. With increasing inventory, the downside might infer to customers that it is not a popular causing a distraction (Cachon et al., 2019). Having multiples of the car also can give consumers the option to continue shopping as the likelihood of the vehicle still being available is high (Cachon et al., 2019). A dealership has an opportunity to strategize which vehicles will be added to the lot to expand offerings. Cachon et al. (2019) found expanding available set of sub-models (two-door and four-door option), sales increased in comparison of same sub-modules added to the existing vehicle inventory causing decreased sales. Careful consideration is required when adding inventory as it could be detrimental to the dealerships (Cachon et al., 2019).

Corporate foresight within the automotive industry can help enable companies to detect and improve their business to ensure long-term survival and profitability (Ruff, 2015). While a few car manufacturers have established research groups or partners with dealership units, long-term success of an automotive company requires developments of corporate foresight (Ruff, 2015). This element enables an automotive company to detect discontinuous change early, prepare for any consequences, or formulate effective responses to ensure long-term survival and ultimately continue to succeed as a company (Rohrbeck, 2011).

A widely used and powerful approach for strategic planning incorporates the use of road-mapping (Vishnevskiy et al., 2016). With the challenges faced by businesses today with emerging economic conditions and technology advantages, this tactic is seemingly suitable to meet these challenges (Vishnevskiy et al., 2016). Organizations such as Phillips and General

Motors utilize this technique to plan for product technology and innovative approaches (Vishnevskiy et al., 2016). Vishnevskiy et al. (2016) concluded this tactic helps reveal and visualize the goals and development strategies for companies. As auto dealers make decisions, roadmapping provides a set of trajectories of innovation developments and provide opportunities to make grounded choices (Vishnevskiy et al., 2016).

As automotive dealers seek to maintain competitiveness, objective pressures are only increasing (Stofova et al., 2017). The automotive industry is expected to have attention drawn to materials especially in regards to innovation, quality, costs, alternative materials, and reducing weight of vehicles (Stofova et al., 2017). As competitiveness and strategic moves increase, global competition will change the demand for new production methods and shorter lifecycles of products, creating problems in a rapidly-changing business environment (Stofova et al., 2017). The ability to use innovative processes and systems is encouraged to combat these changing business environments (Stofova et al., 2017)

### **Summary of Section 1**

Multiple perspectives were shown from the standpoint of consumers, manufacturers, and dealerships. With consumers wanting independent shopping experiences with no pressures of time or location, these factors are contributing to the way brick-and-mortar stores function (Becker & Pizzutti, 2017; Chen, 2018; Gupta & Arora, 2017). Cultural influence builds on this contribution with gender being a factor and the dimensions of individualism and collectivism (Cakanlas & Nguyen, 2019; Ivankovic et al., 2019; Lee & Workman, 2018; Oyserman, 2008; Ozdemir & Akcay, 2019). An additional factor that consumers are migrating to are eco-friendly products (Royne et al., 2011). With companies utilizing eco-labeling, literature has mixed results

of whether this increases awareness and purchasing behavior (Taufique et al., 2019; Yilmaz et al., 2019; Zhang et al., 2018).

Two other drivers for consumer buying habits are disruptive technology and demand shifts (Amick, 2019; Kamolsook et al., 2019). With technology advances, the automotive industry has experienced some turbulence, while learning to adapt to these changing markets (Pandit et al., 2018; Schultze et al., 2015). Technology advances has led industry to produce electric vehicles and plug-in hybrid vehicles (Butler & Martin, 2016; Doppstadt et al., 2016; Junquera et al., 2016; Kahlen et al., 2018; Stringham et al., 2015). Demand shifters, on the other hand, is shown with the advantages of Internet of Things and safety measures (Dominici et al., 2016; Sarkar & Rajagopalan, 2018; Talay et al., 2014; Zahgn & Mao, 2008). To combat these demand shifts, the use of forecasting models has produced favorable outcomes to positively affect consumers purchases (Kim et al., 2019).

After understanding consumer buying trends, organizations also have to take into consideration components of showrooming (Arora et al., 2017; Daunt & Harris, 2017; Gensler et al., 2017; Kuksov & Liao, 2018; Mehra et al., 2018). To produce more sales within the physical stores, proposals such as price matching and sales promotions are considered (Folkvord et al., 2019; He et al., 2019; Mehra et al., 2018). To aid in the approach of raising environmental awareness, investing in producing eco-friendly vehicles and educating customers is seen to positively increase purchase behaviors (Joshi & Rahman, 2015; Royne et al., 2011; Vargas et al., 2019).

From the manufactures and dealership's perspective, vehicle sharing systems are shown to not only pose a threat within the markets but also as an opportunity (Agrawal & Bellos, 2017; He et al., 2017; Lu et al., 2018; Matzler et al., 2015; Wernle, 2013). These business models of



sharing systems also nudge innovative activities. Social media has become a widespread innovative marketing tool. This tool was shown to promote consumer engagement and brand awareness (Hudson et al., 2016; Palomares et al., 2018; Siphon, 2016; Yang et al., 2016).

Traditional car dealerships have seen an increased threat with online competition (Cohan, 2019; Grant, 2018). With companies such as Vroom, Carvana, and CarMax, online car buying has bypassed what current dealerships are able to offer (Light, 2020). Alternatives that dealerships are considering are more body work or collision centers to appeal to consumers (Traweek, 2018). Increasing car inventory is an additional strategy to attract consumers to the physical dealerships (Cachon et al., 2019). In a business environment that is increasing in competition, technology advances, and other pressures, the automotive industry is drawing more attention to their strategic moves involving innovation, quality, costs, and new methods of production (Stofova et al., 2017; Vishnevskiy et al., 2016).

## **Transition**

The first section presented the background, problem, research questions, theoretical framework, and literature review on the topic of consumer buying habits and their effects on organizations. As shown in the literature review, consumer buying habits are constantly changing with factors of technology advances and increased environmentally-friendly products appealing to more buyers (Chen, 2018). The automotive industry has significant challenges to combat whether with showrooming, online competitors, or environmental factors. This study examined the relationships between manufacturers and dealerships as they seek to understand and adapt to these consumer buying trends and changing markets. With trends of electric vehicles and hybrid vehicles, adaptability to these growing markets are moving dealerships to increase research and development and partnerships to meet the demands (Butler & Martin, 2016). The conceptual

framework focused on the internal and cultural theories of buying behavior and the market trends that dealerships face. This framework served as the foundation of the study as research builds on the strategies and consumer behaviors that lead organizations to adapt to. As the research is conducted, the design method will be a qualitative case study with a focus on one sole automotive dealership. This study's goal is to aid the field of strategic management and hopes to contribute to the body of literature concerning consumer buying habits and the organization's ability to adapt their strategies to remain and enhance profitability. As shown from organizations such as Toys 'R' Us, Payless ShoeSource, and Gymboree, there are negative effects when organizations fail to adapt to consumer buying habits (Long Island Business News, 2017). The researcher seeks to improve the field of study by shedding light on these opportunities for the automotive industry to consider.

The second section of the dissertation will address the data assembly of the research. As the researcher's role is discussed, the participants of the study will also be described. Further information on the research design and data collection will be discussed.

## **Section 2: The Project**

Consumer buying habits are constantly changing (Chen, 2018). Within the automotive industry, failure of organizations to adapt to consumer buying habits can result in a loss of revenue and profitability (Business Insider Intelligence, 2016; Long Island Business News, 2017; Rayna & Striukova, 2016). There are also significant challenges the automotive industry must combat whether with showrooming, online competitors, or environmental factors (Amick, 2019; Arora et al., 2017; Kamolsook et al., 2019; Royne et al., 2011). As the previous section addressed the background of the problem and previously conducted research, this next section will provide the scope of the research.

The focus of this qualitative case study was to explore consumer buying habits within the automotive industry. Section 2 of the dissertation will cover the purpose of the study, the role of the researcher, and the participants utilized within the study. The research method and design will also be discussed with the population and data collection being described. The rationale behind this data collection is to gain further insight into organization's strategies and behaviors as they adapt to consumer buying habits and trends. The analysis will then conclude with an overview of the data with the reliability and validity being addressed.

### **Purpose Statement**

The purpose of this qualitative case study was to add to the body of knowledge by expanding on the emerging business issue relating to the impact of, and the reasons behind changing consumer buying habits and organization's adaptability to such within the automotive industry (Business Insider Intelligence, 2016). The study focused on the failure or success of organizations within the automotive industry to adapt strategies to maintain and enhance revenue and profitability. This urgent business problem was explored through an in-depth study of

changes in consumer buying behavior and its effect on revenue and profit at a large automotive dealership within North Carolina.

### **Role of the Researcher**

The researcher's role in this qualitative case study is to understand a real-life, contemporary context or setting (Yin, 2018). The researcher will be the investigator exploring a real-life, contemporary bounded system over time, through a detailed, in-depth data collection using multiple sources of information (Creswell & Poth, 2018). Before any data collection is pursued, the researcher will seek and obtain permission from the institutional review board (Creswell & Poth, 2018). This practice is to ensure the study design follows the guidelines for conducting ethical research (Creswell & Poth, 2018). When collecting data, the sources of information will include observations, interviews, audiovisual material, documents, and reports to draw themes (Creswell & Poth, 2018). The researcher will provide a detailed plan for collecting the data to receive the most authentic answers to mitigate risk (Creswell & Poth, 2018). These multiple sources will also be used to corroborate findings and augment evidence (Yin, 2018). To ensure accuracy of the interviews specifically, the researcher recorded the interviews through the use of WebEx's recording system, transcribed the interview, and returned to the participants to review contents for accuracy. Additionally, the researcher used audiotaping to thwart any threats to the validity (Robson & McCartan, 2016). To avoid any bias, the researcher had a set amount of time to conduct condensed fieldwork (Robson & McCartan, 2016). Robson and McCartan (2016) described bias being greater with prolonged involvement with the researcher. Data triangulation was also utilized to enhance the rigor of the research and to counter threats to validity (Robson & McCartan, 2016). The researcher then utilized descriptive statistics to show summaries of financial and sales reports to increase confidence in

the case study (Yin, 2018). These reports were used to form conclusions based on the outlined research questions and further outlines provided in the following sections (Yin, 2018).

Specifically, in conducting the study, the researcher first obtained permission to interview the applicants by emailing a member of the automotive headquarters team to conduct interviews with its members virtually (see Appendices A and B). The researcher also provided the open-ended interview guides for review and approval from headquarters (see Appendix E). Once the researcher received signed permission from the point-of-contact at headquarters to conduct the interviews as well as provide the contact list of participants, the researcher then drafted a letter of invitation to its participants and determined who would be interviewed (see Appendix C). Next, the researcher randomly selected 20 to 40 participants ranging from members within the sales and service departments, managers, and directors. Once the selection was made, the researcher coded each participant, such as Participant 8112, June 12, 2020, to ensure confidentiality. The researcher then contacted the interviewees by email to schedule an interview (see Appendix C). As the interviewees agreed to participate, the consent forms were emailed and completed before the interview took place and a signed copy was provided to the researcher and participant (see Appendix D). Due to the recent outbreak of Coronavirus Disease 2019 (COVID-19), social distancing was recommended by the Center for Disease Control (CDC). As a result, interviews were conducted using WebEx, which allowed for audio and recording capabilities. The use of videotaping was not used due to the possibility of distraction. Following the 30 to 60 minute interview, the researcher provided a transcript to the interviewee to review for accuracy through a follow up interview via the web. Additionally, the researcher used a program (e.g., NVivo) to code the themes found within the transcripts.

## **Research Methodology**

The research method and design provide a methodological path for a researcher (Yin, 2018). As the researcher sought to explore a business issue and illustrate theories showing different aspects of consumer buying habits impacting the automotive industry, a qualitative case study will showcase its appropriateness within the following sections. An additional component of a case study is asking what and why questions, which is suitable for the nature of this study in the automotive industry (Yin, 2018). The data used in this study were obtained from interviews with members in the automotive industry. Additionally, financial documents provided a method of triangulation contributing to the evidence of the study. A discussion of the research method and design chosen are provided in the next paragraphs.

### ***Discussion of Single Case Study***

This study investigated an organization's adaptability to consumer buying habits (Hidenreich et al., 2017; Lin et al., 2015; Lu et al., 2018; Shim et al., 2018). A flexible qualitative approach is appropriate when seeking to understand a collection of data in a natural setting sensitive to the people and place under the study (Creswell & Poth, 2018). As the researcher studied a large automotive dealership's adaptability to consumer buying habits, using a qualitative approach allowed adaptability with interviews (Mack et al., 2005). Further, as the topic of consumer buying habits is an emerging problem, the exploratory approach of qualitative research was appropriate to study participants involved in the automotive field and to further answer the what and why questions (Rwegoshora, 2016). Additionally, a major strength of data collection is the opportunity to use many different sources of evidence (Yin, 2018). Using descriptive statistics aided the research in providing summaries of financial and sales reports further convincing the study's finding or conclusion (Yin, 2018).

### ***Discussion of Design & Methods for Triangulation***

The essence of a case study is to illuminate a set of decisions and to understand why they were taken, how they were implemented, and with what result (Yin, 2018). A case study design was appropriate as it sought to explore participants' experiences, opinions, and challenges they have encountered (Creswell & Poth, 2018). As noted in the literature review, there are multiple factors contributing to consumer buying habits (Hidenreich et al., 2017; Lin et al., 2015; Lu et al., 2018; Shim et al., 2018). With the focus being on consumer buying habits specifically within the automotive industry, this approach sought to illustrate theories and to understand the aspects of such behavior (Yin, 2018). A case study design also seeks to understand a phenomena, which is an organization's adaptability in this study (Yin, 2018). Additionally, the case study design benefitted the research as it sought to understand a real-life, contemporary context or setting by studying one sole automotive dealership (Creswell & Poth, 2018).

The data were collected from interviews with members in the automotive dealership. This case study also included quantitative evidence from the automotive dealerships financial and sales reports. As the researcher sought to do an in-depth study of a phenomenon in its real-world context, using multiples sources of evidence such as descriptive statistics provided a variety of relevant data and developed converging lines of inquiry (Yin, 2018).

### ***Summary of Research Methodology***

The case study design was the most appropriate approach for the qualitative design method chosen for this study. As the researcher sought to understand the effects of organizations adapting to consumer buying habits in relation to revenue and profitability, multiple sources were utilized (Yin, 2018). These sources included open-ended interviews with members in the automotive dealership. To corroborate findings and to strengthen the confidence of the study,

financial and sales reports were used. As this case study sought to be exploratory by asking the how, what, and why questions, the researcher sought to understand the complex issues within its real-life context (Yin, 2018). Using one sole automotive dealership as a case study, the researcher focused on an in-depth case to understand a complex phenomenon (Yin, 2018).

### **Participants**

The hallmark of all good qualitative research is the utilization of multiple perspectives that range over the entire spectrum (Creswell & Poth, 2018). Creswell and Poth (2018) recommended having variation with the participants to represent diverse cases and to fully describe multiple perspectives. With the researcher focused on one sole automotive dealership, 20 to 40 members within the dealership were selected by the researcher and interviewed after receiving written approval from the point-of-contact at the headquarters (see Appendix B). These selected members included 20 to 40 participants from the following departments within the organization: sales representatives, service representatives, managers, and directors. Having a diverse group of participants from the automotive dealership aided the research by providing multiple perspectives described by Creswell and Poth (2018).

After obtaining permission, these members were invited to participate by an email sent from the researcher (see Appendix C). Next, the researcher scheduled the interviews at an appropriate time provided by the interviewee and conducted remotely to adhere to the social distancing guidelines due to COVID-19. Before the interviews were conducted, the researcher emailed a consent form to the participant with signed copies being distributed to the researcher and participant (see Appendix D). Interviews were conducted using an online platform, WebEx, which allowed for audio and recording capabilities. The use of videotaping was not used due to the possibility of distraction. The researcher conducted the interviews using pre-approved open-



ended guide (see Appendix E). After the 30 to 60 minute interviews concluded, the participant received a follow up via the web to review the transcript for accuracy.

The researcher maintained security of the interview's information and data presented at all times and ensured confidentiality by substituting pseudonyms such as Participant 8112, June 12, 2020, in place of participant's information. Additionally, financial and sales reports were requested from the automotive dealership to corroborate the findings and this information was handled in a confidential manner. The reports and data obtained from the interviews were password-protected and stored in a locked cabinet for a period of three years to ensure ethical protection. Throughout the study, the researcher made all efforts necessary to protect the participants and the company from any harm associated with the study.

### **Population and Sampling**

The purpose of this research method and design was to provide a representative sample within the automotive industry. The population group included one sole automotive dealership group and excluded other dealerships. Because of the complexity with this topic and the population size, a replication approach was used to build certainty with the findings and conclusion. A random sampling of automotive employees within a specific automotive group was used in this study to represent the population. The sample size included 20 to 40 participants. To achieve saturation, additional participants and interviews were conducted. The specifics regarding the sampling strategy is shown in detail below. To show members of a group sharing a particular characteristic, in this case automotive departments, a stratified random sampling approach was applied (Robson & McCartan, 2016). The discussion of sampling is defined further in the paragraphs below.

### ***Discussion of Population***

Within research, population refers to all the cases whether related to people, situations, or events (Robson & McCartan, 2016). A major challenge within research is the representation of the population, and how it is achieved and assessed (Robson & McCartan, 2016). A census can be conducted to survey everybody in the population of interest (Robson & McCartan, 2016). An alternative path is through sampling which is discussed in detail below. The population for this study was employees within a large automotive dealership holding roles such as sales representatives, service representatives, managers, and owners. The participants used for the study were members from a single automotive group. It excluded any other automotive groups. Due to the complexity of this topic and adequately representing the automotive industry, replication approach was applied (Yin, 2018). With replication, each individual participant then becomes the subject of a whole case study in which convergent evidence is sought regarding the findings and conclusion (Yin, 2018). The number designated to reach replications also leads to the certainty of the case results (Yin, 2018). This choice for the chosen population provided the researcher an opportunity to fully understand this specific automotive group and the effects of consumer buying habits.

### ***Discussion of Sampling***

A sampling, on the other hand, is linked to that of population (Robson & McCartan, 2016). Within a qualitative study, a sample size is to not only study a few individuals, but to collect extensive detail about each site or individual (Creswell & Poth, 2018). The sample must also be large enough to ensure confidence of the representation of the population (Robson & McCartan, 2016). Creswell and Poth (2018) advised a sampling strategy for case studies to employ maximum variation to represent diverse cases and to fully describe multiple perspective

about the cases. The sampling plan is then to do purposive sampling within the chosen automotive dealership. This approach to sampling enables the researcher to satisfy the specific needs in the research with the researcher's judgment as to typicality or interest (Robson & McCartan, 2016).

The maximum number of participants planned was 40, with the expectation of a participant's sample group between 20 and 40 individuals. The process of purposive sampling will employ variation to the sampling to present diverse cases (Creswell & Poth, 2018). Additionally, this involves members of a group sharing a particular characteristic (Robson & McCartan, 2016). In this study, the common characteristic was the department within the automotive industry. Sampling theory shows that random purposeful sampling can be more efficient than simple random sampling as it is likely to be closer to the population mean (Robson & McCartan, 2016). This sample size can be expanded with additional interviews to achieve data saturation. Creswell and Poth (2018) described saturation as a point in which the inquirer no longer finds new information that adds to an understanding of the category.

### ***Summary of Population and Sampling***

The population discussed previously highlights the automotive industry with the focus being on one sole automotive dealership group. Due to the complexity of the topic, a replication approach showcased the population, further converging the findings and conclusion. There were approximately 20 to 40 participants selected for this study with a maximum number being 40 participants. Until the data were saturated, the sample size was expanded with additional interviews. The use of purposive sampling was due to the size of the automotive group. This also contributed to the preference of using unusual cases to employ maximum variation to represent a diverse group (Robson & McCartan, 2016). More specifically, a random purposeful sampling

approach will divide the population grouping members of shared particular characteristics within the automotive group (Robson & McCartan, 2016). This also contributed to the study as the researcher sought to use multiple perspectives to corroborate findings.

### **Data Collection**

When preparing the data collection for a qualitative study, the focus is on the types of data and the procedures for gathering those (Creswell & Poth, 2018). Data collection also includes taking necessary precautions to ensure confidentiality, developing means for recording information, and storing data securely (Creswell & Poth, 2018). The following paragraphs describe the sources for the case study evidence, which include interviews and financial and sales reports. The most important source within this study was the interviews. Within the subsection below, the instruments were explained, which included the researcher, the participant's interviews, and the financial and sales reports. Additionally, the data organization was described detailing the process of securing the participant information, interviews, and the measures taken to avoid ethical issues.

### ***Data Collection Plan***

Within a qualitative research study, a data collection plan focuses on several areas. Creswell and Poth (2018) described data collection to involve anticipating ethical issues involving gaining permissions, conducting a good sampling strategy, developing means for recording information, responding to issues within the field, and storing data securely. The activities involved in crafting a data collection plan include locating a site or individual, gaining access and making rapport, sampling purposefully, collecting data, recording interviews, exploring issues, and storing data (Creswell & Poth, 2018). To ensure an ethical study was conducted, the researcher guided the study with respect for persons through privacy and consent,

concern for welfare to minimum harm and to seek justice by equitable treatment and enhance inclusivity (Creswell & Poth, 2018). The researcher conducted this case study with a sole automotive dealership group. As described above, the participants were selected from a pool of specific automotive departments. Having a rapport with this sole automotive dealership group provides access to the participants, which enabled an easy collection of data. The data were collected from this automotive dealership through one-on-one virtual interviews using the WebEx platform. This platform has recording capabilities, which were used for transcription following the interviews. To ensure accuracy, transcriptions were provided to the interviewee for review during a follow up interview via the web. Financial and sales reports were analyzed to corroborate findings. To ensure ethical protection, these reports and data obtained from the interviews were password-protected and stored in a locked cabinet for a period of three years.

### ***Instruments***

Within a qualitative research study, an interview is a very widely used social research method of collecting data from and about people (Robson & McCartan, 2016). Interviewing involves the researcher asking questions and receiving answers from interviewees therefore embodying the role of the instrument (Robson & McCartan, 2016). The researcher used data from these interviews to understand and explore the three research questions about consumer buying habits and how an automotive dealership adapts to such.

The type of interviews conducted were semi-structured interviews (Robson & McCartan, 2016). While the researcher had a list of topics for discussion, this chosen structure allowed freedom in sequencing of questions (Robson & McCartan, 2016). The researcher had the freedom to give attention to different topics, while also having more flexibility with the amount of time for the topics and questions (Robson & McCartan, 2016). Creswell and Poth (2018)

described the interview questions within a case study as most often the sub-questions in the research study. These questions were added as the core of the interview protocol with front-end questions inviting the participant to open in a dialogue (Creswell & Poth, 2018). The interview guide also had approximately five to seven open-ended questions (see Appendix E). The researcher was respectful and courteous of the participant's time, using the protocol to guide the questions.

A secondary instrument used in the study was the interview guide presented in Appendix E. An interview guide provides the plan for the researcher to ask questions (Robson & McCartan, 2016). Creswell and Poth (2018) advised the construction of a qualitative interview guide to include open-ended questions with ample time for questions in between. The interview guide included three primary interview questions with a set of follow-up questions to clarify or probe further (see Appendix E). The interview questions with the correlation to the three research questions were as follow:

1. How would you describe consumer buying habits within the automotive industry?  
Follow-up questions will be used to gain insight into the participant's reasons for organizations adapting to such behaviors. This interview question seeks information needed to answer the second research question of the changes in consumer buying habits.
2. To what extent do you think automotive dealerships are taking actions to adapt to those consumer buying habits? Subsidiary questions will seek to identify the participant's perception on organization's actions. This question is designed to answer the first research question affecting organization's failure or success at adapting to consumer buying habits.

3. What are some upcoming trends with consumer buying habits that you feel will cause the automotive industry to change in order to maintain or enhance revenues and profitability?

Follow up questions will focus on their opinion of the actions needed to be successful in industry and also to gauge interest in incorporating various tactics to adapt to the changes. This interview question will address the third research question about new consumer buying habits present in the automotive industry.

A third instrument was financial and sales report. The purpose of using these documents was for triangulation. The information from these reports will enhance the rigor of the research and will further assist the research in countering threats to validity (Robson & McCartan, 2016). As the reports were received, the researcher computed descriptive statistics to provide a general idea of the trends and the effectiveness of organization's adaptability to such trends.

### ***Data Organization***

When the researcher received the list of participants, a random selection was made from the pool. The resulting participants were randomized by employing a random number generation to ensure confidentiality, such as Participant 8112, June 12, 2020. The initial 20 to 40 interviewees were assigned this unique identifier with the lower numbers assigned first. If additional interviews were added, additional numbers were assigned. After the participants signed consent forms (see Appendix D), the interviews were conducted using WebEx platform with recording capabilities. The researcher transcribed the interview and returned the transcription to the participant to review for accuracy during a follow up interview via the web. The transcription was computed within a Microsoft Word file. The financial and sales reports received from the automotive dealership were computed into descriptive statistics within Microsoft Excel. The interview data, voice recordings, and reports were saved in a password-

protected document and file identified by the pseudonym. Throughout the process of interviews and handling of the data, the researcher took all necessary precautions to protect the participants and the company to ensure confidentiality.

### ***Summary of Data Collection***

This section describes the qualitative data collection process. The data collection process includes instruments used in the study such as the researcher, participant interviews, and financial and sales reports. With the participant's interviews, the interview guide provides the basis for this semi-structure interview. This guide also provides an opportunity for the researcher to ask clarifying or probing questions with the participant. To be respectful of the participant's time, this guide provides a structure to conduct the interview with consideration of time. The organization of the data was provided to ensure ethical considerations for the participants and the organization. Procedures for managing the information obtained during the data collection was described to ensure confidentiality. When using a WebEx platform, Microsoft Word files, and Microsoft Excel for the descriptive statistics, the researcher saved the information through password-protected measures. The data collection processes are customary practices for qualitative research and is an appropriate measure for this research study (Creswell & Poth, 2018; Robson & McCartan, 2016).

### **Data Analysis**

Data analysis in a qualitative case study involves preparing and organizing the data, reducing the data into themes through coding, and finally representing the data in figures or discussion (Creswell & Poth, 2018). The central step within data analysis is the coding of data and combining the codes into broader categories to make comparisons into tables or charts (Creswell & Poth, 2018). The following paragraphs provide a description of the steps taken after



interviews were conducted and transcripts confirmed. The data were analyzed and coded through the NVivo system to draw easier comparisons. A quantitative approach was also used through descriptive statistics of the automotive dealership's financial and sales reports. Having multiple sources of evidence further aided the study in corroborating findings.

### ***Qualitative Analysis***

Within a qualitative study, the analysis can be the most challenging part. With the researcher being the main instrument in the study, the researcher must process the information in a meaningful and useful manner, while also avoiding deficiencies and biases corresponding to the problem that one has as an observer (Robson & McCartan, 2016). After the interviews and transcriptions are concluded, the researcher will begin data analysis. Some guidelines the researcher followed during the analysis were labeling or coding words or phrases which may have been of interest in the set of materials obtained from the interviews. The researcher then reviewed the transcripts and identified similar phrases, patterns, and themes to create a point of view (Creswell & Poth, 2018). This point of view is central to the analysis as it signals the interpretive framework of the study (Creswell & Poth, 2018). Once the point-of-view was created, the researcher began to display and report the data.

For this research project, the researcher transcribed the audio recording into a Microsoft Word document. After the interviewee reviewed the transcription for accuracy, the information was loaded into NVivo software. The researcher reviewed the transcripts meticulously to identify themes and coded them within NVivo. Creswell and Poth (2018) described coding as the heart of qualitative data analysis. With coding, the research builds on themes and describe what they see (Creswell & Poth, 2018). Once coding was complete, the research transitioned to focus on the

process of interpreting the data. Diagrams within NVivo aided the researcher in representing and visualizing the data.

### ***Analysis for Triangulation***

When case study research is being conducted, it is recommended to use multiple sources of evidence commonly referred to as triangulation (Yin, 2018). Yin (2018) described the strength of case study data is the opportunity to use multiple and different sources of evidence and builds on the quality of the study. In this research study, the multiple sources of evidence were used through interviews and the documents of financial and sales reports. Having these two sources of data is expected to provide more convincing and accuracy of the conclusion and study findings (Yin, 2018). After the interviews were conducted, the researcher reviewed the transcripts and identified themes. These themes were coded within NVivo software, which provided reports needed for data interpretation. The financial and sales reports were converted into descriptive statistics using Microsoft Excel. The expectation from this source aided the researcher in providing converging lines. The researcher analyzed the descriptive statistics, which was expected to provide additional evidence supporting the themes found in the interviews.

### ***Quantitative Analysis***

A common method of collecting data within case studies is the approach of using qualitative and quantitative data (Robson & McCartan, 2016). The addition of a quantitative analysis to this study is to collect a richer and stronger array of evidence than what the interviews alone will provide (Yin, 2018). Using quantitative techniques also enables a researcher to address broader or more complicated research questions (Yin, 2018). With this study focused on consumer buying habits and the effects on an automotive industry's revenue and profitability, the descriptive statistics from the automotive financial and sales reports was expected to help with

the investigation. During the data collection, the researcher obtained financial and sales reports from the automotive dealership. The information from these reports was converted into descriptive statistics within Microsoft Excel. Yin (2018) described the usage of such documents to corroborate and augment evidence from other sources and is a great way to represent an aspect of data.

### ***Summary of Data Analysis***

The process of data collection, data analysis, and report writing interrelated steps (Creswell & Poth, 2018). As the researcher meticulously reviewed the interview transcripts, themes were drawn and coded within the NVivo software. With the researcher being the instrument of transcribing each interview, the researcher was able to capture emerging thematic ideas and patterns. After each interview was coded, the researcher began to assess and develop the interpretations. Additionally, the researcher used descriptive statistics from the automotive dealership's financial and sales reports. Having multiple sources of evidence, data triangulation, provided converging lines and further supported the conclusion (Yin, 2018).

### **Reliability and Validity**

Within the field of strategic management, several tests served as a framework for assessing case studies (Yin, 2018). Yin (2018) described one of these tests as construct validity, which sought to identify correct operational measures for the concepts being studied. This tactic involved using multiple sources of evidence. Robson and McCartan (2016) addressed the threats to validity and reliability by using triangulation as a means. To ensure reliability and to enhance validity, the researcher provided steps to meet those standards. Reliability was achieved through the use of a common coding platform, saturation due to amount of interviews conducted, and the

use of an interview guide. Validity was achieved by the use of audio-taping of interviews, detailing steps of interpretation process, and through triangulation.

### ***Discussion of Reliability***

Reliability is often referred to as the stability of responses to multiple coders of data sets and can be addressed in qualitative research in several ways (Creswell & Poth, 2018). A researcher can enhance reliability by conducting detailed field notes with the interviews, employing good-quality recording devices, and by transcribing the files (Creswell & Poth, 2018). To enhance the reliability of data sets, the researcher established a common platform for coding and developed a code list by using the software program NVivo. The researcher also computed a codebook and examined the transcripts and codes to develop an analyses. To augment reliability further, the researcher revised and finalized the codebook to inform further coding. Creswell and Poth (2018) described this as reviewing and refining the codebook to further differentiate code definitions as more transcripts are added to the data. Throughout the process, the researcher expects to achieve a higher percentage of agreed upon codes and themes, also known as saturation (Creswell & Poth, 2018). Reliability will also be accomplished by using an interview guide, which ensures a standards across the different interviews (Robson & McCartan, 2016).

### ***Discussion of Validity***

A common discussion amongst authors is the validity of qualitative research (Creswell & Poth, 2019; Robson & McCartan, 2016; Yin, 2018). Robson and McCartan (2016) highlighted three threats to validity in a flexible design as description, interpretation, and theory. In a flexible design, a valid description of what is discussed within interview and the accuracy of completeness of data can be seen as a threat to validity (Robson & McCartan, 2016). To combat this threat, the researcher used audio-taping throughout the interviews and a transcription was

provided to the participants to ensure accuracy with the description of the data. Interpretation, on the other hand, involves imposing a framework or meaning on what happened during the interview and the researcher's involvement with the setting (Robson & McCartan, 2016). To provide validity with the interpretation of data, the researcher provided a description of each step leading to the end product or results of the data. Robson and McCartan (2016) described this validity to interpretation as providing justification of how the interpretations were made. Lastly, theory was driven by the sources of the data to validate the data. An example, such as triangulation, will help counter threats to validity by using more than one method of data collection, such as interviews and documents (Robson & McCartan, 2016). Additionally, transcripts were returned to each participant to check accuracy during a follow up interview via the web, and also showed the value of the participant's perceptions and contributions (Robson & McCartan, 2016).

### ***Summary of Reliability and Validity***

The goal of reliability is to minimize the errors and biases in a study (Yin, 2018). To ensure reliability, the researcher will make as many procedures as explicit as possible and to conduct the study as if someone was looking over one's shoulder or auditing (Yin, 2018). As noted previously, the researcher examined transcripts and computed a codebook with revisions being conducted to inform further coding. To enhance reliability, the researcher's point was to gather enough information to fully develop or saturate the model, which involved 20-40 interviews. Using the interview guide also ensured a standardization across the interviews (Robson & McCartan, 2016). Validity, on the other hand, was conducted by the use of audiotaping throughout the interviews, a transcription provided to the participants to review

accuracy, and by the researcher providing justification for the interpretations that was made (Robson & McCartan, 2016).

### **Summary of Section 2**

To understand consumer buying habits in the automotive industry, the scope of the research was shown in this previous section. As this study focused on the failure or success of organizations to adapt strategies to maintain and enhance revenue and profitability, an in-depth study was conducted to expand on this emerging business issue (Business Insider Intelligence, 2016). The researcher was the investigator exploring this issue and collected data using multiple sources of information (Creswell & Poth, 2018). When collecting data, the sources of information included interviews and documents to draw themes (Creswell & Poth, 2018). These multiple sources were used to corroborate findings and augment evidence (Yin, 2018).

This section outlined the methodology and the use of a case study. It is appropriate to use a qualitative approach when seeking to understand data in a natural setting sensitive to the people and place under study and it also allows adaptability with interviews (Creswell & Poth, 2018; Mack et al., 2005). In addition to data being collected from interviews, quantitative evidence was computed from financial and sales reports to yield triangulation (Yin, 2018). The population and sampling was discussed showing the use of 20 to 40 participants for the interview with purposeful sampling being utilized. This sample size can be expanded with additional interviews to achieve saturation. The process for the data collection plan was discussed, which included gaining permissions, conducting a good sampling strategy, developing means for recording information, conducting the interviews and transcription, and storing the data securely (Creswell

& Poth, 2018). To ensure confidentiality, the researcher used pseudonyms and took all necessary precautions to protect the participants and the company involved in the case study.

Concluding the interviews and follow ups for transcript reviews, the researcher prepared and organized the data into themes through coding (Creswell & Poth, 2018). After careful reviews of the transcripts, the researcher identified similar phrases, patterns, and themes and coded them within NVivo. Once coding was complete, the researcher transitioned to data interpretation. The researcher also computed descriptive statistics using the provided financial and sales reports, which was expected to provide additional evidence supporting the themes found in interviews. Finally, the topics of reliability and validity were discussed. Reliability was enhanced by gathering enough information to saturate the model and by using the interview guide to ensure standardization across the interviews (Robson & McCartan, 2016). Validity was conducted by the use of audiotaping of the interviews, transcriptions provided to participants for review, and justification for the data interpretations was provided by the researcher.

### **Transition**

The third section of the dissertation presented the findings of the study. This conclusion addresses the research questions and the themes generated. The application to professional practice and recommendations for further study are provided. Additionally, the researcher's reflections are shown from a personal and professional growth perspective. Concluding section three is biblical perspective and the summary of the section.

### **Section 3: Application to Professional Practice and Implications for Change**

As consumer buying habits are changing, organizations have to adapt if they want to remain profitable (Chen, 2018). Even further, brick-and-mortar stores and e-commerce have to adapt strategies to enhance their revenues (Rustan, 2017). E-commerce has changed the way consumers have made buying decisions (Rustan, 2017). For brick-and-mortar, online retailers have increased the competition (Chen & Chen, 2019). With internet providing a vast information pool, a brick-and-mortar store provides customers access to seeing and touching merchandise before purchases (Mehra et al., 2018). Some customers are visiting stores to view products and then return to online outlets for prices, purchases, and showrooming (Chen & Chen, 2019). This concept of showrooming effects brick-and-mortar stores to not only attempt to retain the customer, but to provide competitive prices as well (Mohammed, 2017). These consumer buying habits have an effect on the automotive industry as well (Amick, 2019). E-commerce has become a challenging opponent with companies such as Carvana and CarMax; adding an extra level of competition (Amick, 2019; Cohan, 2019). This shift in competition and consumer buying habits has created an opportunity for automotive dealerships to adapt to maintain and enhance revenues and profitability (Amick, 2019; Cohan, 2019).

The findings of this study are presented in the section below. The themes are presented with an analysis on the qualitative component and the results for triangulation. Additionally, the relationship of the findings are presented and correlated with the research questions, research framework, anticipated themes, and the literature. This section also includes the application to professional practice and recommendations for further study. Concluding the section are reflections from the researcher, which include personal and professional growth and biblical perspective.



## **Overview of the Study**

This research project sought to understand the challenges and opportunities the automotive industry faces. As e-commerce continues to expand and technology advances, it poses a major competition for retailers (Maurer, 2020). Many retailers close their brick-and-mortar stores as e-commerce poses a threat which effected companies such as Toys "R" Us, Payless ShoeSource, and Gymboree (Maurer, 2020). The problem studied included showrooming, price matching, social media, and various other components that brick-and-mortar stores consider for adaptation as it leads consumer buying habits (Gensler et al., 2017; Kuksov & Liao, 2018; Smith & Anderson, 2016). Within the automotive industry, companies such as Carvana, CarMax, and car sharing presents opportunities for adaptation (Amick, 2019; Cohan, 2019). Automotive dealerships then must consider their store footprints, while leveraging strategies to engage with customers across digital and physical platforms (Cohan, 2019; Trefis Team, 2019).

## **Presentation of the Findings**

This section below presents the findings of the research study conducted. The study investigated was designed to address the research question presented in section one. Using the case study approach, the researcher explored the effects of consumer buying habits in the automotive industry. The data were collected from the interviews with an automotive dealership group. The participants included 20 members of a large automotive dealership group ranging from positions within sales, service, managers, and director roles. Financial reports were provided as a means of triangulation, which will show relation to the interview results. The participation diversity allowed the researcher to gain further insight from the automotive group and shows their experience with consumer buying habits and its relation to the brick-and-mortar

dealership stores. The study for this research utilized instruments involving personal interviews with the automotive group, financial and sales reports, and the researcher conducting the study who guided the data collection process.

A recruitment email, which provided a brief overview of the study, was sent to a member of the corporate automotive dealership group. The corporate member provided a contact list of participants. The contact list provided 38 members of the automotive dealership group. Of the 38 contacted, all 38 were qualified to participate, based on the study criteria. The researcher received responses from 25 individuals, with only 20 participants taking part in an interview. The remaining 13 members did not respond.

The researcher identified the eligible participants and these automotive dealership members were each assigned a random-number pseudonym, which served as the participant's identification number. The pseudonyms were used to protect the participants and the automotive dealership and to ensure confidentiality. Following the initial contact from the participants, the researcher set up a WebEx virtual interview and provided consent forms. Each of the participants signed consent forms, acknowledging the scope and structure of the interview and study. The interview participants all worked in various dealerships belonging to the corporate automotive group.

The interviews were conducted using a semi-structured process. This structure of the interview was selected to provide freedom in sequencing the interview questions (Robson & McCartan, 2016). This flexibility allowed the researcher to give attention to different topics and allowed more time for topics and questions (Robson & McCartan, 2016). During the interview, the researcher made notes of observations and perceptions to probe further questioning. Each interview was recorded using the WebEx platform. Following the interview, the researcher

transcribed each recording and interview manually. Follow-up was sent to each participant and the transcript was provided for review and accuracy checking. To further support confidentiality, the transcripts contained only pseudonym identifiers rather than participant names.

The analysis of the transcripts involved meticulous review and careful coding to produce a set of common themes derived from the participant's perceptions and experiences. The coding process identified a series of shared experiences and perceptions of consumer buying habits and the automotive dealership's actions towards such manners. With the amount of repetitive themes provided by the participants, the researcher was able to achieve data saturation with the sample size. This data saturation is described as the point in which the researcher no longer finds new information that adds to an understanding of the category (Creswell & Poth, 2018).

Reliability and validity was measured in various ways. The researcher used audiotaping during the interviews to thwart any threats to the validity (Robson & McCartan, 2016). To enhance the rigor of the researcher and to counter any further threats to validity, the researcher utilized data triangulation (Robson & McCartan, 2016). Reliability was achieved through the use of a common coding platform, saturation due to the amount of interviews conducted, and the use of the interview guide throughout each interview. Additionally, the transcripts enhance the reliability of the study as well (Creswell & Poth, 2018).

Following the process of coding the themes drawn from each transcript, the researcher reviewed the results in the NVivo platform. The researcher interpreted the data in correlation to the research questions and applied the participant's experiences to the business problem of consumer buying habits effects. The study wielded several themes, which were compiled individually and then collectively correlating to each of the research questions presented in Section One.

These discovered themes will be outlined below. These themes include (a) adaptability, (b) advertisement, (c) communication and experience, (d) generational, (e) name recognition and reputation, (f) technology, (g) Carvana and CarMax models, (h) price, and (i) change in vehicles. The analysis from both qualitative and quantitative were discussed. The analysis also included the relationship to the findings in parallel to research questions, research framework, and literature.

### ***Overview of Themes Discovered***

The research questions focused on the automotive dealership member's opinions and experiences relating to consumer buying habit trends they experienced, the actions taken by organizations to adapt, and the recommendations to adapt for upcoming consumer buying habits. The first set of themes support the first research question, which relates to actions taken by organizations to adapt. This yielded results of (a) adaptability, (b) advertisement, (c) communication and experience, (d) generational, (e) the name recognition and reputation (provided by the dealerships), and (f) technology (including resistance). Relating to research question 2, the themes drawn from consumer buying habit changes involved (a) communication and experience, (b) Carvana and CarMax models, (c) effects of pricing, and (d) technology input. Relating to research question 3, the last set of themes derived from the upcoming consumer buying habits that automotive dealerships should prepare for, which included (a) adaptability (with use of off-site services), (b) technology (such as electrification), and (c) change in vehicles (such as larger vehicle demand).

### ***Discussion of Themes***

**Theme 1: Adaptability.** When automotive dealerships consider actions taken to adapt to consumer buying habits, one of the results of this study involved adaptability. In the automotive

industry, Participant 1920 noted that change is happening daily and yearly. Out of the participants, 45% discussed adaptability within the automotive industry. The constant in the automotive industry is change. For automotive dealerships to be successful, the dealership needs to be open to the customer's interpretation of how they want to conduct business and adapt to that (Participant 9124). Dealerships also have the need to start with the associates first and provide different ways to learn and train and engage with the customer. This component will be discussed further in regards to name recognition and reputation. With COVID-19 affecting the world, the pandemic caused all industries to adapt in an effort to remain profitable. With this situation, adaptability was forced on the dealership. If an automotive dealership did not listen to the consumer and their expectations with buying and service experiences, the dealership would not be profitable. The opportunities presented by adaptability will be discussed further in the results.

Due to the pandemic in 2020, all automotive dealerships had to adapt accordingly to make a profit. One of the biggest moves was off-site or on-site pick-up and delivery services. Many participants discussed its resistance to such services. At one point, on-site or off-site delivery was strongly discouraged at the dealership. As the pandemic discouraged individuals from going out, the dealerships had no choice in the matter but to utilize this service. Of the participants, 65% discussed the use of off-site and on-site delivery. While this service was always available for a small fee, the pandemic made the service popular with dealerships waiving fees. From the service standpoint, the automotive dealership would pick up the vehicle from the customer's house or place of work and provide a loaner car for the customer's use. Once the service was completed, the car would be returned to the customer leaving the customer to continue on with their day without hassle. From the sales perspective, on-site was used, but

required more resources. The dealership adapted to the customer's demands by bringing by multiple cars to the customer directly, again at home or place of work, and would provide on-site test drives. The challenging part of sales on-site services was the paperwork that required notarization. The participants discussed the challenge of having to bring individuals from multiple departments such as financial advisors to complete the sale. These accommodations for the customers proved to be a success. While businesses are opening back up during the pandemic, this service is still successful and many participants discussed the continuation of such services. As the services reduce resources, many debate the service fee charge for doing such service, but is still a debate with management. While much of the success of a sales associate was contributed to customers coming on the lot, the dealership was still seeing success with on-site delivery to retain the customer amidst a pandemic. Throughout the literature review, the use of off-site and on-site services were not discussed in research. However, the disruptors in the marketplace shifting the traditional selling approach discussed in the literature review, was prevalent in this study (Isaac et al., 2019). Services such as off-site and on-site delivery is not a traditional approach, however, it shows the importance of adaptability. The services presented within this study were new information supporting the practice of adaptability.

**Theme 2: Advertisement.** Interviewees also discussed advertisement as it relates to consumer buying habits and organization's adaptability. Of the participants, 65% of the interviewees highlighted the impact of advertisement. With consumers utilizing the internet and social media platforms, digital advertising is best for this current climate (Participant 9118). Many of the automotive dealerships advertise on Facebook and conduct events using the social media platform. With the Facebook community gaining traction, the automotive dealerships can also post their inventory on this site (Participant 9130). One participant discussed the social

media ratings being an important part of their business as they found customers looking at the platform for their dealer and service providers. The social media platforms were found to provide a heavy influence on the consumers at this automotive dealership.

Another component of advertisement was post cards or mailers. Many of the automotive dealership's marketing teams send out mailers to customers to draw traction to the dealership. Within the service department of the automotive dealership, this was especially successful to attract customers to their mechanics. Only one of the participant's discussed the uselessness of the mail in post-cards; whereas, multiple participants found success with mailers. One of the marketing techniques with the mailers was the promotions and discounts that were provided on the mailers. While this component will be discussed further, promotional mailers were found to be successful with this automotive dealership group.

The last component of advertising considered websites. Between google, dealer rater, or the company's website, the participant's noted the dealership's list of inventory on websites that draws customers. Participant 9132 conferred the millennials generation conduct their research online before they come to the dealership to purchase their cars. The customers also research reviews on google, dealer rater, social media, or car gurus (Participants 9124, 9128, 9132). The website was found to be an important avenue for inventory and was a successful way of drawing customers in the participant's opinion.

The use of advertisement was evident in the literature review. As digital media options increase, more marketing initiatives are emerging (Sipho, 2016). Lin et al. (2015) found brand engagement on social media to be a factor with an organization's financial performance. Yan et al. (2016) further discusses brand engagement promoting a relationship between consumers and

organizations. The theme of advertisement supports the literature review as advertisement is influential with consumers.

**Theme 3: Communication and Experience.** As noted previously, consumers have been using the online platforms to gain information on vehicles. This leads to the theme of communication. Participants noted the increasingly front-loaded component of communication consumers receive before coming into the dealership. Participants referenced communication to customers on multiple occasions ranging from being vital to dealerships and being the key to success. The automotive dealerships communication to customers helps accomplish the sale or it can deter the sale. The experience within a dealership is how the automotive dealership can retain the customer. Dealerships also have to combat consumer's previous negative experiences within the dealerships to produce positive experiences. Of the participants, 45% discussed experience being a positive or negative force within the dealerships. Consumers have trust issues with the dealerships that many do as much of the process before coming to the dealership. One line that was discussed multiple times was that "a customer would rather go to the dentist than the dealership" (Participant 9118 & Participant 9125). To provide a positive experience within the dealership, the automotive dealership must be able to communicate and maneuver through whatever is going to happen with the consumer. Participants also discussed having the ability to engage with the customers and provide a great sales and service experience. Many times, the participant's goal is to prove to customers that not all places are bad and they can help the customer get in the right car instead of making regretful decisions about their vehicles. The automotive industry specifically is one of the few industries left where negotiation is an assumed part of the transaction. From the participant's experience, the customers have their guard up and



do not like negotiating. The dealership members are faced with having to break that barrier and provide an exceptional service to keep the customer coming back.

Correlating with the advertisement and communicating with customers, online platforms are being used more and more. Many members of the automotive dealership have to adapt to these platforms to engage with customers. Participants discussed emails and text messages to communicate with customers. Especially with the pandemic that is taking place, associates had to learn the online platforms and become strategic with their communication to retain and increase customers. Communication has changed to a point where the dealership cannot communicate and engage with customers like they used to. According to the participants, dealerships must relay information and engage, which is a benefit of having a brick-and-mortar dealership.

With communication and experience being a common factor within this case study, it also supports the literature. Garrison (2019) discussed ways to be an effective dealership and to enhance dealership brand. Through the strategies presented in Garrison's (2019) study, trust and first impressions are built with consumers and encouraged their buying behaviors. This case study supports the research as brand influences consumer buying habits.

**Theme 4: Generational.** A consumer buying habit is also dictated by the generation. With the older generation, participants find this customer base to continue to come into the dealership before making a purchase. Many participants stated "a vehicle is the second largest purchase a customer will make besides a house." Therefore, many customers want to touch, feel, and test drive before making a purchase. With some of the luxury dealerships, the older generation is the main customer base and demographic, which has remained steady throughout the years. The younger generation is more apt to rush through the process. One participant stated

that with “millennials, I don’t even get to throw financing (out) and they already have the car loaded” (Participant 9115). With the technology advancements, participants discussed the younger generation wanting a lot more electronics in the vehicles. From another standpoint, younger generations want to conduct the business more online and less in person. Of the participants that discussed generational aspect of consumer buying habits, 71% of the participants discussed the use of online platforms used by younger generation. The younger generation is seen to research more online and purchase online, which will contribute to the evolution the brick-and-mortar stores. This concept of buying habits between generations was not a topic discussed in the literature review. The literature discussed consumer’s various lifestyles or gender playing a role in buying behavior, but there is no support of age difference factoring into their buying behavior (Ivankovic et al., 2019; Ozdemir & Akcay, 2019).

**Theme 5: Name Recognition and Reputation.** While experience was discussed previously, this concept correlates with the automotive dealership’s name recognition and the reputation built by the dealerships. The actions taken by the automotive dealership to build the reputation is what continues to build the customer base and contributes to the dealership’s profitability. Of the participants, 60% discussed the positive reputation and relationship building the dealership produces. The success of the business was contributed to the relationships that dealerships build with their clients and the service produces repeat customers. The members of the dealership also highlighted the owner’s care and concern for the employees and the focus of keeping the associates happy. The relationship built internally is seen by customers and lends itself to building that customer relationship. The important part of the reputation that goes a long way in the automotive industry is honesty. Many of the negative experiences that customers have gone through at dealerships deters the sales and customer visits. With this automotive group, the

associates display honesty in their transactions and treat the customers as family, which is said to increase their profitability. The positive environment with the automotive dealership team is said to trickle down to the business. The automotive dealership is said to conduct a relational business. Participant 9133 says, “At the end of the day, people do business with people they like and trust, and so you just have to be sure to meet them where they are and give them the information they need.” The previous stigma of shady automotive dealerships cannot continue in this current day, especially with the increasing amount of information on the web. The biggest component of the automotive dealership’s business is contributed to its relational conduct, and the truthful, reputable name it has.

Within the literature review, showrooming was discussed as a popular shopping behavior (“Share of internet users,” 2016). However, sales personnel was shown to have a significant impact on consumers as an outcome of showrooming (Gensler et al., 2017). Showrooming did not have an impact within this case study. The participants discussed their reputation within the dealership and their effects on consumer’s when they enter the lot. This case study adds to the literature because the quality of the sales personnel does have an impact on showrooming and whether the sale is accomplished within the dealership.

**Theme 6: Technology.** Among the participants, technology was a common theme throughout the organization’s processes. Whether sales were being done online, inventory listing and advertisement, customer’s request of electronics in vehicles, or the member’s use of communicating through online platforms, technology continues to be a topic of discussion. With technology, the customers today are a lot more educated on the product because of the internet. The biggest shift in the automotive industry is the use of online and virtual services. The ways an automotive dealerships adapts is through more text, emails, e-brochures, and mobile payments,

according to the participants. One participant noted the internet contributing to 40% to 50% of the traffic, with 40% to 50% coming onto the dealership lot. With the pandemic, this shifted to 70% of the traffic turning to virtual versus walk-in. From a service perspective, customers no longer need to phone in an appointment. With the help of technology, appointments can be requested through the website. Interestingly, technology has hindered the service department as more customers Google for car diagnostics and try self-repairs instead of utilizing the service departments. Google has become a threat as the customer's rely on the computer instead of a human being for repairs (Participant 9130).

Another important technology piece is live chat. Many of the dealership's team have seen an increase in live chat usage versus phone calls for information. Participant 9132 said "this is today's game changer." This has become an easy way for customers to do business on both sales and the service side. To further efficiencies for the automotive dealerships, participants discussed the use of video message links within the live chats. In the service departments, many technicians who once never saw a customer are now providing videos of the car issues. With the technology capabilities, the video links within the live chats have become a large part of how the automotive dealership adapts to consumers' demands.

Connectivity is also changing the way the automotive dealership conducts business. Participants noted how technology connectivity set up is cumbersome to the consumer. By the end of the transaction at the dealership, a consumer is worn out. The last step in the vehicle purchase process is connecting the consumer to the new technology in the vehicles. This has become a frustration part of the process as the consumer is ready to go. This, however, is an important step for the dealership as the smartphone connects the consumer to all sorts of information, including car maintenance and engine records. Another aspect of the vehicle

purchasing process is the plethora of paperwork, with financing being the largest portion. Many participants discussed the use of digital means to do paperwork through the use of a docu-pad and docu-sign. This digital method is essentially an enormous tablet on the financial manager's desk. It is a streamlined process that involves no paperwork, making it efficient for a customer to buy and finance a vehicle. By embracing this technology, it has cut the time in half when customers are going through the purchasing process, and shows the dealership's commitment to meet the consumer's demand on what their expectations are (Participant 9132). One participant explained if a dealership does not embrace the technology and perform the training that goes along with the technology, the car business is going to be backed up and go in the wrong direction (Participant 9132). It was found that consumer's buying habits are effected by their expectations as far as buying experience and service experience requiring automotive dealership to have to adapt to that.

Throughout the literature, technology was frequently discussed (Amick, 2019; Dominici et al., 2016). Connectivity was found within the literature as consumers are empowered to use technology and are interested in the newer technologies, tablets, or gadgets within vehicles (Amick, 2019). In the literature, innovation in the form of roadmapping was discussed (Vishnevskiy et al., 2016). As new product technology and developments increase, roadmapping provides a set of trajectories to improve an organization (Vishnevskiy et al., 2016). This case study supports the literature showing the importance of integrating new technology to support buying behaviors.

**Theme 7: Carvana and CarMax Models.** Another common theme discussed by various members of the automotive dealership group was the Carvana and CarMax models. With Carvana, the company is said to use vending machines for car sales, where customers can go and

pick a car out in the machine or online and then the car is delivered. This model encourages online vehicle purchases, which disrupts the automotive dealership. One participant notes the ease of this business model is addressing a lot of the consumer's concerns that have been pervasive in the industry for 40 years about that trend (Participants 9136).

CarMax, on the other hand, puts the one price on the window shield with no negotiation. One participant thinks the industry may have to start to adapt to the one price kind of idea, which will reduce profitability and make it tough for a dealership. Carvana and CarMax dealers are one of the biggest disruptors to the industry and is revolutionizing the business. However, many participants discussed the positives of going to a brick-and-mortar dealership is to be able to touch, feel, and test drive a vehicle. The brick-and-mortar dealership also provides personnel that have knowledge on the products. One participant stated, "It is hard to go to a Carvana and talk to somebody about a Porsche that is going to know about all the ins and outs of a Porsche model that you're looking at without going to the dealership and getting information" (Participant 9123). The brick-and-mortar dealership has the knowledge base and specialization of the product, which makes it tough for companies such as Carvana to combat. This is a disruptor the automotive dealerships must consider and follow as consumer demands change. The ease of this business model may require the brick-and-mortar dealerships to adjust accordingly. This is a model that historically was resisted by dealerships as it requires a different infrastructure and different approach. It also leads to require the dealership to update websites and requires one to lose some control. The focus of selling is all about interpersonal interactions through the use of communication skills to move consumers through the selling process. The hands off approach of online sales is a terrifying prospect to the dealership, but it is what more and more consumers are expecting (Participant 9125).

Correlating with this model is the concept of the Amazon experience. Amazon creates an experience where you can go online from one's couch at home and purchase products.

Consumers are drawn to this model especially if they do not have to go into the dealership and do the long process (Participant 9122). One participant called this the "holy grail" if a consumer purchases online and the car is delivered. Again, most participants agreed the dealerships are not there yet and is a highly resistant concept, but the customer base is not going to be disregarded long-term. The ease of purchases, less stressful, and at one's own leisure, is going to be up and coming quick. Dealerships again, try to adapt by offering off-site or on-site services.

Of the participants, 45% noted the consumer's changes to timeliness, whether in the sales or service departments. While consumers want a great experience and great service, they want it done quickly (Participant 9132). The buying habits of consumers have changed so much that with everything it has to be right-now kind of feeling (Participant 9120). Even when consumers come on the dealership lot, they want to test drive and be in and out as quickly as possible (Participant 9134). The dealerships then combat by expediting their process, such as more digital paperwork, an example noted previously.

In the literature review, CarMax and Carvana were discussed as a disruption in the marketplace (Isaac et al., 2019; Krell, 2015; Light, 2020). With the literature showing Carvana and Carmax's leadership adapting to consumer behaviors, the purchasing process for consumers was shown from a convenience perspective (Krell, 2015; Light, 2020). With this case study, the participants did not see these companies as a threat. The participants showed the various areas of improvement being made for the consumer's purchasing and service processes and did not doubt the brick-and-mortar's success within the industry.

**Theme 8: Price.** Additionally, when consumers are looking to purchase vehicles, one of the biggest draws is the price. Forty-five percent of the participants discussed prices and discounts as an expectation from the consumer. Because of online shopping, the automotive dealerships have to combat a lot of aggressive pricing. One participant noted the use of price matching and other types of incentives and sales to lure customers so they have less chances and less opportunities to look into the aftermarket (Participant 9128). The price is the biggest influence on a vehicle purchase. Therefore, the automotive dealership uses advertisements to influence customers on where to go and where to buy their next vehicle as the price, incentives, and special offers help influence (Participant 9134). Customers are always going to want the best deal. Historically in the preowned world, a consumer could negotiate 30% to 40% off. If a customer brought cash to negotiate, the consumer would expect a bigger discount. With CarMax producing a no-negotiation deal, it changed the used car world. Participants found consumers still come to the lot expecting to have serious discounts off pre-owned vehicles.

In the service department, the automotive members indicated coupons to be successful with attracting consumers. To provide extra customer service, the automotive dealership's service team would go as far to help customers find their specials and coupons on the website to help solidify the service and experience for the consumer. With the service department especially, the dealership did have to be more aggressive with their quotes. Because of online services, consumers can receive quotes from multiple service providers in a timely manner. If dealerships want to continue retaining the customer, the service advisors are having to price-match and provide coupons. The service advisors are trying to accommodate while also still being able to be profitable on their end.



With consumers and products, price is a component that dealerships can utilize to impact their revenues (Lin, 2015). A strategic approach to counter rival's products was found in literature to be price matching (Constantinou & Bernhardt, 2018). Literature also showed the impact of online prices and the redirection of sales (Smith & Anderson, 2016). This case study supports literature as online platforms have redirected the dealership to produce aggressive pricing and to utilize a more strategic approach to remain profitable.

**Theme 9: Change in Vehicles.** One of the most popular consumer buying habit trends discussed by 50% of the sample is electrification. The dealership has been seeing gas and oil starting to go away and a slight shift towards hybrid and electric cars. More and more consumers are actually accepting the electric vehicles now (Participant 9134). Participants that discussed electrification discussed that it will not be a paradigm shift immediately, but is something that is coming down the pipeline. Recently, the Porsche store received its first all-electric car, the Taycan. Many of the surrounding dealerships stated they see consumers constantly test driving this vehicle. The participants noted while many consumers are interested in electric vehicles, it is not a big consumer purchase right now. Some attribute the lack of electric vehicle purchases due to the lack of infrastructure. This meaning the cities do not have any charging stations set up yet. The participants discussed if the charging stations increase and electric car batteries improve, then consumers would be pushing more for the electric vehicles. Currently, gas vehicles are still overwhelming in volume.

A participant discussed the new law in California, which bans the sale of gas engines in 2035. This will force automotive dealerships to adjust their technologies and to the type the customer really wants and needs. For the automotive dealership being researched, they are at the mercy of the manufacturers. Many participants highlighted Tesla's drive with electrification.

Some discussed manufactures looking at Tesla on how consumers react to the product. At this point, many electric vehicles are rather pricey. Manufacturers, therefore, are looking at making similar vehicles at a price range more acceptable to consumers.

Many sales associates that participated in the study consider electrification to be an opportunity as this is a new consumer demanded product that can be sold. From a service department, it presents some threats. With the new all-electric Porsche, one participant highlighted the vehicle will not be seen in the service department for possibly two years. It was also discussed how the dealership's fix coverage is about 90%, therefore, they are basically just paying all the bill before the doors open. With electric vehicles, they do not need oil and many of the different mechanical pieces that could go wrong, therefore needing servicing. Dealerships generate a lot of their gross profits from the service departments. The lack of service department revenues will affect the dealerships and cause them to rethink how they sell the electric vehicles. It may cause dealerships to consider front loading the service revenues into the initial sale price. This is something Tesla does and does not offer discounts on the vehicles. One participant thinks the dealership could take a point out of Tesla's playbook and not discount vehicles (Participant 9124). Again, there are still a lot of gasoline operated vehicles that continue to be serviced. However, as that dwindles the profit share within the department, it will cause a change.

Another common theme with changes in vehicles was the gas powered vehicle itself. Twenty percent of the respondents discussed the shift from the classic sedan to the SUV. One participant even highlighted the SUV as being the biggest trend from their perspective. This trend is caused by consumers preferring comfort and more safety features. As consumers consider more safe-conscious options, the consumers are gravitating towards the SUVs to be higher up on the road. Another reason is for the storage space. One participant used his family as

an example. There is more space and headroom to fight more of the consumer's family. Other participants noted that consumers purchase the SUV for reasons such as FOMO, fear of missing out. Consumers see other people having SUVs and extra space and storage, causing other consumers to purchase and not miss out on the vehicle. The utility of an SUV provides more abilities than what a sedan can offer. There has been such a trend shift with sedans and with some manufacturers dominating the sedan market, there is a shift for the remaining manufacturers to solely focus on SUVs. An example is Honda and Toyota that dominates the sedan market. The participants then highlighted Ford as focusing almost 100% on larger vehicles. Gas prices also have a factor in the gravitation towards SUV. In the past, consumers purchased more of the sedans, which offered better gas mileage. As today's society sees lower gas prices, the SUVs are contenders with consumer purchases.

Throughout literature, electrification and hybrid vehicles are shown to be disruptors (Butler & Martin, 2016; Doppstadt et al., 2016; Pandit et al., 2018). Literature shows the rise of government influencing the adoption of electric vehicles (Bennett & Vijaygopal, 2018). Participants within this case study discussed the ban on gas operated vehicles in California beginning in 2035. This case study supports research showing the effects of government involvement in electric vehicle adoptions. This case study also supports literature as the infrastructure for elective vehicles, charging times, and driving range is not satisfactory with the consumer's just yet. This case study adds to literature as the researched dealership sees electric vehicles as an opportunity to expand product offerings.

**Qualitative Analysis and Results.** After conducting the interviews, the analysis of the data involved nine different themes. These themes included (a) adaptability, (b) advertisement, (c) communication and experience, (d) generational, (e) name recognition and reputation, (f)

technology, (g) Carvana and CarMax models, (h) price, and (i) change in vehicles. The participants ranged from various departments and roles within the dealership, such as sales personnel, service personnel, managers, and directors. While their roles varied, they shared common perceptions and experiences within the automotive dealership.

***Adaptability.*** After the researcher analyzed the responses regarding adaptability, this trend is something that was constant and recurred often in the interviews. Many discussed the one thing constant in the automotive industry, which was change. Dealerships were said to require change to remain profitable. Consumer buying habits change often, and the success of the dealership rides on adaptability. The dealership studied had an openness to adaptability, which is what contributes to their success as a dealership group. Of the most frequently discussed, service was the off-site or on-site service. With the dealerships being adaptable to consumer's demand, they were able to remain profitable with these services provided. This was especially crucial in the current season due to the pandemic, where consumers were not going out in public. The dealership was forced to adapt and meet the consumer where they were in order to turn a profit.

***Advertisement.*** To further profitability, some of the actions taken by the automotive dealership was regarding advertisement. The results of this study indicated over half of the sample size discussed the impact of advertisement on their profitability. As consumers turn towards internet and social media platforms, this provides an opportunity for dealerships to use digital advertisement to draw consumers to their dealerships and promote their inventory. Interestingly, the service departments discussed mailers and post card advertisements as being successful. To draw consumers to the service department, the mailers would often provide coupons, which consumers would redeem. Along with mailers, the websites were a commonly discussed topic. The dealership's website was a great resource for consumers to browse

inventory. With the younger generation using the internet for browsing instead of coming to the dealership to shop, dealerships are more successful when they have an online presence, according to the participants.

***Communication and Experience.*** Coupled with advertisement, communication is key to customers. As stated previously, the online platforms provides customers with so much information. What can help solidify the sale is when the customers find the vehicle of their choosing and come to the dealership, the communication provided by the sales associate can help make the sale. The dealership studied provided experiences that consumers have is what draws or deters consumers from coming on the lot. The results from the study indicate communication with the customer and creating a positive dealership experience will increase the customer retention. As the automotive industry is one of the few industries that still engage in negotiations as part of the purchasing process, it requires dealerships to break the barriers of any negative enigma of negotiation and provide experiences that are inviting.

***Generational.*** The theme of the concept of generational will touch on each of the themes presented in this study. As consumer buying habits change, the concept of generations show a difference as well. Participants discussed the older generation wanting to conduct business in what may be considered old fashion can be quite opposite of how younger generation wants to do business. The results indicate the older demographic is more likely to come to the dealership lot to peruse the vehicles, whereas the younger generation is more inclined to browse inventory online. Some dealerships even discuss the older generation purchasing from brand specific dealerships. In general, the younger generation requires more technology utilization whether advancements in the vehicles itself or the use of digital tools such as service appointment requests, online inventory viewing, or the vehicle purchasing process itself.

***Name Recognition and Reputation.*** One of the most discussed topics of reasons consumers visit a brick-and-mortar dealership is the reputation of the automotive group. With the automotive dealership group that was investigated, the company focuses on relationship-building that ensures trust between buyers and sellers. The management of the company has created a culture of care and concern for its employees, which has trickled down to the way sellers treat their customers. As noted previously, experience in the dealership affects the buying process of consumers. The name recognition and reputation of the studied dealership combats any negative dealership experiences by treating all customers as family and promotes honesty with their transactions.

***Technology.*** To further adapt to consumer buying habits, technology and the use therefore is imperative for the dealership. The results indicate the biggest shift in the automotive industry was through the use of online and virtual services. From a sales perspective, consumers have more information at their fingertips by using online platforms such as websites and social media sites. From a service perspective, consumers can request service appointments online. Consumers can also use google to diagnose vehicles and attempt to service the vehicle themselves. This technology is a threat to the dealership's service departments as they lose customers to technology. However, to help in the service departments, the dealership has utilized live chat. The dealership has gone as far as having the repair technician conduct a video recording of the car's issue and send the link via live chat. The dealership has found success with customer's feedback in response to such actions. Finally, technology was found to be an ease for conducting a vehicle sale transaction. Instead of having a plethora of paperwork when completing the purchase, the dealership has shift to digital tools such as electronic signatures to make the process go quicker. The process of completing a vehicle sale can be cumbersome for

the consumer. However, the dealerships use of technology has been more effective in regards to the consumer's experiences and expectations.

***Carvana and CarMax Models.*** Correlating with technology is the trend of Carvana and the CarMax models. The Carvana model has shifted consumers to a complete online purchasing process. From shopping online inventory and completing digital paperwork to having the car delivered to the customer's home, consumers do not need to even move from the couch. This experience has slightly disrupted the automotive dealership's model. The results of this case study indicate the dealership adding more of an online presence with their inventory and utilizing more of the digital paperwork model. The dealership, however, has not shifted toward the CarMax model of no hassle, no negotiation. Dealerships have shown a resistant to these models as it requires a different infrastructure. The studied dealership continues to have brick-and-mortar stores that promotes a positive buying experience for consumers and showcases a deep product knowledge that entices consumers to complete the sale onsite.

***Price.*** As the CarMax model promotes no negotiations as part of their business model, it has shifted dealerships to produce more aggressive pricing. The results of the case study indicate more price matching, discounts, and incentives to lure customers to the dealership. With the online presence producing increasing amount of information for consumers, the sales department has to be willing to negotiate and price match more than it did in the past. Service departments are able to entice consumers to use their services by providing discounts online or coupons in the mail. The study indicates service departments being successful with regards to their coupon offers.

***Changes in Vehicles.*** The last theme presented within the qualitative study was the shift in vehicles. This refers to the increase in attention to electrification and the shift toward larger

vehicles. Half of the sample size discussed electrification as the upcoming trend in consumer buying habits. Electrification is seen as an opportunity for the sales department, but the dealership is at the mercy of the manufacturers. The dealerships can only sell what is produced by the manufacturers. The participants also noted that not all of the manufacturers are creating all-electric vehicles. This concept of electrification, however, was not seen as a disruptor as many noted the volume of gas operated vehicles being produced and sold. There was, however, a shift towards larger vehicles such as SUVs. The results indicate that consumers are gravitating more towards SUVs and less towards sedans. Some of the manufacturers have seen this shift and solely produce SUVs over sedans. The trend towards SUVs are contributed to personal preference of comfort, space, and lifestyle choices.

***Summary of the Qualitative Analysis and Results.*** While there are certainly trends that consumers gravitate towards, the overwhelming majority of the participants stated the use of brick-and-mortar dealerships. Many stated that consumers want to touch, see, feel, and test drive before making a purchase. Participants stated, “The vehicle purchase is the second largest purchase a consumer will make besides purchasing a house.” Due to this concept, many participants do not believe the brick-and-mortar dealership will not go anywhere and will still be visited by consumers. The key to the dealership’s success is the adaptability to the consumer. By using technology, whether online websites or social media posts, the consumers can engage with the dealership and conduct their research. When consumers reach the dealership lot, they have an opportunity to communicate and provide exceptional experiences for the consumers, which contributes to the company’s recognition and reputation. While there are disruptors such as Carvana and CarMax model or electrification, this presents an opportunity for the dealerships to create an environment that eases the consumers buying experience and provides a unique product



to sell. Overall, the price of vehicle is what will continue to draw the consumers to make a purchase. Through aggressive pricing or discounts and coupons, the dealership can continue to remain profitable.

***Analysis and Results for Triangulation.*** As the researcher found advertisement to be a common theme throughout the participant's feedback, figures from the corporate office were provided. As customers research inventory online or receive mailers with coupons or information about services, advertisements is a draw for consumers. Figures from the automotive group were received showing the financials from the overall company. The researcher reviewed figures from 2018 and 2019. In 2018, the researcher found .87% of the company's revenues were spent on marketing. In 2019, the researcher found .68% of the company's revenues were spent on marketing. The reason for the decline in the amount of revenue was due to the decrease in stores. There were six fewer stores in 2019 than there were in 2018. Communicating to customers through the use of marketing initiatives was found to be widely success for the automotive dealership group.

### **Relationship of Findings**

The research conducted focused on the effects of consumer buying habits in the automotive industry. After conducting a case study on a specific automotive dealership group, many themes were presented. The themes provided insight to the automotive group's (a) adaptability in industry, (b) use of advertisement, (c) communication contributing to experiences, (d) actions of generations, (e) importance of name recognition and reputation, (f) use of technology, (g) impact of Carvana and CarMax model, (h) shift towards prices, and (i) change in vehicle purchase. The following section relates the findings towards the research questions, the research framework, anticipated themes, and the relation to the literature. The automotive

dealership group provided their experiences and personal opinions that addressed each of the research questions. Some of the themes were not anticipated, which triangulation helped increase validity to the study.

### **Research Questions**

The research questions addressed in this study focused on the problem in the automotive industry with organizations failing to adapt to consumer buying habits (Long Island Business News, 2017; Rayna & Striukova, 2016). The variables presented by the automotive dealership group that was study provided insight into actions that will maintain and enhance the automotive dealership's profitability. These questions aided the researcher throughout the study in understanding the issues and actions taken to adapt to the industry changes.

#### ***Research Question 1***

Why do organizations fail to adapt to consumer buying habits?

- What actions do organizations take that lead to failed adaptation of consumer buying habits?
- What actions do organizations take that lead to successful adaptation to consumer buying habits?

#### ***Research Question 2***

In what ways are changes in consumer buying habits impacting revenue and profitability?

#### ***Research Question 3***

Which new consumer buying habits are present in the automotive industry that could require organizations to change to maintain or enhance revenue and profitability?

Research question 1 was crafted to gain insight into the participants' reasons for organizations to adapt to the consumer's behaviors. The participants indicated that dealerships

failed to adapt because they are resistant to change. An example provided was the effects of the current pandemic. As COVID-19 caused consumers to stay at home and avoid the public, the dealerships had no choice but to adapt to provide off-site or on-site services. While many participants discussed the shift of consumer buying habits and having to be adaptable, COVID-19 pushed some initiatives forward more quickly than expected. The automotive dealership once considered this service to be one that was highly resisted. For the dealership to continue to be profitable in the midst of a shutdown, it had to adapt and provide services that provided ease of purchasing and servicing for the customer. The overall results of actions taken by organizations that lead to failed adaptation is the lack of adaptation. The participants noted the constant in the automotive industry was change. If a dealership was not willing to be open to consumer's demand, it would not be successful. Surprisingly, the shift toward electrification was not an action that has effected the automotive dealership yet. Of the sample size, not all of the dealerships offered electric vehicles. Many have seen it become popular vehicle to test drive. However, overall the company did not track the number of electric or hybrid vehicles being purchased. This was not seen to be a pressing action to adapt in order to remain or enhance profitability.

On the other hand, some actions taken by the organization to remain profitable include the use of advertisement, technology, and reputation. Advertisement was a common theme stated by participants to remain profitable. As technology is being used more and more by the consumer, the online presence of dealerships is a must. To show the importance of the dealership's commitment to marketing and advertisement, the company spent .87% of their revenues on marketing in 2018 and .68% of their revenues in 2019. This advertisement included online websites, social media posts, and mailers, to name a few. Many of the service personnel

found success with coupon mailers to drive consumers to their departments. As the younger generation was stated to be more educated due to online platforms, this study found the need for online presence to be an action needed to continue to drive consumers to the dealership and increase profitability.

Similar to online presence is the concept of technology usage. The case study found the use of technology in the buying process to increase efficiency with the consumer's purchases. One of the most cumbersome process when purchasing a vehicle is the plethora of paperwork that is required. Many consumers are worn out during the vehicle purchase. To combat this negative experience, the automotive dealership has shifted toward digital tools to avoid paperwork and create an easier signing process through use of docu-pads and e-signatures. Participants stated the resistance to the online experience will hinder the automotive dealership's success. While many think the solely online purchase is not quite there yet in the industry, it is something the customer base is not going to put off forever.

Lastly, the actions taken by the automotive dealership that continues to increase profitability is the environment the dealership has created. The automotive dealership that was studied has a reputation for its service, care, and concern for the customer. Participants highlighted the family environment that stems from the management team and is exuded towards the customers. The automotive dealership has a name for itself that draws customers to that specific dealership instead of its competitors. The positive experience consumers receive at this automotive dealership is said to maintain and enhance the dealership's profitability.

Research question 2 sought to understand the participant's perception on organization's actions that are taken to adapt to consumer buying habits. Some common themes included the CarMax and Carvana Model, prices, and again, the use of technology. CarMax and the Carvana

model have created a disruption within the automotive dealership. As noted previously, the online presence is an action taken by the dealership to be a contender in the automotive industry. However, many participants think the solely online purchasing method is not a current threat to the automotive industry. Many participants discussed the need for consumers to touch, feel, and test drive a vehicle before purchasing as it is one of the largest purchase that a consumer will make. Of the participants, 35% stated the brick-and-mortar stores will not go away due to customers wanting a human contact within the buying experience. To increase efficiency in the dealership purchasing process, however, is to use digital tools to expedite the process. The use of docu-pads versus the plethora of paperwork, was seen to provide a positive experience for the customers in these dealerships. Another area the dealership was taking action on was through pricing. The participants discussed price as being the drive of consumer's purchases. If consumers are reviewing prices online, participants said they automatically gravitate towards the lowest price. Dealerships then are becoming more aggressive with their pricing and will price match to retain the sale. Participants also noted the use of discounts and coupons. The service department especially found success by offering coupons and promotions to draw consumers to their department. Again, the willingness of the dealership to be flexible and open to the consumer's demand is how it will remain a sustainable business.

Research question 3 was geared toward understanding the opinions of upcoming trends that will cause the automotive industry to change. The participants were asked the tactics recommended to maintain or enhance revenues and profitability within the automotive industry. Some of the common responses included electrification, service offerings, and offerings of larger vehicles. Electrification was a common theme with 50% of the sample providing their thoughts. While this concept of electrification is an upcoming trend, the results implied it was not a current

trend to worry about. The sales personnel discussed electrification as an opportunity to sell a new product. Many consumers are interested in the electric vehicle with many test driving the one electric vehicle on the lot. However, many participants found the infrastructure was not in place just yet. Many cities are starting to provide charging stations, but there is not enough to drive consumers to purchase more of the electric vehicles. There is also an overwhelming volume of gas operated vehicles for sale and continue to be manufactured. With participants discussing the ban of gas powered vehicles in California in year 2035, electrification was added to the list of upcoming trends. Similarly to vehicle trends was the consumer's gravitation toward larger vehicles. Participants were surprised to see SUVs being purchased over sedans. Many participants found consumers purchasing larger vehicles for comfort, space, safety reasons, and just for lifestyle preference because other consumers are buying them. This trend has shifted some manufacturers to stop sedan manufacturing and solely produce SUVs.

Lastly, the use of technology, such as online platforms, are an upcoming trend in the automotive industry. As discussed previously, the Carvana model provides a solely online experience. As consumers want ease of purchase, participants noted this may be an upcoming trend. During the pandemic, many of the dealerships would provide an easier sales and service experience by providing off-site or on-site services. From the sales perspective, the dealership would send a few vehicles with various team members to the customer's location for test drive and purchase. The service department, on the other hand, would pick up the customer's vehicle for servicing, provide a loaner vehicle, and then return the serviced vehicle. This service allowed customers to continue in their daily routine without hassling with the dealership. During the pandemic, the dealership found this to be a success with many participants thinking this service

will remain a popular request. While this service was once a highly resistant action, the dealerships had to adapt and found success in doing so.

**Research Framework.** The research framework provided the structure of the research. The framework includes concepts, theories, actors, and variables. The concepts included showrooming, eco labeling, and pay-as-you-go services (Folkvord et al., 2019; He et al., 2019; Mehra et al., 2018). The next section of framework included theories. The theories support the concepts and include internal and cultural buying behavior (Cambra-Fierro et al., 2008; Krishnan & Murugan, 2011). These theories are drivers for consumer buying habits (Cambra-Fierro et al., 2008; Krishnan & Murugan, 2011). Additionally, disruptive technology and demand shifters will be shown as leading to actor's actions (Kamolsook et al., 2019; Lim et al., 2014). The actors in this study includes automotive dealerships personnel, manufacturers and marketing teams with the main actor being the consumer. The concluding section of the research framework will include the variables. These variables include revenue and profitability, purchasing decision, price matching and sales promotion, technology advances, and environmental and organizational culture.

**Concepts.** The concepts presented in section one included showrooming, eco labeling, and pay-as-you go services (Folkvord et al., 2019; He et al., 2019; Mehra et al., 2018). After conducting research within the large automotive group, the participants indicated the large amount of consumers today are utilizing the online platforms to conduct research on various competitions and prices. The study indicated consumers are more educated on the vehicles because of the online platforms. However, the participants were very confident in their sales approaches to retain the customers on the lot. To combat showrooming, the automotive dealership would provide aggressive pricing and special offers to produce the sale. The

participants also contributed the success of their dealership to the exceptional service the dealership is known for. The second concept considered was eco labeling. In the automotive industry, the best product that would be categorized as utilizing eco labeling was the hybrid and electric vehicles. The study found while consumers are interested in electric vehicles, it is not as current of a trend. However, it is an upcoming trend that the dealerships are at the mercy of the manufacturers to produce. The last concept of pay-as-you-go services was not found to be a threat to the automotive industry. Only five percent of the sample size discussed this concept as something to adapt to. To further support this concept, the participants in this study were in a larger city and did not allude to such services being a hindrance to the automotive dealership group.

**Theories.** On the other hand, the theories presented in section one included cultural and internal theory of buying behavior and disruption of technology and demand shifters. Literature found consumer's value and beliefs can lead to certain buying behaviors such as EV cars (Cambra-Fierro et al., 2008). This cultural influence on consumer's purchases was not a significant factor for the automotive dealership group and their experiences with consumer's purchases. As noted previously, the electric vehicle was an upcoming trend, but it presently was not as large of a disruptor as was expected. The internal theory of buying behavior, however, was found significantly in the study with consumer buying habits. Many participants discussed the trend of consumers purchasing larger vehicles. The reasons provided by the participants included lifestyle behaviors of comfort, safety, and space. One participant discussed the consumer would purchase it based on others purchasing it to avoid a fear of missing out feeling (Participant 9125). Correlating with this theory is demand shifters. One of the most discussed demand shift in the automotive industry was the trend of larger vehicles, such as the SUV. A demand shift that



was not as expected was the dealership's shift to off-site and on-site services. In the midst of the study, the pandemic occurred and discouraged consumers to go out in the public. This required the automotive dealerships to adapt to consumer demands, which included a service brought to the consumer's location. Participants discussed the adaptation to be successful leading to a profitable business in the midst of a negatively impacting condition. The final theory is the introduction of new technology or disruptive technology. Of the participants, 45% of them discussed the use of technology in all aspects of the dealership. First, with the sales department, technologies such as the use of online platforms to entice consumers to the dealership was found to be necessary. When consumers are concluding their vehicle purchases, the use of electronic and digital tools, such as a docu-pad, allowed for an easier transaction making the process more efficient. Secondly, the service department is able to utilize live chat with video links being provided to consumers. These videos are being produced by the mechanics and are able to show the consumer the issues with the vehicles. The participants discussed this service as a success and was appreciated by the consumer. The disruption of technology was found to be a tool that can increase profitability if a dealership adapts to it.

*Actors.* As the concepts and theories showcase the reasons behind consumer buying habits, the actors need to be considered. In the automotive industry, there are multiple actors to consider. In this study, the actors include the automotive side, including sales and service personnel, managers, and directors and marketing teams, but also manufacturers and consumers. The automotive dealership members discussed their perspective of consumers and their buying habits. Many of the members discussed the importance of marketing. The automotive dealership members also discussed the role of the manufacturers. With upcoming trends in consumer buying habits, the automotive dealerships are at the mercy of the manufacturer. If the consumer's

demand more electric vehicles, the dealership can only sell what the manufacturer provides. The final actor presented in this study is the consumer itself. The consumer is what drives the manufacturer's to produce the requested vehicles. The manufacturers then produce the vehicles to the dealership to be sold to the consumer. This study finds the consumer is the driver for what the manufacturers and dealerships produce.

**Variables.** There were many variables that were considered within this study. In the research presented in section one, sales promotion and price adjustments were important drivers for consumer buying habits within the studied automotive dealership group. With the advancement in technology, consumers have information at their fingertips with many consumers looking for the right price. The participants discussed the price as being the best competitive advantage to draw the consumer to the dealership lot to purchase. The technology is what also aids the automotive dealership in remaining profitable. Many participants discussed the use of advertisement and the effects of online websites and social media platforms. Of the participants, 65% discussed advertisements, whether on websites or social media. The online presence was shown to be an action to adapt to in the automotive industry. Adaptability was also a topic presented by 45% of the sample. As the automotive industry constantly changes, the dealerships need to be open to change and adapt to consumers. What sets the studied automotive group apart is their reputation and the name that has been built. Participants discussed the management's care and concern for their employees, which trickles down to the way the employees engage with the consumers. The environment created by the automotive group has lasting effects on the consumer and is said to be the retention tool.

**Summary of the Research Framework.** No matter the industry, consumer buying habits have implications (Heidenreich et al., 2017; Lin et al., 2015; Lu et al., 2018; Shim et al., 2018).

Whether organizations have brick-and-mortar stores or e-commerce, organizations need to strategize to maintain and enhance revenues and profitability (Gensler et al., 2017). The concepts presented above provided the background behind the consumer buying habit trends. The concepts consisted of showrooming, eco-labeling, and pay-as-you-go services. The theories, on the other hand, provided the framework for organizations to strategize and consider for adaptation. These theories included internal and cultural buying behavior, demand shifters, and disruptive technology. These theories had implications for the actors. The actors included the automotive dealership members, manufacturers, and the consumers. The last portion of the research framework is the variables. These variables included sales promotion and price adjustment, online presence such as websites and social media, technology, and the organizational culture.

**Anticipated Themes.** Prior to the researcher conducting the interviews, the researcher developed anticipated theme based on the research framework and the literature review. The section below will discuss those themes compared to the results within the case study. The themes included electrification and the EV friendly vehicles, the effects of pricing, the manufacturer's impact, and the dealership's competition and strategies. Although most of the researcher's expectations were corroborated by the participant's perceptions and opinions, the participants also provided some additional themes that were not expected.

***Electrification and EV Friendly Vehicles.*** The most anticipated theme for the researcher was the shift toward electric and environmental friendly vehicles. With the research showing the increasing popularity of Tesla motors, this was an anticipated theme with the studied automotive dealership (Butler & Marin, 2016). While 50% of the participants discussed the upcoming trend of electrification, it was not a current demand shifter. The results found

dealerships are at the mercy of the manufacturer to produce the electric vehicles, which is still in progress. Many participants noted the increase of consumers test driving the one electric vehicle on the lot. However, there was an overwhelming amount of gas operated vehicles still in consumption that has not been as threatening to the automotive dealership group yet. With the themes presented within the research findings, the automotive dealership's shift toward adaptability will be the driver toward remaining profitable. A large percent of the participants discussed adaptability and openness to consumer demand as the future of the dealership model.

***Effects of Pricing.*** The second theme is the effects of pricing. This considers special offers, discounts and coupons. Within the sample, 45% discussed price adjustments as a way to entice consumers and draw demand. Within the service department, the coupons were shown to be a successful way of enticing consumers to fix their vehicles at the dealership. Participants also noted pricing as the most impactful action a dealership can make. Consumers today are more educated as online presence presents information at their fingertips. For a dealership to be competitive, participants discussed the use of aggressive pricing and price matching. As advertisement was discussed previously, the anticipated theme of social media influence was present in this study. Many participants contributed to their advertisements through means of social media platforms. Research shows an increase in financial performance when brand engagement is present on social media (Lin et al. 2015). This study found that theme to be true, with many funds being contributed to marketing on online and social media platforms.

***Manufacturer's Impact.*** Another of the anticipated themes related to the manufacturer's role. In the literature, the various factors contributing to consumer behavior were present between the manufacturers and dealerships (Busse et al., 2016). Gasoline prices was one of them as manufacturers rely heavily on fuel efficient vehicles for profit (Busse et al., 2016). The

expectation was that consumers would be more likely to purchase fuel efficient vehicles (Busse et al., 2016). While participants did corroborate the enticement of fuel efficient vehicles, this was not found to be a leading consumer trend. Surprisingly, there was a large trend of consumers purchasing larger vehicles that were once not considered fuel efficient vehicles. The automotive dealership group saw a shift towards consumers purchasing vehicles for space and comfort over the necessity to be fuel efficient. However, the research presented in section one also discussed the innovation of manufacturers (Wilhelm & Dolfmsa, 2018). This was corroborated as the consumer demand and what the dealership can sell relies heavily on the manufacturers and their production of vehicles. As technology advances shift the industry and electric vehicles become a trend, the activities of the manufacturers will impact the industry (Borgstedt et al., 2017). The participants within this specific automotive dealership discussed some of the electric vehicles being produced. However, many of the manufacturers such as Acura have not created an electric vehicle. This corroborates the impact the manufacturers make on the dealership if they are not adaptive to consumer trends.

***Dealerships Competition and Strategies.*** The last anticipated theme was regarding dealership's competition and strategies. With the sample of the automotive group, 60% of the participants discussed reputation of the automotive group and effects of the environment and culture it contains. Because of the management's culture of caring for its employees, the customers see this environment and culture, which showcases the reputation of a family-oriented business. Within the research presented in Section One, employee turnover was one of the most costly and difficult challenges of a company (Noviantoro et al., 2018). One participant highlighted the low turnover in the company as the environment has such a positive atmosphere.

This low turnover also influences the customer retention as customers are able to work with repeated employees.

Correlating with dealership competition is the effects of Carvana and CarMax model. While these businesses are seen to be a disruptor and is corroborated by the participants in this study, some of the theories of these models do not threaten the dealership (Light, 2020). While consumers want an Amazon experience and have a quick purchasing process, the solely online experience of the Carvana model is not for every consumer. The participants in this study do not see the brick-and-mortar stores going away anytime soon as consumers want to see, feel, and touch the product before investing a lot of money. With the CarMax model, it may be enticing to some consumers as they do not need to haggle with a sales associate. However, the participants in this study were not as concerned with this model as consumers focus on the cheapest price. With the online presence providing quotes in a timely fashion, it was found that consumers would do their research and search for the best price. The automotive industry is one of the few industries that allow and encourage negotiations. The incentives offered by the automotive dealership group encourages the consumer to purchase with them instead of looking into the aftermarket. While it may appear that Carvana and CarMax are disrupting the automotive industry, it was found that the brick-and-mortar dealership was not concerned about these companies. The automotive dealership has created strategies to adapt to consumer demands such as off-site and on-site services or using technology within the dealership to ease the buying process.

**Literature.** There were multiple themes that corroborated the literature in section one with the relationship of the findings. In the literature review, marketing was a crucially important component for companies (Valos et al., 2016). With the increase of digital media options, it

presents opportunities for the car dealership to emerge with marketing initiatives (Sipho, 2016). This was a common theme in this investigation. Advertisements were discussed among 65% of the sample size. Between online presence and social media platforms, these marketing initiatives provided an influence on consumer buying habits. Reputation was also discussed in literature and its impact of corporate social responsibility (Dutot et al., 2016). The automotive dealership that was studied has a reputation built from its culture. This company has a presence in the community. One participant discussed the involvement in the community through food banks and blood drives. The reputation and the company's creation of a brand identity is above and beyond what the automotive brands bring in. One participant provides an example of a consumer's draw toward the automotive dealership group. They said, "If folks are looking for a Land Rover, they look for our Land Rover." The organization has branded themselves as one of the big players with exceptional service that consumers want.

Within any industry, competition will be present and more so in online presence. The disruptive changes in the marketplace with online information, has shifted the traditional selling approach (Isaac et al., 2019). The literature review discussed companies such as Vroom, CarMax, Carvana, and pay-as-you-go services. While these disruptors were present in this study, it was found to not be a grave concern to the automotive dealership group. The dealership has adapted to various consumer demands such as off-site and on-site services to accommodate the consumer. However, even in the midst of a pandemic and when stay at home orders were lifted, the dealership lot was still being visited. While literature promotes the consumers trend of CarMax and Carvana, this study did not see the companies as threatening as the dealership model was still working in their favor.

One of the trends indicated in this study, which was not presented in the literature, was the demand of off-site and on-site services. The literature describe consumer buying habits as wanting a timely vehicle purchase, like the Amazon experience (Maurer, 2020). This was corroborated in this study, however, the automotive dealership showed adaptation to accommodate consumer demands. The most discussed demand was the shift toward off-site and on-site services. This involved the dealership pick-up and delivery services to the customer's location, whether home or work. During the pandemic, the dealerships reaction and quick adaptation to this service proved to be a profitable action. Overall, the participant's main concept discussed is the theme of adaptability. With the constant change in the automotive industry, the participant's main tactic for success in the industry is adaptability and willingness to be open to change.

### **Summary of Findings**

Throughout this case study, the researcher sought to understand the effects of consumer buying habits in the automotive industry. By focusing on a sole automotive dealership group, the researcher was able to gain insight into the perceptions and opinions of participants in the sales and service departments, and among managers and directors. Some of the common themes related to adaptability, advertisement, communication and experiences, generational, reputation, technology, Carvana and CarMax model, effects of prices, and change in vehicles. Many of the recurring themes amongst the participants corroborated the literature and was an anticipated theme. Some of the outliers included the demand shift of off-site and on-site services. While many of the participants discussed Carvana and CarMax model, the study did not find a current concern for these models. The participants discussed the reputation and the built up name created by the automotive group. The company contributes much of its success to the exceptional service



provided to the consumers and the adaptability to meet consumer demands. Through the qualitative interviews, many themes were presented with quantitative analysis supporting the increased theme of advertisement usage for consumer buying habits. The research questions posed in section one were related to the findings of this study. Concluding this section was the relationship of the findings to the research framework, anticipated themes, and the literature.

### **Application to Professional Practice**

Consumer buying habits are constantly changing especially with the growth in e-commerce (Rustan, 2017). With the advancement of technology, consumers have endless choices, convenience, and price efficiency making the decision-making process easier for consumers (Rustan, 2017). Adding to convenience for consumers is the Amazon experience (Olenski, 2015). Because of the digital tools being used by various retailers, it has changed the way consumers make purchases (Chen & Chen, 2019). Many retailers are having to adopt to the new digital models or risk losing their businesses (Business Insider Intelligence, 2016; Maurer, 2020; Rayna & Strukova, 2016). This application also applies to the automotive industry with many challenges being presented (Amick, 2019). The purpose of this study is to understand the effects of consumer buying habits happening currently and potential upcoming trends and ways the automotive dealership is and should be adapting to remain profitable. This case study focused on a corporate automotive dealership group with members providing their opinions and perspective on actions taking by the organization in comparison with consumer buying habits. The findings will show its relation to business practices and the potential implementation of strategies.

## **Improving General Business Practice**

The case study presented various themes relating to actions taken by an organization to adapt to consumer buying habits. These trends included adaptability, advertisement, name recognition and reputation, technology, Carvana and CarMax model, and prices. Each of these themes presented by participants are discussed and related to business practices. By using the results of the study, this section shows areas for improving practices and further opportunities for growth.

### ***Adaptability***

One the common themes presented in this study was the adaptability of automotive dealerships. With change being constant within the automotive industry, the study indicates dealerships needing to adapt to remain profitable. Dealerships need to listen to the consumers and what their expectations are as far as buying experience and service experience (Participant 9132). It was shown in section 1 how companies such as Toys “R” Us, Payless ShoeSource, and Gymboree Group having to liquidate their stores due to lack of adaptability (Maurer, 2020). This study indicates the same implications. If dealerships are not willing to adapt to consumer buying habits and expectations within the dealership, the organization will not be profitable. While a business should be prepared to adapt to any catastrophic environmental event, a great example was seen when COVID-19 affected the entire world within 2020. If the automotive dealership did not adapt to consumer’s expectations of off-site or on-site delivery services, the dealership would not have made a profit. While leadership was once resistant to this service, having the willingness and openness to serve the consumers at a time when most consumers would not leave their houses, turned the situation from what was going to be negative revenue month to a positive one.

### ***Advertisement***

To further draw consumers to the dealership for sales or service, advertisement was the most common theme derived from the members of the dealership group. Whether through social media pushes or mailers, the dealership saw success when advertising was utilized. Valos et al. (2016) discussed the crucially component of marketing today. As new digital media options are available, car dealerships have new opportunities to emerge with marketing initiatives (Sipho, 2016). This case study indicates the dealership doing more social media events through Facebook or would list inventory for sale through the same site. This study indicates leadership the importance of marketing and how it can draw consumers to the dealership lot. Various members of the dealership group also discussed community involvement and social media influence on public relations. Just as Palomares et al. (2018) encouraged organizations to communicate with consumers though these channels, the results of the researched dealership indicate success when posting content on such sites.

### ***Name Recognition and Reputation***

One of the best ways to advertise an automotive dealership is by having a positive reputation within the industry. Within this study, many members of the dealership discussed the reputation built within their communities and how consumers are drawn to the brand name. This stems from the positive experience that consumers have had, but also by the leadership's care for its employees. While research indicates employee turnover being a costly and difficult challenge, the car salesmen would leave due to work environment (Noviantoro et al., 2018). This study indicates members of the dealership had low turnover due to the culture set by leadership. Consumers are aware of this unique culture as well, which many members discussed this as a draw for consumers. This research provides insight for other leaders to practice within their

organization. The culture and environment set forth by leadership has implications from employees down to the consumers.

Communication and experience within the dealership also have implications for consumers. Participants noted the negativity of dealerships from the consumer's perspective. The focus is therefore, to improve the consumer experience and to have service that increases the consumer's likelihood of coming back for future business. In the automotive industry, research highlights the shift away from traditional selling approaches as the online marketplace increases (Isaac et al., 2019). Isaac et al. (2019) discussed the relational aspect of the business. This was mimicked within this study. The participants highlight the component of creating relationships with customers. This type of relationship building ensures trust and creates a positive environment for consumers to make purchases, but also come back for future business.

### ***Technology***

One of the biggest disruptors in the world is technology and innovations (Majumdar et al., 2018). With the emergence of the internet, digitalization, and technology has potential to severely disrupt economic order and is radically changing current manufacturing and construction practices (Majumdar et al., 2018). The literature indicates the implications of technology on consumer buying habits and motivations (Kamolsook et al., 2019). The results of this study indicate technology is needed throughout all levels of the customer purchase. Within the studied automotive dealership group, results indicate technology is used to promote inventory on websites or through advertisements on social media platforms. During the conclusion of the sales purchase, electronic devices, such as docu-pads, were used to complete financial paperwork digitally. From a service perspective, much of the information was presented to the consumer through Live Chats and through video links created by the technician themselves. The results of

this study indicate practices using technology to have a smooth purchasing process, for example, is what consumers are attracted to and will produce a repeat customer.

Technology also encompasses electric vehicles. Pandit et al. (2018) described electric vehicles as a disruptive technology that is moving ahead faster than the market's trajectory of need. Many of the participants within this study described electric vehicles as the upcoming trend with consumer buying habits. Currently, consumers at the studied automotive dealership were interested in the electric vehicle and would constant test drive the Porsche's model. However, the study did not indicate a significant impact of electric vehicles on the automotive dealership. The corporate office did not track electric vehicle purchases either. The participants also discussed the evolution of the electric vehicles. Due to the lack of infrastructure in place, charging stations or improved batteries, this trend is still in the distant future according to the participants. The recommendation for leadership to prepare is to continue with forecasting models. Fantazzini and Toktamysova (2015) discussed forecasting consumer preferences, however, newer product models have yet to be studied and understood. With the researched automotive dealership, the electric vehicle purchased were not being tracked. Therefore, the results of this study can improve leadership practices by forecasting and tracking consumer buying habits related to the electric vehicles. While the participants did not think this upcoming trend was a threat, but rather an opportunity, the sample size indicating the electric vehicle as an upcoming trend is significant. Knowing this information can help improve the automotive practices by producing forecasting models to track demand.

### ***Carvana and CarMax Models***

To further improve business practices, an automotive dealership should consider Carvana and CarMax models. The results of this study indicate the Carvana model provides a solely

online purchasing process with delivery to the consumer's location. The researched automotive dealership group did adapt similarly to Carvana. This past year, the dealership provided off-site and on-site delivery to consumers, whether the consumer was purchasing a vehicle or servicing one. The participants described this ease of purchase or servicing as a great success among their consumers. During a time when revenues were expected to be low with consumers following stay-at-home orders, the dealership was able to adapt to similar competitor's models. CarMax, on the other hand, provides a no hassle, no negotiation approach to the selling process. With the results of this study indicating the dealerships opinion of negotiations in the industry, this was not a significant concern. The dealership did find to be more aggressive with their pricing, due to the consumer's research on the internet. This information is helpful to a leader as they practice providing affordable vehicles at price points that produce profitability and also a repeat customer. Further recommendations for improving business practices is to continue building the relationship with the customer. If customer's want a no hassle approach to purchasing a vehicle, the dealership's exceptional service can help combat that, according to the participants.

### ***Price***

As mentioned previously, the participants discussed aggressive pricing with consumers. With inventory being posted on websites, consumers are more educated and have more information at their fingertips. Participants discussed this access to information leads consumers to purchase the vehicle from the dealership having the lowest price. Therefore, the participants discussed the dealership combatting this by doing incentives, sales, and being more aggressive. The participants discussed the positive effect of coupons for servicing vehicles at the dealership. Even the post card mailers were said to be effective. Surveying the trends that consumers

gravitate towards will be useful for the dealership as they adapt their pricing within the dealership.

### ***Potential Implementation Strategies***

This case study presented various themes from a corporate automotive dealership group. The opinions and experiences of the automotive dealership members have provided insight to the effects of consumer buying habits within the automotive industry. As the automotive industry constantly changes, the dealerships have new opportunities. These opportunities will be presented from the perspective of the actions taken, the changes in consumer buying habits impacting revenue and profitability, and the upcoming trends present in the automotive industry.

**Actions Taken.** The first research question was constructed to understand the actions taken by the automotive dealership. The results of this study provided insight into actions such as technology changes, adaptability, and the ways the automotive dealership's name is promoted and influences purchases. This study also provided actions that automotive dealerships are resistant to. With COVID-19 taking place in 2020, it caused many consumers to stay at home and avoid visiting dealerships. This occurrence forced dealerships to adapt to consumer's way of making purchases. One strategy implemented was the off-site and on-site services. While this utilized much time and resources from the dealership perspective, it retained the customer and made ease of buying and servicing possible. This is a possible strategy to be implemented going forward. While the dealership participants discussed this service was always available with a small fee, the convenience for the consumer is something to consider with possibly waiving fees going forward. When convenience of Carvana is readily available, this is a great opportunity for the dealership to ease into that avenue.

An additional strategy for implementation is the advancement of online presence. While vehicle purchases still require the automotive dealership to process paperwork dependent on the state, the company could strategize ways to provide consumers the accessibility to solely make purchases online with the use of onsite delivery. While many companies are resistant to change, the literature indicates the increase advancement of e-commerce (Olenski, 2015). The automotive dealerships have an opportunity to have e-commerce and brick-and-mortar presence to meet demands from any generational preference.

**Changes in Consumer Buying Habits.** The second research question focused on participant's perception of the organization to adapt to consumer buying habits. With CarMax and Carvana models providing a different strategy to meet consumer demands, the automotive dealership can take advantage of some of their ideas. One potential strategy for implementation is providing *sister* dealership lots with set prices. This provides those select customers who do not want to negotiate a place to do so, while still receiving the exceptional service provided by the dealership. As discussed earlier, price is the biggest draw for consumers. Strategies to continue to maintain or enhance revenues is to provide aggressive pricing with consumers. One tactic presented by a dealership member was to include insurance as a package deal with leased vehicles. This collaboration with an insurance company can put a consumer at ease as it reduces the amount of bills being received. This package deal presents the one monthly charge and condenses the number of companies to work with.

**Upcoming Trends in the Automotive Industry.** The last research question focused on upcoming consumer buying habits and trends that will potentially shift the automotive industry. The sample size provided an overwhelming amount of response to electrification and offerings of larger vehicles. While the dealership is at the mercy of the manufacturers, a recommendation



is to increase electric vehicles on the car lots. Many participants mentioned the Porsche all-electric model that is constantly being test driven. This infers that consumers are interested in the product, however, many may not be ready to buy. If customers have a chance to test drive and understand this new product, it may spike more interest. There is potential strategies to entice consumers with this product, especially with many of the dealerships not having an all-electric vehicle on their lots.

**Biblical Framework.** One of the most discussed themes with the participants is adaptability. Within Scripture, adaptability is key within ministry. Ecclesiastes 3:1 says, “There is a time for everything, and a season for every activity under the heavens” (New International Version). Conditions and situations will change, and this verse shows the importance of Christians being willing to adapt. Further, adaptability in Scripture encourages Christians to be willing to be fashioned or refashioned according to the Lord’s will and plan. Isaiah 64:8 says, “Yet you, Lord, are our Father. We are the clay, you are the potter; we are all the work of your hand” (New International Version, 2011). However, the greatest example of adaptability is Jesus Christ, the Son of God becoming the Son of Man. Philippians 2:5-8 discusses Christ being in the form of God, made Himself of no reputation, and took on the form of a servant and was made in the likeness of men (New International Version, 2011). Christ become man on this earth was humbling, even to the point of death on the cross. The reward of this action is above and beyond what any human can ever do on earth. Therefore, Christians are encourage to be adaptable to God’s plans (New International Version, 2011, Romans 12:1-2).

This relates to how individuals should take action in their careers or in this case, the automotive industry. As change is constant, dealerships are encouraged to be adaptable and willing to change in a humble manner. When a dealership is willing to be fashioned towards

what consumers are demanding, there is opportunity to profit as found in the results of this study. The conclusion of adaptability furthers indicates great rewards. Just as Christ's humbling adaptability to come down to earth as a man to save the world, automotive dealerships can have great profits when accommodating consumers.

### ***Summary of Application to Professional Practice***

This section provided an overview of the application to professional practice, provided potential implementation strategies, and also a relation to the biblical framework. The constant in the automotive industry is change (Rustan, 2017). Between technology and customer's preferences, tools such as digital marketing, advertisements, or price adjustments are shown to change the way consumers make purchases (Chen & Chen, 2019). Some of the implications for business practice included adaptability. This study indicated the lack to adapt especially during COVID-19, proved that a dealership would not be profitable. While dealership may be resistant to some changes, the openness and willingness to adapt made a difference in the revenues. To further encourage consumer's buying habits was through advertisement. With digital platforms being used by more and more consumers, the recommendation is for the dealership to continue building an online presence and to advance marketing initiatives. While marketing aids in drawing consumers, this studied dealership also addressed the implications of reputation and brand awareness. The draw of the employees at the dealership was the positive work environment stemming from the top leadership. This also was reflected with consumers and their desire to work with the dealership. The study provided insight for leaders to encourage a positive culture and environment to practice within their organizations as it prevents turnover and can increase consumer retention. Further aiding in consumer retention is the ease during the purchasing process. As technology advances, consumers want a quick and timely purchasing

process. Therefore, the dealerships can implement more technology usage to provide a smooth purchasing process that will attract consumers and provide a repeat customer. Technology also addresses the electric vehicle, which is an upcoming trend. With many participants discussing the lack of all-electric vehicles on the dealership lot, an implementation strategy is to produce forecasting models and track the purchases with the electric vehicles that are on the lot.

Similarly, technology has increased the way consumers complete their purchase, due to the rise of Carvana and CarMax models. While this competition was not a significant concern, the dealership can implement some components of their models. As prices drive the consumers, being more aggressive and possibly provide a few options with no haggling, the dealership could test out the CarMax models.

The last portion of the application to professional practice addressed biblical framework. The key component of this study is adaptability. Throughout Scripture, Christians are encourage to adapt and be fashioned according to God's will (New International Version, 1978/2011, Ecclesiastes 3:1; New International Version, 1978/2011, Isaiah 64:8). Christians have the ultimate example of Jesus Christ, who being Son of God came to earth as Son of Man (New International Version, 1978/2011, Philippians 2:5-8). The rewards of adaptability in the dealership, but also in the Christian walk is insurmountable (New International Version, 1978/2011, Romans 1:9-10; New International Version, 1978/2011, Romans 12:1-2).

### **Recommendations for Further Study**

The researcher conducted a thorough review of literature relating to consumer buying habits, followed by a qualitative study, which gathered opinions and experiences of members within a corporate automotive dealership group. The findings of the literature review and the qualitative case study led the researcher to formulate a set of recommendations for further study.

The recommendations identified a progression towards electrification. Although many of the dealership members encouraged this new product, it does have implications for the service department. The recommendation is to research such implications within service departments of dealerships as they were described as being a profit center within the dealership. With the rise of electric vehicles, the service departments are not needed as frequently and can affect their profitability. This lack of visits from owners of electric vehicles will impact the dealership as a whole as profits could decrease.

Additionally, the volume of gas operated vehicles was described in this study as overwhelming. The recommendation for further study should consider the effects of fuel operated vehicles and the trend of consumers. From this study, the dealership found electric vehicles to be an interest for consumers, but not a purchasing trend just yet. Further studies could research the consumer's expectations and realistic view of electric vehicles and whether it has an effect on their buying habits. In this study, the topic of electric vehicles was not a concern, but was heavily discussed as a futuristic product and consumer trend. The impact of researching the consumer's view point could aid the dealership and manufacturer on what products to produce and potentially sell.

### **Reflections**

This sub-section reviewed a reflection of the researcher's experience with the research process and includes the possible personal biases or preconceived ideas that may have influenced the research and results. The researcher will also discuss how this research has effected personal and professional growth. Finally, the researcher will discuss the applicability to biblical integration within this study.

### ***Personal and Professional Growth***

This research study resulted from the researcher's personal single experience within a car dealership coupled with knowledge gained from dealership member's relationship with the researcher. The experiences presented by personal experiences and from information gained from relations with dealership members sparked an interest in the industry. As many stores such as Toys "R" Us or Sears feel the effects of digital presence effecting brick-and-mortar stores, the researcher desired to understand the effects to further aid the brick-and-mortar stores (Business Insider Intelligence, 2016; Maurer, 2020). The researcher's knowledge of the effects of consumer buying habits led the researcher to understand the effects of technology, advertisement, and ways to strategize for profitability. The researcher's intuition led her to believe the future of brick-and-mortar dealerships was an idea that would be phased out due to online presence and technology.

When the research began, many participants discussed the dealership model and the future trend of electrification. When discussed both actions, the common theme was that a brick-and-mortar dealership was never going away. The participants discussed the amount of money being spent on a vehicle, making it the second largest purchase a consumer will make. Because of this factor, many consumers still want to touch, see, feel, and test drive before making a purchase. The researcher expected the results to show a shift toward less dealership models and more towards digital presence. This was not the case of this study. Further, the automotive dealership group's reputation was built so heavily within the community, that participant's customer seek out this dealership for business. This component was not a surprise to the researcher as the leaders of the automotive group are well known. The researcher was aware of the culture and environment created by the top leaders. This was further evident when speaking

with the members of the group. The researcher could see positive environment and the pride for their company through discussions with the various members.

### ***Biblical Perspective***

The focus of this study was towards a strategic plan for an organization to adapt to consumer buying habits to remain profitable. Leaderships within the automotive industry have a significant role in carrying out strategic plans (Yilmaz et al., 2019). Further, research indicates when companies adopt good strategies and implement them efficiently, companies excel within industry (Allio, 2015). Leadership has many implications and is evident throughout Scripture. The book of Titus provides an overview of the characteristics of leadership such as hospitable, trustworthy, upright, and holy (New International Version). While all individuals are all imperfect beings, one should reflect on Scripture as a means to character development and implications and reflection of actions. Keller and Alsdorf (2012) discuss addressing the petitions of Christians to the Lord. The authors specifically address that individuals be open and to expand their thinking so that it reaches not only as far as the table, but across fields and land, and entire country that does business (Keller & Alsdorf, 2012). This principle of going above and beyond has significance within the automotive industry. As many consumers have had a negative experience within the dealership, this researched automotive group has had a difference in changing that consumer perspective. As a Christian, one is called to make a difference and to change perspectives, especially with rewards of heaven in view. From leadership down to employees, the actions taken by an organization can make an impact to the consumer and beyond.

### ***Summary of Reflections***

The reflections presented above showed the impact on personal and professional growth of the researcher. Before conducting the study, the researcher had some perspective from personal experience within a dealership, but also from the dealership's perspective due to work relations with leadership. The researcher was surprised to find the overall consensus of the dealership model not going away. Even with consumer buying habit trends enjoying more online presence, the purchase price of such products leads many consumers to continue visiting the physical dealership. Additionally, the reputation of the dealership group indicated that consumers are more inclined to purchase through the dealership due to the environment and experiences built within the dealership. The biblical perspective was provided showing the effects of leadership as it relates to strategic management. The impact of leadership to make strategic decisions have effects down to employees and to consumers as well. The exceptional service of going above and beyond will make an impact in the automotive industry.

### **Summary of Section 3**

The problem studied was the failure of an organization to adapt to consumer buying habits in the automotive industry resulting in a loss of revenue and profitability. Three research questions were utilized to address the problem, relating to (a) actions taken by organizations to adapt, (b) ways consumer buying habits make an impact, and (c) new consumer buying habits that are present in industry. To investigate the problem, the researcher used a qualitative case study and conducted interview with various members of a corporate automotive dealership group. These interviews provided the researcher with the participant's opinions and experiences within the automotive industry. The transcripts were then compiled and reviewed for recurring themes and patterns. The researcher then interpreted the findings to ascertain the meaning.

The findings that emerged from the investigation were aligned with the research questions. Concerning the first research question, the results found that lack of adaptation leads to failed business. The participants noted the constant variable of change within industry and failure to adapt to consumer's buying habits would result in loss of profits. One such adaptation that was conducted by the dealership was off-site or on-site services. While this was once a highly resistant action in the dealership, COVID-19 forced change on the industry. Because of the dealership's adaptation to such actions, the company was able to remain profitable. Further actions taken by the organization include the use of advertisement, technology, and reputation. Advertisement was a common theme found within participants, whether online presence and social media, or mailers. Triangulation was formulated showing the company's percentage of revenues spent on marketing. The study indicated marketing to be an action needed to continue driving consumers to the dealership and to increase profitability. Technology was also noted, highlighting the use of digital tools to aid the cumbersome purchasing process. Lastly, the reputation of the dealership and the name recognition further enhanced the profitability of the dealership. According to the participants, the relationships built within the dealership makes a last impression and provides repeat business.

The second research question provided insight into the participant's perception on organization's actions to adapt to consumer buying habits. These themes involved CarMax and Carvana Model, prices, and again, the use of technology. The results indicated solely online purchasing method is a not a current threat to the industry. Many participants discussed the physical visits to the dealership to touch, see, feel, and test drive vehicles before purchasing. To increase efficiency, however, the use of technology and digital tools helps expedite the process and makes ease of purchasing better for consumers.



The last research question provided an understanding of upcoming trends that will shift the industry. The results of the study indicated an interest in electrification and models similar to Carvana. The organization continues to provide off-site and on-site delivery services that shows a shift closer to consumer demand. Each of these research questions provided insight within the automotive dealership.

After aligning these study findings to the research questions and research framework, the researcher compared the anticipated themes and academic literature. The researcher also provided an application to professional practice. The results were compared with ways to improve general business practice and also potential implementation strategies and biblical framework. The study was finalized by the researcher's recommendations for further study, and reflections on personal and professional growth and biblical perspective.

Identification of the issues relation to this research problem, which was the failure of organizations to adapt to consumer buying habits, illuminated the challenges and opportunities for automotive dealership to overcome and pursue to maintain or enhance revenues and profitability. These themes included (a) adaptability, (b) advertisement, (c) communication and experience, (d) generational, (e) name recognition and reputation, (f) technology, (g) Carvana and CarMax model, (h) price, and (i) change in vehicles.

### **Summary and Study Conclusions**

The researcher formed several conclusions from the implementation of the study, involving members of a corporate automotive dealership. These conclusions related to the effects of consumer buying habits in the automotive industry. Using a sole automotive dealership group for a qualitative case study, the researcher was able to gain insight into the perceptions and opinions of participants in roles such as sales and service departments, managers, and directors.

The common themes related to (a) adaptability, (b) advertisement, (c) communication and experiences, (d) generational, (e) reputation, (f) technology, (g) Carvana and CarMax models, (h) effects of prices, and (i) change in vehicles. Many of the recurring themes corroborated the literature and confirmed the anticipated themes. Some of the outliers included the demand shift of off-site and on-site services. This service, which was once a highly resistant action, indicated a positive adaptation within the automotive dealership group and enhance their revenues. While many participants discussed Carvana and CarMax models, the study did not find a concern for these models as the demand for brick-and-mortar dealerships was still an in-demand part of the purchasing process. The company also contributes their success to the reputation built, with many consumers seeking out this dealership group for their purchases.

This study concludes with some applications to professional practice and potential implementation strategies. These strategies include digital marketing, advertisements, and price adjustments. With digital platforms being used by consumers, the recommendation is to continue building an online presence and to advance marketing initiatives for brand awareness. Additionally, the reputation of the dealership and the relationships built among employees down to consumers, further builds brand awareness. The study provides insight for leaders to implement these practices within their own organizations, which aids employee turnover and customer retention. Lastly, technology was the last implementation discussed. Technology was a common theme to prepare for in the industry and has implications from the way consumers review products, purchase vehicles, or service vehicles. Further, technology implementation such as electric vehicles are an interest within consumers. However, strategies for implementation is more forecasting models and to track the amount of purchases to understand consumer demand.

In closing, this research project allowed the researcher to study the effects of consumer buying habits in the automotive dealership. The project highlighted the automotive dealerships members' perspective on the impact of consumer buying habits, the actions taken by the dealership to adapt, and upcoming trends to prepare for. Through the research process, the project increased awareness of consumer buying habits and the challenges and opportunities faced by the automotive industry.

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## Appendix A: Permission to Conduct Interviews

July 8, 2020

[REDACTED]

Dear [REDACTED]:

As a graduate student in the School of Business at Liberty University, I am conducting research as part of the requirements for a doctoral degree. The title of my research project is the Effects of Consumer Buying Habits in the Automotive Industry and the purpose of my research is to add to the body of knowledge by expanding on an emerging business issue relating to consumer buying habits and organization's adaptability.

I am writing to request your permission to utilize your membership list to recruit participants for my research.

Participants will be asked via email to schedule a virtual 30-60 minute interview. Participants will be presented with informed consent information prior to participating. Taking part in this study is completely voluntary, and participants are welcome to discontinue participation at any time. Following the virtual interview, a follow-up interview will be conducted to review the transcripts.

Thank you for considering my request. If you choose to grant permission, please provide a signed statement on official letterhead indicating your approval. A permission letter document is attached for your convenience.

Sincerely,

Tiffany Towne  
Doctoral Candidate, Liberty University

## Appendix B: Permission Letter

July 8, 2020

Tiffany Towne  
Doctoral Candidate  
Liberty University  
1971 University Blvd  
Lynchburg, VA 24515

Dear Tiffany:

After careful review of your research proposal entitled Effects of Consumer Buying Habits in the Automotive Industry, we have decided to grant you permission to access our membership list/contact our faculty/staff and invite them to participate in your study

Check the following boxes, as applicable:

- The requested data WILL NOT BE STRIPPED of identifying information before it is provided to the researcher.
  
- We are requesting a copy of the results upon study completion and/or publication.

Sincerely,

A large black rectangular redaction box covering the signature area.

### Appendix C: Letter of Invitation

Dear [Recipient]:

As a doctoral student in the School of Business at Liberty University, I am conducting research as part of the requirements for a doctoral degree. The purpose of my research is to explore actions taken by an automotive dealership to adapt to consumer buying habits and the impacts of such trends. I am writing to invite eligible participants to join my study.

Participants must be 18 years of age or older, and must be working for [REDACTED]. Participants, if willing, will be asked to participate in a 30-60 minute interview. Following the interview, the participant will be provided a transcript to review contents for accuracy. Participation will be completely anonymous, and no personal, identifying information will be collected.

In order to participate, please reply to this email (xxxxxxxxxx) to schedule an interview.

A consent document will be given to you after the interview is scheduled. This document needs to be signed and returned to me before the interview occurs.

Sincerely,

Tiffany Towne  
Doctoral Candidate, Liberty University  
(xxx) xxx-xxxx/xxxxxxxx

## Appendix D: Consent Form

### Consent

**Title of the Project:** Effects of Consumer Buying Habits in the Automotive Industry

**Principal Investigator:** Tiffany Towne, Doctoral Candidate, Liberty University

#### Invitation to be Part of a Research Study

You are invited to participate in a research study. In order to participate, you must be 18 years of age or older and be working in the automotive dealership. Taking part in this research project is voluntary.

Please take time to read this entire form and ask questions before deciding whether to take part in this research project.

#### What is the study about and why is it being done?

The purpose of the study is to add to the body of knowledge by expanding on an emerging business issue relating to the impact of, and reasons behind consumer buying habits and organization's adaptability to such within the automotive industry.

#### What will happen if you take part in this study?

If you agree to be in this study, I would ask you to do the following things:

1. Provide a 30-60 minute window of time to participate in a virtual one-on-one interview. During this interview, audio recording will be conducted.
2. Following the interview, a follow up-interview will be conducted via web and a transcript will be provided to ensure accuracy. Participant will need to verify transcript contents.
3. Participants selected in this study will be given pseudonyms to ensure confidentiality.

#### How could you or others benefit from this study?

Benefits to society include adding to the body of knowledge of consumer buying habits by the participant's willingness to provide their expert opinions and experiences to explore an emerging business issue.

#### What risks might you experience from being in this study?

The risks involved in this study are minimal, which means they are equal to the risks you would encounter in everyday life. With the 30-60 minute interview, there may be a risk of fatigue. To mitigate this risk, the researcher will offer the participant an opportunity to take a break to regroup and clear their mind. Another risk may be the fear of providing personal opinion, which

may stir up uneasy feelings from a past negative experience. To mitigate this risk, the researcher will advise the participant of the option to skip the question.

#### **How will personal information be protected?**

The records of this study will be kept private. Published reports will not include any information that will make it possible to identify a subject. Research records will be stored securely, and only the researcher will have access to the records.

- Participant responses will be kept confidential through the use of pseudonyms/codes. Additionally, interviews will be conducted virtually where others will not easily overhear the conversation.
- Data will be stored on a password-locked computer and may be used in future presentations. After three years, all electronic records will be deleted.
- Interviews will be recorded and transcribed. Recordings will be stored on a password locked computer for three years and then erased. Only the researcher will have access to these recordings.

#### **Is study participation voluntary?**

Participation in this study is voluntary. Your decision whether to participate will not affect your current or future relations with Liberty University or [REDACTED]. If you decide to participate, you are free to not answer any question or withdraw at any time without affecting those relationships.

#### **What should you do if you decide to withdraw from the study?**

If you choose to withdraw from the study, please contact the researcher at the email address/phone number included in the next paragraph. Should you choose to withdraw, data collected from you will be destroyed immediately and will not be included in this study.

#### **Whom do you contact if you have questions or concerns about the study?**

The researcher conducting this study is Tiffany Towne. You may ask any questions you have now. If you have questions later, **you are encouraged** to contact her at xxxxxxxxxxxx or [xxxxxxxxx.edu](mailto:xxxxxxxxx.edu). You may also contact the researcher's faculty sponsor, Dr. Melissa Connell, at xxxxxxxxxxxx.edu.

#### **Whom do you contact if you have questions about your rights as a research participant?**

If you have any questions or concerns regarding this study and would like to talk to someone other than the researcher, **you are encouraged** to contact the Institutional Review Board, 1971 University Blvd., Green Hall Ste. 2845, Lynchburg, VA 24515 or email at [irb@liberty.edu](mailto:irb@liberty.edu)

**Your Consent**

Before agreeing to be part of the research, please be sure that you understand what the study is about. You will be given a copy of this document for your records/you can print a copy of the document for your records. If you have any questions about the study later, you can contact the researcher/study team using the information provided above.

By signing this document, you are agreeing to be in this study. Make sure you understand what the study is about before you sign. You will be given a copy of this document for your records. The researcher will keep a copy with the study records. If you have any questions about the study after you sign this document, you can contact the study team using the information provided above.

*I have read and understood the above information. I have asked questions and have received answers. I consent to participate in the study.*

The researcher has my permission to audio-record me as part of my participation in this study.

---

Printed Subject Name

---

Signature & Date



## Appendix E: Interview Guide

**Title of the Project:** Effects of Consumer Buying Habits in the Automotive Industry

**Principal Investigator:** Tiffany Towne, Doctoral Candidate, Liberty University

**Question 1: How would you describe consumer buying habits within the automotive industry?**

Follow-up questions will be used to gain insight into the participant's reasons for organizations adapting to such behaviors.

**Question 2: To what extent do you think automotive dealerships are taking actions to adapt to those consumer buying habits?**

Subsidiary questions will seek to identify the participant's perception on organization's actions.

**Question 3: What are some upcoming trends with consumer buying habits that you feel will cause the automotive industry to change in order to maintain or enhance revenues and profitability?**

Follow up questions will focus on the participant's opinion of the actions needed to be successful in industry and also to gauge interest in incorporating various tactics to adapt to the changes.

**Appendix F: Table 1 - Identified Themes and Supporting Statements**

| Identified Theme | Supporting Statements  |
|------------------|--|
| Adaptability     | “I don’t know of any tactics is just, you have to be willing to adapt. You have to be willing to call audible.”  |
|                  | “We figured out very quickly that if we want to stay in business, we were going to have to do things differently.”   |
|                  | “As long as you are able to adapt and be open to customer’s interpretation of how they want to conduct business, you can still be successful.”   |
|                  | “Because everything is always different and so that leads you to adapt to things all the time.”  |
|                  | “We have to listen to our consumers and what their expert expectations are as far as buying experience and a service experience, and we have to adapt to that.”  |
|                  | “The best way would just be to adapt to the consumer’s habits.”  |
|                  | “I would say, remain open minded with an open perspective.”  |
|                  | “One of the biggest things that we adapted to, because of this, was actually a point of resistance beforehand was on-site delivery.”   |
|                  | “The adaptation that we have to deal with is actually the processes in place to consummate the deal, whether it be delivering a car to the customer’s house or doing a walk around virtually or whatever else to help them with their schedule.”                                     |
|                  | “The way we worked, especially through COVID-19, working with a lot of pickup and delivery of service vehicles and even on the sales side, delivering some off-site vehicles to clients.”  |
|                  | “So we adjusted some of our practices to accommodate things like before, where we didn’t have a pick up and drop off service.”   |
| Advertisement    | “Digital advertising is the best for this current climate.”  |
|                  | “When I say we do Facebook, we do advertise on Facebook.”  |
|                  | “I think we’re spending more time putting our inventory online, on social spots, trying to reach the customer as much as possible.”  |
|                  | “Our website is an important avenue for our inventory, but it’s really a catch-all too to grab somebody back in from those webs of Car Gurus to bring them back into the car fold.”  |
|                  | “You’re going to see a lot of digital marketing. That’s what most of our advertising dollars are spent on.”  |
|                  | “We will market through emails; we’ve had some success through Facebook and also paper postcards actually tend to work really well.”   |
|                  | “I think the advertising and mailers that go out do a lot to bring people that might not otherwise consider service of dealerships.”   |
|                  | “We’re doing a couple Facebook ads as well.”   |
|                  | “A millennial is pretty much going to do all their research before they get here to buy a car and to the point where they actually have a car picked out before they even come in. (They) know what brand they want, dealership they want to go to base on social media reviews like |

|                              |  |
|------------------------------|--|
|                              | google. Our social media ratings are very important to our business because that's where people know which dealers are providing that, the better services."   |
|                              | "Our social media scores and our ratings on google or dealer rater, those are what the consumer looks as if they can and they're interested in, you know a Chevrolet or a BMW."  |
|                              | "I think advertisements have a lot to do with influence on where to go, where to buy your next car."   |
| Communication and Experience | "It is increasingly frontloaded with communicating before they come in, which means we have to be better about getting them to come in."   |
|                              | "Communicating with people, showing an interest, and an alignment with their, what they value and what they're trying to accomplish."  |
|                              | "Communication is going to be even more vital moving forward."   |
|                              | "They want to either communicate by email, or they want to communicate by text and the dealerships are going to have to adapt to that because we can't communicate the way we want to communicate."  |
|                              | "Just as they come, the key is information."   |
|                              | "They bought a car here, had a good experience, which that's why they want to return."   |
|                              | "I think that the past of the car dealerships, past experiences that people have had or experiences that they had."  |
|                              | "I still think people don't trust the car dealerships, so they want to do as much as they can before they get here so that nothing goes awry when they get here."  |
|                              | "Especially in this day and age when there's so much information out there, you have to be able to engage with these customers and earn the right to ask them to come in."   |
|                              | "We still see customers coming into us, telling us about situations they had at the other dealerships and other people were dishonest."  |
|                              | "I believe it's more about experience than necessarily the mechanical nature of the vehicle."  |
|                              | "It's about the experience and if where the experience can be improved, then we need to be able to adjust as well."  |
|                              | "They want to have a great sales experience."  |
|                              | "I know the car industry has been around for a very long time and you know some people have had a bad experience. I think just trying to prove them that not all places are bad; that we can still help them and put them in the right car instead of them just regretting their decision in weeks." |
| Generational                 | "The millennials, I don't even get to throw out financing and they already have the car loaded."   |
|                              | "With our demographic, our demographic has aged from 54 years of age average, to 55 years of age average, to 56 years of average in the last three years. Basically means, we're still selling to the same customer base."   |

|                                 |  |
|---------------------------------|--|
|                                 | “There’s a lot of electronics in the cars which would seem too really, would be a push towards the younger generation.”  |
|                                 | “The younger generation is more on the computer when older generation is more on the mail.”  |
|                                 | “I would say with this generation now, that online does a lot better.”   |
|                                 | “I would say they change from perspective that you have different generations. You know, you’ve got generation X, generation Y, generation Z now I believe, and you got the baby boomers and millennials. And really, you really have to adapt the way you use to” |
|                                 | “A lot of the guys I talk to that are younger that are in the 20s and early 30s. I have a lot of friends that would prefer to buy cars online and have them brought to them.”  |
|                                 | “I still think that human contact piece of it is a part of the positive buying experience.”  |
| Name Recognition and Reputation | “It really is the service and the relationship that seals the deal.”   |
|                                 | “Our relationship building is key.”  |
|                                 | “The owner is always taking care of his employees and they really focus on making sure that people stay here. And that lends itself to building that customer relationship with us, because people see the same person when they come in.”                         |
|                                 | “Even people that have bought a vehicle elsewhere still kind of know our name and our reputation.”   |
|                                 | “We have a good reputation within the community.”  |
|                                 | “We are honest with them and treat them like family.”  |
|                                 | “I would have to say, the customer service that we give, just the environment in general and the inventory that we have (draws customers).”  |
|                                 | “What draws the customer first is the level of service that we provide. Number one, it is the customer’s experience at our respective dealerships that make the difference.”   |
|                                 | “I think as much as that, the organization has certainly branded themselves as one of the big players. Their very good customer service driven and just about everything that they do.”  |
|                                 | “In our area here, seems like our dealership name is a very known name.”   |
|                                 | “Our dealership is a big name. It is a trusted name, especially in this area.”   |
|                                 | “Reputation is huge.”  |
| Technology                      | “The technology from the Toyota basis may be a little slower than the millennials want.”   |
|                                 | Almost all of the transactional financing will be done online so you don’t have to sit for six hours with us.”   |
|                                 | “We have moved to that digital space.”   |
|                                 | “We do something like, when they have a trade for instance, we grab an iPad and instead of it used to be back in the old days. When I say  |

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|                           | old days, like when I started 10 years ago, we would go out and do a silent walk around their trade with a customer.”   |
|                           | “Texting is going to be huge moving forward.”   |
|                           | “Although I will say the automotive industry on a whole, is just historically behind on most things via top technology or whatever.”  |
|                           | “I think we do a really good job in terms of search engine.”  |
|                           | “We have done some experimentation with some, almost electronic or e-commerce methods for service.”   |
|                           | “We are a little more hands on in terms of the electronic payment, where a customer might be able to see their final invoice and pay their bill online.”  |
|                           | “Technology has been a large part of how we have been able to adapt to the consumer’s demand i.e. the live chat.”   |
|                           | “We can text them a link to a video, and we have a technician or a service advisor that will actually video the tires on their car and talk to them about it and they can see their tires.”   |
|                           | “Five years ago you’d have to go through this plethora of paperwork to buy a car especially if you were financing. Now it is all digital with what we call a docu-pad and docu-sign.  |
|                           | “They love texting and email today.”  |
| Carvana and CarMax Models | “CarMax, somewhere in the mid-2010, decided their price is no-negotiation, which has changed the used car world.”   |
|                           | “Carvana, they had the vending machine for cars. You can go and pick a car out and pick out online and they deliver it to you.”   |
|                           | “The biggest disruptors are those companies that are going feet first into that model – the Carvana’s and CarMax to a degree.   |
|                           | “It is hard to go to Carvana and talk to somebody about a Porsche that is going to know about all the ins and outs of the Porsche model that you’re looking at without going to the dealership and getting that information.”   |
|                           | “To adapt to the changes, I think you’d have to start to adapt the, as an entire industry, the one price kind of idea which is really tough cause that’s going to reduce profitability overall.”  |
|                           | “I think you’re seeing a lot of the changes, the one price, the no-negotiation, no hassle, buy it online, it’s dropped off, a week to return it. Because what they’re doing is addressing a lot of those concerns that you know have kind of been pervasive in the industry for 40 years about that kind of thing.” |
|                           | “I mean, some stuff you just have to do in person. Most people come to the dealership to make their purchase.”  |
|                           | “I don’t think that dealerships will ever get to an Amazon style platform. People want to come and see and drive and field the car before they buy it.”   |
|                           | “I think there’s always going to be a need for a car dealership. I mean people have to have car service and people want to come and see the   |

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|                    | car before they purchase. I mean, it's the second biggest purchase after buying a home for most."  |
| Price              | "People still come on the lot expecting to have serious discounts off pre-owned and those days are almost over."   |
|                    | "We had to price cars for people who are going to sit in their house and do more shopping online, which is obviously a gross profit killer because (they) can get in touch with anybody from anywhere and get a number." |
|                    | "We do offer coupons in the back end of the store and try to get people into the service department. I will give different percent off."   |
|                    | "We combat that a lot with aggressive pricing on maintenance services."  |
|                    | "We do price matching and other types of incentives and sales so people have less chances, less opportunities to look into the aftermarket."   |
|                    | "You have to be very aggressive with that quote."  |
|                    | "A lot of it is influenced by price and incentives and you know, special offers."  |
|                    | "I guess you can say customers always want the best deal."   |
| Change in Vehicles | "I think we're going away from gas and oil, things of that nature. I think they're starting to go towards hybrids, electric cars."   |
|                    | "There's the move toward electric or the big trend over the last couple of years really is to move away from smaller cars to larger."  |
|                    | Electrification is kind of an interesting one that we are going to be battling in the coming years."   |
|                    | "In the future, I would see, I think would see more and more electric vehicles catching up to the gas volume for sure."  |
|                    | "They're going to start looking at electric vehicles more."  |
|                    | "(Electric vehicles) Maybe like a decade from now. I don't think we are that far advanced at this point in time that that's going to be something where customers aren't going to have."                                 |
|                    | "The classic sedan is moving to the classic SUV."  |
|                    | "The biggest trend I see is SUVs. Everybody wants a SUV."  |
|                    | "Everyone wants larger vehicles."  |
|                    | "Overall customers have start to trend towards the crossover SUV that has been going on for some time now."  |

**Appendix G: List of Primary Codes**

advertisement  
brand  
brick and mortar  
CarMax  
Carvana  
communication  
discount  
electric vehicles  
electrification  
experience  
Facebook  
generational  
infrastructure  
internet  
larger vehicle  
mailers  
marketing  
manufacturer  
name recognition  
off-site delivery  
on-site delivery  
online  
post cards  
price  
price adjustments  
quickness  
reputation

resistance

social media

SUV

technology

timeliness