

A Study on Factors Prompting the Purchase Decision towards Small Cars in Chennai

Vivek .M

MBA, Department of Management Studies
Bharath Institute of Science and Technology,
Selaiyur, Chennai, Tamil Nadu 600 073
Bharath Institute of Higher Education and Research

ABSTRACT

Urbanization and metropolitan culture have necessitated the need of fast foods, designer clothes, luxury cars, modern flats and the like. Passenger car sales have tripled once in a six years. It's also to be noted that the demand for luxurious models and mini-cars for family owners have shot up, largely due to change in the family and in the earning pattern, especially the emergence of double income group families, has resulted in significant changes in the buying behavior of individuals. Increase in number of car consumers and heavy usage is credited to increasing availability several car models. Due to a wide range of makes and models, people make choices based on their preferences and needs when choosing which car to buy.

1. INTRODUCTION

Among various products, buying cars is more sensitive because it deals with health and safety of human life. Buyer behavior is a complex and not easily predictable phenomenon as changes in buying pattern are taking place at a dismaying speed. Despite this all, there are a number of factors influencing the buying behavior of car owners such as the emotions, purchase intention, family income, and mileage, color of the car, fuel variants, and make of the car.

2. STATEMENT OF THE PROBLEM

In the present modern technology age due to fast changing dynamics of the technology world the opportunities are myriad and consumer preferences undergo a dramatic change. In the global economy where the consumers are having an increasing exposure to foreign brands, the availability of information about the brands and awareness could play an important role in consumers' perceptions of the product quality and as well influence consumer choice. To increase the fiercely fought market share, automobile companies are increasing their different form of advertisements and range of digital executions, particularly in the social media space and it because the consumer choice processes a complex phenomenon. Making a decision to buy a product or services involves many processes and problems such as it is present there are many curbsides is in car market they are unlicensed individual, dealer or retailer they buys up vehicles and instead of registering them under their own name, will post the same vehicle for sale with a markup. They might misrepresent the real condition of the car or hide major issues to make it look appealing. Most of the sellers and manufacturers mislead the buyers about a vehicle's make, price, quality or performance. Car companies usually offer big discounts in month of December every year to clear their inventories before they hike prices and launch new models in January. The offers attract the buyers to purchase now the vehicle will bear the registration date of December, and in a few days, it will be last year's model. If buyers plan to change the car in 3-4 years, the registration date will be a big matter. Some dealers and lenders asked the car buyers to buy credit insurance to pay off the car loan if buyer should die or

become disabled but credit insurance is not required by federal law. Actually dealer requires buying credit insurance for car financing; but it is included in the cost of credit. Moreover, the car owners, after purchasing the cars have been suffering with lot of problems, particularly with regard to after sales service, maintenance problems, spare parts problems other hurdles like the strict rules laid by financial institutions and banks on car loans for the buyers purchasing cars on installment basis. Based on these basic issues, the researcher has developed an interest to study the car buyers' behavior and attitude towards buying small cars.

3. OBJECTIVES OF THE STUDY

The purpose of this research is to study the behaviour and attitudes of small car buyers and also know their perception and satisfaction about the car attributes. Hence, the study is aimed at the following objectives.

- To identify the factors influencing the purchase of small cars.
- To find out the attitude of consumers towards purchase and use of cars

4. HYPOTHESES OF THE STUDY

In line with the objectives stated above, the following hypotheses are to be formulated and tested for the purpose of this study.

H₀: "There is no significant difference in importance shown by respondents from different brand of cars for various factors consider for selection of cars".

5. RESEARCH METHODOLOGY

NATURE OF THE STUDY

The present study is an empirical as well as analytical in nature and based on survey method.

SOURCES OF DATA

Keeping in view the versatile objectives of the study, the data collected from both the primary and secondary sources. The primary data has been collected through questionnaire. The relevant secondary data have been collected from journals, magazines, thesis, and dissertations, published and unpublished reports, online and reports.

SAMPLING TECHNIQUE

Sampling technique adopted in the present study was systematic simple random sampling. A total of 560 questionnaires were issued, filled up and collected. A scrutiny of these questionnaires led to the rejection of 10 questionnaires on account of incomplete responses. The rejection rate was only 3 per cent. Thus 550 completed questionnaires were used for the present study.

TOOLS USED FOR ANALYSIS

The collected data are analyzed through descriptive statistical tools such as Percentage, Mean and Standard deviation have been used to describe the profiles of consumers, preferred product attributes and level of satisfaction. For testing the significance of hypothesis, analysis of

variance (ANOVA), chi-square test and student’s t test were used. The Chi-Square test has been used to test the association between the consumer demographic characteristics and the preferred product attributes. For analyzing the survey data SPSS 20 package was used.

6. FACTORS INFLUENCING THE PURCHASE

DECISION TOWARDS SMALL CARS

The marketing organization can use a variety of techniques to facilitate the consumers to act on their purchase intention. The relevant internal psychological process that is associated with purchase decision is integration. Once the integration is achieved, the organization can influence the purchase decisions much more easily. To study the factors influencing customer’s buying behavior towards the small car they owned the researcher have used five point Likert scale for 23 statements and the customers were asked to reply their response, not at all important, not important, indifferent, important and extremely important for each statement. Rank analysis has been used to identify the most influencing factor consumers with respect to purchase of car. The following table presents the opinion of the respondents about the factors influencing the purchase decision of consumer small cars.

FACTORS INFLUENCING THE PURCHASE DECISION TOWARDS SMALL CARS

FACTORS	NOT AT ALL IMPORTANT	NOT IMPORTANT	INDIFFERENT	IMPORTANT	EXTREMELY IMPORTANT	TOTAL SCORE	MEAN SCORE	% OF MEAN SCORE	RANK
Comfort/Luxury	38	42	17	198	255	2240	4.07	81.45	1
Price	34	51	43	168	254	2207	4.01	80.25	2
Fuel Efficiency and Fuel Type	33	65	29	168	255	2197	3.99	79.89	3
Brand Image	26	55	72	165	232	2172	3.95	78.98	4
Re-Sale Value	54	30	49	192	225	2154	3.92	78.33	5
Maintenance Cost	29	78	40	170	233	2150	3.91	78.18	6
Colour	42	82	30	182	214	2094	3.81	76.15	7
After Sales Service	31	77	72	163	207	2088	3.80	75.93	8
Financing Schemes	71	52	25	178	224	2082	3.79	75.71	9
Setting Capacity of the Vehicle	38	78	36	210	188	2082	3.79	75.71	10
Family And Friend’s Recommendation	58	67	27	185	213	2078	3.78	75.56	11
Availability Spare	47	89	42	150	222	2061	3.75	74.95	12
Style/Design	58	83	35	175	199	2024	3.68	73.60	13
Insurance Facility/Offers	43	88	65	167	187	2017	3.67	73.35	14
Road Grip	89	43	31	220	167	1983	3.66	73.20	15
Warranty	59	82	81	125	203	1981	3.60	72.04	16
Safety	78	65	56	193	158	1938	3.52	70.47	17
Engine Pick Up	89	80	34	178	169	1908	3.47	69.38	18
Status Symbol	90	79	51	191	139	1860	3.38	67.64	19
Internal Space	98	85	56	154	157	1837	3.34	66.80	20
Innovative Technology	59	157	57	110	167	1819	3.31	66.15	21
Models	129	96	83	139	103	1641	2.98	59.67	22
Positive Review in Media	144	126	59	66	155	1612	2.93	58.62	23

Source: Computed from primary data

TABLE NO 1

It is depicted from the above mentioned table that when respondents were asked to rank the factors influencing the purchase decision of consumer small cars which persuaded them according to the mean rank score, respondents have given 1st rank to “Comfort/Luxury with mean score of 4.07”, 2nd rank to “Price with mean score of 4.01”, 3rd rank to “Fuel Efficiency and Fuel Type” with mean score of 3.99 and successively 4th, 5th, 6th, 7th, 8th, 9th and 10th rank to “Brand Image” with mean score of 3.95, “Re-Sale Value” with mean score of 3.92, “Maintenance Cost” with mean score of 3.91, “Colour” with mean score of 3.81, “After Sales Service” with mean score of 3.80, “Financing Schemes” with mean score of 3.79 and “Setting Capacity of the Vehicle” with mean score of 3.79 respectively. It has been found that from the mean score analysis, the following factors the obtained mean values of 3.78 , 3.75, 3.68 , 3.67 and 3.66 for family and friend’s recommendation, availability spare, style/design, insurance facility/ offers and road grip. It indicates that these factors moderately influenced the respondents in their purchase decision. The following factors have mean below than overall mean of 3.62.i.e., warranty , safety, engine pick up , status symbol ,internal space, innovative technology, durability, and positive review in media. It indicates that these factors least influenced the respondents in their purchase decision.

UYERS ATTITUDE TOWARDS BRANDS’ IMAGE OF SMALL CARS

RESPONDENTS’ ACCEPTANCE TOWARDS VARIOUS BRANDS’ IMAGE ASPECTS

STATEMENTS	STRONGLY DISAGREED	DISAGREED	NEITHER AGREE NOR DISAGREED	AGREED	STRONGLY AGREED	TOTAL	WS	MWS
It is very easy for you to choose cars among different brands	85(15.50)	85(15.5)	53(9.60)	125(22.70)	202(36.70)	550(100.0)	1924	3.50
Your car brand offers the high mechanism performance	89(16.20)	80(14.50)	32(5.80)	152(27.60)	197(35.80)	550(100.0)	1938	3.52
Your car brand offers the high quality of materials and components.	109(19.80)	118(21.50)	58(10.50)	106(19.30)	159(28.90)	550(100.0)	1738	3.16
You feel that use of your car is a symbol for success and prestige	46(8.40)	110(20.00)	64(11.60)	140(25.50)	190(34.50)	550(100.0)	1968	3.58
You feel that using your car brand enhances your image	54(9.80)	94(17.10)	32(5.80)	158(28.70)	212(38.50)	550(100.0)	2030	3.69
The possession of your car brand makes you stand out in the crowd.	81(14.70)	104(18.90)	61(11.10)	107(19.50)	197(35.80)	550(100.0)	1885	3.43
Warranty for your car is sufficient	71(12.90)	94(17.10)	76(13.80)	104(18.90)	205(37.30)	550(100.0)	1928	3.51

After sales service of your car company is good	44(8.00)	80(14.50)	70(12.70)	153(27.80)	203(36.90)	550(100.0)	2041	3.71
Overall	68(12.40)	83(15.10)	54(9.80)	192(34.90)	153(27.80)	550(100.0)	1929	3.51

Source: Computed from primary data

TABLE NO 2

(Figures in parenthesis refer to percentage which is rounded up to nearest 10)

The above Table 2 indicate that nearly 35 per cent of the respondents were agree with the various brand image aspects towards small cars, and another 27.80 per cent of the respondents have strongly agreed and 15.10 per cent of the total respondents disagreed towards various brand image aspects of mall cars. 12.40 per cent of the respondent has strongly disagreed. The mean acceptance score reveals that the respondents have a higher acceptance level (3.71) towards after sales services of car companies are good, followed by respondents feel that using their car brand enhances users image (3.69). Your car brand offers the high mechanism performance (3.52), warranty for your car is sufficient (3.51) and it is very easy for you to choose cars among different brands (3.50). However, the respondents have a lower acceptance score on the possession of car brand makes customers stand out in the crowd (3.43) and car brand offers the high quality of materials and components (3.16).

7. CONCLUSION

While describing the changes in the purchasing behavior of consumers, the marketers for the volume brands have noted some important aspects. It is argues that customers give in general, much more importance to image in their acquisition, and the current economic crisis customers prefer a branded cars for the benefits from the image of the brand which conveys also a better social status image. For all brands, customers started to buy smaller size cars, and they prefer older models in the market because as the price is much smaller, even though its designs are out fashioned. Another important aspect in reducing car using costs is the fuel consumption, which is more seriously analyzed in the purchase decision. The Now a day car is combined in the consumer’s perception with their personality; it defines them compared to the others and states their belonging to certain consumer groups. Hence for the luxury brand, the changes in consumer preferences as a consequence of the economic crisis aren’t as obvious as for other market segments. For these clients the image and the social status are central to the purchasing decision. Hence all the car company must ascertain and understand the factors influencing consumers buying behaviours and their attitudes towards buying small cars.

8. REFERENCES

[1] Dr.V.K.Kaushik and Neeraj Kaushik, “ Buying Behaviour for Passenger Cars – A Study in South West Haryana” Indian Journal of Marketing May 2008 p. 49-50.
 [2] Loudon, D, & Della, B, 2002, Consumer Behavior Concepts and Application, McGraw-Hill, New York.
 [3] Mowen, JO & Minor, MI. 2009. Consumer behavior, internal and external factors, translated by AbassSalehARdestani and Mohmmad Reza Sadi. Dibapublication, Tehran.
 [4] Foxall, G.R.(2001), “Foundations of Consumer Behavior Analysis”, Marketing Theory, Vol I (2), pp 165-199.
 [5] SardarGugloth and ReddiNaik.M “ Post-Purchase Decision Making Process of Cars” The Indian Journal of Commerce Vol.63, No.3, July-September 2010 p. 92-101.

- [6] Satish, S.M. and Bharadhwaj S. (2010), “Information search behaviour among new car buyers: A two-step cluster analysis”, IIMB Management Review, Vol. 22, Issues 1-2, pp 5-15.
- [7] Eagly A.H. and Chaiken S. (1993). The psychology of attitudes, Harcourt Brace Jovanovich, Inc. Orlando.
- [8] Ewing G.O. and Sarigöllü E. (1998). Car fuel-type choice under travel demand management and economic incentives.
- [9] Transportation Research Part D, 3(6), 429-444.