



## Customer Perception and Behaviour of car Owners – an Empirical Study in Bangalore City

Dr. H. S. Adithya

Assistant Professor & H.O.D – M.B.A, B.t.I Institute Of Technology And Management, Bangalore.

### ABSTRACT

*Automobile Industry is one of the fastest growing sectors in our country. Cars were once considered as a luxury and now it has become a necessity. They have become a part and parcel of today's life and most of the car manufacturers target the middle class segment to a great extent. The introduction of small cars is a classic example for this. Today's consumer has plenty of options available to him. We are in a consumers market where the marketers do not merely satisfy a need but try to achieve consumer delight. The decision to purchase a car is not a one man decision. The purchase is normally influenced by many including their own perceptions and behaviour. Hence it is as complicated as human mind. It becomes imperative for the marketers to understand the consumer behaviours and perceptions before formulating a marketing strategy. Strong competition in the market has also resulted in many companies fighting for a place in the consumer's mind. So it is important that we study the consumer perceptions and behaviour of the car owners which will give us feedback on how marketing strategies can be worked. Bangalore City is a cosmopolitan city, which is a progressive and growing market for cars was selected for this study. Suitable statistical tools have been used to identify the consumers with similar tastes and preferences with respect to purchase of car. The study throws light on various features that the manufacturers should concentrate on to attract the prospective buyers. This study concludes that consumer behaviour plays a vital role in marketing cars and there is more scope for extensive research in this area.*

**KEYWORDS:** Marketing, Passenger Cars, Customer Perception, Consumer Behaviour

### INTRODUCTION

Human minds in general are complex and difficult to predict when it comes to decision making. It is seldom easy and sometimes impossible, to generalize about human behaviour. Each individual is a unique product of heredity, environment and experience. Predicting the behaviour of people is a difficult and complicated task, filled with uncertainties, risks and surprises. Accurate predictions can yield vast fortunes and inaccurate predictions can result in the loss of millions of rupees. Today, business around the world recognizes that the consumer is the king. Knowing why and how people consume products helps marketers to understand how to improve existing products what types of products are needed in the market place or how to attract consumers to buy their products. The era of liberalization, privatization and globalization has brought changes in society and lifestyle of people.

Marketers can justify their existence only when they are able to understand consumers' wants and satisfy them. Although it is important for the firm to understand the buyer and accordingly evolve its marketing strategy, the buyer or consumer continues to be an enigma – sometimes responding the way the marketer wants and on other occasions just refusing to buy the product from the same marketer. For this reason, the buyer's mind has been termed as a black box, which should be opened by the seller to be a successful marketer.

The study of consumer behaviour focuses on how individuals make decisions to spend their available resources (time, money, effort) on consumption related items. That includes what, why, when, where, how often they buy it, how they evaluate it after the purchase and the impact of such evaluation on future purchase. More than ever before, the need to understand consumers and consumer behaviour has become a hot topic around the globe, from boardroom and executive suites to universities and hospitals. The study of consumer behaviour also includes an analysis of factors that influence purchase decisions and product use.

Understanding how consumers make purchase decisions can help marketing managers in several ways. For example, if a manager knows through research that fuel mileage is the most important attribute for a certain target market, the manufacturer can redesign the product to meet that criterion. If the firm cannot change the design in the short run, it can use promotion in an effort to change consumers' decision making criteria. For example, a house and a car provide more satisfaction than a toothbrush. A car satisfies the need of owners for transportation. They also obtain psychological satisfaction from the possession of products like a car.

For the purpose of this study, the personal variables like age, income, education, occupation etc., have been selected and the influence of these personal variables on the consumers' perception, their buying behaviour and the decision process have been analyzed.

### STATEMENT OF THE PROBLEM

Due to the emergence of globalization and liberalization there is a stiff competition among the variety of car industries which are focusing attention in capturing the Indian markets. Cars though considered as luxury once, now occupies an important part in day to day life and has become a necessity. Bangalore City which is selected for the study is one of the main growing markets for car manufacturers. At present, the demand for the passenger cars is on the increase in the country. To be a successful marketer it is absolutely essential to read the minds and perceptions of the prospective buyers of cars. The present study attempts to analyze the variables that affect the buyer behaviour today.

### REVIEW OF LITERATURE

Brown et al (2007) analyzed the consumers' attitude towards European, Japanese and US cars. The country of origin plays a significant role in the consumers' behaviour. The brand name, lower price and distributor's reputation completely have a significant impact on the sale of passenger's car.

Guiles (2008) identified that fuel economy and lower maintenance cost have it's an impact on the consumers' behaviours towards the passenger car.

Baumgartner and Jolibert (2008) revealed that the car produced in West Germany received the highest rating on firm attitudes namely acceleration, safety, styling and workmanship among the Americans. At the same time, the Japanese car ranked highest on fuel economy and reliability.

Dornoff et al (2008) identified the market segment is the primary determinant of the consumer behaviour in the passenger car market. The level of expectation and perception on various attributes of car differ from consumers in one segment to another.

However, the present study differs from the above, in that the buyer behaviour in Bangalore City in Karnataka is sought to be analyzed here. The scope and the area of the study are unique in nature.

### OBJECTIVES OF THE STUDY

The purpose of this research is to study the behaviour of consumers, perception of product attributes and level of satisfaction. The following are the objectives:

- To present the historical perspective of the Indian Passenger Car Industry.
- To analyze the socio-economic profile of the sample respondents.
- To evaluate car owners' perception and behaviour pertaining to the purchase and use of cars.
- To identify and analyze the factors influencing the purchase of cars.

- To analyze the level of satisfaction among the respondents and to identify the switch over brand option if any and
- To make suggestions in the light of the findings of the study.

### SCOPE OF THE STUDY

Nowadays, car has become a necessity and forms a part of life of even to the middle class people. Therefore, there is a significant scope to examine the perception and purchase behaviour of the consumers of cars. The study is restricted to Bangalore City of Karnataka, which is economically the richest and cosmopolitan city. Due to their increasing purchasing power, the people of this district have started to buy cars for business or personal use or for prestige and maintenance of social status. Bangalore City with a population of around 1 crore as per the 2011 census is a potential market for all the products and services, because people of various religions, languages, cultural backgrounds and demographic and socio economic characteristics live in this area. This study tries to analyze the influence of perception in the consumers' mind and how this information can be used successfully by marketers to gain entry into the minds of the consumers. This study also highlights the problems faced by the car owners and offers suggestions to increase the overall satisfaction of car owners.

### LIMITATIONS OF THE STUDY

- The time available at disposal of the research was limited for an independent study.
- Since the universe of the survey was quite large, it was not feasible for the interview to cover all the customers of the city.
- Respondents lack of time to give information and casual attitudes.
- The study was limited to Bangalore City.

### RESEARCH METHODOLOGY

A sample of 100 consumers was selected for the present study around Bangalore City which is in Karnataka. It consists of 50 consumers from Bangalore Urban and 50 consumers from Bangalore Rural. A structured questionnaire was designed and administered among the respondents to give a fair representation to various attributes of the consumer. The secondary data has been collected from various published articles, through internet, journals and magazines. For the purpose of evaluation, the percentages, chi-square test have been used for meaningful analysis and clear presentation.

- Deciding who is to be surveyed (Deciding Sample Unit) – Urban and Rural Consumers in Bangalore City.
  - How many people should be surveyed (Deciding Sample Size) – 100 Urban and Rural Consumers.
  - How many people in the sample to be chosen (Deciding about sampling procedure) – 100 that is (50 Urban and 50 Rural consumers) will be chosen in the sample.
- The type of sample design used by me in the survey was that of Non - Probability Quota sampling method since the sample will be chosen at random.

Stratified random sampling is generally applied in order to obtain a representative sample. Here under stratified random sampling method the population is divided into different sub-populations called "Strata" which are more homogeneous than the total population and then we select items from each stratum to constitute a sample. Since each stratum is more homogeneous than the total population, we are able to get more precise estimates for each stratum and by estimating more accurately each of the component parts; we get a better estimate of the whole, which results in more reliable and detailed information.

### HYPOTHESES

1. There is no significant relation between rural and urban respondents with regard to number of brands considered before purchase of four-wheeler.
2. There is no significant relation between rural and urban respondents with regard to number of dealers contacted for purchase of four-wheeler.
3. There is no significant relation between rural and urban respondents with regard to information gathered during their visit for purchase of four-wheeler.

### ANALYSIS AND INTERPRETATION

Purchase decision of a car affects the interest of the consumers over a period of time and if he tries to take a correct decision it will lead to considerable loss of his investment. Because of risk involved in four

wheeler purchase and to select a product with good brand before selecting the final choice of a brand. During the information search, they collect information of more than one brand, which they consider for purchase. Therefore an attempt is made to understand the consumer behaviour in considering number of brands in his purchase decision making process.

It is evident from the analysis that out of 100 sampled respondents both in rural and urban areas, majority of the respondents considered two brands, which accounted for 44%, followed by the respondents who considered only one brand with 33%, those who considered three brands were 15.8% and a meager of 7.2% respondents have considered more than three brands before making a purchase decision.

The following tools were used in testing the hypotheses and in the analysis of the data. Descriptive statistical tools such as Percentage, Mean, Median and Standard Deviation have been used to describe the profiles of consumers, preferred product attributes and level of satisfaction. ANOVA, t-Test and F-Test have been used to test the significant differences between the groups of respondents in their perception and satisfaction for selected independent variables like age, sex and income. Chi-Square Test has been used to test the association between the consumer demographic characteristics and preferred product attributes and satisfaction. Multiple regression analysis has been used to study the influence of income and lifestyle on overall satisfaction level of the respondents. Correlation analysis has been used to establish the relationship between the factors which influenced the purchase and the factors which favoured the level of satisfaction. Factor analysis is employed to identify the key factors responsible for the consumers purchase of cars and level of satisfaction after purchase. Cluster analysis has been used to identify the consumers with similar tastes and preferences with respect to purchase of car.

Every consumer is highly unique and a complex human, yet there are many things consumers have in common when it comes to buying. Many factors are involved in their buying decisions, any one or more can become their deciding factor. While selecting a car, the consumer will consider many factors which are as follows:

1. **Price** – In countries like India often evaluation is done on price consideration which one can afford. In case of a car, consumers decide first the price range which is in their reach or affordability or their willingness to spend upon a product. Then they examine those brands within their budget. 38% of the respondents viewed that price has played moderate influence followed by more influence with 23.7% and only 4.7% expressed that they were minor influenced by price.
2. **Fuel Economy** – The amount which is spent by the consumer for fuel will also be the most important influential factor to select a particular brand. 34.3% of the respondents felt that fuel economy has moderate influence on their purchase and only 2.7% said that it has minor influence.
3. **Driving Comfort** – The usage of a product is a very important determinant in final selection. In case of cars very heavy weight age is given to driving comfort. About 30% of the respondents opined that driving comfort is the more influencing factor for their selection of a particular brand of car.
4. **Maintenance Cost** – The automobiles run either on petrol, diesel or gas and one has to make comparison of relative cost per kilometer including maintenance cost. 39.3% of the respondents expressed that maintenance cost was the moderate influence factor on their decision to buy a car and 6.7% viewed it was a minor influence.
5. **Attractive Model** – 26.3% of the respondents felt that attractive model is the moderate influential factor and 9.3% expressed that attractive model is the minor influential factor in their decision to purchase a car.
6. **Status Symbol** – A car buyer may be more concerned with its social status than any other criteria. 25% of the respondents expressed that it has fair influence on their purchase decision and 14.7% consider it as a minor influence.
7. **Resale Value** – 31% of the respondents expressed that the expected resale value of their cars has fair influence to buy their brand of car. Most of the car buyers may not give much consideration for resale value while deciding to buy a car.
8. **Latest Technology** – It is observed that 27.7% of the respondents were moderately influenced by latest technology to select

a car and 12.3% suggested that it has a major influence on their purchase decision.

9. **Brand Image** – In most of the markets for each product a number of brands are available including automobiles. The consumers give due weight age to this aspect and feel that a product which has higher market share than others is rated high in a consumer's choice. 26.3% of the respondents were fairly influenced towards a particular brand and brand image had a minor influence on 7.7%.

After buying a product, the consumer compares it with his or her expectations and is either satisfied or dissatisfied. If the consumer is dissatisfied, marketers must decide whether the product was deficient or consumer expectations were too high. Product deficiency may require a design change. If expectations are too high, perhaps the company's advertising or salesperson had oversold the products features. The study has considered fourteen factors as the satisfaction criteria that is Price, Fuel economy, Driving comfort, Maintenance cost, Attractive model, Status symbol, Resale value, Latest technology, Brand image, Pick up, Road grip, Internal space, After sales service and Availability of spare parts

- a.) Gender plays an important role in the selection of a particular brand of a car.
- b.) Age is an important factor in determining the purpose for which the car is owned.
- c.) Education is one of the main inputs for the buyer behaviour. It also determines the place of purchase of a car.
- d.) Marital status is a major determinant of the consumer behaviour. A nuclear family with or without dependent children faces social and economic problems quite different from those of a joint family. Young married couples without children devote large share of their income to clothing, automobiles and recreation.
- e.) Household's income level determines its purchasing power. While many car purchases are made on credit, one's ability to buy on credit is ultimately determined by a household income.
- f.) Income level of a family also influences the place of purchase of a car. As income rises, luxury car purchases also increase
- g.) Number of professional workers such as engineers, doctors and lawyers has grown rapidly over the past few years. Likewise managerial, marketing, sale and health care have also seen rapid growth. The purpose for which the car is possessed is strongly influenced by the occupational status. A person's occupational status is also an important factor in determining the place where they service their cars.
- h.) Fuel efficiency is the main criteria for the decision to purchase a particular brand of car, irrespective of the level of income of the people.
- i.) Old age group spends more than younger consumers on health services, medical services and housing. They bother about the resale value of their cars while they decide to purchase a specific brand.
- j.) Families in the higher income group normally can afford to buy latest model with latest technology car whenever it is introduced in the market.

So it automatically reduces the possession of a car for along period and changing the car may be quite often.

**NULL HYPOTHESIS (HO)**

There is no significant relation between rural and urban respondents with regard to number of brands considered before the purchase of four wheeler. Since, the P-value (0.062) is more than 0.05 at 5 percent level of significance, the null hypothesis is accepted.

|             | Km Price | Km Avail-ability | Km Prod fea | Km Cr. fclty | Km A.sal. ser | Km Brands | Km Quality |
|-------------|----------|------------------|-------------|--------------|---------------|-----------|------------|
| Chi-Square  | 19.273   | 19.445           | 3.149       | 11.986       | 11.858        | 18.479    | 5.572      |
| Df          | 5        | 5                | 5           | 5            | 5             | 5         | 5          |
| Asymp. Sig. | .002     | .002             | .677        | .035         | .037          | .062      | .350       |

- a. Kruskal Wallis Test
- b. Grouping Variable: Number of Brands

**Test Statistics<sup>a,b</sup>**

|             | Km Dealers | Km Information |
|-------------|------------|----------------|
| Chi-Square  | 5.090      | 19.682         |
| Df          | 5          | 5              |
| Asymp. Sig. | .405       | .001           |

- a. Kruskal Wallis Test
- b. Grouping Variable: Number of Brands

**NULL HYPOTHESIS (HO)**

There is no significant relation between rural and urban respondents with regard to number of dealers contacted for purchase of four wheel-er. Since, the P-value (0.574) is more than 0.05 at 5 percent level of significance, the null hypothesis is accepted.

**Test Statistics<sup>a,b</sup>**

|             | Km Price | Km Avail-ability | Km Prod fea | Km Cr. fclty | Km A.sal. ser | Km Brands | Km Quality |
|-------------|----------|------------------|-------------|--------------|---------------|-----------|------------|
| Chi-Square  | 15.660   | 19.007           | 3.420       | 6.453        | 3.089         | 11.686    | 2.670      |
| Df          | 5        | 5                | 5           | 5            | 5             | 5         | 5          |
| Asymp. Sig. | .001     | .000             | .331        | .092         | .378          | .009      | .445       |

- a. Kruskal Wallis Test
- b. Grouping Variable: Number of Dealers

**Test Statistics<sup>a,b</sup>**

|             | Km Dealers | Km Information |
|-------------|------------|----------------|
| Chi-Square  | 1.993      | 17.282         |
| Df          | 5          | 5              |
| Asymp. Sig. | .574       | .001           |

- a. Kruskal Wallis Test
- b. Grouping Variable: Number of Dealers

**NULL HYPOTHESIS (HO)**

There is no significant relation between rural and urban respondents with regard to information gathered during their visit for the purchase of four wheelers. Since, the P – value (0.10) is more than 0.05 at 5 percent level of significance, the null hypothesis is accepted.

|             | KmPrice | KmA-vail-ability | Km-Prod fea | Km Cr. fclty | KmA.sal.ser | Km-Brands | Km-Quality |
|-------------|---------|------------------|-------------|--------------|-------------|-----------|------------|
| Chi-Square  | 2.564   | 3.877            | 8.038       | 2.503        | 10.427      | 2.179     | 7.484      |
| Df          | 5       | 5                | 5           | 5            | 5           | 5         | 5          |
| Asymp. Sig. | .767    | .567             | .154        | .776         | .064        | .824      | .187       |

- a. Kruskal Wallis Test
- b. Grouping Variable: Information gathered during the visit

**Test Statistics<sup>a,b</sup>**

|             | Km Dealers | Km Information |
|-------------|------------|----------------|
| Chi-Square  | 4.421      | 7.550          |
| Df          | 5          | 5              |
| Asymp. Sig. | .490       | .10            |

- a. Kruskal Wallis Test
- b. Grouping Variable: Information gathered during the visit

**FINDINGS**

1. Equal number of male and female respondents was chosen for the study
2. TV ads are the biggest influence on purchase of four wheelers.
3. There was more or less equal representation from the various occupations in the study with highest representation from the students
4. Value for money and satisfaction are the two important factors according to the respondents.
5. Brand name followed by popularity is the most frequent basis of selection of brand
6. Sample has been chosen more or less equally from all parts of the city.
7. Advertisements followed by television are the main sources of knowledge about latest brands and trends
8. Most of the people choose celebrity as the important element
9. Price seems to be an important factor in choosing the brand
10. Most of the people see for offers and discounts while purchasing a four wheeler.
11. Most of the people are undecided about the importance of range of colours to choose the product.
12. Most of the people look up to other for cues and style.

13. Most of the people go for second opinion while taking purchase decision.
14. 50% of the respondents are price sensitive
15. Most of them are influenced by the quality in purchase decision.

### SUGGESTIONS AND RECOMMENDATIONS

1. To ensure that a product finds a place in the minds of consumers, the manufacturers should position their products through sales promotional activities such as advertisements through the media. Indian youth/consumers are very strongly influenced by testimonials of sports personalities, film stars and celebrities. For positioning, the consumer durables like cars, the manufacturers can utilize the endorsement of these celebrities. They should confirm whether or not the perception sought to be created by them has really been created or not. They should have a research and development devoted to marketing that conducts periodical surveys about their products.
2. Majority of the respondents reported that they formed their expectations through the statement made by friends and relatives and therefore it would be beneficial if the extent of influence of such groups is studied. It may be found through closely studying the social interactions of the consumers.
3. Experts believe the main driver of the Indian car market is the availability of car finance on easy installments and reasonable interest rates. Most of the respondents also reported that due to the easy availability of finance they buy cars. So the car dealers should have tie-up arrangements with authorized financial institutions to boost sales.
4. The demand for small car segment is increasing because of the growing number of nuclear families as well as parking problems. Hence the manufacturers should find out the needs, wants, tastes and preferences of the consumers in order to design the products.
5. The respondents perceive that driving comfort and fuel economy are the most important features of the passenger car followed by availability of spare parts and price of the car, thus the manufacturers should design the product giving maximum weight age to these factors.
6. A large component of a passenger car's cost is taxes such as excise duties, Central and State sales taxes which push up the ex-factory price of a car around 50%. The Governments, both the Central and the State should come forward to reduce these tax levels to enhance the demand for cars in the country.
7. India is witnessing significant changes in the economic and social status of women. Many women are now becoming educated and they pose challenge in employment, once reserved for men. According to the observations made, it is stated by most of the female respondents that the automobile manufacturers should study the behaviour of women and should produce a car exclusively for women as the two wheeler manufacturers are doing.
8. Car owners feel that the hospitality shown by the dealers is more during their visits to the places of dealers before and immediately after the purchase. But after some time they face a problem with their dealers regarding after sales service. Therefore, it is suggested that the services rendered or to be rendered should be properly explained, friendly approach and reliability in service are to be further improved.
9. Most of the respondents expressed that they have technical problems in their existing car and some of them opined that they

switch over to another brand because they would like to buy a new technology car. The car manufacturers should have a strong R & D department and introduce new models quite frequently in the market.

10. Physical incentives may be considered by the Government to encourage indigenous designs, developments and marketing example, weighted deduction for approved R & D expenditure, grant of soft loan/subsidy for R & D of approved projects of national importance e.g, fuel efficiency, pollution control, development of new technology etc. and excise and sales tax relief on products based on indigenous R & D and promote indigenous development.
11. Vehicle manufacturers must improve customer education for operation and maintenance by well written operating and maintenance manuals and network of approved service points.
12. In view of large availability of natural gas, Government may consider possibility of incentives for use of CNG in passenger cars. Such use would reduce petrol consumption and also save foreign exchange.
13. With the competition for space, cars with compact bodies which occupy lesser parking space could be given priority. The Government can promote car parking lots either on its own or as a joint venture with the private sector in the major cities as in the foreign countries.
14. Due to steady increase of petrol/diesel prices, fuel efficiency needs to be improved. Constant improvement and technical up gradation for better fuel efficiency alone will attract more customers.
15. Price of the car should be at par or slightly low so that the customers may be retained instead of switching over to other vans, as small cars have large potential.
16. The advantages of cost, convenience, ease of filling, driving range, low emissions and safety have made Auto LPG popular worldwide. The Government of India should take steps to establish a number of Auto LPG pumps in all the urban and rural areas.

### CONCLUSION

Consumer Behaviour consists of all human behaviour that goes in making purchase decisions. An understanding of the consumer behaviour enables a marketer to take marketing decisions which are compatible with its consumer needs. There are four major classes of consumer behaviour determinants and expectations, namely, cultural, socio-economic, personal and psychological. The socio-economic determinants of consumer behaviour consist of age, marital status, occupation, education, income, family size etc. Realizing the importance of passenger car industry in the present economic situation, the researcher has analyzed the perceptions and behaviour of consumers related to this product.

From the discussions made in the previous chapters, there are certain product attributes which are identified in the study as influencing the purchase decision and satisfying the consumers. Manufacturers should concentrate on these features as they influence the choice of more prospective buyers. The growth of population in India and the increasing number of middle class consumers have attracted the attention of car manufacturers and marketers. The manufacturers and marketers who study the behaviour of consumers and cater to their needs will be successful. It may be concluded that consumer behaviour has a greater role to play in the LPG era of economic activities and future research may be directed towards the study of eco friendly fuel cars.

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