

Determinants in Used Car Purchase Results

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ABSTRACT

The automotive industry in Indonesia continues to experience rapid growth amidst intense competition among companies to create flagship products. This development is spurred by various factors, including lifestyle changes and the increased social status of the population. This research investigates the factors influencing the decision to purchase used cars in Jakarta, particularly among individuals aged 18-40. The automotive industry in Indonesia is undergoing rapid growth driven by lifestyle developments, increased community mobility, and enhanced social status. The purchase of used cars has become an intriguing phenomenon in the dynamics of the automotive industry, with consumers influenced by economic considerations, diversity in model and brand choices, and individual preferences. The respondents in this study are individuals aged 18-40 who are interested in purchasing used cars in Jakarta. A survey method is employed to collect data, with questionnaires distributed to randomly selected respondents. Data analysis is conducted to identify the key factors influencing the decision to purchase used cars. Purchasing used cars is an interesting phenomenon observed in the dynamics of the automotive industry. Consumers in this purchasing process are influenced by several factors, including economic considerations such as affordable prices and lower depreciation values compared to new cars. Additionally, the diversity of model and brand choices is also an important consideration for consumers when choosing used cars. The findings of this research are expected to provide deeper insights into the preferences and needs of consumers when buying used cars in Jakarta. These findings can serve as a guide for used car manufacturers and the automotive industry as a whole in designing more effective and relevant marketing strategies tailored to consumer needs.

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1. Introduction

The automotive industry in Indonesia is currently experiencing rapid development, with various companies competing to create superior products (Purwanto et al., 2023). Competition in this industry is fierce, and consumers are faced with many innovative and exciting choices. Automotive companies continue to strive to create new variants to answer consumer wants and needs (Yoga PW, 2006). The diversity of products reflects the dynamics of the automotive industry that continues to move forward, giving consumers the opportunity to choose a vehicle that suits their preferences. In Indonesia, the automotive industry is one of the sectors that receives special attention. The development of the automotive world in this country continues to increase from year to year, supported by lifestyle growth and increasing social status which is often judged by the type of vehicle a person has and the need for a vehicle is crucial considering the increasing mobility and community activities. A report from the Association of Indonesian Automotive Industries (Gaikindo) noted that car sales from factories to dealers (wholesales) in the domestic market reached 80,271 units in October 2023, showing the magnitude of consumer interest in motor vehicles. The rapid development of the automotive industry has a positive impact on the economy and people's mobility. Product diversity and intense competition between automakers result in innovations that drive the industry forward. Thus, consumers can enjoy the benefits of the latest technology and an increasingly diverse choice of vehicles. However, the purchase of a used car is influenced by various factors that play a key role in consumer decisions. First of all, economic factors are the main consideration. More affordable prices are the main attraction for buyers, because used cars are generally offered at lower prices than new cars with similar models (Tan, 2020).

This allows consumers to get more value from their investments. In addition, lower depreciation of vehicle value in used cars is also a significant economic factor. Compared to new cars that experience a rapid decline in value after purchase, used cars tend to retain value better, so consumers can avoid significant value losses in a short period of time. The second factor influencing the purchase of a used car is the availability of a more diverse selection of models and brands. The used car market provides a variety of options that may no longer be available in new forms. This gives consumers more flexibility to choose a vehicle that suits their needs and preferences. By having access to a variety of different models and brands, consumers can more easily find a car that meets their needs, both in terms of features and budget (Assegaf, 2017; Brown & Fiorella, 2013).

In addition to economic factors and model availability, other factors that also affect used car purchases include the maintenance history and condition of the car, the reputation of the seller or dealer, as well as personal consumer preferences such as colour, size, and additional features. All of these factors interact with each other and influence the overall purchasing decision of the consumer. Taking all these factors into account, the purchase of a used car can be an attractive option for consumers looking for added value, flexibility, and convenience in meeting transportation needs (Norita, 2017; Prieto & Caemmerer, 2013; Sri Yogi, 2015).

The purchase of a used car is an important decision for many individuals and families. However, various factors influence this purchasing decision. Understanding the factors that influence used car purchases becomes important for used car manufacturers, traders, and potential buyers. This research problem focuses on identifying factors that influence the purchase of used cars.

The purpose of this study is to identify the main factors that influence the purchase decision of a used car, analyze the extent to which each factor influences the purchase decision, and find out consumer preferences related to the purchase of a used car. Provide deep insights into the used car industry to improve marketing and service strategies.

2. Materials and Methods

The method used in this study was a questionnaire. The questionnaire will be distributed to a representative sample of prospective used car buyers. Below are the steps to be taken in the preparation and analysis of the questionnaire:

- Questionnaire

The distribution of questionnaires was carried out to collect data from respondents who were potential buyers of used cars. Dissemination methods used include online surveys, in-person interviews, and filling out questionnaires in strategic locations such as used car dealerships. Online surveys allow wider access to potential respondents, whereas in-person interviews can provide a deeper understanding of consumer perceptions and preferences. Filling out a questionnaire at a used car dealership location can capture respondents who are actively looking for or considering buying a used car.

- Data Analysis.

The data collected from the questionnaire will be analyzed using appropriate statistical methods, such as regression analysis or factor analysis. The purpose of this analysis is to identify the main factors influencing used car purchase decisions. Regression analysis can be used to measure the relationship between the independent variable (e.g., price, brand, quality) and the dependent variable (used car purchase decision). While factor analysis is used to group interrelated variables into smaller and easier to interpret factors.

- Interpretation of Data and Presentation of Findings

The results of the data analysis will be interpreted to gain a deep understanding of consumer preferences and factors influencing used car purchases. This interpretation involves an understanding of the statistical significance of the variables involved, as well as the relationships between those variables. The interpretation results will provide valuable insights for the used car industry in understanding consumer needs and preferences. Findings from the study will be presented in a comprehensive research report. This report will include the results of data analysis, interpretation of findings, and recommendations based on research results. The report can be used by the used car industry to inform their marketing strategies and business decisions. Clear and comprehensive presentation of findings is essential so that the information obtained can be used effectively in decision making.

- Respondent Criteria

The criteria for respondents for this study are individuals who are domiciled in Jakarta, are prospective buyers of used cars, and have a maximum age range of 40 years. The choice of Jakarta as the location of the study was based on consideration of the population density and demographic diversity of this metropolitan city, reflecting the variety of preferences and challenges that potential consumers may face in the used car buying process. In addition, a maximum age limit of 40 years was imposed to focus research on younger market segments, which tend to have different preferences and needs in choosing motor vehicles. By combining these criteria, it is hoped that the selected respondents can provide valuable insights in understanding the factors that influence used car buying decisions in the midst of a dynamic urban environment such as Jakarta.

3. Result and Discussion

Influential factors in the decision to buy a used car can be grouped into two main categories, namely interest factors and information factors. Interest factors include consumers' personal preferences and desires towards the used car they want. This includes considerations such as the desired model or brand, special features sought, and preferences related to fuel efficiency or specific lifestyles. This interest factor is important in determining consumer choices, as they tend to buy used cars that suit their preferences and needs (Fahmiyati & Maharani, 2015; Susano et al., 2022).

On the other hand, the information factor involves the information available to consumers about the used car they are considering buying. This includes the vehicle's service history, the physical and mechanical condition of the car, information about market prices, and reviews or testimonials from previous users. This information factor provides an important foundation for consumers to make smart and informed decisions about purchasing used cars (Suprihati & Wilamn, 2015). By having accurate and complete information, consumers can assess the value and risk of each car they are considering, thereby increasing their confidence in the buying process. The scale in the questionnaire that the researchers used was the Likert Scale, namely Strongly Disagree, Disagree, Neutral, Agree, and Disagree (1-5). The following is the average result of the points contained in the questionnaire:

Table 1 Table of Influential Factors in Buying a Used Car

Statement	Average
I choose a used car for daily use	3,6
The physical condition of the car (e.g., paint, engine, interior) greatly influences my purchasing decision.	4,6
I have a preference regarding a specific used car model or brand	4,4
A well-documented service history is very important in choosing a used car.	4,2

Source: Research Results (2024)

Statements from respondents illustrate that the purchase of used cars is influenced by a combination of interest factors and information factors. Interest factors, such as daily necessities, model or brand preferences, and fuel efficiency considerations, are key drivers in consumer purchasing decisions. On the other hand, information factors, such as documented service history, involvement of knowledgeable relations about the car, and the use of the internet as the primary source of information, play an important role in helping consumers make smart decisions (Widyastuti & Roestam, 2022). This shows that consumers not only consider the practical aspects of choosing a used car, but also pay attention to the technical aspects and relevant information to ensure they get the best value from their purchase. Therefore, to meet the needs and expectations of consumers, it is important for used car dealers to provide informative and transparent services, as well as provide accurate and easily accessible information about each car they sell.

By understanding the role of interest factors and informed factors in consumer purchasing decisions, used car dealers can increase their customers' trust and satisfaction while strengthening their position in a competitive market.

Discussion

Buying a used car is an important decision for many individuals, and the decision is often influenced by several diverse factors. One of the main factors influencing the decision to buy a used car is limited funds. Many people buy a used car because the price is more affordable than a new one. Researchers used JASP media to identify various factors that are considered capable of influencing used car purchase preferences. It was found that 6 points from the questionnaire results were the determining factor in purchasing a used car. So that it can then be elaborated into 2 main factors (Interest and Information).

Table 2 Exploratory Factor Analysisi

Kaiser-Mayer-Olkin Test			
	MSA		
Overall MSA	0.695		
V2	0.695		
V4	0.690		
V5	0.653		
V8	0.799		
V9	0.745		
V10	0.624		

Bartlett's Test		
X ²	df	P
42.448	15.000	<.001

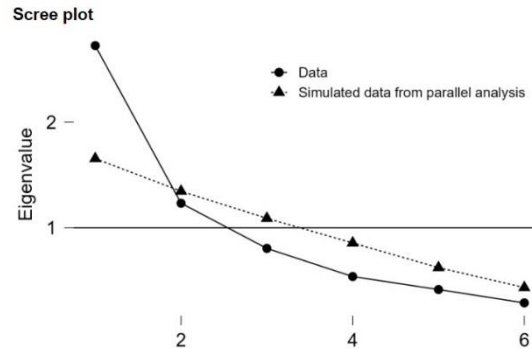
Chi-squared Test			
	X ²	df	P
Model	1.746	4	0.782

Factor Loading			
	Factor 1	Factor 2	Uniqueness
V2	0.846		0.285
V4	0.629		0.491
V8	0.626		0.554
V5		0.868	0.151
V10		0.655	0.570
V9			0.820

Note. Applied rotation Method is varimax.

Factor Characteristics		
Eigenvalues	Unrotated Solution	Rotated Solution

	SumSq.Loadings	Proportion var.	cumulative	SumSq.Loadings	Proportion var.	cumulative
Factor 1	2.725	0.385	0.385	1.651	0.275	0.275
Factor 2	1.232	0.137	0.522	1.479	0.247	0.522



Source: Research Results (2024)

Table 3 JASP Processed Products Explanation Table

Statement	Explanation
The physical condition of the car (e.g, paint, engine, interior) greatly influences my purchasing decision. (V2)	The physical condition of the car, such as the external appearance (paint), engine performance, and interior quality, has a significant influence on the buying process. This shows that buyers are very concerned about the physical aspects of the car they are buying and may prefer a car that looks good and is in good condition.
A well-documented service history is very important in choosing a used car. (V4)	Used car buyers consider a well-documented service history as an important factor in the buying process. This indicates that buyers want to make sure that the car they are buying has undergone good and regular maintenance, which can affect the reliability and condition of the car in the future.
Fuel efficiency was a major factor in my used car purchase. (V5)	Fuel efficiency is one of the main factors considered by buyers in choosing a used car. This shows that there is a strong awareness of car operating costs and the need to reduce fuel expenditure.
I often communicate with car-related relations before buying. (V8)	Buyers often communicate with car-related relations before making a purchase. This shows that buyers rely on information and recommendations from people they trust or who have experience with the car before making a purchase decision.
The internet (buying and selling websites, forums) is my main source of information about used cars. (V9)	The internet, through buying and selling websites and discussion forums, is the main source of information for used car buyers. This shows that the internet provides easy and extensive access to information about used cars, including reviews, specifications, and prices.
Used car dealers are a reliable source of information.	Used car dealers are considered a reliable source of information by buyers. This shows that buyers rely on dealers to provide

(V10)	accurate and useful information about used cars for sale, as well as to provide warranties and good after-sales service.
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Source: Research Results (2024)

Therefore, both interest factors and information factors have a crucial role in influencing consumer purchasing decisions related to used cars:(Nugraha, 2022)

Table 4 Table of Influential Factors in Buying a Used Car

Interest Factors	<ol style="list-style-type: none"> 1. Choosing a used car for daily use: This shows that consumers have a strong interest in buying used cars for their daily needs. They may choose a used car because it is more practical or suits their daily transportation needs. 2. Having a preference regarding a particular model or brand of used car: Interest in a particular model or brand indicates that consumers have a clear preference in choosing a used car. They may be interested in special features or the reputation of a particular brand. 3. Fuel efficiency is a major factor in used car purchases: It shows that consumers prioritize fuel efficiency in choosing a used car. They may be looking for a used car that can save on fuel costs and is environmentally friendly.
Information Factor	<ol style="list-style-type: none"> 1. A well-documented service history is essential in choosing a used car: It shows that consumers pay attention to the used car's maintenance history. This information helps them assess the condition and quality of the car before deciding to buy it. 2. The involvement of car-savvy relationships is crucial in purchasing decisions: Consumers rely on car-knowledgeable relationships to get additional information and guidance on choosing the right used car. 3. The internet (buying and selling websites, forums) is my main source of information about used cars: It shows that consumers rely on the internet as their primary source of information about used cars. They may do some research online to compare prices, features, and car reviews before making a purchase decision.

Source: Research Results (2024)

In fact, used cars can often be purchased at a much lower price, allowing consumers to get a vehicle on a more controlled budget. In addition, used cars can also have cheaper taxes than new cars, which may have larger taxes. This is also the main reason why many people choose to buy used cars as a more economical alternative. However, despite the advantages in terms of price and taxes, some concerns arise regarding the quality of used cars. Some people hesitate to buy a used car because they are worried that the quality is not as good as a new car. Used cars can have problems that are not detected at first, so they require extra maintenance and additional costs to fix them. However, several other factors also influence the decision to buy a used car. Some consumers are attracted to a particular model and have a personal preference towards the brand or style of car they prefer. In addition, having relatives or acquaintances who understand about cars can be a distinct advantage for used car buyers. With their help, consumers can get additional information about the car to be purchased without the need to incur additional costs for conducting a re-check in the workshop (Hamdhani & Imbar, 2015; Mashudi, 2023).

4. Conclusion

Consumers consider a variety of factors in used car buying decisions, combining subjective aspects such as personal interests with information they obtain from various sources. Interest factors, such as preference for model, brand, and fuel efficiency, play an important role in determining purchasing choices. For example, a consumer who cares about fuel efficiency might look for a used car with a good fuel consumption record. On the other hand, information factors, such as a well-documented service history and adequate service availability from used car dealers, assist consumers in making more informed and confident decisions. To increase customer satisfaction and meet their needs, used car dealers must prioritize transparency and the quality of the information they convey to consumers. Providing a well-documented service history is an important step to build trust and ensure that consumers feel confident in the condition of the car they are about to buy. In addition, dealers also need to provide adequate services, including vehicle trials, technical inspections, and responsive after-sales service. Thus, consumers will feel supported and valued by dealers, increasing the chances of obtaining satisfaction in their buying experience.

Understanding consumer preferences and interests is also important to offer products that fit market needs. Used car dealers who are able to identify consumer trends and preferences will have an edge in providing car stock that matches demand. For example, if there is a high demand for a particular model or brand, dealers can expand their product range to meet the needs of the existing market. Thus, the dealership not only met consumer expectations, but also built a strong reputation in the used car industry. Overall, by paying attention to interest and information factors, as well as providing quality service and adjusting to consumer preferences, used car dealers can increase customer satisfaction, strengthen relationships with consumers. However, there are also some challenges that must be faced in buying a used car. For example, some consumers feel that the choice of used car models is less varied than new cars. This can be an obstacle for those who have certain preferences in terms of car models and features. In addition, choosing a used car also requires higher technical accuracy, so that consumers can minimize the risk of loss that may occur after purchase.

In the process of buying a used car, the main factors considered by buyers are the physical condition of the car, documented service history, and fuel efficiency. This shows that buyers are very concerned about the state and performance of the car they are about to buy, while also considering the operational costs associated with fuel efficiency. In addition, interaction with car-related relationships, access to information via the internet, and trust in used car dealers also play an important role in the purchase decision-making process. By properly understanding the preferences and needs of buyers in this context, used car marketers can improve marketing strategies, improve customer satisfaction, and cement their position in the market. Consumers are also expected to pay close attention to the maintenance history of the used car to be purchased, as well as conduct a wholesale inspection of the condition of the car thoroughly. Taking all these factors into account, the purchase of a used car is not a decision to be taken lightly. Consumers need to do careful research and consider various aspects before making a purchase decision. Although there are risks and challenges to be faced, buying a used car also has the potential to provide good value for discerning consumers.

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