Palestinian Consumer's Intention to Recommend a Car Brand and its Relationship to Perceived Risks when Buying a Car

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ABSTRACT

This study looks at what kind of strategies are more effective to reduce the perceived degree of risk, through understanding the correlation between that strategy and type of risks which have an impact on the recommendation intention of the consumer and thus on the final purchase decisions of the buyers.

The empirical work involved observing behavior of car owners in Palestine through data gathered via a survey utilizing a questionnaire that measures various types of perceived risks associated with purchase of a car, and what risk-reduction strategies are employed by consumers in minimization of such risks, and what effect these have on the recommendation intention of the car owners regarding their car.

The results show that the Palestinian consumer depends heavily on spoken word brand name, pricing, and quality strategies to reduce the degree of perceived social and time risks but financial, functional, and physical risks are not reduced by such strategies with the exception of brand name and its reduction of physical risk.

Keywords: Recommendation Intention, Perceived Degree of Risk, Consumer Behavior

ÖZ

Müşterilerin nihai satın alma kararını etkileyecek olan tüketicilerin başkalarına ürünü tavsiye etme eğilimi üzerinde yapılan bu araştırma, alışveriş kararında karşılaşılan algılanan risklerin hangi stratejilerle azaltılabileceğini ve hangi stratejilerin hangi riskleri bilhassa azalttığını incelemiş, ve bunun tavsiye eğilimini nasıl etkilediğine bakmıştır.

Saha çalışması Filistin'de arabası olan müşterilerin, kendi satınalma kararları doğrultusunda aynı ürünü başkalarına tavsiye etme eğilimlerini, ve tüketicilerin ürün alırken hangi algılanan risklerle ve ne yoğunlukta karşılaştıklarını, ve bu riskleri en aza indirgemek için en tür stratejilere ne kadar ağırlık verdiklerini ölçmüştür.

Sonuçlardan görüleceği gibi Filistinli tüketiciler ağırlıklı olarak ağızan ağıza tavsiye, marka ismi, fiyatlandırma, ve kalite stratejilerine dayanarak sosyal ve zaman risklerini azaltma yoluna gitmişler, ancak bunun mali, fonksiyonel, ve fiziksel risklere bir azaltıcı etkisi gözlemlenmemiştir. Buna tek istisna, marka ismi stratejisi ve fiziksel riske olan azaltıcı etkisidir.

Anahtar kelimeler: öneri niyeti, risk algıladıkları derecesi, tüketici davranışları.

I dedicate this work to the wind beneath my wings, who supported and still supports me until now. my dear sister Ayat Al-Hoor (Om Islam)

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INTRODUCTION

1.1 Introduction

The consumers are the most important element in the sales process. As they are an important asset to businesses, the success or failure of any kind of business depends on the consumers' acceptability of tangible goods such as (cars, food, clothes, etc…) or intangible goods (services such as insurance, banking, and health services etc…).

Consumers sometimes cannot take purchase decisions on their own of certain goods without searching information about these goods first. For example, buying a house is not an easy decision as buying a pack of cigarettes. Some problems might also prompt consumers while taking purchasing decisions which might create a stressful, worrying, confusing, and a frustrating atmosphere to them. The importance of a product to a consumer is built upon different components such as cost which might affect the decision-making process.

This study will focus on the factors that affect a consumer when recommending a car, and what strategies the consumer used to recommend that car, such as its quality, safety, spoken word, and price. Never to forget, there are some risks that have different effects on consumers.

This study demonstrates looks at what kind of strategies are more effective to reduce the perceived degree of risk, through understanding the correlation between that strategy and type of risks which have an impact on the recommendation intention of the consumer.

1.2 Objectives of the Study

The objectives of the study are summarized in the following points:

1- Identify the strategies followed by the Palestinian consumer to reduce the perceived degree of risk when recommending a car.

2- Develop a model that highlights the appropriate strategies to reduce the degree of risk perceived by the Palestinian consumer at the time of recommending a car.

1.3 Relevance of the Study

There are too many problems facing Palestinians after buying a car, because many make the wrong choice without knowing how to select the best cars to fit their budget and needs. The main purpose of this study is to help Palestinian consumers reduce the degree of risk while make a purchasing decision for cars to help them in choosing the best car.

1.4 Limitations of the study

- Demographic: The study will focus on Palestinian consumers who live in Palestine and own cars.
- Geographic: This study takes into consideration inhibitors of the West Bank and Jerusalem that are sectors of Palestine.
- Time: This study was conducted in the year 2015.

1.5 Methodology

The study used quantitative data such as questionnaires collected from Palestinian consumers who own cars in the West Bank. The questionnaire is divided into three sections:

- General information questions (section A).
- Questions regarding strategies that affect recommendation intention (B).
- Questions regarding types of risks which affect purchasing decisions (C).

A Google Forms questionnaire was used to collect data via Internet and personal distribution. A total of 314 questionnaires were collected. The data was analyzed using SPSS analytical program.

1.6 Thesis Structure

- Chapter 1 – Introduction: focuses on introducing the problem, including a background of the thesis theme, basic title introduction, problem statement, aims and objectives, limitations of the study, methodology of the study and the thesis's structure.
- Chapter 2 – Literature Review: comprehensive literature reviews of previous studies about consumers' behaviors, types of risks, and the strategies' explanations used to reduce the perceived degrees of risks.
- Chapter 3 – Methodology: the methodology used in the study to reach final results.
- Chapter 4 – Data Analysis and Discussion of Results: In this chapter, data was analyzed and divided into tables and figures to better help explain and understand the conceived results.

- Chapter 5 – Conclusion: explains the results of the research as well as recommendations and conclusions.

Chapter 2

LITERATURE REVIEW

A lot of researchers have considered the different degrees of risks, and the methods for reducing risk and increasing the degree of assurance. Researchers have also studied different societies in different countries. This thesis focuses on the Palestinian society and uncovers the tactics of risk reduction when recommending cars. In this chapter, we are going to briefly discuss the aspects of this topic.

2.1 Consumer Behavior

Choice is set to be the main subject of consumer behavior. As a result, the outcome can only be determined in the future after the purchasing process has been done and goods have been bought by the people that are forced to deal with risk or uncertainty. One of the basic aspects of consumer behavior is risk perception. The theories of perceived risks are used by scholars to explain consumers' behaviors (Taylor, 2004).

Initially, Bauer's (1968) stated that "Consumer behavior includes risk which arises if any procedure used by a consumer will lead to produce some problem which he can't predict with anything approximating sureness and which might also result in dissatisfaction for the customer". Furthermore (Bauer, 1968) points out that perceiving risk is related to consumers' before decision processes. Bauer also touch on Dissonance Theory, which people are used to reduce perceived risk after decisions. People searching for information are reinforced by their caution. Any action other prominent researchers that reviewed perceived risks include Schifftman,

(1972); Cox and Rich, (1964) and Arndt, (1968). They noted that dissonance level go down as reach decreases. In their studies, the measurements of the perceived risk were done when purchases were not made, and as a result, it was reasonable to assume that risk or dissonance reducing processes had started, and thus would likely be their response to the risk measured. Hence, these cases may have been better included in post purchase dissonance or risk reducing activity explicitly. Consumers had anxieties or concerns in the past and did not exactly know if they would achieve their goals with what they would purchase (Ross, 1975).

2.2 Recommendation Intention

Purchase intention was defined by many scholars. Ajzen (1991) stated that purchase intention is the consumer's intention to buy from a certain seller in a marketplace. Purchase intention is also defined as an individual's intention to buy a certain brand chosen by the customer after a certain prior experience of the service or the product (Frank Guennemann, 2014). Another definition by Madahi (2012) states that purchase intention is the probability of a customer buying again a particular product and service. (Madahi, 2012).

The behavioral intention theory states that purchase intention is the most influential predictor of behavior. Trust is another antecedent of purchase intention and helps reduce the complexity and vulnerability associated with purchase intention by allowing the buyer to focus on the desirable products provided by the seller subjectively. As such, trust can help buyers reduce their risk perceptions when dealing with vendors, thereby encouraging them to engage in the "trust-related behaviors" with the sellers, such as sharing information or making purchases (McKnight, 2002). Purchase intention is an essential predictor of actual buying

behavior. Previous researches also showed that brand image, price, trust, and value are driving forces of online purchase intentions (Lien, 2015). In this study, we take "intention to recommend a car brand" and measure this validate as a proxy to purchase intention.

2.3 Perceived Degree of Risk

There is a state of uncertainty experienced by the consumers when they want to buy cars not knowing the results of their decisions. In this regard, consumers can go the car showrooms and physically touch, see, use and try the cars before buying. But, they can't take decisions without a minimum level of reluctance. In this study, the perceived degree of risk is defined, and the results obtained are divided and evaluated with the performance results. It also involves the risk of performance and the results of social, physical and psychological risks. Al-Hinnawi (1984) observes that the results of purchase depend on consideration by the purchaser of five types of risks (AL-Hinnawi, 1984).

- **Financial risks**: includes opportunity cost, which impact purchase decisions and affect the worthiness of the goods or service.

- **Psychological risks:** the impacts on the consumer and its consequences.

- **Social risks:** arise when customers fear making that lead of to social dissatisfaction and refusal by others.

- **Physical risks (Products risks):** is associated with the product itself, and refers to damages which may be caused by the product on the consumer.

- **Informational risks:** refers to acquiring insufficient information or uncertain

content that might lead to making a wrong decision.

Shajrawi (2015) stated that the amount of perceived degree of risk depends on three key factors:

- The amount of money that the consumer might lose in case of unsatisfactory results.
- The gap between the expectations and the results of the purchase decision.
- Individual's emotions when the consumer was making the purchase decision.

Indeed, one of the basic ways consumers can reduce or avoid these risks is to investigate the products before making a choice and evaluating the alternatives that are available. In addition, further risk can be minimized the gap between the consumer's expectations of product performance and its actual performance. This is achieved to the extent the companies provide information about their products.

Conducting a marketing survey using diverse official sources (including sales, stores, advertisements and representatives) can help reduce consumer concerns. On the other hand, using indirect sources from people such as families, friends and opinion leaders will influence the personal opinion which is translated into a higher level of loyalty (Shajrawi, 2015).

Perceived degree of risk varies from one consumer to another. Lack of awareness of risk is one of the main reasons to increase the risk for consumers which may be a weak of previous experience with a service or product one has not used before or while the product is a new one in the market. Another factor that has an effect on the

degree of risk not as to the previously mentioned one is the discovery of detestable aspects in any possible repetition of perceived degree of risk. There is also an awareness of risk that might be affected by the amount of financial resources for the consumer which should be understood. In regards to all the mentioned risk, there is a main reason which might be the low level of awareness, which is the result of the Shortage of knowledge about products or services offered.

It has been emphasized by researchers that each consumer's understanding of risk is different and furthermore depends on the nature of goods or services purchased. For example: when the consumer is willing to purchase an expensive, high-technology, he might experience higher levels of risk. As a result, the consumer would be forced to search more about the product before purchasing it. When prices increase, consumers tend to buy products that they are sure about in an attempt to reduce their sense of failure after making the purchase decision.

2.4 Increased Degree of Risk

These are the risks which originate from the negative decisions made by the consumers concerned. When consumers are not confident and do not have sufficient information about a product they intend to buy, an increase in perceived risk will prevail. The following conditions may explain the increase of perceived risk (Babutsidze, 2012):

- The longer the product's life cycle is, the higher the perceived risk will be. For example, a consumer experiences a higher risk when considering buying a car more than when considering buying a bicycle.

- When prices increase, a higher need to carry out research and consider recommendations must be made before making a decision.

- When the undesired effects of the product is more significant the perceived risk will be increased.

- When consumers have alternatives having to choose one among the many, i.e. having greaten choice, actually increases the degree of perceived risk.

- When the consumer considers buying a car for the first time, the perceived risk is high because of that consumers' lack of first-hand experience.

2.5 Decreased Degree of Risk

Self-esteem is an important tool for the selection of perceived risk reduction strategies, which vary among individuals because of their differences. Everyone has their own way of dealing with pressures and uncertainty. It is noted that the style of the individual to deal with threats and uncertainties also affects how he or she defends himself or herself against anxiety (Yeung, 2010). Thus, studies show that the amount of perceived risk and selection of strategy to deal with the risk are, in fact, affected by the consumer's level of self-esteem. Al-Hinnawi (1984) has pointed out that the element of uncertainty in the nature of the various alternatives leads to the emergence of fear that dissatisfaction will follow the purchase process. This drives the consumer to try to reduce this feeling by seeking to obtain information from formal and informal sources and evaluating experiences pertaining to the purchase of various alternatives he or has already tried (Yeung, 2010).

Customers are often very sensitive to advice obtained through communication, especially from friends and acquaintances that are considered more objective, reliable and honest than commercials and salesmen who solely represent the interests of the company Taylor (1974). Eight different strategies based on knowledge have

been suggested Yeung (2010). They are all uncertainty-based decisions, so when the consumer faces a particular risk, it often involves more than the loss of money. It also includes psychological risk and other types of risks. To reduce the degree of perceived risk, the consumer may search for alternatives through access to information using his experience, skills and other sources. Examples include the price and reputation of the shop, the quality and reputation of the commodity, and the availability of information. In the latter case, the high price of the commodity is an indicator of high quality. Additionally, reputable shops are customarily characterized by providing goods of high quality. Sometimes, the consumer might resort to avoid making high-risk decisions by relying on brand loyalty. He or she might also depend on the waiting strategy, which includes spreading the planning of buying durable goods over a long period. Furthermore, consumers may resort to a very tradition of strategy i.e. they follow other consumers' choices and get help from public announcements that regularly promote consumers' preferences.

Other strategies, such as choosing the alternative with the best financial value can be utilized as well. Lastly, although the probability of success is low, consumers can ignore the risk lots ether and choose randomly, they may do so more frequently when they don't have time, such as in auctions of impulse purchase.

Taylor (1974) made it clear that risk can be reduced with regards to the uncertainty of the outcome of the decision, if consumers have confidence in their own information processing capabilities and focus less on the importance of others' spoken words. Increasing consumers' self-confidence and self-esteem can reduce the uncertainty of the consequences after the decision. Self-esteem is an individual's positive or negative assessment of himself. It is simply the extent to which an

individual feels successful, respected, and appreciated. In fact, self-esteem affects the consumer's behavior in two directions: first, it greatly contributes to determining the amount of concern that comes from realizing the situation. The more the individual enjoys a high degree of self-esteem, the more power he or she has to resist the pressures he or she might be facing and is more able to take risks based on research into information from various sources about the goods to be purchased. The person who appreciates himself or herself is more reluctant to yield to pressure and more able to take risks, resulting in an increased reliance on himself or herself in making purchasing decisions and less dependency on others for getting information when purchasing (Taylor 1974).

Yeung (2010) concluded that the perceived risk-reduction strategies include decreasing the probability of the failure of the purchase or the sense of suffering in the case of a real loss or failure when buying. This strategy might also include shifting from one kind of risk to another for which the consumer has a great deal of tolerance. As well, it might include performing the implementation process of buying to absorb the risk. For example, the consumer may rely on brand loyalty as a way to increase the likelihood of success or to gain guarantees to reduce suffering when losing money in the case of the failure of the purchase.

It is obvious that the individuals which have high self-esteem have control for himself or herself face or reduced perceived risk when making purchase decision compared to people who have low self-esteem, this is also the case for people who have a positive feelings and enjoy and have success more than others (Baqena, 2012).

2.6 Types of Perceived Risk

It is important to understand how to decrease perceived degrees of risks especially when customers consider purchasing a new product or signing up for a new service. Risk types could be summarized as follows (Lim, 2002):

1- **Functional risk:** is also known as performance of risk. It is one of the most common types of perceived risk, representing to the fear of not receiving the promised benefits from the product.

2- **Social risk:** refers to the impact the product brings about in the social status of the customer. If the purchased product may negatively affect the social status, such as a bank manager being looked down upon for driving an economic Fiat car for instance. This may cause a lowering of his social status.

3- **Financial risk:** depends on the income of the consumers. There is an inverse relationship between the consumer's income and financial risk. That is whenever the income is increasing, financial risk will be decreasing. In addition, consumer fear that the value of the product bought is not worth the price paid for.

4- **Physical risk:** results from fear of physical harm to the consumers and their friends.

5- **Time risk:** simply defines the time spent by the consumers searching for a particular product. In this case, the consumer tends to worry about how much time is spent in searching for the product, especially in case where those products may not be worth the time spent for them.

6- **Psychological risk:** represents any purchase that results in a negative impact on the consumer's psychology and self-esteem. As a result, the consumer becomes afraid of making a wrong choice.

7- **Privacy risk:** simply signifies the costs incurred when the consumer's personal information is not kept private. Products related to health on financial or unusual hobbies may represent big privacy risks.

8- **Sources risk:** refers to those goods that are not trustworthy, and may cause the consumer to suffer after using them. As a result, the consumer has fear about what the products are sourced from and whether such resources are trustworthy.

9- **Opportunity cost risk:** simply refers to the next best alternative this is not chosen. The higher the number of existing alternatives, the higher the perceived risk will be. When a consumer decides to buy a particular product and compares it to other products, he will experience a higher degree of opportunity cost risk.

2.7 Strategies to Reduce the Risk

Theoretical studies focused on some strategies that help reduce the degree of perceived risks that influence the consumer's choice of goods. These strategies are:

- **Confidence-building:** Building the customer's confidence to use new products is vital in increasing the client's desire to search for new channels of information. Organizations today are in need of a deeper understanding of the concept of perceived risk in the fields of shopping and marketing. (Yama, 1995). The extent

to which a product fulfills the promises made by the manufacturers is considered important in building consumer confidence and is crucial necessary in building the continuous relationship with the client. Confidence is considered as an important indicator of satisfaction, as it reduces the likelihood of uncertainty associated with purchases (Yama, 1995).

- **Brand loyalty:** Loyalty is crucial in strategic marketing and represents the intensity of the desire of consumers to buy the same brand and not to buy any other new brand. The consumer can reduce this risk by remaining loyal to the brand and not converting to another brand (Bennett, 2001).
- **Brand name:** This strategy refers to the fact that the people have a high level of satisfaction about a particular brand. Hence, customers tend to buy brands that are known and famous for being leaders in quality and performance. Relational benefits, which depend on confidence, social, and special treatment benefits have direct effects on negative loyalty (Jraba, 2007).
- **Shop's image:** images of shops, including intent or design and layout have a significant influence on the level of customer's satisfaction and on their judgment and perception of the consumer (Jraba, 2007).
- **Spoken word:** word of mouth communication has an important role in guideline customer's decision and behavior by denying information and influence from family members, friends, neighbors, shopkeepers, and salesmen with whom friendship ties exist (Jraba, 2007).
- **Expensive goods:** The consumers buy expensive goods, in an effort inspired by the belief that the higher the price of the product, the greater its quality. For example; when the consumer thinks of buying a new car, he will tend to choose higher priced cars. (Jraba, 2007).

- **Guarantees:** These are formal promises from the sellers or the companies that the product is of high quality and should display a specified level of performance. The guarantee includes a simple statement and some information about the qualities of the car or its performance. For example; when the consumer has a longer, more comprehensive guarantee for his car, he will feel more satisfied than if he did not have that guarantee. (Jraba, 2007).
- **Quality:** Perceived quality is an important item for consumer decision-making; consequently, consumers will compare the quality of alternatives and compare prices within the same category. Perceived quality is directly related to the reputation of the firm and brand name of the manufacturer of the product. However, National Quality Research Center or NQRC (2005) defined perceived quality as the degree to which a product or service provides key customer requirements "customization" and how reliably these requirements are delivered. Perceived quality is not the actual quality for the goods or service; rather, it is the consumers' judgment about those goods or service (Yee, San, & Khoon, 2011).
- **Pricing:** This strategy has the greatest impact on a purchasing decision for the consumers. If the price for the product is high, the perceived risk will take an increase, also when the price for product is low the perceived risk will tend to decrease. For example when comparing between two persons having the same income and planning to buy a car, the person who will buy a Mercedes will experience higher perceived than the person buying Fiat (Jraba, 2007).
- **Safety:** In this strategy, the consumer tends to buy goods or services that are safe. If the product is safe the perceived degree of risk will be low. On the other hand, if the product is not safe, the perceived degree will be high (Baqena, 2012).

2.8 Environment Friendly Cars

Organizations protecting the environment may influence perceived degree of risk of the consumer when buying a car. The significance of this effect has increased recently because of the ever stringent regulations that the governments are putting into effect concerning cars and the emergence of new associations seeking to protect the environment from the car pollution around the world.

2.9 Increasing Global Warming Concerns

Until 2004, transportation sector accounted for more than 25% of carbon dioxide emissions in the world. Firstly, around 75% of transport-related emissions are from vehicles. Secondly, emissions from transportation are rising faster than other energy-using sectors and are predicted to increase by 80% between 2007 and 2030. As a result, it would lead to a higher degree of perceived risk in future for citizens and organizations when taking purchasing decision for cars (Woodcock, 2009).

Cars release approximately 333 million tons of Co_2 into the atmosphere, which is around 20% of CO_2 released globally. Thus this participates in the climate changes happening around the world, and one can conclude that the only way to reduce this is to use ecofriendly substitutes such as electrical or magnetic trains as the TGV in Europe or the train systems in Japan. This also pushed for other modes of clean transportation that release lower amounts of emissions. Now electric or hybrid engine- cars are on display and demand due to their low level of CO_2 emissions. For example Toyota Prius releases 4 tons of CO_2 each year in total of all Prius cars, while Hummer H2 expels 15 tons a year. Those reasons help the consumers to stay away from such cars and help reduce the demand for it. As a result it increases the

perceived degree of risk for the customers when they make a purchase decision for cars (Woodcock, 2009).

The infrastructure:

The infrastructure can have a significant effect on the perceived risk for the consumer when he or she will be using a car. This effect may be negative or positive effect, which depends on the infrastructure being good or poor. When the infrastructure is poor it can raise vehicular emissions, which increases noise pollution and causes occupant discomfort, in addition to causing congestion. It is therefore important to investment in infrastructure to present such factors from becoming influential on the perceived risk for the consumer. Conversely when the infrastructure is good, the perceived risk will decrease (Roberts, 2004).

The automotive industry encourages investments that improve the transport outcomes and encourage policy makers to improve roads since cars require appropriate infrastructure to function. One illustrative example is London and Rome, where the city council has decided that private cars with certain plate numbers could enter the city only on certain days; this was done to reduce traffic digestion and environmental pollution, while other cities are encouraging the use of public transportation. These trends are receiving positive recognition all over the world. And they are driving the automobile industry to find better solutions such as smaller size cars for the cities. Based on this, the consumer will look and estimate the infrastructure in his area before he makes a purchase decision, thus the consumer will have more worries about this decision, a result, and the perceived risk keeps increasing for the consumer (Gihyoug Choa, 2009).

Prices of petroleum:

Oil price (global) has a significant influence on the types of cars people buy and their affordability to various income level groups, oil price (local) change quite substantially from one country to another as well. For example: people in Europe prefer to buy cars with diesel motors or cars with relatively small engines 0.8 – 2.0 to reduce petroleum expenses. In countries with natural resources such as oil, consumers are not too much concerned about the amount of gasoline a vehicle consumes, since petroleum expenses are almost negligible to them. Therefore people who live in Europe think more before buying a car than people who live in an Arab country for instance (Roberts, 2004).

2.10 Previous Studies

Previous studies depend on some researches that have tackled the topic about perceived degree of risk that has challenged consumers, and what are the strategies used to reduce those risks. Noting the impact on the previous studies of the perceived risk. Shajrawi (2105) urged companies to understand how may reduce their perceived risks. He highlighted some strategies that may help to reduce the perceived degree of risk with the product itself. Shajrawi (2015) studied consumer's risks in Jordan, where he observed that brand image, spoken word, shop's image, expensive goods and brand loyalty help reduce the perceived degree of risk Shajrawi (2015).

Babutsidze (2012) observed that whether a family's social status is of high class or low with in their social circle has impacts on the purchasing decision. People who belong to a higher class usually have lots of alternatives, options and freedom of choice, leading them to make purchasing decisions independently and caring less about what others may think of them. On the other hand, people who belong to a

lower class do not have various alternatives or choices and they are restricted by their possibilities. This implies that, the lower class people face higher risks of purchasing in relation to higher-class people.

Hoover (1978) compared US consumers and Mexican consumers in their respective countries and observed that the strategies used to reduce the risk differ between these two countries. Hoover (1978) observed that the levels of risk in Mexico are lower than that in the United States. Furthermore, the study results which involved soap, coffee and toothbrushes revealed that there is a positive relationship between the perceived risk and brand loyalty in the United States for all the three commodities. There is a weak relationship in the case of soap and coffee in Mexico, but strong relationship toothbrushes (Hoover, 1978).

Urbany (1989) carried out a study with a random sample of 725 heads of families. Three commodities were used; refrigerators, freezers and washing machines. The results showed that consumers who have a high state of uncertainty tend to look for information more than those enjoy a lesser degree of uncertainty (Urbany, 1989).

People with modest incomes can’t afford to buy everything they desire. They usually only trying to buy their basic needs before looking out to satisfy their secondary needs. On the other hand, people that belong to middle-classes have good levels of participation in purchasing decisions, as well as higher degrees of risk. (Jarab'a, 1993) also observed that when the number of people participating in decision-making is too many, this leads to a high degree of perceived risk thereby often resulting in wrong decisions. The price was also observed to be important for the consumer and

will have an effect on the purchase decision more than any strategy especially when the income is limited.

Hawkins (2009) focused on the relationship between the purchase of products and the choice of shop. Through a study using a questionnaire administered to a randomly selected sample of 300 consumers with families. Result showed that the consumer chose the shop depending on the extent to which he or she is alarmed by the risks (Hawkins, 2009).

In a recent study that again involved toothbrushes, health soap and coffee, Yeung (2010) confirmed that there is a relationship between the consumer choice of goods and the perceived degree of risk. He observed that the consumer begins to reduce anxiety by thinking of strategies that will help him to reduce the perceived degree of risk during the decision making process. The primary strategy was observed to the relying on brand name (Yeung, 2010).

Lu (2013), focused to explain the relationship between brand preference and perceived risks at the level of brands. The results showed that the greater the probability of loss, the lower the level of brand preference. In addition, the psychological risks, social risks, time risks and functional risks, were observed to very significant from one product to another and from one brand to another (Lu, 2013).

Schifftman (2004) focuses on the relationship between the reliance on the spoken word and the reduction in perceived risk. Interestingly results show that the reference group has an impact on the consumer even when they do not have much information

or experience about the goods or service. In such situations, the consumers have a high level of perceived risk and feel the need to search for more information about those goods or services (Schifftman, 2004).

Schifftman (2004) also studied the risks consumers face from sociological perspectives by using a comparative study involving a typical consumer who lives in United States and another in Mexico. The results showed how consumers behaved differently as a result of the differences of society and culture.

In the light of the above literature, this study aims to contribute to existing studies by investigation this phenomenon among car consumers in Palestine.

Table 1 in the next page explains the hypotheses tested in the study to measure the effects of the strategies on the perceived degree of risks and to observe what strategies are more effective than others.

Table 1: Strategies influencing the recommendation intention.

Main Hypothesis Recommendation Intention	**H0:** The strategies used with perceived risk, do not have a positive effect on recommendation intentions of customers when buying Cars. **Ha:** The strategies used with perceived risk have a positive effect on the recommendation intention of customers when buying Cars**.**

Hypothesis1 **"Spoken word"**	**H1:** Spoken word has a positive effect on the recommendation intention with perceived risk as a mediator. The following assumptions fall within this hypothesis: **Hypothesis 1-a:** The spoken word has a positive effect on recommendation intention using social risk as a mediator. **Hypothesis 1-b:** The spoken word has a positive effect on recommendation intention using financial risk as a mediator. **Hypothesis 1-c:** The spoken word has a positive effect on recommendation intention using time risk as a mediator. **Hypothesis 1-d:** The spoken word has a positive effect on recommendation intention using physical risk as a mediator. **Hypothesis 1-e:** The spoken word has a positive effect on recommendation intention using functional risk as a mediator.
Hypothesis 2 **"Brand Name"**	**H2**: Brand name has a positive effect on the recommendation intention with perceived risk as a mediator. The following assumptions fall within this hypothesis: **Hypothesis 2-a**: The brand name has a positive effect on recommendation intention using social risk as a mediator. **Hypothesis 2-b**: The brand name has a positive effect on recommendation intention using financial risk as a mediator. **Hypothesis 2-c**: The brand name has a positive effect on recommendation intention using time risk as a mediator.

	Hypothesis 2-d: The brand name has a positive effect on recommendation intention using physical risk as a mediator. **Hypothesis 2-e**: The brand name has a positive effect on recommendation intention using functional risk as a mediator.
Hypothesis3 **"Pricing"**	**H3**: Pricing has a positive effect on the recommendation intention with perceived risk as a mediator. The following assumptions fall within this hypothesis: **Hypothesis 3-a:** The pricing has a positive effect on recommendation intention using social risk as a mediator. **Hypothesis 3-b:** The pricing has a positive effect on recommendation intention using financial risk as a mediator. **Hypothesis 3-c:** The pricing has a positive effect on recommendation intention using time risk as a mediator. **Hypothesis 3-d:** The pricing has a positive effect on recommendation intention using physical risk as a mediator. **Hypothesis 3-e:** The pricing has a positive effect on recommendation intention using functional risk as a mediator.
Hypothesis 4 **"Quality"**	**H4:** Quality has a positive effect on the recommendation intention with perceived risk as a mediator. The following assumptions fall within this hypothesis:

	Hypothesis 4-a: The quality has a positive effect on recommendation intention using social risk as a mediator. **Hypothesis 4-b**: The quality has a positive effect on recommendation intention using financial risk as a mediator. **Hypothesis 4-c**: The quality has a positive effect on recommendation intention using time risk as a mediator. **Hypothesis 4-d**: The quality has a positive effect on recommendation intention using physical risk as a mediator. **Hypothesis 4-e**: The quality has a positive effect on recommendation intention using functional risk as a mediator.

Chapter 3

METHODOLOGY

3.1 Introduction

This study aims to analyze the degree of perceived risk for the Palestinian consumer when recommending cars by studying the attitudes of consumers in the Palestinian cars market.

This study will focus on the Palestinian consumers who own a car and use survey method borrowed from existing literature, thus using the quantitative approach.

The questionnaire was based on the contemporary studies in the literature and it includes multiple choice questions. The questionnaire is divided into 3 parts, which are:

- Personal Information Questions. Such as age, gender, income and education.
- Questions measuring the recommendation intention related to the perceived degree of risk.
- Questions related to different types of perceived risk.

3.2 Measurement Instrument

This study collected data by distributing a questionnaire using Google Forms. The researcher analyzed the data collected in the light of the hypotheses and the literature related to the topic. Questionnaire was designed in order to find out what strategies

are used by consumers to reduce perceived degree of risk, as well as to find out the strength of recommendation intention and its relation to the perceived risk.

This questionnaire discusses some of the issues which were experimentally tested by previous researchers. The independent variables have positive effects on the dependent variable and are influenced by the mediators. On the other hand, the dependent variables are influenced by the independent variables directly, and weren't affected by the mediators. Often, the dependent variable is only one, while the independent and mediator variables are more than one. The independent variables have a greater control more than dependent variables (Khader, 2013). Figure 1 explains the independent and dependent variables that have a positive effect on different variables as well as the mediator variables.

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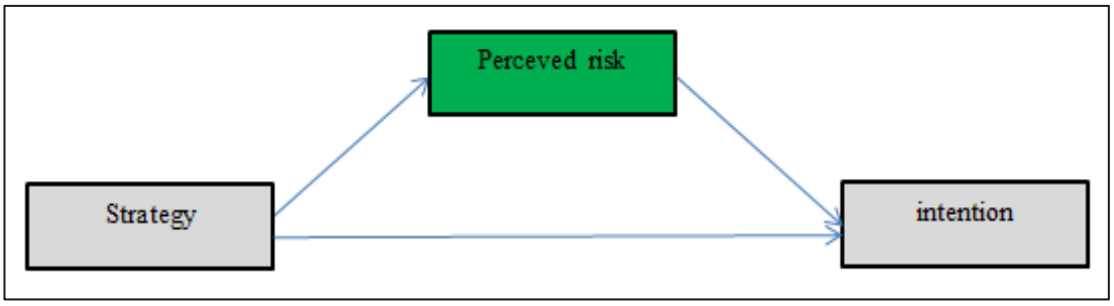

Figure 1: The conceptual model linking risk-reducing strategies, risk perception and recommendation intention.

The perception of risk of the consumer was measured using 5 factors.

1. Functional risk.
2. Social risk.
3. Financial risk.
4. Physical risk.
5. Time risk.

Data collected who analyzed to measure how much consumers depend on one of the focus risk reduction strategies used to reduce the perceived degree of risk: These four risk-reduction strategies are pricing, spoken word, quality and brand name. There exist another 8 risk-reduction strategies namely, brand loyalty, brand image, shop's image, confidence building, expensive goods, guarantees and safety. But this was not including in our analysis due to limited of time space. Figure 2 illustrates the types of risks that are thought to have positive effect on the recommendation intention for cars.

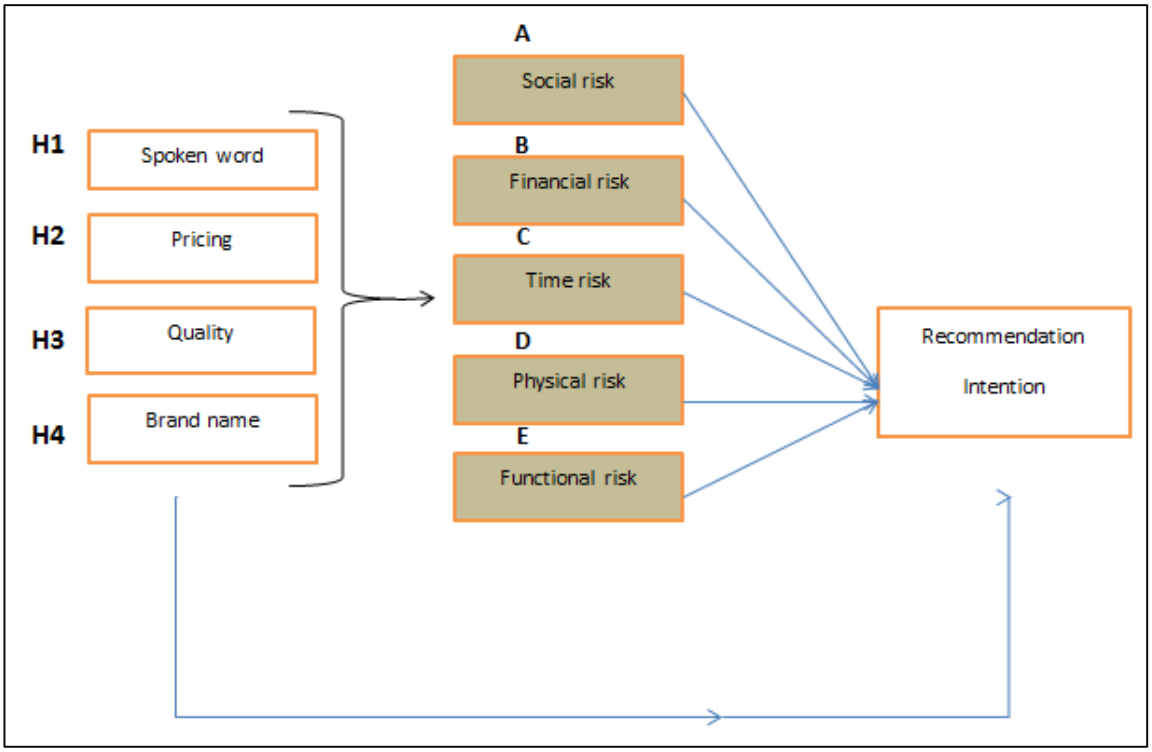

Figure 2: The conceptual model of perceived risk and recommendation intention for cars.

3.3 Data Sampling and Data Collection

Data collection methods

Primary data: A questionnaire was developed covering all the issues relevant to the study. It included the following parts: The first part contains general information

regarding demographic variables of the studied sample. The second part includes a number of questions identifying the strategies pursued by Palestinian consumers to reduce the perceived degree of risk when recommending a car (Westbrook, 1979). The third part contains several questions identifying the type of perceived risk experienced by the Palestinian consumer while buying a car (Jarab'a, 1993).

Secondary data: A review and a survey of the previous theoretical fields of study linked with the subject of consumer strategies to reduce perceived risk were conducted to develop an appropriate theoretical framework to formulate hypotheses based on the latest studies.

3.4 Variables and Scales

Table 2: shows the independent, dependent variables, and mediators of each section, and the relevant references from the literature.

Table 2: Sources and References

Measure (independent variable)	**Question Code**	**Source**
Spoken word	B1, B2, B3, B4, B5	Lockeman (1975)
Brand name	B6, B8, B9	Bennett(2001)
Pricing	B10, B11, B12	Westbrook (1979)
Quality	B13, B14, B15, B16, B17, B18	Jarab'a (1993)
Measure (Mediator variable)	**Question Code**	**Source**
Social risk	C1, C2	Lockeman (1975)

Financial risk	C3, C7, C8, C9	Westbrook (1979)
Functional risk	C4	Jarab'a (1993)
Time risk	C6	Jarab'a (1993)
Physical risk	C5	Jarab'a (1993)
Measure (dependent variable)	**Question Code**	**Source**
Recommendation intuition	B7	Lockeman (1975)

Chapter 4

DATA ANALYSIS

4.1 Study Population

The target was set to collect responses from 300 people. Randomly selected population was targeted and questionnaire was distributed through Google forms. The number of respondents was 314.

4.2 Data Analysis Methods

The tests used to analyze the data were:

4.2.1 Pearson Correlation Analysis

Pearson correlation (r) is a simple liner correlation. This method helps estimate the significance level of relationship between variables. The range of the correlation coefficient lies between -1.00 to +1.00, +1 is a sign or indication of perfect positive relationship and -1 is indication of perfect negative correlation, while 0 indicate that there is no relationship between the variables.

4.2.2 Testing Mediation

To test for mediation, we should formulate the three regression equations that are as follows:

- Regression of the mediator on the independent variable.
- Regression of the dependent variable on the independent variable.
- Regression of the dependent variable on the mediator and on the independent variable at the same time.

To establish mediation three conditions must be met: firstly, the independent variable must have an effect on the mediator. Secondly, the independent variable must have an effect on the dependent variable. Finally, the mediator should affect the dependent variable.

If all of those equations were met, this shows that there is a perfect mediation (Janghyeon Nam, 2011).

To test if the mediator affects the dependent variable, P-value should be less than 0.05. This shows a significant effect, while if P-value is higher than 0.05 this indicates an insignificant effect or no-affect hence a no mediation relationship.

When the mediator shows a significant effect in relation to dependent variable, this means there is a perfect or partial mediation (Kenny, 1986).

4.2.3 Sobel Testing

In 1982 Sobel provided an approximate significance test to check the effects of independent variables on the dependent variables via mediators. The path from the independent variable to the mediator is denoted as (***a***) and its standard error is (***Sa***). The path from the mediator to the dependent variable is denoted as (***b***) and its standard error ($\boldsymbol{S_b}$). The formula below measures the multivariate normality for the standard error of the indirect effect of (***a.b***) (Kenny, 1986).

$$\sqrt{b^2 s_a^2 + a^2 s_b^2 + s_a^2 s_b^2}$$

4.3 Demographic Characteristics

This section presents the demographic variables analyzed. The researcher used frequency tables constructed from data collected. The demographic variables are gender, age, marital status, monthly income, level of education, number of children. The gender characteristics of the study sample are shown in Table 3. The sample was divided between 200 males and 114 females.

Table 3: Gender Distribution of Respondents

Gender	Frequency	Percent (%)
Male	200	63.7
Female	114	36.3
Total	314	100.0

Palestine is characterized by a relatively young society, the respondents younger than 20 years old were the second-most numerous (8). The age category of 20–29 years old had the highest number of respondents (93). For ages 30–39 years old, there were (117) respondents. The fourth category of 40–49 years old had (64) respondents, and the last category (more than 50 years old) 32 respondents as illustrated in Table 4.

Table 4: Age Distribution of Respondents

Age	Frequency	Percent (%)
less than 20	8	2.5
20–29	93	29.6

30–39	117	37.3
40–49	64	20.4
Older than 50	32	10.2
Total	314	100.0

Regarding the marital status as shown in Table 5, married participants returned the highest number of respondents (218). The numbers of single respondents were (72) and widowed were (13). The number of divorced respondents was 10.

Table 5: Marital Status of Respondents

Marital Status	Frequency	Percent (%)
Single	72	43
Married	218	50
Widowed	13	4.5
Divorce	10	2.5
Total	314	100.0

Table 6 shows the number of responses by monthly income in 4 categories. In the first group of less than US$700, there were 26 respondents. Whereas the second category of income between US$700– 999 had 77 respondents. The third category of US$1000–1,499 had 130 respondents. The last category of more than US$1,500 had 81 respondents.

Table 6: Monthly Income of Respondents

Monthly income (US$)	Frequency	Percent (%)
Below US$700	26	8.3
US$700–999	77	24.5
US$1000–1,499	130	41.4
More than US$1,500	81	25.8
Total	314	7.0

As shown in Table 7 educational level of participants, 2 respondents had less than a high school level education. This might be associated with the high level of education in Palestine, where illiteracy barely exists, with an illiteracy rate of 4 %.19 respondents with high school degrees. Those holding bachelor's degree constituted the largest category, with 141 respondents, both males and females. For master's degree holders, there were 104 respondents, and at the PhD level, there were 48 respondents.

Table 7: Education Level of Respondents

Education Level	Frequency	Percent (%)
Less than high school	2	0.6
High school	19	6.1
Bachelor's degree	141	44.9
Master's degree	104	33.1

PhD degree	48	15.3
Total	314	100.0

4.4 Hypothesis Test and Discussion

The questionnaire was constructed to measure if there's a positive effect of four strategies on perceived risk when buying a car. Therefore, the positive effect of recommendation intention also has to be measured. Each strategy was measured in the light of the five risks and their positive potential effect of recommendation intention.

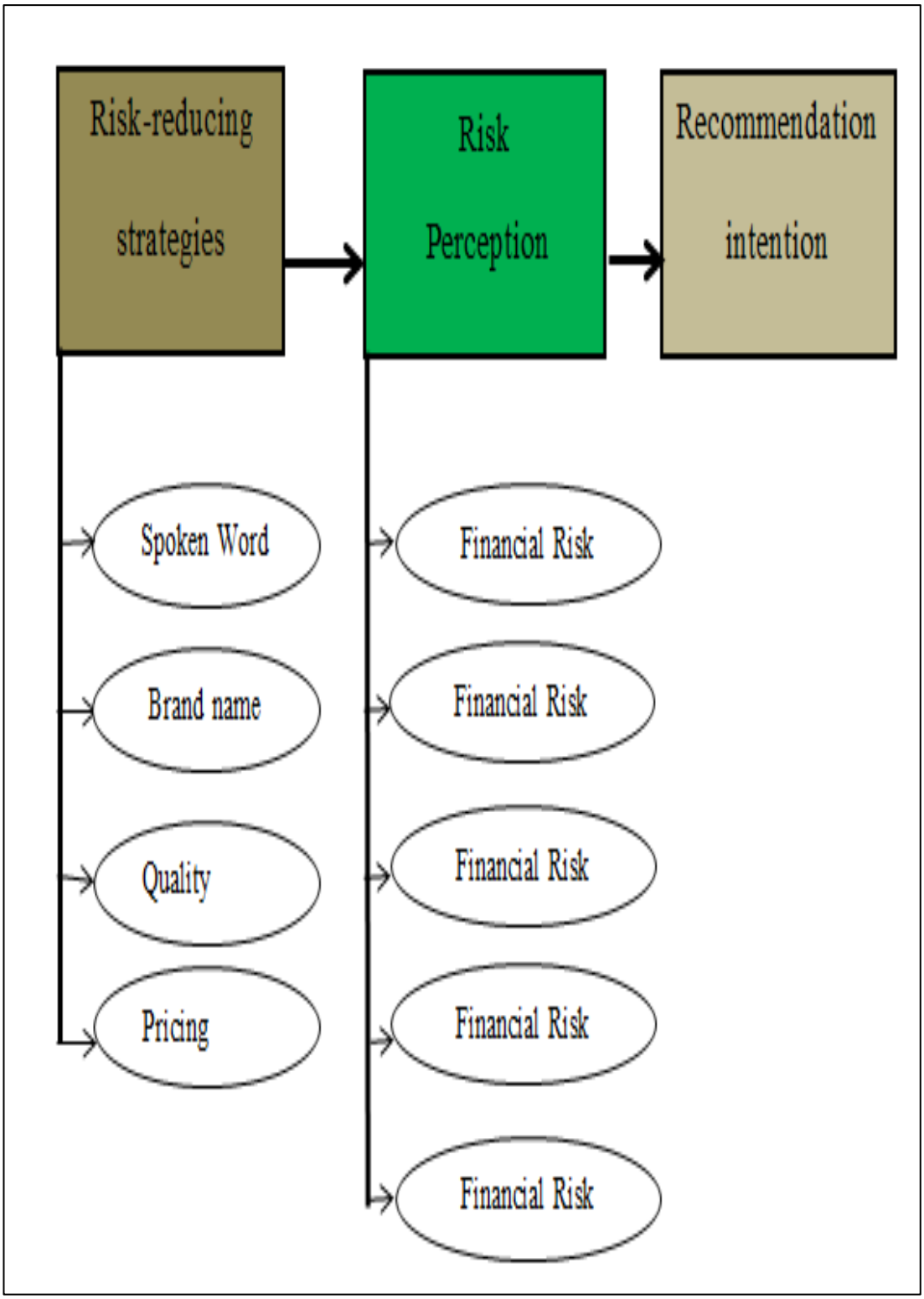

Figure 3: A conceptual model linking risk-reducing stratgies, risk perception, and recommendation intention.

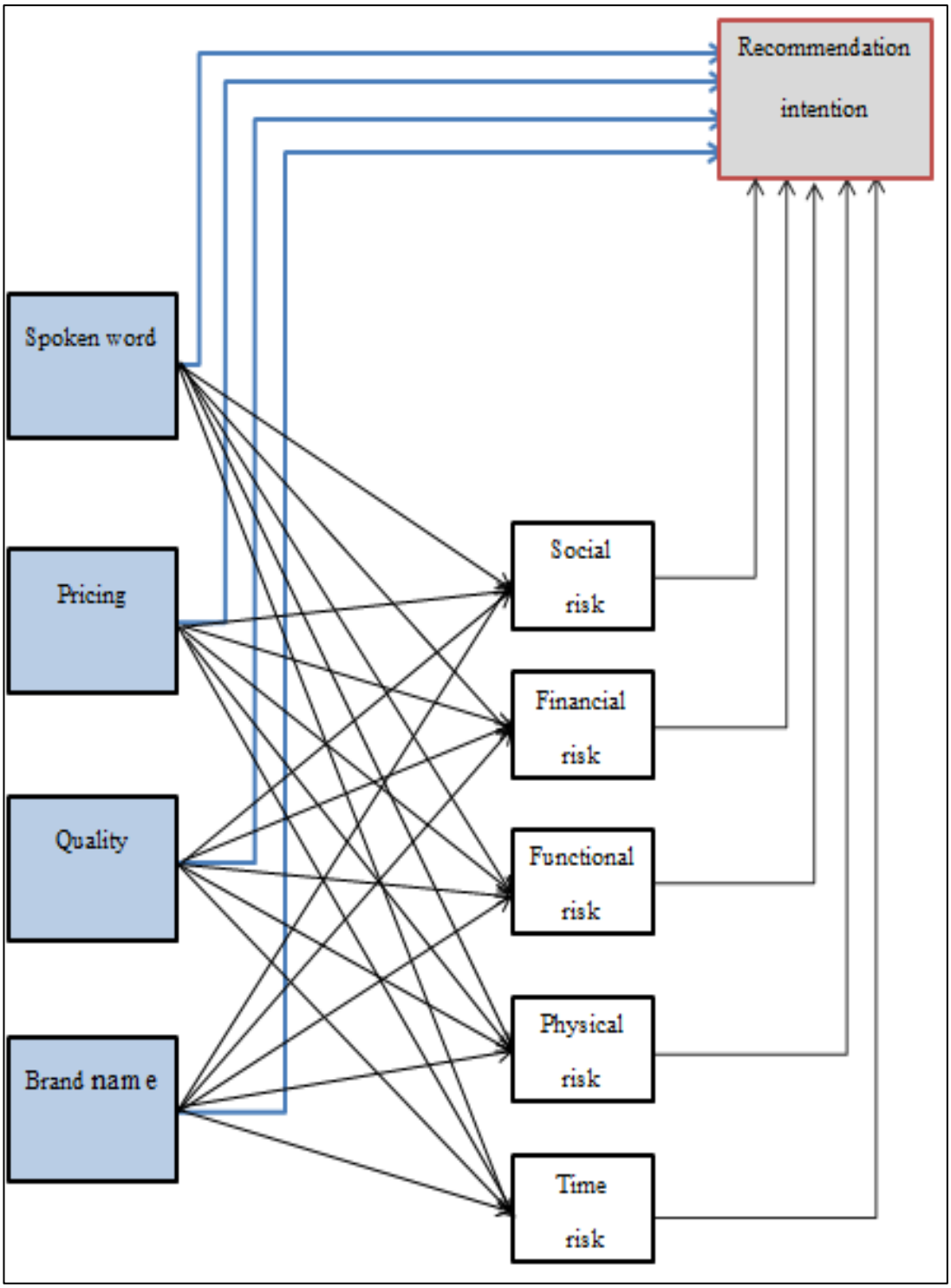

Figure 4: An empirical model linking strategies, customers' perception of risk and recommendation intention.

Due to the complexity of figure 4, a new model was created to clarify if the perceived risk acts as a mediator or not, and this shown in figure 5.

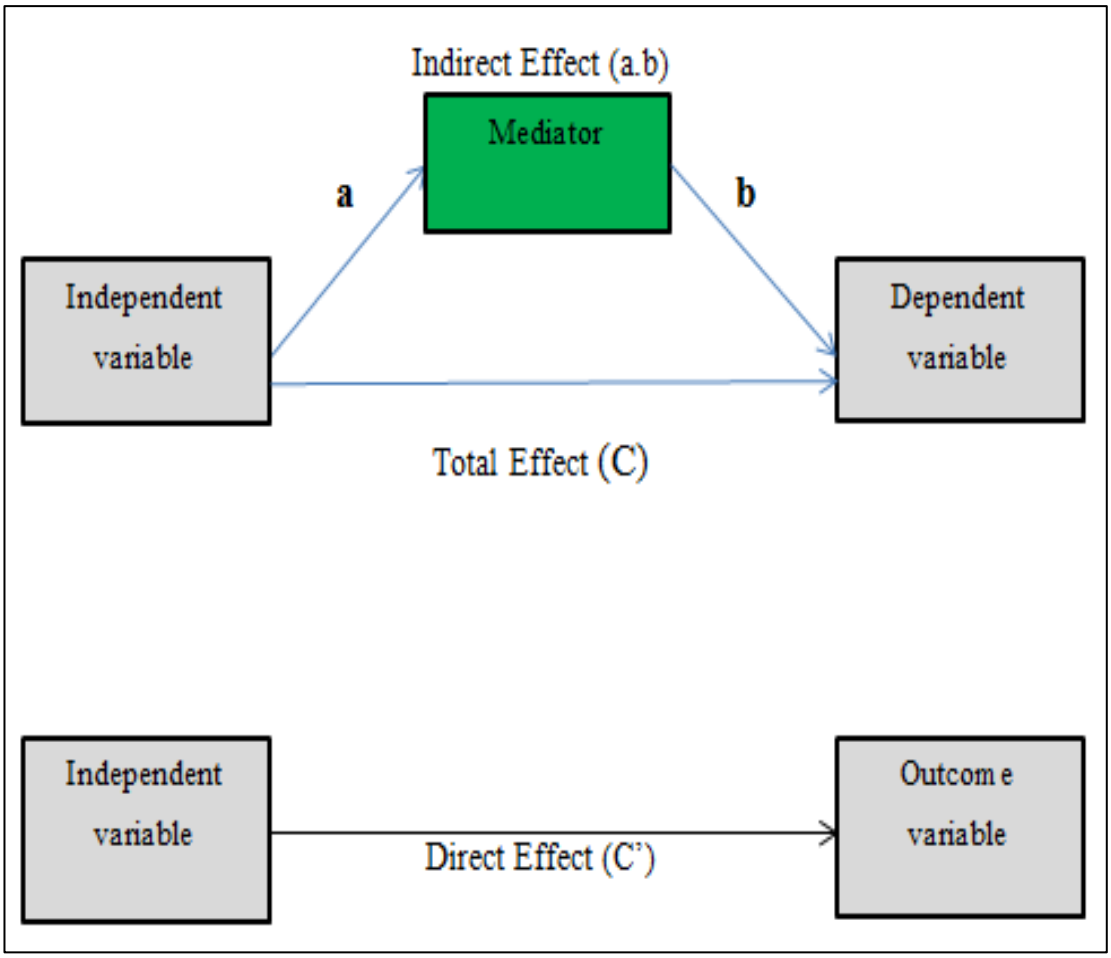

Figure 5: Perceived Risk mediation effect.

Figure 5: explained the difference between the total effect, indirect effect, and direct effect. For each one of the hypotheses same figure was constructed and tested for the direct effect result without a mediator, and then same procedure was done to measure the effect with a mediator. Next figure shows the difference between the variables using the first hypothesis as an example where spoken word has a positive effect on recommendation intention directly, and then comparing it to the total and indirect effect using social risk as a mediator.

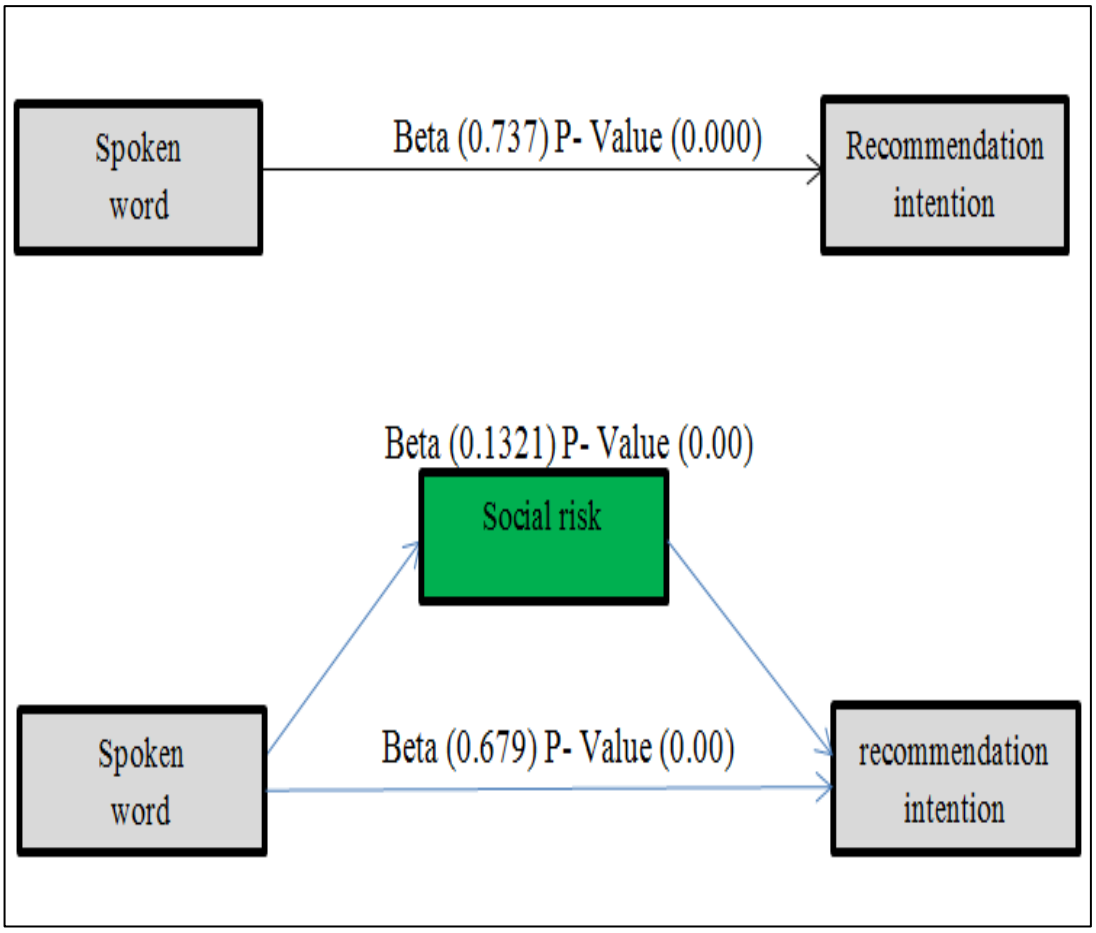

Figure 6: Difference between the total direct and indirect effect using the spoken word as an example.

H1: spoken word has a positive effect on recommendation intention using social risk as a mediator.

Based on the result in figure 6, the social risk is a mediator between the spoken word and recommendation intention. Because the P-value in the total effect, indirect and direct effect was (0.00), but the beta or regression coefficient is different between the two effects, (0.739) in total direct and (0.679) in indirect effect, which translates to a partial mediation in this H1. We calculated the P-value using the SOBEL TEST in the indirect relation illustrated in table 8.

Table 8: Sobel Test

Items	Results
Indirect effect (a.b)	0.133224
Test statistic	3.22026017
p-value (2-tailed)	0.00128074

Table 8: Shows that there is significant correlation between the spoken word and the recommendation intention when social risk is a mediator.

Table 9: Descriptive Statistics, Bivariate Correlations, and Average Variances

Construct	Mean	S D	1	2	3	4	5
1. spoken word	3.768	0.565	**1**	------	------	------	------
2. brand name	2.896	0.296	0.375**	**1**	------	------	------
3. pricing	3.949	0.885	0.438**	0.337**	**1**	------	------
4. quality	3.793	0.542	0.579**	0.467**	0.584**	**1**	------
5.recommendation intention	3.531	1.082	0.386**	0.343**	0.472**	0.503**	**1**

The scores in the upper diagonal are spearman's correlations. The scores in the lower diagonal are the squares of the correlations.

*Statistically significant at the 0.05 level (two-tailed); ** statistically significant at the 0.01, Level (two-tailed).

Table 9 shows the result using means, standard deviation, bivariate correlation, and average extracted between all the strategies and recommendation intention. This means there is a positive correlation between those strategies and the recommendation intention. That table's highest result of correlation was in the quality (0.503) which means that quality has a positive effect on the recommendation intention more than other strategies.

Table 10: Results of the Sobel test analysis for partial mediation and no mediation.

Number	Items	Total effect ©	Indirect effect(a.b)	Direct effect (c')	Result
H1.a	SW=>SR=>RI	0.739 (0.000)	0.13 (0.000)*	0.679 (0.000)	Partial Mediation
H1.b	SW=>FR=>RI	0.739(0.000)	0.0498(0.110)	-0.019(0.852)	No Mediation
H1.c	SW=>TR=>RI	0.739(0.000)	0.12(0.0084)*	0.633(0.000)	Partial Mediation
H1.d	SW=>PhR=>RI	0.739(0.000)	0.33(1.600)	0.444(0.000)	No Mediation
H1.e	SW=>FuR=>RI	0.739(0.000)	-0.0019(0.945)	0.741(0.000)	No Mediation
H2.a	BN =>SR=>RI	1.253(0.000)	0.2 (0.00281)*	1.126(0.000)	Partial Mediation

H2.b	BN =>FR=>RI	1.253(0.000)	0.09(0.199)	1.253(0.000)	No Mediation
H2.c	BN =>TR=>RI	1.253(0.000)	0.18(0.0334)*	1.085(0.000)	Partial Mediation
H2.d	BN =>PhR=>RI	1.253(0.000)	0.42(0.0003)*	0.861(0.000)	Partial Mediation
H2.e	BN =>FuR=>RI	1.253(0.000)	0.11(0.0552)	1.158(0.000)	No Mediation
H3.a	PR =>SR=>RI	0.576(0.000)	0.079(0.0017)*	0.548(0.000)	Partial Mediation
H3.b	PR =>FR=>RI	0.576(0.000)	0.045(0.1009)	0.624(0.000)	No Mediation
H3.c	PR =>TR=>RI	0.576(0.000)	0.101(0.000)*	0.495(0.000)	Partial Mediation
H3.d	PR =>PhR=>RI	0.576(0.000)	0.231(3.700)	0.405(0.000)	No Mediation
H3.e	PR =>FuR=>RI	0.576(0.000)	0.019(0.292)	0.559(0.000)	No Mediation
H4.a	Qu =>SR=>RI	1.008(0.000)	0.14(0.001)*	0.979(0.000)	Partial Mediation
H4.b	Qu =>FR=>RI	1.008(0.000)	0.047(0.115)	1.024(0.000)	No Mediation
H4.c	Qu =>TR=>RI	1.008(0.000)	0.140(0.002)*	0.888(0.000)	Partial Mediation

H4.d	Qu =>PhR=>RI	1.008(0.000)	0.370(3.000)	0.711(0.000)	No Mediation
H4.e	Qu =>FuR=>RI	1.008(0.000)	0.04(0.185)	0.974(0.000)	No Mediation

*SW: Spoken word; BN: brand name; PR: Pricing; Qu: Quality; RI: Recommendation intention.SR: social risk; FR: financial risk; TR: time risk; PhR: physical risk; FuR: functional risk.

Table 10 shows which hypotheses had partial, none, or full mediation. When P-value shows acceptable level significance this is explained as an effect of mediation, when P-value insignificant that means there is no effect of mediation.

H1: spoken word has positive effect on recommendation intention with perceived risk as a mediator From the table, **H1**, SW; effect on RI; because the result of P-value between those variable is = (0.00) in the total effect and β = (0.739). In **H1a**; P-value for the total effect, direct and indirect effect was less than 0.00 in SR which is mean we have partial mediation. In **H1b**; P-value in total effect= 0.000 < 0.05which is significant, but in the direct effect was = 0.852 > 0.05, indirect effect 0.110 > 0.05 which is insignificant that's mean we have no mediation. For **H1c**; the total effect and direct effect = 0.000 < 0.05 significant and in the indirect effect = 0.0084 < 0.05 also significant, that's mean we have partial mediation. In **H1d**; P-value for total direct and direct effect = 0.00 < 0.05 significant, but in the indirect effect P= 1.600 > 0.05 insignificant so there's no mediation and PhR is not mediator. The same thing in **H1e**; in total and direct effect p = 0.00 significant but in the indirect effect P = 0.945 > 0.05 insignificant this meaning the FuR is not mediator and we have no mediation.

H2: Brand name has positive effect on the recommendation intention with perceived risk as a mediator.

In the second hypothesis **H2**; BN has a positive effect on RI based on the data which was β = (1.253) and the P-value = (0.00) < 0.05, so there's a significant correlation between BN and PI which means there's a positive relation. In **H2.a**; P-value= 0.000 < 0.05 in total and direct effect also in the indirect effect P-value= 0.00281< 0.05 which means the SR, is mediator and there is partial mediation. In **H2.b** P-value for total direct and direct effect was = 0.000 which is significant, but in the indirect effect P-value = 0.199 < 0.05 so this insignificant result and the FR is not mediator the result will be no mediation. **H2c**; the total effect and direct effect = 0.000 < 0.05 significant and in the indirect effect = 0.0334 < 0.05 also significant, that's mean we have partial mediation by using TR as mediator. In **H2d**; P-value for total direct and direct effect = 0.00 < 0.05 significant, also in the indirect effect P= 0.0003 < 0.05 significant so there's a partial mediation and PhR is a mediator. For **H2.e**; in total and direct effect p = 0.00 significant but in the indirect effect P = 0.0552 > 0.05 insignificant this meaning the FuR is not mediator and we have no mediation.

H3: Pricing has a positive effect on the recommendation intention with perceived risk as a mediator.

Third hypothesis **H3**; PR; has a positive effect on RI because the result of P-value was = (0.000) in the total effect which is less than 0.05 and β = (0.576) so there's a significant correlation between PR and PI which means there's a positive relation. In **H3.a**; P-value= 0.000 < 0.05 in total and direct effect also in the indirect effect P-value= 0.0017 < 0.05 which means the SR, is mediator and there is partial mediation.

In **H3.b** P-value for total direct and direct effect was = 0.000 which is significant, but in the indirect effect P-value = 0.1009 < 0.05 so this insignificant result and the FR is not mediator the result will be no mediation. **H3c**; the total effect and direct effect = 0.000 < 0.05 significant and in the indirect effect = 0.000 < 0.05 also significant, that's mean we have partial mediation by using TR as mediator. In **H3d**; P-value for total direct and direct effect = 0.00 < 0.05 significant, also in the indirect effect P= 3.700 > 0.05 insignificant so there's no mediation and PhR is not mediator. For **H3.e**; in total and direct effect p = 0.00 significant but in the indirect effect P-value = 0.292 > 0.05 insignificant this meaning the FuR is not mediator and we have no mediation.

H4: Quality has a positive effect on the recommendation intention with perceived risk as a mediator.

The last hypothesis which is **H4**; Qu has a positive effect on RI based on the data which was β = (1.008) and the P-value = (0.000) < 0.05, so there's a significant correlation between BN and PI which means there's a positive relation. In **H4.a**; P-value= 0.000 < 0.05 in total and direct effect also in the indirect effect P-value= 0.0001 < 0.05 so the SR is a mediator and there is partial mediation based on the previous data. In **H4.b** P-value for total direct and direct effect was = 0.000 which is significant, but in the indirect effect P-value = 0.115 < 0.05 so this insignificant result and the FR is not mediator the result will be no mediation. **H4c**; P-value for total effect and direct effect was = 0.000 < 0.05 significant and in the indirect effect = 0.002 < 0.05 also significant, that's mean TR is a mediator between Qu and RI, and the result must be partial mediation. In **H4d**; P-value for total direct and direct effect = 0.000 < 0.05 significant, but in the indirect effect P= 3.000 > 0.05 insignificant so there's no mediation and PhR is not mediator. For **H4.e**; in total and direct effect p =

0.00 significant but in the indirect effect P-value = 0.185 > 0.05 insignificant this meaning the FuR is not mediator and we have no mediation.

Table 11 shows the final result of the hypotheses that were supported or not supported based on analysis of the previous two tables.

Table 11: Hypotheses

hypothesis		Result
H1: Spoken word	**H1:** spoken word has positive effect on recommendation intention.	Supported
	H1a: spoken word has positive effect on recommendation intention with social risk as a mediator.	Supported
	H1b: spoken word has positive effect on recommendation intention with financial risk as a mediator.	Not supported
	H1c: spoken word has positive effect on recommendation intention with time risk as a mediator.	Supported
	H1d: spoken word has positive effect on recommendation intention with physical risk as a mediator.	Not supported
	H1e: spoken word has positive effect on recommendation intention with functional risk as a mediator.	Not supported
H2: Brand name	**H2:** Brand name has positive effect on recommendation intention	Supported

	H2a: Brand name has positive effect on recommendation intention with social risk as a mediator.	Supported
	H2b: Brand name has positive effect on recommendation intention with financial risk as a mediator	Not supported
	H2c: Brand name has positive effect on recommendation intention with time risk as a mediator	Supported
	H2d: Brand name has positive effect on recommendation intention with physical risk as a mediator	Supported
	H2e: Brand name has positive effect on recommendation intention with functional risk as a mediator	Not supported
H3: Pricing	**H3:** Pricing has positive effect on recommendation intention	Supported
	H3a: Pricing has positive effect on recommendation intention with social risk as a mediator.	Supported
	H3b: Pricing has positive effect on recommendation intention with financial risk as a mediator.	Not supported
	H3c: Pricing has positive effect on recommendation intention with time risk as a mediator.	Supported
	H3d: Pricing has positive effect on recommendation intention with physical risk as a mediator.	Not supported
	H3e: Pricing has positive effect on recommendation intention with functional risk as a mediator.	Not supported

H4: Quality	**H4:** Quality has positive effect on recommendation intention.	Supported
	H4a: Quality has positive effect on recommendation intention with social risk as a mediator.	Supported
	H4b: Quality has positive effect on recommendation intention with financial risk as a mediator.	Not supported
	H4c: Quality has positive effect on recommendation intention with time risk as a mediator.	Supported
	H4d: Quality has positive effect on recommendation intention with physical risk as a mediator.	Not supported
	H4e: Quality has positive effect on recommendation intention with functional risk as a mediator.	Not supported

Table 11: presents a review of the hypotheses of the study. The results are explained below:

- First hypothesis, the alternative hypothesis was accepted (H1, H1a and H1c), the null hypothesis was rejected.
- Second hypothesis, the alternative hypothesis was accepted (H2, H2a, H2c and H2d), the null hypothesis was rejected.
- Third hypothesis, the alternative hypothesis was accepted (H3, H3a and H3c), the null hypothesis was rejected.
- Fourth hypothesis, the alternative hypothesis was accepted (H4, H4a and H4c), the null hypothesis was rejected.

Chapter 5

CONCLUSION

5.1 Conclusion

As observed consumers consider and deploy different strategies to reduce the degree of perceived risk while buying cars. This study investigated the strategies used by the Palestinian consumer's to reduce the degree of the perceived risk. Strategies used during purchases play a major role in influencing the perceived risks. Thus, these strategies affect the recommendation intention and might influence final decisions of purchase for consumers.

- The Palestinian consumer depends heavily on spoken word strategy to reduce the degree of perceived social and time risks while buying cars.
- Palestinian consumers do not depend on the spoken word strategy to reduce the degree of financial, functional, and physical risks.
- Palestinian consumer depends on brand name strategy to reduce the degree of perceived social, physical and time risks while buying cars.
- Financial and functional risks are irrelevant to the brand name strategy and they did not depends on or using the brand name strategy to reduce the financial and functional risks.
- Palestinian Consumers also are affected by the pricing strategy in reducing the degree of perceived social and time risks.

- Palestinian Consumers are not dependent on pricing strategy to reduce the degree of financial, functional, and physical risks.
- Palestinian consumers also depend on quality strategy to reduce the degree of perceived time and social risks.
- Finally, Palestinian consumers do not depend on the same strategy to reduce the degree of financial, functional, and physical risks.

5.2 Recommendations

After carefully analyzing the results of the study, the researcher offers the following recommendations:

- Use indirect sources of information and ask for recommendations from family members and friends during the purchase process, those sources are important references and affect consumer-purchasing decisions.
- Carry a field research to identify the types of risks facing the Palestinian consumer when buying cars and then create a marketing mixture to include various risk-reduction strategies.
- Provide consumers with information about the car and a manual of how to use it in order to reduce physical risks.
- Create obligatory rules allowing customers to test the car to check for the quality of the car, in order to reduce the potential concerns related to reliability.
- Manufacturers should pay attention to customers and provide products that meet the specifications mentioned and promised, which would eventually help reduce perceived risk. Also conduct a study to discover the characteristics of consumers in the target market.

- Manufactures should take into consideration also building professional after-sales follow up programs, in a try to discover their likes and dislikes about the car.

5.3 Directions for Future Research

- Identify other types of perceived risks like opportunity cost and privacy risks that may affect the Palestinian consumers.
- Study other strategies that may be used by Palestinian consumers to reduce the perceived degree of risk such as safety and brand loyalty.
- Reduce the perceived risk of the Palestinian consumer in sectors other than car mobile industry, such as banks and restaurants.
- Study the strategies and types of perceived risks in other societies to find if there is cultures play a role in differing the type's levels of risks.

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APPENDIX

Appendix A: Questionnaire

Dear Respondent!

This survey is part of an academic study the aim of this research is to find out the perceived degree of risk when buying cars. Research will be conducted in Palestine.

There is no right or wrong replies in this questionnaire. Any sort of information collected during this research will be kept confidential. Participation in this survey voluntary but encouraged. We really appreciate your time and participation.

If you have any questions, please do not hesitate to contact Ahmed Hoor through his email: Ahmadalhoor92@yahoo.com

Thank you for your cooperation.

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Section A: Personal information

Please put a sign (x) in front of the answer which best describes you:

A1- Gender:

☐ Male ☐ Female

A2- Age:

☐ Less than 20 years old ☐ 20–29 ☐ 30–39 ☐ 40–49 ☐ More than 50

A3- Marital status:

☐ Single ☐ Married ☐ Widowed ☐ Divorced

A4- Monthly income:

☐ Less than $700 ☐ $700–$999 ☐ $1000–$1499 ☐ More than $1,500

A5- level of study:

☐ Less than high school ☐ High school ☐ Bachelor’s degree ☐ Master’s degree ☐ PhD

Directions: Please indicate your level of agreement or disagreement with each of the following statements. Place an 'X' in the box for your answer.

1= strongly disagree ☹ 2=Disagree 3=Neutral 😐 4=Agree 5=strongly agree ☺

Section B: Strategies to reduce the perceived degree of risk strategies

#	Questions	1	2	3	4	5
B1	Trying to get as much information as possible before purchasing Cars.					
B2	Asking friends for advice when buying Cars					
B3	Spending a lot of time with my family talking about the different brands and prices while buying Cars					
B4	Postponing the purchase if I don't have enough information about Cars					
B5	Asking shop owners and sales representatives at the time of purchase Cars					
B6	Buying a brand that has satisfied me in a previous experience when I intend to buy a new Car.					
B7	I recommend my car's brand to others when they want to buy a Car					
B8	Looking for a famous brand when buying Cars					
B9	Choosing a well-known brand by myself without the					

#	Questions	1	2	3	4	5
	influence of others' opinions when buying a car					
B10	Car price affected my decision when I bought it					
B11	Buying from a store that offers various payment facilities					
B12	Choosing high-priced goods at the time of purchasing the car					
B13	Buying from a store that allows me to try the car before purchasing it					
B14	Buying Cars with a long-time warranty					
B15	The car speed affected my decision when I bought the car					
B16	Car performance affected my decision for choosing my car					
B17	Performance of my car fit my expectation					
B18	The air-conditioner is a necessity for the car					

Section C: Types of perceived risk when buying Cars

#	Questions	1	2	3	4	5
C1	Associating social status with the quality and brand of car					
C2	Seeking to attract others' attention with the car I bought					
C3	Buying a car that is within the limits of my financial budget					
C4	Even though I was cautious when I bought the car, it did not fulfill my expectations					

C5	I feel Satisfied with the performance of my car in comparison with other cars					
C6	Feeling regret when the car bought was not worth the time spent on it					
C7	Feeling I made a wrong choice when bought the car					
C10	Feeling that the brand I chose was not trustworthy					
C12	Buying car with low maintenance cost					