

An Investigation of the Perceived Value of
Vehicle Leasing

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Abstract

This dissertation investigated the perception of second hand vehicle leasing in the New Zealand market. Vehicle leasing in New Zealand is currently an area which is under-developed. Also majority of the privately leased vehicles in New Zealand are second hand vehicles. Therefore, the perception of vehicle leasing in the New Zealand market is vastly different from the other markets, which were used as a basis for comparison in this study.

Through the course of the research, five perceived values of leasing a second hand vehicle were determined. These perceived values found were simplified maintenance, cost effectiveness, ease of leasing, easy to manage budget and maximization of cash in hand, and vehicle value estimation. The result of this research showed utilitarian factors which determine significant value to second hand vehicle lessees. It was found that simplified maintenance determined the greatest value to New Zealand vehicle lessees.

This research is expected to contribute to the body of knowledge in the consumer behaviour field, through investigation of the perceived value of second hand vehicle leasing in an under-developed vehicle leasing market. This is important as the New Zealand market is expected to have a large potential for second hand vehicle leasing. Therefore, this research can assist the New Zealand leasing companies to better understand their potential customers, and thus allowing the companies to refine their strategies and tactics.

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Chapter 1 Introduction

1.1 Problem Orientation

This dissertation focuses on an important marketing topic, namely consumer's perception of leasing. Consumer's perception of leasing attracts significant interest to both practitioners and academics. The motor vehicle is one of the major products which are leased. The number of leased vehicles at present is increasing. Take America as an example, in 1990, less than eight percent of cars and trucks were leased in America (Trocchia and Beatty, 2003). However, by the end of 1999, one-third of new vehicles were leased in America (Burgess, 1999; Edgerton, 1999; Luke, 2001).

In the previous research with regards to vehicle leasing behaviour, several major factors and motives of vehicle leasing have been examined, such as a desire for simplified maintenance; gratification; and variety (Trocchia and Beatty, 2003). Consumer behaviour towards vehicle leasing has also been examined by different market segments, such as demographics and socio-economic status (Fan and Burton, 2005). On the other hand, all the researchers concentrated on the American market to testing the vehicle leasing behaviour. The American vehicle leasing market is relatively mature, because more than 30% of the new vehicles in American are leased nowadays, and vehicle leasing started since 1984 (Mannering, Winston, and Starkey, 2002). Therefore, several issues are raised. Is the consumer perception of vehicle leasing in a mature market, such as America, different from the perception in an under-developed vehicle leasing market? What factors can influence the consumers' leasing decision in the under-developed markets? Why do they determine value to the vehicle lessees? Also, what type of factors determines the greatest value to vehicle leasing? At present, there have been no studies conducted which address these issues.

This dissertation intends to investigate the perceived value of vehicle leasing in an under-developed vehicle leasing market, namely New Zealand. Vehicle leasing in New Zealand is not as popular as in America, especially for private leasing. Previously, there is no research regarding to the perception of vehicle leasing has been conducted in New Zealand. There is no official association in New Zealand to monitor vehicle leasing either. Also take one vehicle leasing company in New Zealand as an example, only 65 vehicles out of 8,000 total fleet vehicles are privately

leased. That's why New Zealand has been identified as an under-developed vehicle leasing market. In this dissertation, the characteristics of this market will be examined. Similarly, the perceived values are also expected to be explored; other predetermined factors and motives identified from the mature vehicle leasing market will be examined in the New Zealand vehicle leasing market.

1.2 Background

Nowadays, there are three different methods of acquiring vehicles: purchasing; financing; and leasing (Fan and Burton, 2005). According to Durgee and O'Connor (1995), "purchase involves exchange of ownership for money". In this form of exchange, ownership of the product goes from provider to purchaser, and money (cost of product) goes from purchaser to provider. Here, cash purchase means that individuals pay a lump sum payment, and would thus own the vehicle.

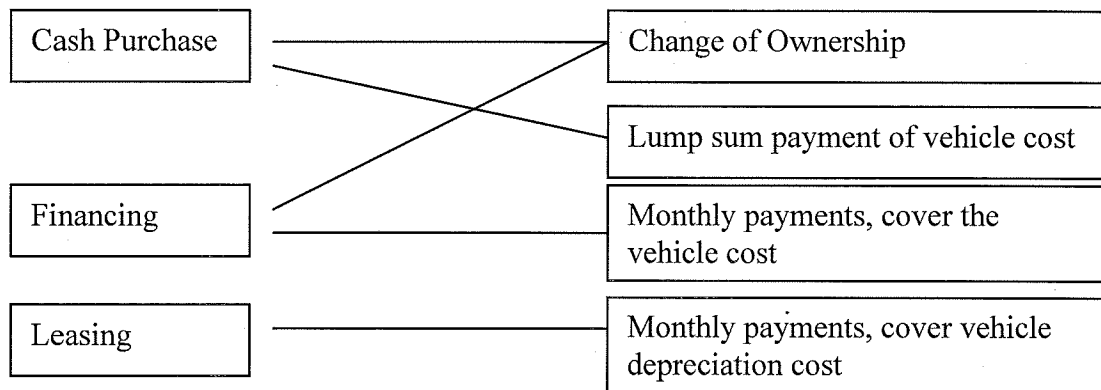
Financing is a special form of purchasing. To distinguish from "Finance lease", which is one of the common services offered by New Zealand leasing companies, the terminology normally used would be "Hire Purchase" rather than "Financing". Both hire purchase and finance lease involves a change of ownership. Under hire purchase, the buyer owns the vehicle from the beginning of the contract, and owes the leasing company a debt. Under a finance lease, the change of ownership does not occur until the buyer has finished all of the payments. Under both of these two payment methods, the cost of the vehicle will be divided into several terms. People pay for the vehicle in regular monthly payment rather than a lump sum payment.

Leasing is different from the above two methods. Leasing means that "one party offers an item to another party for a fixed period of time in exchange for money and in which there is no change of ownership" (Durgee and O'Connor, 1995). So lessees are responsible for monthly payments and in return have the right to use the vehicle. Leasing is different from a cash purchase, because it doesn't involve a change of ownership or lump sum payment. Similarly, leasing is also different from financing, not only because of no exchange of ownership for leasing, but also the payments for financing are the cost of the vehicle. However, the monthly payment for leasing only covers the vehicle depreciation during the lease (Mannering *et al.*, 2001). Durgee and O'Connor (1995) specified that "in a rental exchange, product goes from provider to renter; money goes from renter to provider". In vehicle leasing cases, "money" means

the depreciation cost of the vehicle during the term, not the cost of the vehicle (Mannering, *et al.*, 2001). In the whole process, no change of ownership occurs. In other words, lessees are paying for the “consumption time” of a vehicle, not ownership (Durgee and O’Connor 1995).

The following chart illustrates the major differences and similarities of the three definitions. Cash purchase and financing involve the change of ownership. In contrast, leasing does not involve the change of ownership. Cash purchase requires one lump sum payment of the vehicle cost. However, financing and leasing associated with the monthly payments.

Figure 1. Different and similarities of purchasing, financing, and leasing



From a financial point of view, purchasing and financing poses vehicle purchasers with several risks. For example, the opportunity cost of the money spent; possibility of larger discount later for the vehicle purchased; disposal complicity and market preference shift (market uncertainty); even the unsatisfied performance of the chosen vehicle. Also, both purchasing and financing involves a change of ownership. Berry and Maricle (1973) perceives ownership as a burden, because owners will be faced with problems regarding disposal of the vehicle. Disposal of a vehicle could be a costly activity, regarding to financial (e.g. lower disposal value) and non financial (e.g. time consuming) reasons. The owner of the vehicle may face the risks of a lack of interest of certain models of vehicles, low disposal value, time consumed in the effort to dispose of a vehicle and so on. When thinking about owning a vehicle, individuals would consider the overall performance of the vehicle, as well as the budget (initial purchasing price and maintenance cost later on). For example, owning a Japanese car would be much cheaper than owning a European car. A person may subjectively

prefer a European car; the purchaser would still be required to consider overall conditions and the associated maintenance budget before being able to own it.

On the other hand, the vehicle lessee would not be challenged with the problem of vehicle disposal, as they don't own the vehicle at the end of the lease period. To lease a vehicle would also give people more opportunities to enter the new vehicle market. Within a lease term, people have lots of flexible options, such as flexible lease term, the flexibility of choosing optional features for the vehicle; and allows people to change vehicles more often.

1.3 Research Problems and Justification for the Research

This section provides an outline of the research problem which focuses on the perception of leasing for private consumption. This dissertation will explore the value drivers of vehicle leasing in the New Zealand vehicle leasing market. Also, this dissertation argues that the perceptions of vehicle leasing are different across different markets. Based on different consumer nature and different market conditions, predetermined values in the mature market will not necessarily have the same value to the under-developed market.

The research problem is stated below:

What is the perceived value of vehicle leasing in New Zealand?

The research problem will be indicated by focusing on three research questions:

- ***What factors determine value to New Zealand vehicle lessees, and why?***
- ***How do hedonic and utilitarian factors influence New Zealand vehicle lessees' decision making?***
- ***Which factors are of the greatest value to New Zealand vehicle lessees?***

Previous research studied vehicle leasing from different points of view. Several major motivations which could influence the vehicle lessee's buying decision have been tested in some quantitative research studies. This research will particularly study the vehicle lessees' perceived value of vehicle leasing in the New Zealand car leasing market. There is no research yet been conducted. Therefore, the New Zealand vehicle leasing market will be particularly chosen as the primary focus. The study is aimed towards individuals who lease vehicles for personal use. Also, why or why not do

those factors determine value to them? The factors, which are the value drivers to current New Zealand vehicle lessees, will be explored and examined.

After this research, the researcher is expecting to finalize the five focal points: 1) determine the current New Zealand vehicle lessees' expectation and perceived value of vehicle leasing, 2) find out why these values are important to the vehicle lessees and if the background reasons are different from previous research findings, 3) examine if predetermined values by previous researchers determine value to New Zealand lessees, and why or why not they determine value to them, 4) classify each determined value into hedonic or utilitarian categories, and explore how hedonic/utilitarian factors influence the vehicle lessee's decision making, 5) illustrate the rating of each factor and identify the most important value.

1.4 Methodology

To explore the perceived value of vehicle leasing, qualitative exploratory research will be implemented. In the first stage, interviews will be undertaken with current vehicle lessees in New Zealand. The aim is to gather a broad range of their perceived values of leasing. Three sets of questions guide this investigation. The first set of questions relate to the vehicle. In this section, information on the leased vehicles, such as brand; model; year; acquiring method (e.g. brand new or second hand); features, will be gathered. The second set of questions intend to find out the value of leasing to the respondents. The reasons why certain factors determine value to the respondents will be asked at this stage. The third set of questions involve the predetermined values related questions. At this stage, predetermined values which were investigated in previous research will be mentioned to the respondents. The respondents will also be required to provide the reasons why or why not those predetermined values are important to them.

After collecting the data, a thematic analysis will be conducted to analyze the data. Each case will be studied closely. Similar perceptions will be grouped in the same theme. In other words, each theme represents one value for vehicle leasing.

As an interview based qualitative research, this dissertation is designed to be an exploratory project. This dissertation will investigate the vehicle lessees's perceived value, from a New Zealand perspective, which has not yet been done. Also, this

research intends to explore in depth reasons why the factors/value are important. Strauss (1990) pointed out that qualitative research methods are effective to assist in discovering unknown information. According to Thompson, Locander and Pollio (1989), “discovery-oriented project goals dictated the use of phenomenological interviewing over more structured approaches to inquiry”. This is why this is a qualitative research, namely, an interview based research method has been used.

1.5 Outline of the Dissertation

This research consists of five chapters—the introduction, literature review, research method, results and discussions, and conclusion and implications. Chapter one introduces the research problem, provides a background to the research problem, illustrates the research questions and justification of this research. Research methodology has been discussed, and research methods are introduced. Then delimitations of the scope and key assumptions are stated.

At the beginning of chapter two, leasing behaviour is discussed as a whole. This chapter involves the characteristics of vehicle leasing and financing, as well as a contrast between the two. The relationship between consumer and leased products versus owned products is compared and contrasted. At the end of that chapter, several major motivations which could influence people’s leasing versus financing decisions are discussed.

In chapter three, research method, the research problem and research design are outlined. The research questions are explained at the beginning of that chapter. The research design involves the research method; the sampling procedure; the interview design; the data collection; and the data analysis method. Following which, the limitation and ethics of the research methodology are considered.

Chapter four discusses the research results. A thematic analysis method is used to examine the data. Therefore, the research result will be interpreted in several themes. The answers of each research question will be clearly stated. Consequently, a discussion will be addressed to determine each theme.

Chapter five discusses the major research findings, and compares with previous research findings. In this chapter, the theoretical and practical contributions of this research are discussed. Also, limitations are stated, and future research is suggested.

1.6 Delimitations of the Scope and Key Assumptions

Although the researcher will mention consumer behavior of leasing in general, this study will only investigate consumer behavior and attitudes towards “vehicle leasing” in particular. The value drivers determine from the participants will only apply to vehicle leasing. The researcher will not only focus on motives and factors, but also the relative importance; such as why these motives and factors are deemed to be important; and how it is able to influence consumer perceptions. Also, because of the limited time and resources, the researcher will consider current vehicle lessees in total. In other words, current vehicle lessees are not going to be sub-divided into different classes (e.g. different culture groups; different social class; or living in different geographic areas etc). However, the research will distinguish private vehicle lessees from business vehicle lessees. This research will only examine the perceived value of vehicle leasing in private vehicle lessees. As mentioned earlier, this research is only directed towards the New Zealand vehicle leasing market. As this market is relatively small, when considering vehicle lessees in total, it will not create any bias.

1.7 Conclusion

In this chapter, the topic of this research is introduced. The background of leasing, and vehicle leasing in particular, is similarly introduced. Research questions are mentioned, as well as the research methodology. These two points will be described more in detail later in this research. The outline of this research is described. Outlines of this research will give audiences a clue regarding how information can be gathered and utilized from this research paper. Finally, the researcher states the delimitation of this research. A short explanation of the reasons is given too.

This research will fill the gap of perceived value of vehicle leasing. It is also expected to contribute to the body of knowledge in the consumer behavior field, by examination of the NZ car leasing market. Further more, this research is expected to help New Zealand vehicle leasing companies better understand their customer’s values and wants better. The following chapter will provide some general ideas of vehicle leasing, which investigates characteristics of leasing vs. financing, and some major motives of vehicle leasing.

Chapter 2 Literature Review

2.1 Introduction

In this chapter, previous studies in regard to consumer leasing behaviour and vehicle leasing will be reviewed. The research problem was based in the consumer leasing behaviour field. Therefore, the previous studies in this field will be discussed. Then the leasing attitude will be introduced. How people interact with owned or leased products will be discussed in that section. The aim of this section is to introduce the attitude of consumers towards leasing and financing. Major leasing motivations will be introduced in this chapter as well. Finally, the determinants and factors which could influence a consumer's leasing decision will be discussed.

2.2 Leasing Behaviour

A lot of previous researchers have explored the growing phenomenon of consumption without ownership. Multiple previous studies have pointed out more and more product categories were leased/rented rather than owned (Durgee and O'Connor, 1995; Dreyfus, 1983; Henry, 1987). Traditionally, products which are normally leased would be items such as apartments, limousines, ball gowns and formal wear. Included in this would be other less used commodities such as video tapes, toys, jewelry, musical instruments, computers, appliances and furniture. (Dreyfus, 1983; Foster, 1997; McWilliams, 1997; Jesse, 1998; Green, 1999).

The concept of "we are what we have" (Fierstein, 1986; Rosenbaum, 1972) is mirrored greatly in present society arising from the consumer's behavioral point of view as ownership is one of the most basic and powerful element (Belk, 1988). People's values and wants are normally identify themselves by the items they own (Trocchia and Beatty, 2003; Durgee and O'Connor, 1995; Berry and Maricle, 1973). Purchasing and financing are two activities which both involve change of ownership. In stark contrast, leasing does not involve a change of ownership (the Federal Reserve Report, 2004; Durgee and O'Connor, 1995). By leasing a product, people are only given the right to use the leased product. Therefore, several questions were raised. If people are paying to use an item which is not owned, does this result in a different perceived value of a leased or rented item in comparison to an item which they can

claim ownership for? Do people interact with a “not owned” product differently? What are the factors and motivation for people to choose leasing?

Durgee and O'Connor (1995) considered a wide range of topics to understand rental consumption. Those topics consisted of cultivation of leased items; instant gratification; post-purchase dissonance; self-exploration and materialism. In that article, Durgee and O'Connor (1995) contrasted the differences between a leased item and owned item. Other avenues were discussed such as the differences and similarities of a consumers' perception of leased items and owned items. Trocchia, Beatty and Hill (2006) also suggest that “individuals who finance high-cost items tend to differ from those who lease the same items.” In this particular study, the authors investigated motor vehicle leasing as an example, and discussed the economic issues and non-economic issues. For example, income and wealth are economic issues, and personal preference would fall under the non-economic issue. In their research, they uncovered five consumer segments of vehicle lessees and financiers, based on motives for vehicle leasing/financing. Two segments are lessees predominated, and they are budget gourmets and automotive hedonists. The other two segments are financier predominated: utility seekers and basic transportation seekers. The final segment is mature luxury seekers. This group includes an equal amount of lessees and financiers.

2.3 Leasing Attitude

Durgee and O'Connor (1995) studied the relationship between people and products, namely, “how the relationship between people and products changes when products are not owned but leased”.

Firstly, they find that attentiveness (“cultivation” of leased or owned products) is less for rented item than owned item (Durgee and O'Connor, 1995). In other words, product owners will pay more attention and more service on their owned goods. However, product lessees will be more likely to abuse or neglect leased goods. For example, a vehicle that is self owned is more likely to be maintained (better and more often) than a leased vehicle. Also, vehicle owners are more concerned about driving conditions. On the other hand, vehicle lessees would carelessly drive a leased vehicle under poor driving conditions. So the first difference between leased and owned items is the behaviour and attitudes in the treatment given to it.

Secondly, Durgee and O'Connor (1995) point out that "leasing plays an important role in increasing individuals' social status". Belk (1988) stated that products bought could be one way in which to define the owner. By using a leased item, an individual's social status could be positively associated as a result. For example, by using a luxury vehicle, no matter leased or owned, the consumer would be classified in a higher social class. One step further, leasing a product could be even better than ownership, as people would have more choices, and are able to make faster decisions. In Durgee and O'Connor's article, they established that leasing allows people to have more opportunities to try on extensions of themselves. Further more, leased products could also define the users with lower risk. Belk and Pollay (1984) also defines leasing as the "ultimate status symbol", as leased items could be replaced frequently.

Thirdly, Durgee and O'Connor (1995) contrasted a leased item and an owned item from "usage-experience time" point of view. This component was also studied by Keen (1975). Product owners always spend longer time on the product, from decision making stage to disposal stage (Csikszentmihalyi & Rochberg-Halton, 1981). For example, people will experience a longer decision making process on purchasing than on leasing. After a purchase, owners would always feel anxiety, as they worry whether the products they owned could meet their long term expectation (Durgee and O'Connor, 1995). On the other hand, lessees won't experience similar feelings, and will take shorter times in order to make a leasing decision. Lessees will lease the item if it is needed now. The long term performance is not taken into consideration, as it will be returned at the end of its lease. As Durgee and O'Connor said (1995), "the item is needed, whether for functional reasons or fun reasons, and the emphasis is now and here".

Fourthly, these two researchers also described and contrasted two types of materialism—terminal materialism and instrumental materialism. Generally speaking, terminal materialism emphasizes on "owning", and instrumental materialism emphasizes on "consuming" (Belk, 1985). In other words, purchasing, which involves a change of ownership, emphasizes on owning the final products. However, leasing, which only occurs under consumption, emphasizes the "experience of using", or we could say the "activity" (Durgee, 1986). So Durgee and O'Connor supported that "renter exhibit less terminal materialism—more instrumental materialism—than owners".

The following table summarized consumer's attitude towards to leased and owned products. The five elements mentioned in this section were compared and contrasted in the following table. Leased items are associated with less attentiveness, but owned items are associated with more attentiveness. Social status is positively associated with both leased and owned items. Product lessees will have shorter usage-experience time than product owners. To dispose a leased item is easier than to dispose an owned item. Also, lessees exhibit more instrumental materialism, and owners exhibit more terminal materialism.

Figure 2. Consumer's attitude towards to leased and owned products

	Leased Item	Owned Item
Attentiveness	Less attentiveness	More attentiveness
Social status	Positively associated	Positive associated
Usage-experience time	Short	Long
Disposal & Replacement	Easy	Hard
Materialism	Instrumental Materialism	Terminal Materialism

2.4 Vehicle Leasing Motivations

Both monetary/economic and non-monetary/non-economic factors which could affect a consumers' acquiring decision were explored and discussed by previous researchers. Miller (1995) suggested that one advantage of leasing is the option to get a predetermined price, namely residual value. In other words, people would get a predetermined value if they decided to purchase the vehicle at the end of lease. It's easier to sell the vehicle for the predetermined amount than try to sell and negotiate the price on the counter point. Some researchers and financial advisors also introduced the notions of cash flow and tax effects of vehicle leasing (McDaniel, 1999). All these financial factors affect leasing versus financing decision.

Fan and Burton (2005) addressed two questions in their research: what are the demographics of lessees versus financiers; and what are the major factors affecting a consumer's decision on leasing versus financing. Firstly they proposed that groups from a higher socio-economic background tend to lease rather than finance. Mannering; Winston; and Starkey also addressed income effects in 2002. They suggested that higher income household tends to lease vehicles rather than

purchase/finance them. Fan and Burton (2005) also proposed that older; college educated; and not having teenagers in the family would increase consumer's probability to lease a vehicle. Even factors such as geographic location would elicit an effect: living in large metropolitan statistical areas increase the probability to lease a vehicle (Fan & Burton, 2005). Fan and Burton also suggest several motives to influence leasing decisions: country of origin effects; luxury brand; more cylinders; power brakes; sunroof; and four-wheel-drive. Some of these reasons (e.g. more cylinders; power brakes; sunroof; and four-wheel-drive) were discussed by Trocchia and Beatty (2003) as one grouped reason: the desire for gratification. This factor was determined as one of the major factors why people lease motor vehicles rather than finance them.

Trocchia and Beatty (2003) suggested four major factors for leasing. The four major factors are listed as follows, the desire for gratification; desire for social approval; desire for variety and desire for simplified maintenance. These factors were considered as the major influence to consumers' decision on acquiring vehicles. In later research, Trocchia, Beatty, and Hill (2006) even summarized vehicle leasing motivations into two wide categories—hedonic reasons and utility reasons. By simplifying this process, it made vehicle leasing motives much clearer to understand. These factors will be discussed in the following section.

2.5 Determinants

Prior research has pointed out the different types of factors which drives consumers' decisions for leasing vehicles. According to Fan and Burton (2005), people who obtained vehicles were all influenced by certain attributes. These attributes may be either vehicle related reasons; e.g. the reliability of the car or the performance of the car, or financial related reasons; e.g. lower maintenance costs, lower fuel costs, higher residual value and so on. These reasons were defined as the utilitarian reason (Trocchia, Beatty and Hill, 2006). People may also be influenced by the "feeling of driving a car", e.g. desire for gratification, or desire for variety. People may wish to drive a luxury or latest model to show their social status. This kind of reasons were defined as hedonic reasons (Trocchia, Beatty and Hill, 2006).

Trocchia and Beatty (2003) conducted qualitative research and they identified four factors involved in vehicle leasing in the US market, such as desire for variety;

simplified maintenance; desire for gratification; and desire for social approval. Fan and Burton also studied various major factors, such as different disposal values; different monthly payments and down payments; brand preference; and features preference. In this section, the major factors which could influence people's leasing decision making are discussed.

One kind of consumer can be identified as a "product enthusiast". Bloch (1986) identified product enthusiasts as "consumers with an enduring involvement with certain products". This kind of consumer has strong feelings and interest in a certain product category (e.g. vehicles; make-up; jewelry etc). They desire to seek information about this product category and if affordable, they are willing to increase consumption of the product. According to Bloch and Richens (1983), product enthusiasts more frequently switch products within certain product categories than non-enthusiasts. Also, they search for much more information about the products than non-enthusiasts, even though they may not purchase. Trocchia and Beatty (2003) found that vehicle enthusiasts prefer leasing a vehicle for purchasing, as "vehicle leasing" can provide both a greater opportunity and also a lower cost to vehicle enthusiasts. In this way they are able to drive a variety of vehicles without frequent purchases and disposal of vehicles.. They investigated and confirmed the notion that driving a variety of vehicles is more desirable to vehicle lessees than vehicle purchasers or financiers. In this research, this factor will be tested in the New Zealand vehicle leasing market and also to investigate if this factor is important for NZ vehicle lessees' decision making and if so why.

All vehicle leasing companies in New Zealand provide a fully maintained leasing option. Also, their clients are always encouraged to go for a fully maintained lease option. From the point of view of the leasing company, a fully maintained vehicle can be maintained and monitored regularly. Then the perceived risk of the leased vehicle would be lower and the residual value would be higher. From lessees' point of view the fully maintained lease option makes their lives easier. Trocchia and Beatty (2003) pointed out that simplified maintenance is one of the factors causing individuals to lease vehicles rather than to own it. Ottman (1995) pointed out a 'simplified life' is desirable, which refers to having more spare time and less stress, a popular concept nowadays. By leasing a vehicle, consumers are not required to be concerned with repair and maintenance at all. If problems occur during the lease, lessees can simply

take the vehicle back to the leasing company and do not have to spend time on vehicle repairs. According to Trocchia and Beatty (2005), leasing could also allow consumers to lease a brand new vehicle, an option which could reduce the occurrence of break downs with older vehicles

Currently, consumers do not only buy products/services to meet their basic needs, but also other kind of needs. In 1982, Holbrook and Hirschman found that consumption started to involve experiential perspectives, such as fantasies; feelings; and fun. According to Edwards (1979), gratification can be identified as an individual's need for pleasure-seeking as well as being hedonic. Trocchia and Beatty (2005) discussed how people, who desire gratification, would buy goods primarily because of the pleasure the goods provides. Vehicle leasing can be seen as providing this opportunity to lessees. In Trocchia and Beatty's research, it was indicated that a consumer who is acquiring a vehicle for a hedonic purpose, would be more likely to lease a vehicle to please the senses, rather than to finance/purchase a vehicle. Furthermore regardless of income level, if a person has a strong emphasis on "living for the moment", the intention is being motivated by "gratification".

There are several reasons to lease a vehicle if the consumer is motivated by "desire for gratification". Firstly, for the same model and same condition, leasing is cheaper than financing (in terms of monthly payment). In other words, for the same payment amount (monthly), it is possible to get a better vehicle. Also, the choices offered to lessess is broader, which could offer some particular degree of sensory gratification. Secondly, Berry and Maricle (1973) introduced the notion of "burden of ownership". Once people own a vehicle, it is not as easy to change vehicles compared to when the vehicle is leased. Vehicle disposal in particular is one particular reason which makes owning a vehicle a burden. When people are thinking about acquiring a vehicle for its "entire life" the majority of people would like to be on the "safe" side. On the other hand, with leasing, the lease terms are flexible and people have more freedom to choose certain features to please the senses, in a certain period of time.

Freud's "pleasure principle" states that, there is a type of individual who seeks satisfaction for instinctual impulses, without concern for the consequences. If a person is a pleasure seeker, he/she may lease a vehicle only because it is more comfortable; roomy; fun to drive; or even because of its luxury interior design. In Trocchia and

Beatty's research (2005), it was determined that individuals who decided to lease a vehicle would have a higher desire of gratification than those who finance a vehicle.

According to Riesman (1950) there are three typical types of social character: tradition-directedness, inner-directedness, and other-directedness. Other-directedness refers to people who are concerned about other people's opinion, sensitive to other people's/social norms' expectations and preferences (Reisman, 1950). In terms of vehicle leasing, researchers generally found that rather than getting a cheaper financed vehicle, some people like to lease vehicles (same price but much better vehicle) to "project more favourable images of themselves to others". In other words, if a person has a higher desire of social approval, he/she is more likely to lease a vehicle, which he/she couldn't afford by financing it. For example, people may lease a latest luxury model car without stretching their budgets, just because they wish to satisfy the need for social approval.

The researcher has mentioned the difference between disposal of leasing and disposal of financing in the leasing characteristics section. After the lease, the lessees are not responsible for vehicle disposal, but the financiers are. This characteristic has always been considered by people. As per Fan and Burton's research (2005), transaction costs are always associated with vehicle disposal and replacement. As mentioned before, when the lease is terminated, people could simply return the vehicle to the leasing company (the Federal Reserve Board, 2004). This disposal process is obviously easier than selling/trade-in of vehicles that are financed. Less time will be consumed by lessees than owners as well. So, if people desire simplified disposal process, they are more likely to lease than to finance.

According to Fan and Burton (2005), leasing allows for a lower down payment and lower monthly payment. People who prefer lower down payments are more likely to lease (Fan and Burton, 2005). As mentioned before, leasing does not require a down payment, but financing does. Also, a lease payment only covers the depreciation during the lease term. However, a financing payment covers the total cost of the vehicle. Consequently, lease payments are lower than financing payments; if other conditions are the same (e.g. same vehicle with same accessory and service). Fan and Burton studied people who have different income. It was proposed that the higher income group tend to have higher opportunity cost, because of the better opportunity

of other investment. So, higher income group would be more likely to lease (Fan and Burton, 2005). However, Durgee and O'Connor (1995) argued that a significant amount of lessees are from lower income groups. In this report, income won't be studied specifically. However, the researcher will study whether a lower down payment and a lower monthly payment will effectively influence people's leasing decision.

Fan and Burton (2005) pointed out that people who desire more features are more likely to lease than to finance. The authors (2005) note that different brands may change consumers' preferences. Luxury brands may make more effort to promote leasing (Fan and Burton, 2005). Therefore, people who desire luxury brands may be more likely to lease than to finance a vehicle. Leasing also allows people to keep the vehicle for a shorter period of time. So, to satisfy people's short term preference of certain vehicles or certain aspects of a vehicle, leasing is more favorable than financing (Fan and Burton, 2005). In this report, the researcher will discover whether these three factors—brand; features; and short term preference will be perceived as value driver in leasing.

2.6 Conclusion

In this chapter, the researcher discusses leasing behaviour in general. The discussion on the relationship between people and products can give audiences a guideline about how people interact with leased or owned products. Also, because of the discussion on relationships, the factors which could influence people's decisions would make better sense.

Previous research divided the market in different segments, and examined each segment separately. The factors which are mentioned in this chapter are not only "vehicle based" but also "consumer segmentation" factors. This research will be purely from the "consumer's perception" point of view. One step further, the factors and motives determined from previous research were tested and studied in the American market, which is quite different from the New Zealand market. In this research, the researcher will explore the values which are determined by New Zealanders. The researcher will also study whether the above factors will be perceived as a value driver by New Zealanders. In the following chapter, the methodology and

the research process will be discussed, to illustrate how this research will be conducted.

Chapter 3 Research Method

3.1 Introduction:

This research will address the gap existing in the knowledge regarding consumer leasing behaviour, namely perception of vehicle leasing in the under-developed market. To fill the gap, three research questions were developed. In this chapter, the three questions will be discussed.

The research design will be described. The information in that section includes justification of the research method; description of sampling procedure; description of interview design; and discussion of data collection and analysis method.

Limitation of the methods employed will also be discussed. Although the interest of using the interview method to conduct qualitative research increased dramatically, it does not mean that there is no limitation of using this method.

Finally, a discussion of ethical issues will be addressed as well. Potential ethical issues have been considered, and will be discussed in this chapter.

3.2 Research Questions

The previous researchers divided the market into different segments (Fan & Burton, 2005; Trocchia, Beatty, and Hill, 2006). From studying the characteristics and nature of each segment, the motivations of vehicle leasing were hypothesized. Then quantitative research was carried out to test those presumed motivations. In this research, pure qualitative research will be conducted. The value of vehicle leasing will be discovered completely from the consumer's point of view. Therefore, how does vehicle leasing determine value to New Zealand vehicle lessees? Three research questions were developed, and stated in chapter one.

From the first question, the researcher will explore what factors determine value to current private vehicle lessees. To take this one step further, why do these factors contribute value? Some previous determined factors are addressed, such as the desire for gratification and the desire for a larger variety of cars. Through these, the importance of these factors to the respondents is also able to be found out. From the first question, the following outcomes are expected; 1) determine as many values as possible; 2) see if the factors discovered by other researchers determine value to the

respondents; 3) discover a wide range of reasons why the value drivers are important to the respondents.

As discussed in chapter two, leasing factors were grouped into two major categories: hedonic factors and utilitarian factors. How these two types of factors influence the respondents' decision making will be examined.

At the end, each determined value will be rated, and will be examined to see which value driver(s) are more important than the others. The judgement will be based on the number of responses. The emphasis will be on the one(s) which determine the greatest value to the respondents.

In the last chapter, it was mentioned that all the previous studies with regards to vehicle leasing factors/motives were conducted in the mature vehicle leasing market, such as the American market. By analysing the data retrieved from the New Zealand market, it is possible to determine if the under-developed market and the mature markets are similar. As mentioned before, the New Zealand market automobile market is very different from the other markets in several ways. For example, if compare the New Zealand automobile market with the American automobile market, it can be found that the new and used vehicle selling prices are higher in New Zealand than in America, which can result significant potential for vehicle leasing in New Zealand. However, the concept of private vehicle leasing in New Zealand is still relatively new. In the New Zealand context, the private vehicle leasing market is much smaller than the business vehicle leasing market. By taking these two issues into consideration, it is fair to assume that the perception of leasing in New Zealand is not mature. But the New Zealand vehicle leasing market is perceived to have a large potential to be developed. Therefore, the study of consumer's perception of vehicle leasing is essential.

3.3 Research Design

3.3.1 Research Method

The nature of this research is discovery-orientated. In this case, a qualitative methodology is needed. The intention is to discover what the value drivers of vehicle leasing are and why they determine value. If these value drivers and reasons were identified before, and the aim of the research was to measure the frequency of each

value driver or the reasons, then a quantitative approach would be more reliable. As mentioned earlier, the intention of this dissertation is to determine the perceived value of vehicle leasing, as well as to explore the wide range of reasons why they are important to vehicle lessees. Therefore a qualitative approach is necessary.

There are several methods that can be used to conduct a qualitative research, such as observation; interview; and focus group. According to van der Zouwen (2001), the interview is the most frequently used method in social sciences and market research. Sometimes, it is even considered as an inreplaceable method (van der Zouwen, 2001). In social sciences, theoretical propositions always contain opinions; perceptions; or attitudes of individuals. These concepts are normally unobservable for other people. It is impossible to know another person's thinking, feeling or beliefs for sure, only by observing them or other direct measurements. In this case, researchers of "subjective phenomena" need some indirect measurement procedures (van der Zouwen, 2001). The process of an interview will thus become one of the more common procedures for indirect measurement. Van der Zouwen (1974, 1982) pointed out the "black box analysis" concept. What this means is that "one cannot observe the inside of the black box but by comparing its inputs with its outputs, one may estimate its contents" (van der Zouwen, 1974, 1982).

Through this, the consumer perception of leasing is to be explored, which is undeniably an unobservable phenomena. This is why the interview method will be employed as the research method. According to van der Zouwen (2001), interview or rather "black box analysis" has three major steps: asking respondents questions is considered as the input; listening to the answers from the respondents is considered as output; in the last step, the researcher needs to analyse the output under certain conditions, whilst making valid inferences. Then the content of the black box will be gathered, in the other words, the researcher will get the perception; attitude or opinions from the respondents.

To analyse the outcomes, van der Zouwen's concept will be used again: when the interview questions (input) are similar to different respondents (black boxes), if the answers (output) are different, this can only be due to the different contents (different perceptions); if the answers (output) are similar, the respondents (black boxes) must have similar contents. Applying this analogy, if the respondents have similar answers

to certain value drivers, the respondents will be considered as having similar values of certain unobservable variables, if the answers are different, they will be considered as having a different value for certain variables. In the following paragraphs, the data analysis method will be discussed further.

3.3.2 The Sample

Before selecting the respondents, the researcher has decided several criteria for potential respondents. Firstly, the potential respondents must be current vehicle lessees. If they are not current lessees, the factors which influenced their decision making in the past, may not add value to their perception now. Through this, the researcher intends to examine the current value driver only. Secondly, the potential respondents must lease a vehicle for personal use only. If they lease vehicles for business purposes, they will be excluded. Business lessees may have different perceptions of value. If business lessees are included, this will create bias to the research results.

One New Zealand vehicle leasing company was contacted. As the researcher is working for this company, the vehicle leasing company would like to support the researcher on this project. In this case, this leasing company's clients will be contacted through the assistance of the marketing manager. The marketing manager agreed to contact their clients, and inform them of the research. Eight clients who are leasing vehicles only for personal use will be contacted. The eight potential respondents will be asked for permission to be contacted by the researcher, following which, the information obtained will be made available to the respondents. Then the appointments will be made over the phone.

3.3.3 Interview Design

As mentioned above, information will be given via the phone. This information includes the research topic and research purpose. Potential interview questions will be briefly mentioned to them. Also, the researcher will inform the respondents about privacy and confidentiality. The reason for calling them is to speed up the process. Before the interview starts, the researcher will also provide the respondents with a formal copy of the Participant Information Form and a copy of the Consent Form to sign. These two forms contain the information that has been mentioned just now.

The respondents will be asked questions pertaining to what factors made them lease vehicles, rather than purchase or finance vehicles. What is the perceived value of leasing vehicles? Why do those factors determine value to them? What factors are most important to their decision making? The researcher will go through some hedonic and utilitarian factors which were determined in previous research, and expect to see how these reasons will influence their leasing decision. In other words, why or why not those factors are important to them are expected to be discovered.

3.3.4 Data Collection and Data Analysis

Information will be gathered through the means of a tape recording. The researcher will also take notes where necessary. After the interview, information will be transcribed from tape into a Microsoft Word document.

The thematic analysis method will be used. The thematic analysis method was introduced by Owen (1984) and has been used in many qualitative researches (e.g. Zorn and Ruccio, 1998). This method allows researchers to summarise a common theme among different interviewees' responses. According to Zorn and Ruccio (1998), this method allows researchers to preserve the individual's perspectives, and then "find themes common to all or most interviewees" (page 480). In Zorn and Ruccio's (1998) research, the argument is stated which was raised by Wood, Dendy, Dordek, Germany and Varallo (1994). It was pointed out that the interview interpretation does not only rely on "probe symbolic constructions", but also relies on "discursive accounts as the primary data that reveal the meanings generate for their experiences" (Wood, Dendy, Dordek, Germany, and Varallo, 1994). Zorn and Ruccio (1998) used Owen's three criteria of a theme to argue this point. The three criteria are: recurrence of the same thread of meaning in different words; repetition of words, phrases, or sentences; and forcefulness of vocal inflection, volume, or dramatic pauses (Owen, 1984).

Each of the eight cases will be examined closely. At the same time, the second person will be involved in examining the transcripts as well. This person was recruited by asking friends to recommend a suitable person. This person had no direct relationship with the researcher. Also, he has a similar marketing knowledge and background as the researcher. From closely studying the case, the determined value to respondents will be explored by both the researcher and the second person. After comparison and

discussion, the value, which agreed by both the researcher and the second person will be considered as a valid result. On the other hand, the value, which is only agreed by one person will be considered as an invalid result. Then, the same theme amongst different cases will be formed. To take this one step further, the reason why these factors determine value will be explored and summarized also. The purpose of “results review” is to limit the bias, and to make the result more accurate. As mentioned in previous chapters, data analysis for the interview method is prone to being subjective. To minimize this limitation, a second person will review the results. This process will give the study a higher level of accuracy and more objective result.

The values which are identified by four or more respondents will be considered as common themes. On the other hand, some unique values which are identified by less than four respondents will be considered as insignificant data, and will be excluded from research result.

The researcher will then focus on answering the second research question—how do hedonic/utilitarian factors influence NZ vehicle lessees’ decision making? The researcher will firstly identify each factor, and categorized them into hedonic or utilitarian groups. Then a conclusion can then be drawn based on the result of the first question.

The answer to the first and the second questions will play a fundamental part in answering question three. Each factor will be rated. The researcher will create a table and interpret the number of responses to each value. The factors which determine the greatest value to the respondents will then be explored.

3.4 Limitations

As mentioned above, this research will be qualitative research, and interviews will be used to collect primary data. There are several limitations against this research design, and they can be grouped into two major parts: research method and sampling procedure.

Interview based qualitative research is attracting more and more interest. However, this method only allows for a very small sample size. Although this method allows researchers to explore undiscovered knowledge, how representative the knowledge actually is, is not guaranteed.

Also, the respondents answer may be influenced by some unrealized factors, e.g. respondents' mode on counter point; environment and surroundings. Although the researcher will try to avoid leading/misleading language or body language, this kind of external unexpected influences are very hard to control.

Due to limited time and resources, only eight lessees from one lease company's clients were interviewed. Their perception may be influenced by the same company's services or products. To avoid this bias, the researcher will try to discover their perception before their lease period had started. Also, if the result shows very similar expectations, which are products or services related, the researcher will bear in mind this bias and critically analyze the data.

3.5 Ethics

The potential ethical issues of this researcher were also considered. Due to the nature of this research, there won't be any cultural aspects addressed in the interview. Interviews will be structured under a casual atmosphere. The researcher will use easy and friendly wordings of all questions. The wordings of every question will not be offensive in any way.

During the interview, respondents have the right to stop at any stage, if they feel uncomfortable with the research questions or the researcher. They also have the right to refuse to answer any questions.

Also, the ethics of this research was approved by the Auckland University of Technology Ethics Committee (AUTEC) in May 2007. All the data collected from respondents will be kept confidential and will be used for this research only. Also the researcher will avoid using any information which the respondents might be identified by. After the research, all the primary data which has been gathered from respondents as well as the signed copy of consent forms will be locked in a safe, and kept safely for six years.

3.6 Conclusion

This chapter provides the information on how this research is structured. The research questions and research procedures are explained. Also, from reading the limitation, the audience will be provided with the general idea on how to critically evaluate the

research result. Finally, the ethical issues were addressed. There are no potential problems perceived by the researcher.

In the following chapter, the information gathered from the interviews will be discussed. Similarly, the research questions will be answered in the following chapter as well.

Chapter 4 Results and Discussion

4.1 Introduction

This chapter contains the research findings and the discussion of the findings. Before illustrating and discussing the research findings, the characteristics of the selected sample are discussed in this chapter.

Following which, the method in which the interviews were conducted will be explained. Similarly, how the data was collected and the interview procedure will be discussed as well.

The raw data, which was collected from the interviews, was examined by both the researcher and the second person. After the process of note taking, the raw data is sorted into certain patterns, and is then formed into themes. How raw data has been sorted in patterns and how the data has been formed in different themes, will be explained in that section.

To ensure the accuracy of the research findings, the “research trustworthiness” concept (Flint, Woodruff and Gardial, 2002) has been used and the reliability and validity of the findings have been examined. Four criteria have been addressed, in order to examine the reliability and the validity, which are credibility, dependability, confirmability, and integrity.

In order to answer the three research questions, it is necessary to illustrate and discuss the findings from the interviews, which will be the primary focus of this chapter. To answer the first research question, each formed theme is discussed in detail. Following which, the themes are then grouped into two categories to answer the second question, namely hedonic value and utilitarian value. How hedonic/utilitarian factors affect the consumer’s perception is discovered, based on the study of each theme. To answer the third question, a table with ratings will be illustrated. The rating of each value will be based on the number of responses. The value with the most responses is identified as being the greatest value to respondents. This value is then compared with other less significant value drivers as well.

4.2 Sample

Six out of eight respondents are leasing second hand vehicles. One of the respondents (respondent 7), is leasing a brand new vehicle, and the leased vehicle falls under his own personal expenses. The other respondent, Respondent 5, is the other to lease a brand new vehicle. However, that leased vehicle is part of his business expenditure and he uses it for his own personal use. From this view point, the result of this research will be representative of “the perceived value of second hand vehicle leasing”.

The sample of respondents was recruited by searching the vehicle leasing company’s client database. This ensured that none of the respondents has direct relationship with the researcher. Seven out of eight respondents met the proposed criteria perfectly: current vehicle lessee, maintained a leased vehicle for personal use only.

The respondents are with varying demographic characteristics. One respondent out of eight is female, and seven of them are males. The youngest respondent is 28 years old, and the oldest respondent is 58 years old. All of them are working professionals. However, their family status and socio-economical status vary greatly from each other. For instance, the range of the respondents’ family status varies from a young single professional to a middle age couple with children to a solo parent. Similarly, the level of income per household, which is reflective of their socio-economic status, ranges from medium to high income. These differences in family status and socio-economic background were considered to be the main influence of people’s vehicle leasing decisions. The respondents who were chosen are from different segments. The range was considered broad enough to represent the private lessees’ perception.

4.3 Interviews

Eight face to face interviews were conducted with the respondents; with the researcher was acting as the sole interviewer. All the interviews were conducted in the respondents pointed places, such as their offices or a café. According to Taylor and Bogdan (1998), participants feel more at ease in their own environment when conducting the interview. The appointments were made at the most suitable time for the respondents as well. The convenience of the interview time and interview place was considered, as it imposes the least amount of pressure for the respondents,

allowing the respondents to provide the most comprehensive and accurate answers possible.

The length of the interview was relative on a number of factors, such as the respondents' leasing experience; the number of determined values; and the type of their determined value. The longest interview lasts 35 minutes, and the average interview length is around 30 minutes.

An interview guide was used as a conversation starter. In order to keep the consistency from the answers gathered from each respondent, the interview guide was considered as a useful and necessary tool. The function of the interview guide were suggested by Taylor and Bogdan in 1998. The interview guide was structured with groups of open ended questions. Open ended questions encourage respondents to diversify the answers to each question. These questions also ensure the respondents to provide answers relating to the same topic.

4.4 Data Patterns and Themes

The interviews were tape recorded and then transcribed verbatim for analysis. The transcripts had a total of 106 pages, which were then examined. Each transcript was carefully read several times. The aim was to generate information in order to answer each research questions while focusing on the aim of the research. During this process, the value drivers determined by each of the respondents were highlighted. The reasons why the value drivers are important to the respondents were highlighted as well. Notes were taken in order to express the deeper meaning of certain sentences.

The interview transcripts were examined by both the researcher and the second person to retain consistency. Similarly, the values discovered from all eight cases have been discussed by the researcher and the second person.

The values of leasing which were mentioned by the respondents were examined. The similar answers which define the same value of leasing were grouped together to form a common theme. One step further, the themes which were formed represent at least fifty percent of the response. In other words, the value driver determined by less than four respondents will not be formed as a common theme. Also, the value driver will be considered as an insignificant value, and excluded from the research result.

After analysis of the data, five common themes were identified. The variables of each theme was also determined and defined as the reasons why the value drivers are important to the respondents. By keeping in mind the themes and the research questions, several variables were discovered within each theme. In the following discussion, the themes and their variables will be discussed in detail.

Based on Trocchia, Beatty, and Hill's theory (2006), the themes which represent the determined value of vehicle leasing were grouped into two categories—hedonic and utilitarian categories. Following which, a discussion of the categories to determine the ranking of importance to the respondents was undertaken, and also how these various categories influence each respondent's decision making process.

4.5 Reliability and Validity

Figure 3. Reliability and validity of the research findings

Criteria	Methods of Addressing in this Study
Credibility: extent to which the results appear to be acceptable representations of the data	<ul style="list-style-type: none"> - Eight face-to-face interviews were conducted with all the respondents who fully understood the interview questions - Seven out of eight respondents fully met the recruitment criteria - One respondent who only partially met the recruitment criteria has been examined separately. This respondent's answers were placed under deeper analysis as the possibility of bias could have affected the data.
Dependability: extent to which the findings are unique to time and place; the stability or consistency of explanations	<ul style="list-style-type: none"> - Consistency across participant's answer was found and formed as the themes. - Different reasons behind each theme were found and identified as variables <p>Respondents are from different socio-economical and demographical background, with varying experience and family status.</p>
Confirmability: extent to which interpretations are the result of the participants and the phenomenon as opposed to researcher biases	<ul style="list-style-type: none"> - A total of 106 pages of transcripts were examined by both the researcher and the second person - Furthermore, the findings were based on the discussion between the researcher and the second person. In doing so, it was found what the value drivers are, and was thus able to rank these findings in importance.
Integrity: extent to which interpretations are influenced by misinformation or evasions by participants	<ul style="list-style-type: none"> - Interviews were carried out in an appropriate manner - Respondents were non-threatening and anonymous

Source: Flint, Woodruff, and Gardial, 2002

In order to ensure the research result is representative and accurate, the reliability and validity of this research were considered to be important. Based on theory placed by previous researchers, four elements were focused: credibility; dependability, confirmability and integrity (Flint, Woodruff, and Gardial 2002; Hirschman 1986; Lincoln and Guba 1985; Wallendorf and Belk 1989). The following table was created based on Flint, Woodruff and Gardial's (2002) "research trustworthiness" concept.

4.6 Findings of Research Question 1—Perceived Value of Vehicle Leasing

The respondents mentioned several values in regards to leasing a vehicle. Some of these values, such as simplified maintenance, were discovered and studied in previous papers. However, because the majority of the respondents are leasing second hand vehicles, they raised several value drivers for vehicle leasing, which have not be discovered or studied by previous researchers. These particular values include the concept of "maximize cash in hand" and "depreciation matter".

On the other hand, certain factors which were discovered through previous researchers, such as "driving variety of cars"; "desire for gratification"; and "brand/features preference" did not add any value to the sampled respondents.

The main focus of this section will be to answer question one. Each value mentioned by respondents has been highlighted by both the researcher and the second person. As mentioned earlier, if the value was highlighted by both people, then the value would be considered to be valid. Also, if the value was mentioned by four or more respondents, the value will be formed as a common theme. The responses to each value have been counted as well. The ranking of each factor has been illustrated in the table which is presented at the end of this chapter. The values with four or more responses, which are defined as common themes, consist of cost effectiveness; simplified maintenance; ease to lease; vehicle value estimation and depreciation; an easy to manage budget and maximization of cash in hand. The researcher believes the factors which were mentioned by the majority of the respondents are more recognized and more representative to the population of this research—private vehicle lessees.

4.6.1 Theme 1—Simplified Maintenance

Simplified maintenance determines value to all of the respondents. Each respondent considered simplified maintenance as a value driver for vehicle leasing, though for

different reasons. As it is known, a vehicle needs continuous maintenance in order to function properly and therefore maintenance is an unavoidable issue for every vehicle holder. Five main variables were explored, which explain why simplified maintenance determines greater value to vehicle lessees.

Firstly, most people can not fix problems in the car by themselves, and need the assistance of a mechanic.

R4 mentioned "don't mind spending a lot of time on maintenance, as long as I can fix it myself. But normally I am not a mechanic, so I don't normally fix cars. So I'd rather have it done by someone else". R1 said "once we had an accident... Do not have to worry about anything in terms of servicing if something goes wrong. It basically takes all of the hassles away as well. So that's now why we continue, is that now we've had the problems and they've been fixed by the leasing company....I am not a technical person. I can't even change a spark-plug, so I need the maintenance to be simplified." R3 said: "...I don't have to look after any maintenance issues...if you've got any problems then they replace your car while your one gets fixed".

Once an accident or mechanical problem occurs, most people have to seek help from technical persons. In this situation, if the car was leased, the leasing company will fix the mechanical problem. In the mean time, a replacement vehicle will be issued to the lessee. In the case of an accident, a vehicle lessee is not exposed to the hassle and problems which can occur.

Secondly, the cost of maintenance is high and it is hard to find a bargain and appropriate service provider. As R3 commended:

"Car maintenance services are usually expensive in most of service providers. (With a leased vehicle), you don't have to go looking for a garage and looking for getting quotes for cheapest prices". R4 said "if something goes wrong, the leasing company will look after it...maintenance is quite expensive on cars, so one thing is attached to the price".

As maintenance costs are covered in the monthly lease rate, customers are able to not worry about the potential maintenance cost which could arise. Therefore, the customers do not need to pay extra money for car maintenance, which in the long run could possibly save a significant amount of money. On the other hand, if the car is

self owned, all the maintenances cost will be added to the total cost of the car, which can be viewed as a loss to the customer.

Thirdly, it takes not only money but also time for people to find the right maintenance service provider. However, if the car is leased, people don't need to spend time on searching for the right maintenance provider or cheaper quotes. The leasing company will arrange for the maintenance issues to be resolved instead of the customers themselves, which will save them time hunting for services themselves.

R3 "...you don't have to go looking for a garage and looking for getting quotes for cheapest prices and wondering how long they will take and being without a car..."

R7: "it won't start in the morning or it breaks down or anything like that, you just take it in to ... or ring somebody up and they'll fix it. Same with maintaining it, I've always had maintained leases. And again if you have it maintained regularly, and it's built into the lease cost, then you don't have a big bill for maintenance when it needs it. So I see lots of advantages in leasing over buying and planning".

Nowadays, time efficiency is a major concern to consumers. Searching for the appropriate service provider or cheaper quotes is considered as a time consuming activity, which is associated with the procedure of maintenance. This maintenance procedure can be avoided from the beginning of the lease period. From this viewpoint, leasing provides a more efficient service to consumers than owning the vehicle themselves. Consumers are able to spend less time and less effort on repair and maintenance for the upkeep of their vehicles. This is one of the main reasons why "simplified maintenance" determines significant value to consumers.

Fourthly, in the worst possible case, if the vehicle has been damaged and can't be used anymore, the leasing company will arrange for the collection and exchange of a new vehicle at once. However, if the car is privately owned, the customer would have to arrange for the towing and a replacement vehicle by themselves.

R5: "the guys will come to us and service the vehicles, which makes life a whole lot simpler and easier".

Once again, vehicle leasing provides hassle free service to consumers, which could also make them feel more secure in driving the vehicles. Back to the previous point, if

no replacement vehicle can be arranged at short notice by a private vehicle owner, it may pose a serious threat in respect to their work and daily life.

Last but not least, even if an individual is able to do the repairs and scheduled maintenance by themselves, the constraint of workspace, such as a garage, is still an issue. Respondent 2 raised this issue. The space in a parking lot is not big enough to do car maintenance. He decided vehicle leasing is still a good choice for people who know how to fix mechanical problems but do not have the space to do so.

R2: "Currently I live in an apartment, so basically I don't have a garage...if I were to own my own car, I would basically want to have a garage so I can have a place where I can..."

4.6.2 Theme 2—Cost Effective

Cost effectiveness has been determined as a strong value for vehicle leasing as well. Seven out of eight respondents decided vehicle leasing is an effective way of acquiring a vehicle. As discussed in chapter two, the monthly lease rate of a fully maintained lease includes tyres; maintenance; registration; WOF inspection; and vehicle depreciation. Therefore, people are able to maximize their spending by leasing rather than owning a vehicle.

Respondent three compared leasing a second hand vehicle with owning a second hand vehicle, by comparing all the above operating costs and initial costs. He said *"there was only about \$400 dollars difference per year between leasing and owning a second hand vehicle. However, with a leased vehicle, I could get less hassle and much better services"*.

Leasing a vehicle doesn't necessarily mean "lower lease rate", but for the money that people paid out they could get maximized services in return.

R1 said: "The amount of money that I would have to pay to lease a maintained vehicle, I thought was better than me having to provide a vehicle, but it, pay the interest on it, and have it depreciate and that sort of thing. I obviously want to maximise my spending, my value for money". R2: "(leasing a vehicle has) not necessarily cheap price but if you compared to buying a car...but if I'm thinking about

insurance, car maintenance, petrol... I think with what I'm getting now, I mean with what I'm paying for my lease vehicle, it evens out. It's a good deal for me."

Also, leasing allows people to drive newer vehicles. This is another benefit of cost effectiveness. For the same amount of money, people cannot afford to buy a vehicle, which is as new as a leased vehicle.

R4: "Because I can drive newer vehicles, if I'm just going to buy a vehicle from my money, I'll be buying say 10-15 year old vehicle that I can afford, but with this option I can drive about 5 year old vehicle, so that's a good option".

Cost effectiveness is a significant driver for vehicle leasing, especially from the perspective of second hand vehicle leasing. From a monthly payment point of view, to lease a second hand vehicle is much cheaper than to lease a brand new vehicle. The reason behind this principle is mainly because of the depreciation. To lease a vehicle, the monthly payment only covers the vehicle depreciation cost, not the entire value of the vehicle. This point was discussed in previous research, and has been addressed in chapter 2. Taking this view, a brand new vehicle's first year depreciation is always the highest. After several years, the rate of a vehicle's depreciation gets slightly lower. That makes the lease rate for a second hand vehicle lower than the lease rate for a brand new vehicle. In other words, when vehicle lessees getting the same service (e.g. fully maintained services), the cost for leasing a second hand vehicle is more effective than leasing a brand new vehicle.

R4 said: "I normally pick the cheapest (second hand vehicle from the car yard) that I can afford...when you put everything together (i.e. insurance cost; maintenance cost etc), it becomes cheaper...it's not cheaper really, it's more of a cost effective for me to lease."

Cost effectiveness is an important aspect to all the respondents in this research, regardless of their financial status. Some of the respondents are running on a tight budget. In this case, cost is the most important factors for them to make leasing decisions, which makes price the first concern. As a result, one of the main concerns of lessees would be to obtain the greatest value from the least amount of money. So leasing a second hand vehicle gave them an opportunity to maximize their value for money.

R4: "My budget's a bit tight – I've got four kids, so a big family. Especially during that time I was a single earner so it's better off for me to".

On another hand, some of the respondents are under a relatively high income level. However, they are still wanting to get the greatest value for money. As mentioned in the literature review chapter, people from higher socio-economic backgrounds are concerned with price, as this money can be spent on other investments. In other words, the opportunity cost of expenditure for people from higher socio-economic status is also important.

R3: "it's (cost) not a major problem for me but I am saving up for maybe a deposit for a house, so ... (don't want to spend too much on cars)".

For all of the above reasons, cost effectiveness determines great value to the respondents.

4.6.3 Theme 3—Ease of Leasing

After using a vehicle for some years, every vehicle owners will face the same issue—vehicle disposal. All the respondents in this research mentioned that vehicle leasing offers a much easier way to dispose their vehicles—just return the leased vehicle back to the leasing company, and walk away. However, this fact does not determine value to all the respondents, e.g. R4 did not perceive this fact as a value driver for vehicle leasing. On the other hand, four variables were discovered which associated with "easy disposal". They are the main reasons why easy disposal determines value to the rest of the respondents.

Firstly, selling a car is very time consuming.

R1: "I don't have to go to the car fair and try and spend a couple of weekends trying to sell it..."¹. R5 said: "we don't have to worry about trying to advertise the cars, people coming around to look at them, people trying to knock down the price..."

The vehicle owners may have to advertise or even go to a car fair to sell the car. The whole process may take a long time, which may influence the future plans of the seller, such as a delay in their travel plan. However, if the car is leased, the vehicle lessees just need to "give it back... walk away". Therefore, leasing a car will be more flexible and time saving than to own one.

Secondly, selling vehicles is usually accompanied with money loss. However, if the vehicle is leased, it could just be returned to the leasing company when it's no longer needed.

R5: *"In New Zealand it is hard to sell a car in and get a good price for your vehicle..."* R7: *"With your own car, you've got to take it down the car yard, haggle and argue with a sales person about how much it worth. He's trying to make a buck on it, you think it's worth \$10,000 more than he thinks it worth and it's just a hassle I don't want. People lose money on it but it's the hassle ... you're either a person that can argue with a sales person or you can't and I'm one of those that can't".*

Thirdly, people are sometimes not sure of their length of vehicle ownership, or when the need to change to another type of vehicle will arise. In that case, leasing will offer a more flexible choice. For example, if a person's family status changed (e.g. a young couple that is expecting twins), they may need to change to larger vehicle. Or if people are leaving the city for a while, they may no longer need their current vehicle. Therefore, this concept of easy disposal is important.

R3: *"if you don't like it then you can always look and see if there are other ones".*
R2: *"if we decide to go back home (overseas), there's no pressure on sell my vehicle, it's one of the less stress to take care of".*

Similarly from the disposal aspect, vehicle leasing offers people an easier method of acquiring a vehicle, especially for acquiring a second hand vehicle. R3 determined this factor as a value of vehicle leasing. He highlighted three reasons why this factor is considered as value driver. Firstly, it's time consuming searching to buy a second hand vehicle. People need to spend time at the car fair or on advertising to search for a vehicle in good condition, that suitable, and affordable. Secondly, the quality of a second hand vehicle from those sales channels is not guaranteed. However, if getting a second hand vehicle from vehicle dealers, then the price would be much higher. Thirdly, it's hard to estimate the real value of a second hand vehicle. Normally people feel uncomfortable with a price which they are not sure about.

This value driver is quite similar to vehicle disposal. It is from a buyer's point of view. In contrast, vehicle disposal is from seller's point of view. In this case, leasing offers people similar advantages between easy disposal and easy acquiring, such as saving

time; flexibility; and a more accurate valuation of the vehicle. In addition, leasing offers a guaranteed level of the vehicle's quality to the consumer.

4.6.4 Theme 4—Vehicle Value Estimation and Depreciation

Estimation of a second hand vehicle is always not easy. The value estimation process is always associated with an owned vehicle, no matter whether a second hand or a brand new vehicle. If owning a brand new vehicle, the value estimate process will occur during the vehicle disposal stage. If owning a second hand vehicle, the value estimate process will occur in both the acquiring stage and disposal stage. Four respondents in this research determined this factor as a value of vehicle leasing.

R1: "estimate second hand vehicle value when selling or buying is always a pain. There is always a difference between how much people think the second hand vehicle worth and the vehicle's real value". R5: ".not knowing what its market value would be to sell, it's very hard to guess that and yeah just going back to the lease, we knew what the cost was going to be to us over the three years and ... which can work out for us or against us but it is knowing what that figure was....you really are guessing at that and it's a lot of money to not know about..".

As R5's vehicle is partly a business asset, he is strongly concerned with the real value of the vehicle. To him, not knowing a vehicle's disposal value could be considered as a large expense for his company. Also, from R1's comment, it is possible to comment that this variable also applies to the private consumer.

On the other hand, depreciation is another consideration in evaluating a second hand vehicle true value. It is hard to know the market value of a second hand vehicle, as the calculation of a vehicle's depreciation during certain years would come into question.

R1: Loss of pain—so I don't have to see the drop in value for what I think it worth, to what it's actually worth".

As mentioned above, if people could not get their expected value for a vehicle, people are facing the risk of losing money. For vehicle owners, they have to take the risk. However, to vehicle lessees, they won't take the risk of getting lower market value when disposing it, as the lease company will. Normally, lease companies would have market analysts or specialists to provide an estimation of the vehicles' residual value.

This will result in a more accurate value of the vehicle compared with an individual's subjective judgement. In other words, leasing offers people not only a hassle free value estimation, but also a more accurate depreciation cost.

4.6.5 Theme 5—Easy to Manage Budget and Maximize Cash in Hand

In previous research, an “easy to manage budget” was determined as a value driver by business vehicle lessees. The findings of this research showed that this factor is also applicable to private vehicle lessees. Four respondents mentioned this factor as a value driver for vehicle leasing. Two variables were determined which associate with budgeting and cash in hand.

Leasing does not require a deposit as opposed to financing. In chapter two, it was mentioned that leasing starts with one or two month's deposit. However, there is no additional deposit requirement. This is a good opportunity for people who don't have enough cash in hand to acquire a vehicle.

R4: “I won't buy the vehicle. I don't have the cash”. Although R5 is partially considered as private consumer, his comment on initial cost worth to be mentioned here: “we didn't bother thinking about it too much and it's taken cash out of the business ... capital ... which we could put into other things or into our own pocket”.

Vehicle lessees would be able to know exactly how much they need to pay for their vehicle per month. Therefore, by being presented with a budget plan upfront, people would be able to make an informed decision about the affordability of the vehicle. Regardless of people's financial situation, this variable is considered as a benefit to vehicle lessees.

R7: “I know exactly how much I'm in for each month and that I can budget and I can control that. And I decide obviously on the type of vehicle I have and how much I'm prepared to pay each month, so I say it's easy to budget and you know you've got a fixed cost each month and again with your own car, you know ... it needs a new set of tyres or fails its warrant of fitness, so all those things ... then you've got to ... you know you may have a big bill. Whereas, with this you know exactly how much you've got each month”.

4.7 Findings of Research Question 2—How do Hedonic and Utilitarian Factors Influence New Zealand Vehicle Lessees' Decision Making?

Utilitarian reasons of why consumers may lease rather than own were introduced by Berry and Maricle (1973). It was suggested that people may lease to avoid the “burden of ownership”. Also, some major reasons were summarized as utilitarian reasons: vehicles are easier to be disposed and re-acquired; maintenance and repair of leased vehicles are easier when ownership is not involved; convenience and monetary risks will be reduced under leasing. On the other hand, some people tend to believe that the experience of consuming the finest products is worth more than the pride and security (Trocchia; Beatty; and Hill, 2006). To them, vehicles are viewed as a status symbol rather than a pure means of transportation. The desire for gratification and seek social approval in regards to their vehicle selection. These reasons are termed as hedonic reason of vehicle leasing (Trocchia; Beatty; and Hill, 2006). In this research, the researcher determined five factors which influence vehicle lessees' decision making. All of these factors are identified as utilitarian reasons, as it has a direct relationship with ownership.

From the interview results, utilitarian factors are of influence to vehicle lessees, especially more than hedonic reasons in the view of second hand vehicle lessees' decision making process. In the above paragraph, the respondents determined five values of vehicle leasing, all of which being utilitarian reasons. The five factors could determine values to New Zealand vehicle lessees because of two major reasons: monetary reasons and hassle free service. These two reasons are important to all of the respondents. Every respondent was price-driven when making decisions. The majority of the respondents are leasing second hand vehicles; only two of the respondents are leasing brand new vehicles. By leasing a second hand vehicle, respondents are presented with lower lease rates. In other words, the respondents who are leasing second hand vehicles are definitely concerned with the value for money. As mentioned before, regardless of financial status, every respondents wish to maximize the value of their expenses, which is why factors, such as “cost effectiveness”; “residual value and depreciation”; and “budgeting and cash in hand”, contributes a large value to all of the respondents. From the view of all the respondents, a vehicle is considered as a liability or expense rather than asset. Undoubtedly, all consumers would like to get the greatest value out of an “expense”.

Services that people receive through vehicle leasing also assists to maximize the value for money, which is why certain factors, such as “simplified maintenance”; “easy disposal”; and “easy acquiring”, contribute value to the respondents too. Besides eliminating the cost on vehicle, service gathered from leasing companies adds value to people’s driving experience. To vehicle lessees, especially second hand vehicle lessees, utilitarian factors determine greatest values to them.

Some typical hedonic factors, which were determined as value drivers in previous research, are not determined as value drivers in this research. As discussed in chapter two, there are three factors which were determined in previous research: desire of driving a variety of cars; desire for gratification; and brand/feature preference. These factors were revised with the respondents; however, none of these factors elicited any value to the respondents. Once again, the researcher would refer to the characteristics of these respondents, as the majority of the respondents are second hand vehicle lessees. If the price and cost is the first priority to their decision making, it’s hard for them to combine “desire for gratification” or “desire for driving variety of cars” with their decision. In contrast, utilitarian factors are better to meet people’s basic needs or wants.

4.8 Findings of Research Question 3—Which Factors are of the Greatest Value to NZ Vehicle Lessees?

Each of the determined values were ranked and illustrated in a table. The respondents who mentioned the certain value were noted correspondingly on the table. A tally was then made for responses to each value driver. The value which had the highest response rate was determined to have the “greatest value”.

As illustrated in the table, it was found that simplified maintenance determines the greatest value to NZ vehicle lessees. All of the respondents determined that this factor was one of the predominant value drivers in their decision making process. Cost effectiveness and ease of leasing both determined value to seven respondents. “Vehicle value estimation and depreciation” and “easy to manage budget and maximization of cash in hand” both determined value to four respondents. The above five factors are formed as the common themes.

“Simplified maintenance” determined the greatest value to the respondents. To vehicle owners, the aspect of vehicle maintenance is always one of the biggest hassles. People need to spend time on searching for the right mechanics and quotes, and need to spend time on waiting for the vehicle to be fixed. If an accident occurs, vehicle owners need to arrange towing and a replacement vehicle by themselves. However, to vehicle lessees, all these problems will be solved just by calling the lease company.

Besides hassle free services, the cost of maintenance is one of the main reasons why people raise this particular factor. This value driver can also be paired to “cost effectiveness”. Maintenance is always associated with vehicles, no matter if it is owned or leased. However, a fully maintained leasing option covers the maintenance cost. In this way, the costs of maintenance are made to be a fixed cost to vehicle lessees, allowing people to not have to face the risk of unpredicted maintenance. People who are cost driven would lease a second hand vehicle, as its lease rate is much cheaper than a new vehicle’s lease rate. In other words, people who are leasing a second hand vehicle are obviously concerned with price. Although the price is not “low”, it is effective, which means vehicle lessees are able to maximize their value for money.

This factor has been found to be significantly determined, because of majority of the respondents are leasing second hand vehicles. Second hand vehicles have an increased chance of breaking down comparative to a brand new vehicle. People, who are willing to drive a second hand vehicle and are wanting to minimize the hassle of vehicle break downs, obviously would determine “simplified maintenance” as a value driver. Leasing offers people a good opportunity to drive a less costly second hand vehicle with the benefit of hassle free services.

Once again, the majority of the respondents are currently leasing a second hand vehicle, driven primarily by monetary relation reasons. These reasons could be determined as basic need of a purchase decision. Some respondents (i.e. R3 and R4) did mention leasing would allow them to drive newer vehicles. However, the main concern about driving a newer vehicle is not because there is a desire to show higher social status. They are concerned with value for money, and newer vehicle would minimize the chance of vehicle break down. Other benefits of driving newer vehicles would be the higher level of safety standards these vehicles have over older vehicles.

From the outcome of the responses, the researcher was expecting to see the cost effectiveness to determine the greatest value to the respondents. However, the actual finding does not support this assumption. As discussed, part of the reason why simplified maintenance is important is because it could minimize the potential running cost of driving a vehicle. This reason indirectly explained that leasing a vehicle is a cost effective activity. Therefore, simplified maintenance and cost effectiveness are associated together. If the respondents perceive vehicle leasing from a broader perspective, they would mention and emphasis “cost effectiveness”, because “simplified maintenance” is only one of the outcomes of cost effectiveness. However, if they narrow down the perception to a specified field, they would mention and emphasis “simplified maintenance”. Although consumers of today are driven largely by price, just because a product has a lower price does not give it a high value. “Value for money” has become the benchmark for consumers now. Also, people are willing to pay more for the service than before, which gives the importance to cost effectiveness.

Figure 4. Research findings: Important Factors which Determine Value of Vehicle Leasing

Important Factors which Determine Value of Vehicle Leasing			
Themes	Responses	Variables	Sample quote
Simplified maintenance	R1; R2; R3; R4; R5; R6; R7; R8	<ol style="list-style-type: none"> 1. People who don't know how to fix the car, need mechanical help 2. Maintenance requires space/garage 3. Takes time to search for cheaper maintenance costs 4. Maintenance will add more cost on owned vehicle, but won't add on leased vehicle. 5. Lease company will arrange towing for the damaged car, and will arrange a replacement vehicle 6. Easy to control the budget for running a car 	R3: "...I don't have to look after any maintenance issues...if you've got any problems then they replace your car while your one gets fixed, so that was probably quite important as well...you don't have to go looking for a garage and looking for getting quotes for cheapest prices and wondering how long they'll take and being without a car, like if you take your car in and then you might be without a car for about a few days, so this is ...it (leasing) will... takes all the worries out.... (if something happens) I don't have to worry about how much I have to pay because usually they're (repair and maintenance) quite expensive. Yeah and then as well as petrol. Yeah like it's a fixed cost like per fortnight, so I don't have to worry about if petrol goes up, petrol goes down..."
Cost effective	R1; R2; R3; R4; R6; R7; R8	<ol style="list-style-type: none"> 1. Monthly payment includes tyres; petrol; maintenance; registration; vehicle depreciation; and other vehicle costs, so value for money. 2. People who are running a tight budget would be concerned price and value for money. 3. People would save money for other investments 	<p>R1: "I was making the decision based on the monthly cost now and the services I was going to get for my money...So the amount of money that I would have to pay to lease a maintained vehicle, I thought was better than me having to provide a vehicle... buy it, pay the interest on it, have it depreciate and that sort of thing...I obviously want to maximise my spending. My value for money. So the cost to me is important."</p> <p>R2: "(leasing a vehicle has) not necessarily cheap price but if you compared to buying a car...but if I'm thinking about insurance, car maintenance, petrol... I think with what I'm getting now, I mean with what I'm paying for my lease vehicle, it evens out. It's a good deal for me."</p>
Ease of leasing	R1; R2; R3; R5; R6; R7; R8	<ol style="list-style-type: none"> 1. Time consuming to sell vehicle 2. Might loss money sell vehicle 3. Flexibility of changing vehicles 4. Less negotiation hassles 	R1:...And ease – give it back... walk away... don't have to go to the car fair and try and spend a couple of weekends trying to sell it. You know it's very hard to make money buying and selling vehicles.
Easy to manage budget and maximize cash in hand	R2; R4; R5; R7	<ol style="list-style-type: none"> 1. People who is running a tight budget will value this point 2. Initial cost is low 	R5: I know exactly how much I'm in for each month and that I can budget and I can control that. And I decide obviously on the type of vehicle I have and how much I'm prepared to pay each month, so I say it's easy to budget
Vehicle value estimation and depreciation	R1; R5; R2; R7	<ol style="list-style-type: none"> 1. It could be costly if don't know the real value of the vehicle, when purchasing and disposing of the vehicle. 2. Depreciation is a cost 	<p>R1: Loss of pain--so I don't have to see the drop in value for what I think it worth, to what it's actually worth.</p> <p>R5:...not knowing what its market value would be to sell, it's very hard to guess that and yeah just going back to the lease, we knew what the cost was going to be to us over the three years and ... which can work out for us or against us but it is knowing what that figure was....you really are guessing at that and it's a lot of money to not know about....</p>

4.9 Conclusion

This chapter presented and discussed the main findings which were discovered from the eight interviews. After a thematic analysis, five themes were determined. These five factors were all categorized as utilitarian factors. Because the majority of the respondents were in second hand vehicle lessees, the result of this research represents the perceptions of second hand vehicle leasing. Based on the perception of each of these factors, utilitarian factors determine greater value to vehicle lessees than hedonic factors. Thus, it was determined that simplified maintenance consisted of the greatest value to vehicles lessee.

Chapter 5 Conclusion and Implications

5.1 Introduction

This chapter will focus on discussing the findings of each research question. In the first section, the purpose of this research will be summarized, while in the second section, the major research findings will be evaluated and compared with previous research. In addition, further findings will be included in the section as well. The findings derived from this research are expected to contribute to the existing body of knowledge. This research focuses particularly on second hand vehicle lessees' perception of vehicle leasing, as second hand vehicle leasing has never been studied previously. The perception of second hand vehicle leasing is different from new vehicle leasing. The value drivers and factors which were determined by previous researches were contrasted and compared with the findings of this research. Therefore, the differences between the findings are considered as the valuable outcome and contribute to the existing body of knowledge in the consumer behaviour field. In the third section, the managerial implication will be stated. From the practical side, this research is expected to help leasing companies to better understand their consumers and refine their strategies accordingly as a result. The fourth section will discuss the limitations discovered during the course of this research, followed with directions for each limitation regarding future research.

5.2 Purpose of the Research

At the initial stage, it was intended to investigate the perception of vehicle leasing in an under-developed vehicle leasing market, namely New Zealand. As mentioned before, the majority of the research regarding to the perception of vehicle leasing was conducted in a mature market. The perception of vehicle leasing in the different markets was expected to be different; similarly, the nature of these two kinds of market is expected to be different as well. Therefore, the purpose of this research is to firstly determine the nature of New Zealand vehicle leasing market, and secondly, to investigate the perception of vehicle leasing in the New Zealand market.

As discovered during the course of this study, it was found that the New Zealand vehicle leasing market is not mature, especially in the case of private leasing. In the New Zealand market, the majority of leased vehicles are leased by business

consumers. Based on the nature of New Zealand market, the perception which was investigated in this research represents the perception of second hand vehicle leasing. Therefore, the findings of this research are different from previous studies. In the following section, the major findings will be discussed and compared with previous studies.

5.3 Major Findings and Discussion

Five value drivers for vehicle leasing have been determined, and formed into five common themes. The determined values include simplified maintenance and cost effectiveness, which were stated in previous researches. Although these two factors were uncovered during the course of other research and this, the rationale of these factors differ greatly. The main differences are discussed below.

Simplified maintenance determines the greatest value to the respondents. Previous researchers suggested that simplified maintenance determines value to vehicle lessees because of the convenient service, which refers to more spare time and less stress (Ottman, 1995). However, this factor is not only a service related factor, but also a cost related factor. Simplified maintenance will not only provide convenience to drivers, but will also provide lower running costs for driving a car. This factor is particularly emphasized by second hand vehicle lessees for two major reasons. Firstly, consumers who lease second hand vehicles are price driven. Secondly, the possibility of a vehicle breaking down is closely associated with a vehicle's age, meaning that second hand vehicles have a higher tendency to break down compared to new vehicles. Maintenance is perceived to be an unpredictable expense. From this point of view, maintenance can be seen as a burden of ownership. For instance, leasing which does not involve ownership is a better option to those people who are not willing to take this risk.

Cost effectiveness is another value which was determined significantly. Previously, leasing was identified as a "low cost" activity. Previous researchers suggested that paying a monthly lease rate will work out to be cheaper than a monthly financing rate, because the lease rate only covers the vehicle's depreciation cost, but the purchase rate covers both the vehicle value and the vehicle's depreciation cost. However, "lower lease rate" is not necessary important to the respondents in this research. Leasing was found to be more effective overall, after taking into consideration the

services that vehicle lessees could get from leasing. Therefore, consumers, especially private consumers are more willing to pay for the service nowadays. Even though the price is not necessarily low, consumers are happy to maximize the value for money by receiving exclusive services.

“Vehicle value estimation and depreciation” determines value to the respondents. Previous research discussed that vehicle value estimation and depreciation is one of the major concerns to business consumers. To business consumers, a wrong estimation of the vehicle’s value may result in a significant loss to their company. Likewise, the majority of vehicle leasing companies would use massive internal and external sources to ensure the accuracy of the vehicle estimation. For example, specialists or accountants may be employed in their evaluation and estimation process. In this research, half of the respondents emphasized vehicle value estimation and depreciation. As mentioned previously, inaccurate estimation or evaluation will result in monetary loss, regardless to whether it is a business or private consumer. However, private consumers normally lack access to the internal or external sources that business consumers are given access to. Through this, it increases the difficulty for private consumers to place an accurate estimation of the net worth of a vehicle than for a business consumer. Therefore, by acquiring a vehicle through a leasing process, consumers would be able to avoid this estimation process. As noted, for half of the respondents in this research, estimation of depreciation was found to be one of the main determined values.

To second hand lessees, monetary factors and service related factors are more important than hedonic factors. In other words, utilitarian factors determine the most value to them. In contrast, there is no hedonic reasons were discovered in this research. The hedonic reasons which were discovered in previous research, such as the desire for gratification; the desire of driving variety of cars; or the desire for social approval, were not found to determine value to the respondents. The desire for social approval was determined as a value driver by previous researchers and was found to have a negative association with the concept of vehicle leasing in this case. According to previous studies, leasing allows people to drive higher model vehicles for the same amount of expenses (Trocchia and Beatty, 2005). The researcher went through this predetermined value drive with all the respondents. This factor however, did not determine value to any of the respondents.

R1 even argued on this point. He agreed that people can get a slightly nicer car through a lease than they can if they've purchased it. This is because leasing companies are always able to get a higher discount from vehicle dealers, so the amount of money people have to fund on a leased vehicle is a lot less.

However, people who desire for social approval, normally feel embarrassed to tell other that their vehicles are leased. From this point of view, leasing would only offer people to drive a better vehicle, but wouldn't offer people higher social status. In other words, people who desire for social approval may not want to lease a vehicle.

R1: "I know friends of mine would prefer to say it's owned, even if it's leased because they want the image to be upheld that they own the vehicle because normally the vehicle is better than what they could afford to own, so I can see it for a lot of people they would be embarrassed to say it's a leased vehicle, or at least would try and hide the fact."

An individual's personality would undoubtedly influence their perception of vehicle leasing as well. Mentioned in chapter two, there are three typical types of social character: tradition-directedness, inner-directedness, and other-directedness (Riesman, 1950). If the individual is inner-directed, they won't perceive "desire for social approval" as a value drive on his/her purchase decision. In this research, the majority of the respondents defined themselves as inner-directedness. This is one reason why the "desire for social approval" is not approved as determined value in this research.

Some additional findings were discovered from the responses. For example, a person's life style was found to strongly influence their leasing decisions. People's family status could play a large role in influencing people's "what to lease" decision. Previous research was always focusing on "why to lease", but never focused on "what to lease". In this research, some respondents mentioned that some factors or motivations may influence their decision on leasing particular vehicles. People's life style is one of the influencers. R1 chose a roomy and cheaper vehicle to lease when he started leasing, even though these vehicles were not his desired vehicles. At that time, his two children were babies and he needed a bigger vehicle to accommodate their increasing amount of gear. One of the most popular concepts—Maslow's hierarchy of needs mentioned people's needs goes prior than people's desire. People have to meet

their basic needs first before they can think about attaining their desires. Therefore, personal life status or family status would influence people's "what to lease" decision.

To take this concept one step further, people's personal life or family status would influence people's "lease or own" decision too. For example, one of the reasons for R2 to decide on leasing rather than owning a vehicle is that he is not sure how long he will be staying in New Zealand. After he considered the value of the simplicity of disposing of a leased vehicle, he decided to lease a vehicle which would suit his family status. R7 also mentioned this point. He said he might consider to "lease or own" a vehicle after he retired. A retired person may not need a vehicle to travel as much as when he/she is working. For these individuals, leasing may not be a cost effective option to them. In this case, people's personal life will influence their "lease or own" decision.

To sum up, the findings of this research, which representing the second hand vehicle lessees' perception, differ largely from the findings of other previous research. Firstly, for the same determined values such as simplified maintenance and cost of leasing, different variables were found to be associated with the value drivers. Secondly, some predetermined value drivers, such as the desire for gratification and the desire for driving varieties of cars, did not determine value to the respondents in this research. Thirdly, some predetermined value, such as the desire for social approval, was even found to have a negative association with vehicle leasing. Last but not the least, people's life styles are positively associated with the "what to lease" decision. However, "what to lease" has never been studied in previous research.

5.4 Contributions and Managerial Implications

This research helped to shed light on second hand vehicle lessee's perceived value of vehicle leasing. This research was conducted within the New Zealand market. From a theoretical point of view, there is no research yet that has been conducted on second hand vehicle leasing. There is also limited research that has been conducted in the New Zealand market. In this case, this research helps to fill the gap of perceived value of second hand vehicle leasing. Also, this research could help to start future researchers' interest in the New Zealand vehicle leasing market. A lot of research regarding perceived value of vehicle leasing was focusing on new vehicle leasing. In the New Zealand auto market, the new vehicle prices are high, and the second hand

car market is strong. It is therefore important to understand second hand vehicle drivers' perceptions.

From the practical point of view, this research can be used by New Zealand vehicle leasing companies to further understand their potential customers. Although the current private leasing market is not as large as the other markets, the second hand vehicle leasing market has potential for vehicle leasing companies to target. This research is expected to assist vehicle leasing companies to understand their potential consumer's perception. In today's market, consumers are not purely price driven, factors such as "hassle free" services allow for more personal time and lower stress. Ultimately, exclusive services provide greater value to the purchasing experience. From this, strategies or tactics could be formulated accordingly, in order to create more interest in private second hand vehicle leasing.

5.5 Limitation and Recommendations

This research has only explored the perceived value to second hand vehicle lessees in the New Zealand market. Future researchers could conduct a quantitative research and focus on how significant the factors are to second hand vehicle lessees.

Currently, not many people in New Zealand are leasing vehicles for personal use, thus the population and sample size used in this study was relatively small. However, if future researchers focus on non-lessees (vehicle owners), and discover what factors would stop vehicle owners from leasing; the sample size would be much larger. Also, only second hand vehicle lessees were interviewed because the sample size for new vehicle leasing is not significant enough to be tested. If future research focuses on vehicle owners, new vehicle leasing attitude could be tested as well, such as why people are not keen to lease new vehicles for personal use.

In this research, some respondents mentioned some factors which influenced their "what to lease" decisions. This decision making process has not been investigated comprehensively yet. Although the researcher mentioned life style influences as a "what to lease" decision, there is still a lot of aspects that need to be researched. Therefore, future research could focus on different market segments, and investigate more comprehensively on "what to lease".

5.6 Conclusion

This research investigated the second hand vehicle leasing perceptions in the New Zealand market. Utilitarian factors were found to determine significant value to second hand vehicle lessees in New Zealand. These factors are consisted with simplified maintenance; cost effectiveness; ease of leasing; vehicle value estimation depreciation; easy budgeting and maximizing cash in hand. Some of these factors were determined in previous research, such as simplified maintenance and cost effectiveness. However, they determine value in this research for different reasons. Some of the factors were newly determined, such as vehicle value estimation and maximization of cash in hand. Vehicle leasing in New Zealand is not as mature as the American market. However, the potential for private leasing is significant in New Zealand. Nowadays, people are more willing to pay for the exclusive service; as people desire more spare time and less stress. Practitioners of vehicle leasing could focus on this attitude and develop more useful strategies to target this market. The recommendations for future research are also advised in this study.

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Appendix

Consent Form

For use when interviews are involved.



Project title: *An Investigation of the Perceived Value of Vehicle Leasing*

Project Supervisor: *Dr. Mark Glynn*

Researcher: *Wei (Helen) Li*

- ☐ I have read and understood the information provided about this research project in the Information Sheet dated 14/06/2007.
- ☐ I have had an opportunity to ask questions and to have them answered.
- ☐ I understand that notes will be taken during the interviews and that they will also be audio-taped and transcribed.
- ☐ I understand that I may withdraw myself or any information that I have provided for this project at any time prior to completion of data collection, without being disadvantaged in any way.
- ☐ If I withdraw, I understand that all relevant information including tapes and transcripts, or parts thereof, will be destroyed.
- ☐ I agree to take part in this research.
- ☐ I wish to receive a copy of the report from the research (please tick one):
Yes ☐ No ☐

Participant's signature:

Participant's name:

Participant's Contact Details (if appropriate):

.....
.....
.....

Date:

Approved by the Auckland University of Technology Ethics Committee on 14-Jun-07, AUTEK Reference number 07/48

Note: The Participant should retain a copy of this form.

Reference: <http://www.aut.ac.nz/research/ethics>

MEMORANDUM

Auckland University of Technology Ethics Committee (AUTEC)

To: Mark Glynn
From: **Madeline Banda** Executive Secretary, AUTEC
Date: 25 June 2007
Subject: Ethics Application Number 07/48 **The perceived value of vehicle leasing.**

Dear Mark

Thank you for providing written evidence as requested. I am pleased to advise that it satisfies the points raised by the Auckland University of Technology Ethics Committee (AUTEC) at their meeting on 16 April 2007 and that on 12 June 2007, the Chair of AUTEC approved your ethics application. This delegated approval is made in accordance with section 5.3.2.3 of AUTEC's *Applying for Ethics Approval: Guidelines and Procedures* and is subject to endorsement at AUTEC's meeting on 9 July 2007.

Your ethics application is approved for a period of three years until 12 June 2010.

I advise that as part of the ethics approval process, you are required to submit to AUTEC the following:

- A brief annual progress report indicating compliance with the ethical approval given using form EA2, which is available online through <http://www.aut.ac.nz/about/ethics>, including when necessary a request for extension of the approval one month prior to its expiry on 12 June 2010;
- A brief report on the status of the project using form EA3, which is available online through <http://www.aut.ac.nz/about/ethics>. This report is to be submitted either when the approval expires on 12 June 2010 or on completion of the project, whichever comes sooner;

It is also a condition of approval that AUTEC is notified of any adverse events or if the research does not commence and that AUTEC approval is sought for any alteration to the research, including any alteration of or addition to the participant documents involved.

You are reminded that, as applicant, you are responsible for ensuring that any research undertaken under this approval is carried out within the parameters approved for your application. Any change to the research outside the parameters of this approval must be submitted to AUTEC for approval before that change is implemented.

Please note that AUTEC grants ethical approval only. If you require management approval from an institution or organisation for your research, then you will need to make the arrangements necessary to obtain this.

To enable us to provide you with efficient service, we ask that you use the application number and study title in all written and verbal correspondence with us. Should you have any further enquiries regarding this matter, you are welcome to contact Charles Grinter, Ethics Coordinator, by email at charles.grinter@aut.ac.nz or by telephone on 921 9999 at extension 8860.

On behalf of the Committee and myself, I wish you success with your research and look forward to reading about it in your reports.

Yours sincerely



Madeline Banda
Executive Secretary
Auckland University of Technology Ethics Committee

Cc: Wei Li helen.li@orix.co.nz

Participant Information Sheet



22 May 2007

Project Title: An investigation of the perceived value of vehicle leasing

Dear Sir/Madam,

I am currently a student completing the Master of Business degree at AUT. As part of my course work I am conducting research into vehicle leasing. This is an invitation to participate in an interview as part of this research. The following information is about the research and the interview. Participation is entirely voluntary, and you may withdraw at any time without any adverse consequences.

What is the purpose of this research?

I intend to examine the motivations of vehicle leasing. Also I will explore what factors determine the greatest value to vehicle lessees.

How was I chosen for this invitation?

The company that you are leasing a vehicle from helped me to contact some of their clients. Only the clients who are currently leasing a vehicle for personal use were chosen.

What will happen in this research?

The research will consist of an indepth interview, and the research questions are:

- 1). What is the perceived value of vehicle leasing?
- 2). What are the factors which influence leasing decisions?
- 3). Further more, which of these factors determine the greatest value to vehicle lessees?

I will ask questions related to these three research questions. Information gathered from the interview is confidential, and will only be used for this research.

What are the discomforts and risks?

There will be no intended discomforts and risks associated with this research. However, if you do feel uncomfortable with any questions asked, you always have the right to refuse to answer them.

How will my privacy be protected?

The information collected will be used for this research only. There will be no information which could identify you in this research. Please be ensured all the information gathered will not be showed to a third party.

What are the costs of participating in this research?

This interview may take about half an hour of your time.

How do I agree to participate in this research?

If you would like to participate in the interview, a consent form will be provided to you to sign, and appointment will be made by phone.

What do I do if I have concerns about this research?

Any concerns regarding the nature of this project should be notified in the first instance to the Project Supervisor, Dr. Mark Glynn, Faculty of Business, AUT Mark.glynn@aut.ac.nz, phone 921 9999, extension 5813, or the Executive Secretary of AUTECH, Madeline Banda, phone 921 9999 extension 8044.

Researcher Contact Details:

Helen Li, helen.li@orix.co.nz

Project Supervisor Contact Details:

Dr. Mark Glynn, mark.glynn@aut.ac.nz, 921 9999, extension 5813

Approved by the Auckland University of Technology Ethics Committee on 14-Jun-07, AUTECH Reference number 07/48.

Interview Protocol

Section 1:

- What vehicle do you drive?
- Is this your first leased vehicle? If not what was/were previous vehicle(s) are?

Section 2:

- What factors made you think about leasing a vehicle?
- What factors made you go for leasing?
- Which ones are more important than others?
- Why did you think these motives/factors are important to you?
- Are you proud of your leased vehicle? Or do you feel embarrassing to tell others that you are driving a leased vehicle?
- Are you satisfied with the current leased vehicle? Why or why not?
 - Have the values you determined before lease met your expectation?
 - Have you determined more benefits after leasing a vehicle?
 - Have you ever regretted leasing a vehicle?
 - What are the shortages of leasing you have found?
 - Are you planning to replace your current vehicle soon? Why?
 - If so, how would you like to have them? Leasing? Financing? Or purchasing? And why?
 - Have you ever think to purchase your current vehicle after lease terminated? If so, why?

Section 3:

- **To what extent are the following reasons important, (or not important)? Why they are important/ not important to you?**
 - desire of driving variety of cars
 - desire for simplified maintenance
 - desire for gratification, in terms of physical comfort and excitement of driving
 - desire for social approval
 - Easy to replace
 - Lower monthly payment
 - Brand; feature; or short term preference