

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 BACKGROUND**

For over a decade, the rising oil price has been affecting the world energy situation and led many countries to find other alternative fuel resources to substitute a shortage of crude oil as well as saving their budget. Those new alternative energies were water energy, solar energy, wind energy, natural gas, ethanol, bio-diesel, etc.

For the automobile industry, to find alternatives for this situation, many manufacturers have introduced hybrid cars that help reduce fuel consumption in the marketplace. This new car segment is now interesting consumers who are concerned about fuel prices and environmental problems globally, especially those in the United States of America, European countries, and Japan.

Also affected by the oil situation, Thailand's Ministry of Energy, according to Thailand Automotive Institute (สถาบันยานยนต์, ม.ป.ป., น. 31), announced in 2007 the policy to develop the country's own alternative energy such as ethanol fuel as well as approving the industrial plan to produce smaller and fuel-saving cars called Eco Cars. Also, there was a campaign to promote cars that can refuelled with alternative fuels like E10 (Ethanol 10% and gasoline 90%), and E20 (Ethanol 20% and gasoline 80%). It was announced that the tax for new cars that can use such oils would be reduced from 50% to between 20-35%. Moreover, the tax for passenger cars not over 10 seats and equipped with fuel economy engines such as electrical engines or hybrid engines would be lowered from 50% to 10%.

Though the tax was cut, the price of the fuel saving cars such as hybrid, electric, and fuel cell are still relatively high because of the import tax which amounts to 200% as announced by Thai Customs Department. Hybrid passenger cars sold in Thailand nowadays cost around 2 million baht while gasoline engine cars cost around 1 million baht only.

However, Toyota Motor Thailand Co. Ltd., Thailand-based manufacturer of Toyota, announced on July 2008 that they would commence manufacturing a hybrid

version of the Toyota Camry in Thailand with an expectation that it will become the favorite model in the Thai market. In support of this new automobile market movement, Thailand's Ministry for Energy will further discuss with the Customs Department about the possibility of reducing the import tax of some parts. (“โตโยต้า ลงทุน,” 2551).

Besides Toyota, other automobile manufacturers, like Honda, previously introduced the Civic Hybrid model to the market but the car was not so popular because of its high import price. Therefore, that Toyota will introduce the hybrid model to the Thai market is interesting.

However, whether the car can be successfully sold in Thailand depends on Thai consumers' behaviour. There is a lot of information about hybrid car technology and the government's tax policy on fuel saving cars but, to date, there is not much information about consumer attitudes that will stimulate Thai people to buy hybrid cars. Therefore, this research was conducted to find out preliminary behavioural information of Thai motorists which might be useful for strategic marketing communication plans.

## **1.2 STATEMENT OF THE PROBLEM**

This study aims to find out the following questions:

1.2.1 What is the most influential marketing activity that stimulates Bangkok's motorist's decision to buy a hybrid car?

1.2.2 What is the attitude of Bangkok's motorists that influence their decision to buy hybrid car?

## **1.3 OBJECTIVES OF THE STUDY**

The objectives of this study are as follows:

1.3.1 To find out the most influential marketing activity that interests most Bangkok motorists to buy hybrid cars.

1.3.2 To find out the factors influencing their purchasing decision to buy hybrid cars.

#### 1.4 DEFINITION OF TERMS

The definition of the terms of this study are as follows:

**Motorist** in this research refers to the car driver who usually commutes in the Bangkok area.

**Hybrid car** means the car that can be run by a combination of two engines together such as traditional gasoline engine and electrical motor. Those two engines were gasoline engine and electric motor.

**Electric car** means the car that can run by electrical motor in which its power is generated from battery packs that could be recharged by household electricity or automatically charged while running on the road.

**Fuel Cell car** means the car that can run by electrical motor in which its power will be generated from hydrogen.

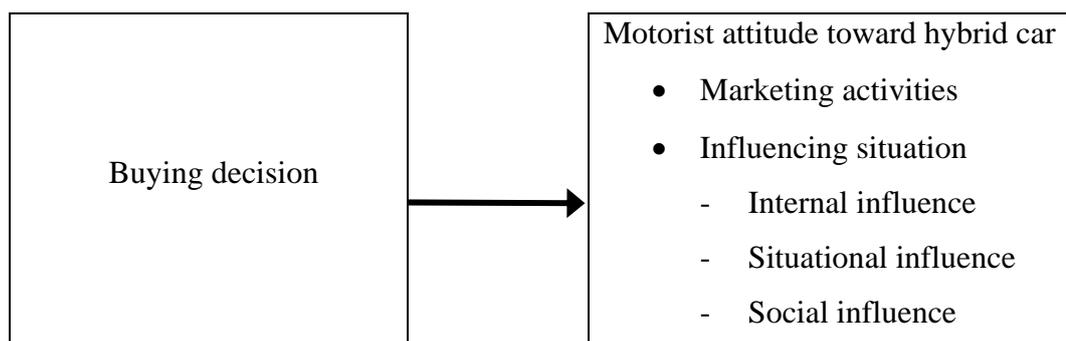
**Excise tax** is a type of tax charged on goods produced within the country.

**Import tax** is a type of tax charged on goods produced outside the country.

#### 1.5 SCOPE OF THE STUDY

*Independent variables*

*Dependent variable*



This research focused on the attitude of Bangkok motorists towards their buying decision of hybrid cars in two main areas which are marketing activities and influencing situations. For influencing situation, there are sub factors like internal influence, situational influence and social influence. A set of questionnaires will be distributed to 100 samples commuting in the Bangkok area and who can drive.

## **1.6 SIGNIFICANCE OF THE STUDY**

The research will serve as useful data for automobile companies to further study behaviours of Thai consumers and set appropriate communication strategies and marketing plans for future introduction of hybrid cars.

## **1.7 ORGANIZATION OF THE STUDY**

There are five chapters in this study.

**Chapter One** is the introduction which introduces the background of the study, statement of problem, objectives of study, the scope of the study, and significance of the study.

**Chapter Two** presents a review of related literature regarding buying behaviour, buying decision process, the concept of marketing activities, and related literature review.

**Chapter Three** consists of the methodology, subjects, materials, procedures and data analysis.

**Chapter Four** shows the results of data analysis.

**Chapter Five** provides a summary, discussions, conclusions, and recommendations for further study.