



ORIGINAL RESEARCH PAPER

Management

A STUDY ON IMPACT OF FACTORS INFLUENCING PURCHASE OF USED CARS ON BRAND LOYALTY INTENTION TOWARDS USED CARS

KEY WORDS: Brand Loyalty Intention, Factors, Used Cars

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ABSTRACT

The used car market in India is continuously growing fast and all major manufactures of cars have entered in this segment. Large number of population purchase used cars now in India as compared to previous years. The value, features, promotion and quality are the factors influencing purchase of used cars among owners of used cars. The results exhibits significant difference between socio-economic profile of owners of used cars and factors influencing purchase of used cars. The value, features, quality and promotion are having significant and positive and impact on brand loyalty intention towards used cars among owners of used cars. The dealers of used cars should sell attractive, comfortable and well known branded used cars to buyers that provide good money value for them. The dealers of used cars must sell used cars with good features and they should promote used cars through efficient advertisements and effective campaigns.

1. INTRODUCTION

A used car is also named as a pre owned car or second hand car, it is car that is previously owned by one or more persons. Used cars are selling usually through dealers, franchises and rental car firms and private individuals. The dealers of new cars are also selling used cars to customers directly, to dealers of used cars, to wholesalers or others. Currently, used car market size in India is 4.92 million and it is expected to grow at a very high rate in coming years and its sales is grown at an annual compound growth rate of 24.86 per cent during the periods between 2011 and 2018 (Saritaverma, 2016).

The used car market in India is continuously growing fast and all major manufactures of cars have entered in this segment. The market for used cars in India is divided in to various segments on the basis of different channels used for their marketing. Large number of population purchase used cars now in India as compared to previous years. The important reason is raising income levels, growth of Indian economy and ambition of lower middle and middle class population for having a own car for their comfort, personal use and symbol of social status (Shimpi, 2010). There are a number of factors influencing purchase of used cars among customers. Therefore, it is necessary to study factors influencing purchase of used cars and thie impact on brand loyalty intention of used car owners towards used cars.

2. METHODOLOGY

The present study is carried out in Coimbatore and Erode districts in Tamil Nadu state. The data are gathered from 711 owners of used cars by applying convenience sampling method through structured questionnaire. The percentages are worked out for socio-economic profile of owners of used cars. An exploratory factor analysis is done to find out the factors influencing purchase of used cars. The Analysis of Variance test is used to examine difference between socio-economic profile of owners of used cars and factors influencing purchase of used cars. The multiple linear regression is done to analyze the impact of factors influencing purchase of used cars on brand loyalty intention towards used cars.

3. RESULTS AND DISCUSSION

3.1. SOCIO-ECONOMIC PROFILE OF OWNERS OF USED CARS

The socio-economic profile of owners of used cars was analyzed and the results are shown in Table-1. The results show that 62.17 per cent of owners of used cars are males, whereas, the rest of 37.83 per cent of owners of used cars are females and 31.36 per cent of owners of used cars have age group of 36 – 45 years followed by 46 – 55 years (30.80 per cent), 25 – 35 years (20.68 per cent) and above 55 years (17.16 per cent).

The results indicate that 29.11 per cent of owners of used cars are

educated up to under graduation followed by post graduation (22.79 per cent), higher secondary (17.02 per cent), diploma (15.61 per cent) and secondary (15.47 per cent) and 32.63 per cent of owners of used cars are private employees followed by Government employees (26.72 per cent), businessmen (15.19 per cent), professionals (14.63 per cent) and agriculturists (10.83 per cent).

The results reveal that 33.33 per cent of owners of used cars have annual income of Rs.3,01,000 – Rs.4,00,000 followed by Rs.2,01,000 – Rs.3,00,000 (23.49 per cent), Rs.4,01,000 – Rs.5,00,000 (17.44 per cent), less than Rs.2,00,000 (14.49 per cent) and more than Rs.5,00,000 (11.25 per cent) and 81.15 per cent of owners of used cars are married, whereas, the remaining 18.85 per cent of owners of used cars are unmarried.

Table-1. Socio-Economic Profile of Owners of Used Cars

Socio-Economic Profile	Number of Owners of Used Cars	Percentage
Gender		
Male	442	62.17
Female	269	37.83
Age Group		
25 – 35 Years	147	20.68
36 – 45 Years	223	31.36
46 – 55 Years	219	30.80
Above 55 Years	122	17.16
Educational Qualification		
Secondary	110	15.47
Higher Secondary	121	17.02
Diploma	111	15.61
Under Graduation	207	29.11
Post Graduation	162	22.79
Occupation		
Agriculturist	77	10.83
Government Employee	190	26.72
Private Employee	232	32.63
Businessman	108	15.19
Professional	104	14.63
Annual Income		
Less than Rs.2,00,000	103	14.49
Rs.2,01,000 – Rs.3,00,000	167	23.49
Rs.3,01,000 – Rs.4,00,000	237	33.33
Rs.4,01,000 – Rs.5,00,000	124	17.44
More than Rs.5,00,000	80	11.25
Marital Status		
Married	577	81.15
Unmarried	134	18.85

3.2. FACTORS INFLUENCING PURCHASE OF USED CARS

To discover the factors influencing purchase of used cars, an exploratory factor analysis is carried out and the results are shown in Table-2. The measure of sampling adequacy (Kaiser-Meyer-Olkin (KMO) = 0.917) and Bartlett's Test of Sphericity (Chi-square value = 0.0014; Significance = 0.000) exhibits the method of factor analysis is correct.

Four factors extracted elucidate the total of 75.95 per cent of variations on 20 variables. Each factor has 25.02 per cent, 20.27 per cent, 15.84 per cent and 14.82 per cent of variation respectively.

Table-2. Factors Influencing Purchase of Used Cars

Factor	Item	Rotated Factor Loadings	Eigen Value	% of Variation	Factor Name
I	Money value	0.72	4.36	25.02	Value
	Attractiveness	0.70			
	Comfortable	0.79			
	Class of car	0.81			
	Brand name	0.73			
	Spacious	0.71			
II	Size	0.69	2.38	20.27	Features
	Colour	0.71			
	Type of car	0.74			
	Design	0.70			
	Model	0.72			
III	Website of dealer	0.78	1.36	15.84	Promotion
	Advertisements	0.76			
	Family	0.73			
	Friends	0.68			
	Campaigns	0.70			
IV	Mileage	0.69	1.08	14.82	Quality
	Simple procedure	0.67			
	Service quality	0.70			
	Past experience	0.68			
	Cumulative Percentage of Variation	-	-	75.95	-
	Cronbach's Alpha Value	-	-		0.90

Principal Component Analysis
 Varimax Rotation
 Rotation is converged in 7th iterations

Factor – I: consists of money value, attractiveness, comfortable, class of car, brand name and spacious. Thus, this factor is named as **“Value”**.

Factor - II: includes size, colour, type of car, design and model. Hence, this factor is named as **“Features”**.

Factor - III: comprises of website of dealer, advertisements, family, friends and campaigns. Therefore, this factor is named as **“Promotion”**.

Factor - IV: covers mileage, simple procedure, service quality and past experience. So, this factor is named as **“Quality”**.

Cronbach's Alpha value of the scale is 0.90 revealing that each measure is at acceptable level of internal consistency. It reveals that value, features, promotion and quality are the factors influencing purchase of used cars.

3.3. SOCIO-ECONOMIC PROFILE OF OWNERS OF USED CARS AND FACTORS INFLUENCING PURCHASE OF USED CARS

To examine the difference between socio-economic profile of owners of used cars and factors influencing purchase of used cars, the Analysis of Variance test is used and the results are shown in Table-3.

Table-3. Difference between Socio-Economic Profile of Owners of Used Cars and Factors Influencing Purchase of Used Cars

Particulars	F-Value	Sig.
Gender and Factors Influencing Purchase of Used Cars	61.496**	.000
Age Group and Factors Influencing Purchase of Used Cars	39.741**	.000
Educational Qualification and Factors Influencing Purchase of Used Cars	22.980**	.000
Occupation and Factors Influencing Purchase of Used Cars	42.463**	.000
Annual Income and Factors Influencing Purchase of Used Cars	28.369**	.000
Marital Status and Factors Influencing Purchase of Used Cars	7.677**	.006

**Significance at one per cent level

The F-values are significant at one per cent level indicating that there is significant difference between socio-economic profile of owners of used cars and factors influencing purchase of used cars. Hence, the null hypothesis is rejected.

3.4. IMPACT OF FACTORS INFLUENCING PURCHASE OF USED CARS ON BRAND LOYALTY INTENTION TOWARDS USED CARS

To analyze the impact of factors influencing purchase of used cars on brand loyalty intention towards used cars, the multiple linear regression is done and the results are shown in Table-4.

Table-4. Impact of Factors Influencing Purchase of Used Cars on Brand Loyalty Intention towards Used Cars

Particulars	Regression Co-efficients	t-Value	Sig.
Intercept	7.412**	21.756	.000
Value (X ₁)	.890**	14.522	.000
Features (X ₂)	.546**	16.222	.000
Promotion (X ₃)	.314**	12.838	.000
Quality (X ₄)	.480**	11.331	.000
R ²	0.53	-	-
Adjusted R ²	0.51	-	-
F	122.508	-	.000

**Significance at one per cent level

The coefficient of multiple determination (R²) is 0.53 and adjusted R² is 0.51 revealing the regression model is good fit. It shows that 51.00 per cent of the variation in dependent variable is explained by the independent variables. The F-value of 122.508 is significant at one per cent level implying the model is significant.

The results indicate that value, features, quality and promotion have positive and significant impact on brand loyalty intention towards used cars among owners of used cars at one per cent level. Thus, the null hypothesis is rejected.

4. CONCLUSION

The present study reveals that majority of owners of used cars are males and most of them belong to age group of 36 – 45 years. Most of owners of used cars are under graduates and majority of them are private employees. Majority of owners of used cars belong to annual income group of Rs.3,01,000 – Rs.4,00,000 and most of them are married.

The value, features, promotion and quality are the factors influencing purchase of used cars among owners of used cars. The results exhibits significant difference between socio-economic profile of owners of used cars and factors influencing purchase of used cars. The value, features, quality and promotion are having significant and positive and impact on brand loyalty intention towards used cars among owners of used cars.

The dealers of used cars should sell attractive, comfortable and well known branded used cars to buyers that provide good money value for them. The dealers of used cars must sell used cars with good features and they should promote used cars through efficient advertisements and effective campaigns. The dealers of used cars must simplify procedure for buying and selling of used cars and must provide superior quality of services to used car buyers.

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