

Consumer Behaviour towards Passenger Cars - A study with reference to Virudhunagar District of Tamilnadu

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INTRODUCTION

The Indian automotive industry has flourished like never before in the recent years. On the canvas of the Indian Economy, Auto Industry occupies a prominent place. The car industry in India has been on steroids. The domestic sales have reached a level of 2 million units per annum, growing in double digits. It is expected to rise further to 3.66 million units by 2014-15 and 5.2 million units by 2019-20. The extraordinary growth that the Indian automotive industry has witnessed is a result of a two major factors namely, the improvement in the living standards of the middle class and an increase in their disposable incomes. Moreover the liberalization steps, such as, relaxation of the foreign exchange and equity regulations, reduction on tariffs on imports, and the banking reforms, initiated by the Government of India, have played an equally important role in enabling the Indian Automotive Industry achieve great height. Also, the institutionalization of automobile finance has further paved the way for a sustainable long-term high growth of the industry.

The overall automobile industry performance has showed encouraging results for all the segments of the industry. Today, India has become the second fastest growing car market in the world. Passenger car sales have tripled in six years. It's also to be noted that the demand for luxurious models, SUVs, and mini-cars for family owners have shot up, largely due to increase in the consumer's buying capacity. Indian automobile industry would serve as a key input for the business decisions and segmentation of Indian market for future demand. The paper focuses on the consumer behaviour towards passenger car and involves the critical analysis of factors influencing the purchase behaviour.

CONSUMER BEHAVIOUR

The growth of consumerism and recent consumer legislations have created special interest in the study of buyer behaviour and the formulation of marketing mix so as to gain positive buyer response in the market place. Marketing success or failure depends on target consumers, the individual and group reactions expressed in the form of buying pattern. Buyer behaviour is a complex and not easily predictable phenomenon as changes in buying pattern are taking place at a dismaying speed. In the highly competitive marketing environment, the marketers have to basically understand the factors governing buyer behaviour as it is necessary for the long-run existence of the organization.

SCOPE OF THE STUDY

The study covers the passenger car users only. It also covers the buying behaviour of passenger car users in Virudhunagar district. The scope of the study is limited to certain important behavioral aspects like information search and evaluation, brand preference and brand loyalty, factors of motivation. Understanding the customer's satisfaction of the product will help the automobile manufacturers in developing their products to meet customer's needs and designing the proper marketing programs and strategy. The research is conducted for better understanding of the relationship between the customer satisfaction, brand image and information from mass media towards the purchase evaluation at various stages of purchase decision.

OBJECTIVES

1. To identify different sources of information used by the buyers and their role in taking purchase decisions.
2. To evaluate the purchase behaviour of the consumers.
3. To examine the factors influencing the brand choice and choice of dealership.

FINDINGS

Demographic Profile of Respondents

Almost equal numbers of respondents were present from all age groups i.e. 10% from age group of less than 25 years; 10% from 25-35, 30% from 35-45; 20% from 45-55; 30% from above 55 years (Table 1).

Table I – Age

S.No	Age	No. of Respondents	Percentage
1	Less than 25 years	5	10
2	25-35 years	5	10
3	35-45 years	15	30
4	45-55 years	10	20
5	Above 55 years	15	30
Total		50	100
Source: Primary Data			

Almost 30% were professionals; 20% from each employed in govt services, employed in Private Sector, and others; finally 10% from businessman only. (Table 2)

Table 2 - Occupation

S.No	Occupation	No. of Respondents	Percentage
1	Agriculturist	-	-
2	Businessman	5	10
3	Employed in Govt.Services	15	30
4	Employed in Private Sector	10	20
5	Professional	10	20
6	Housewife	-	-
7	Others	10	20
Total		50	100
Source: Primary Data			

Sample consisted of half 50%were professional qualification; 30% post graduate level and each 10% graduate level and others. (Table 3)

Table 3 - Education

S.No	Level of Education	No. of Respondents	Percentage
1	No formal Education	-	-
2	School Level	-	-
3	Graduate Level	5	10
4	Post Graduate Level	15	30
5	Professional Qualification	25	50
6	Others	5	10
Total		50	100
Source: Primary Data			

80% had income above Rs.25, 000 and almost each 10 % had Rs.20, 001-Rs.25, 000 and Rs.15, 001-Rs.20, 000. (Table 4)

Table 4- Income

S.No	Monthly Income	No. of Respondents	Percentage
1	Less than Rs.10,000	-	-
2	Rs.10,001-Rs.15,000	-	-
3	Rs.15,001-Rs.20,000	5	10
4	Rs.20,001-Rs.25,000	5	10
5	Above Rs.25,000	40	80
Total		50	100
Source: Primary Data			

Almost equal numbers of respondents were present 50 % from nuclear and 50% from joint family. (Table 5)

Table 5 - Type of Family

S.No	Type of Family	No. of Respondents	Percentage
1	Nuclear	25	50
2	Joint	25	50
Total		50	100
Source: Primary Data			

All the Sample (100%) respondents had only one own car. (Table 6)

Table 6- Number of Own Cars

S.No	Number of Own Cars	No. of Respondents	Percentage
1	One	50	100
2	Two	-	-
3	Three	-	-
4	More Than Three	-	-

Total	50	100
Source: Primary Data		

Pre-purchase behaviour of Customers

For determining the pre-purchase behaviour of the customers, they were asked about the sources of their information while purchasing new product and who influenced their decision. Majority of respondents were found to be relying upon friends and advertisements. (Table 7)

Table 7
From where did you get the information about this brand?

S.No	Sources	No. of Respondents	Percentage
1	Advertisement	15	30
2	Friends	15	30
3	Relatives	5	10
4	Dealers Representatives	5	10
5	Others	10	20
Total		50	100
Source: Primary Data			

Relatives and dealers representatives were not found to be much effective in Virudhunagar district. Likewise, they reported that it is their own interest (self) and the friends/ parents/children/ spouse's influence that affects their decision the most and they decide collectively. (Table 8). Another contrasting factor is type of family, where because of nuclear families, individual decisions are taken.

Table 8
Who influenced your purchase decision?

S.No	Factors to be Influenced	No. of Respondents	Percentage
1	Self	20	40
2	Wife/ /Husband	10	20
3	Children	5	10
4	Parents	10	20
5	Friends	5	10
6	Peer Group	-	-
7	Others	-	-
Total		50	100
Source: Primary Data			

Maruti was found to be leading players as almost 50% of the respondents had any one of the brands of Maruti, Hyundai and Tata was found to be second best player. Others included Ambassador, Ford, Hindustan Motors and Fiat etc., (Table 9)

Table 9
Brand Name

S.No	Brand Name	No. of Respondents	Percentage
1	Hyundai	10	20
2	Maruti	25	50
3	Fiat	-	-
4	Tata	10	20
5	Hindustan Motors	-	-
6	Others	5	10
Total		50	100
Source: Primary Data			

Post-purchase behaviour of Customers

Majority of respondents (60%) have reported that they were satisfied from their after sales service. (Table 10)

Table 10
After Sale Service

S.No	After sales Service	No. of Respondents	Percentage
1	Yes	30	60
2	No	20	40
Total		50	100
Source: Primary Data			

In all brands, satisfaction level of respondents was quite high. This demonstrates the reliability and quality of vehicle by Maruti, Hyundai and Tata. Similarly maximum 50% respondents were very much satisfied with the after sales service.

Table 11
With the performance of your after sale service you are

S.No	Level of Satisfaction	No. of Respondents	Percentage
1	Very much Satisfied	15	50
2	Fairly Satisfied	5	16.66
3	Just Satisfied	5	16.66
4	Not Satisfied	-	-
5	Not at all Satisfied	5	16.66
Total		30	100
Source: Primary Data			

Test of Hypothesis

The consumer behaviour towards passenger cars was analyzed with the help of the following respondents profile.

- Occupation
- Usage of Car
- Income
- Brand Name

Chi-Square test has been used to find out consumer behaviour of the respondents. The following formula is used for computing Chi-Square test.

$$\text{Chi Square test} = \frac{\sum (\mathbf{O} - \mathbf{E})^2}{\mathbf{E}}$$

$$\mathbf{E} = \frac{\text{Row Total} \times \text{Column Total}}{\text{Grand Total}}$$

Where

O – Observed Frequency

E - Expected Frequency

d.f – Degrees of freedom

r - row

c - Column

If the calculated value is greater than the table value 5 percent level of significance, it is concluded that there is no significant relationship between occupation and the usage of car.

If the calculated value is less than table value at 5 percent level of significance, it is concluded that **there is no significant relationship between the occupation and the usage of car.**

Observed Frequency

Table 1
Occupation and the usage of car

Occupation	Personal Use	Social Status	Total
Businessman	-	5	5
Govt.Service	5	-	5
Private Sector	12	-	12
Profeesional	20	-	20
Others	8	-	8
Total	45	5	50

Expected Frequency

Occupation	Personal Use	Social Status	Total
Businessman	4.5	0.5	5
Govt.Service	4.5	0.5	5
Private Sector	10.8	1.2	12
Profeesional	18	2	20
Others	7.2	0.8	8
Total	45	5	50

Table 2
Chi square test

O	E	(O-E)	(O-E)²	(O-E)²/E
0	4.5	-4.5	9	2
5	4.5	0.5	1	0.22
12	10.8	1.2	2.4	0.22
20	18	2	4	0.22
8	7.2	0.8	1.6	0.22
5	0.5	4.5	9	18
0	0.5	-0.5	1	2
0	1.2	-1.2	2.4	2
0	2	-2	4	2
0	0.8	-0.8	1.6	2
Total				28.88

Source : Calculated data

Degrees of freedom = (C-1) (r-1)

$$= (2-1) (5-1)$$

$$= 5$$

For 5 – Degree of freedom at 5% level of significance = 9.49

Calculated value = 28.88

Table Value = 9.49

Result

The calculated value 28.88 is greater than the table value 9.49 and the hypothesis is rejected. Hence, there is significant relationship between the occupation and usage of car.

Hypothesis:

There is no significant relationship between the income and the brand name of car.

Observed Frequency

Table 2

Income and the brand name of car

Income	Hyundai	Maruti	Tata	Others	Total
Rs.15,001-20,000	3	-	2	-	5
Rs.20,001-25,000	7	-	3	5	15
Above Rs.25,000	-	25	5	-	30
Total	10	25	10	5	50

Expected Frequency

Income	Hyundai	Maruti	Tata	Others	Total
Rs.15,001-20,000	1	2.5	1	0.5	5
Rs.20,001-25,000	3	7.5	3	1.5	15
Above Rs.25,000	6	15	6	3	30
Total	10	25	10	5	50

Table 2

Chi square test

O	E	(O-E)	(O-E) ²	(O-E) ² /E
3	1	2	4	4
7	3	4	16	5.33
-	6	-6	36	6
-	2.5	-2.5	7	2.8
-	7.5	-7.5	15	2
25	15	10	100	6.67
2	1	1	1	1
3	3	0	0	0
5	6	-1	1	0.17
-	0.5	-0.5	1	2
5	1.5	3.5	7	4.67
-	3	-3	3	1
Total				35.64

Source : Calculated data

$$\begin{aligned} \text{Degrees of freedom} &= (C-1)(r-1) \\ &= (4-1)(3-1) \\ &= 5 \end{aligned}$$

For 5 – Degree of freedom at 5% level of significance = 9.49

Calculated value = 35.64

Table Value = 9.49

Result

The calculated value 35.64 is greater than the table value 9.49 and the hypothesis is rejected. Hence, there is significant relationship between income and brand name of car.

Findings

- Consumers in this region are influenced more by various factors such as culture, family, reference group, age and life style, personality and self-concept, motivation, perception, learning, beliefs and attitudes.
- The researcher has found out that the most important factor that influences the consumers to use passenger cars is the price of the cars followed by low maintenance, high quality and long durability.

- There is significant relationship between gender, age, marital status, occupation, monthly income and satisfaction towards various features of passenger cars like mileage & pick up, engine power, fashion & style, size and colour, safety features, road grip and seating and interiors.
- Majority of respondents are very much satisfied with its performance, quality dealer network and after sales service.
- Maruti is found to be leading players in the study area and dominates the market. Various models like Maruti 800, Alto and Wagon Rare favorites in this region.
- There is significant relationship between income and brand name of car.
- There is significant relationship between the occupation and usage of car.

Conclusion

Relationship Marketing is an influential asset for consumer behaviour analysis as it has a keen interest in the re-discovery of the true meaning of marketing through the re-affirmation of the importance of the customer or buyer. A greater importance is also placed on consumer retention, customer relationship management, personalization, customization and one-to-one marketing. Customer satisfaction is the important factor, which affects the financial position and goodwill of the company. Customer demands are dynamic, but its consideration is necessary for every company to make existence into the market. The Indian economy is set to grow rapidly through Improved public transport and intensified competition and the rural people are graduating to higher income. These will be benefiting consumers is likely to impact the two-wheeler segment rather than the four-wheeler segment groups at a faster rate. Rising income has enhanced the purchasing power and more and more people are able to afford a car. Improved public transport is likely to impact the four -wheeler segment rather than the two-wheeler segment. The economy is set to enter a higher growth path, leading to people graduating to higher income groups at a faster rate.

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