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CONSUMER BEHAVIOR FOR SMALL CARS: AN EMPIRICAL STUDY

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ABSTRACT

The small car market in India is soon going to be one of the biggest in the world, as major automakers are investing here in this segment. There is Tata Nano ready to be launched and many others who are eyeing the Indian consumers to keep up their global sales figures. There is increasing competition with the entry of many new foreign as well as Indian players in the market. The war has begun and the fate of these firms will be decided by the consumers in the market. Only if the marketers could understand consumer behavior, they would be able to predict how customers are likely to react to various options available to them. Also, a marketer is expected to find out whether or not the customer's consumption motives and purposes have been met. The present paper seeks to identify the factors that influence the consumer behavior with special reference to small cars. The findings of the study can be helpful to marketers in dealing with the customers in a better way.

INTRODUCTION

The small car market in India is increasing by leaps and bounds. The main players in the car market like Tata Motors and Maruti Udyog are fiercely competitive and more or less all the automobile companies in India that have forayed into the production of small cars are trying to out-do each other in terms of design, innovation, pricing and technology. Tata Motors have decided to launch a mini car 'NANO' in 2009 which will cost much less. Tata Motors is also going through a process of decision making, to launch a variety of mini-cars in association with Fiat. Also several global brands like Suzuki, Hyundai, Daewoo, Ford etc. have entered in the Indian car industry while some others like Volkswagen, General Motors are closely watching the market. The increase in the demand for small cars can be attributed to the inspirational lifestyle of people which makes them strive for a car early on in life. The overall age for owing a car has also decreased in recent years. Further, with the growing affluence of the rural sector, owing a car, at least a small car, is a foregone conclusion in modern India. However, since small cars care more affordable and utilitarian, the demand for them has shot through the roof.

After liberalization and globalization, the car industry in India has undergone a phenomenal change. The days of monopoly in the Indian market are over. The small passenger car market has reached a stage which nobody would have dreamt of few years back. The small car industry in India is fast adapting to the changing times. Small cars are looking more beautiful and technologically superior. The study is exploratory in nature undertaken on a sample of 100 small car owners in Jaipur and Jodhpur cities to identify the constituent factors of consumer behavior. The respondents were selected on random basis from the population under study i.e. owner/users of small cars. The various models of small cars under study included Maruti 800, Maruti Zen, Alto, Fiat Palio, Spark, Santro and Tata Indica.

OBJECTIVES OF THE STUDY

The present study was undertaken with the following objectives:

- To identify the factors influencing the selection and purchase of small car.
- To study the factors affecting consumer's pre-purchase and post purchase behavior.
- To find out the attitude of consumers towards various brands of small cars.
- To find out the brand preferences of the consumers.

METHODOLOGY

The present study deals with various aspects which determine the consumers preference and attitude towards the small car. We approached the customers of small cars in the cities of Jaipur and Jodhpur randomly for the purpose of the present study. We used the convenience sampling method to carry out the present study. The sample size consists of 100 respondents. A well-designed questionnaire was prepared for obtaining the information. The respondents were asked to mark on the five point Likert scale. The scale was administered on the users of various small cars. After scoring, the raw scores were tabulated for analysis. Likert scale and rating scale have been used to analyze the data.

RESULTS AND ANALYSIS

Table 1. Brands possessed by the customers

S. No.	Name of the Brand Possessed	% of the Respondents
1	Maruti 800	28
2	Tata Indica	15
3	Maruti Zen	10
4	Palio	03
5	Alto	23
6	Spark	06
7	Santro	15

The total sample surveyed which consisted of 100 respondents were the car-owners. Table 1 clearly indicates that Maruti is still the market leader in small car segment. 61% of the customers were found as brand possessors of Maruti cars (28%, 23% and 10% for Maruti 800, Alto and Zen respectively). Equal number of respondents owned Santro and Tata Indica i.e. 15% of the respondents having each.

Table 2. Motivators for purchase of a specific brand

S. No.	Motivators	% of the Respondents
1	Advertisements (TV & Print media)	56
2	Dealer's recommendations	15
3	Family member's & friend's recommendations	27
4	Others	02

To find out from the respondents a question was asked related to the motivators which have considerably influenced their purchases decision. The information given in table 2 indicates that the customer's decision to purchase a small car is mostly influenced by advertisements in television and print media. Also recommendation from family members and friends play important role.

Table 3. Satisfaction Level with the Brand Possessed

Satisfaction Level	% of the Respondents
Completely Satisfied	51
Moderately Satisfied	33
Dissatisfied	16

In order to analyze the level of satisfaction with the brand possessed by the respondents a question was asked whether they were satisfied or dissatisfied with the brand possessed by them. The majority (51%) of the respondents were found completely satisfied with the brand they were having.

Most Preferred Brand of Small Cars

Table 4. Ranking of Cars in Order of Preference

N=100

Brand	Respondents Giving 1st Rank	WS	Respondents Giving 2nd Rank	WS	Respondents Giving 3rd Rank	WS	Respondents Giving 4th Rank	WS	Respondents Giving 5th Rank	WS	Respondents Giving 6th Rank	WS	Respondents Giving 7th Rank	WS	TWS	RANK
Maruti 800	18	126	12	72	28	140	20	80	9	27	8	16	5	5	466	III
Tata Indica	12	84	10	60	18	90	30	120	15	45	9	18	6	6	423	IV
Maruti Zen	10	70	16	96	9	45	5	20	39	117	15	30	6	6	384	V
Palio	6	42	11	66	2	10	8	32	---	---	24	48	49	49	223	VII
Alto	25	175	20	120	21	105	19	76	10	30	3	6	2	2	514	I
Spark	9	63	11	66	2	10	4	16	11	33	35	70	28	28	286	VI
Santro	20	140	21	126	20	100	14	56	16	48	6	12	3	3	485	II

Note: a) First rank was given a score of 7, second rank a score of 6, third rank a score of 5, fourth rank a score of 4, fifth rank a score of 3, sixth rank a score of 2 and seventh rank a score of 1.

b) WS denotes weighted scores.

c) Ranking was done on the basis of Total weighted score (TWS)

To find out the attitude of customers towards the brand preference in small car segment, the respondents were given seven brands of small cars and were asked to rank them in order of priority. The details regarding data collected are shown in table IV. The table shows that the respondents feel that Alto is the most preferred brand where as Palio is the least preferred brand in small car segment. The other brands such as Santro, Maruti 800, Tata Indica, Maruti

Zen and Spark have been assigned the second, third, fourth, fifth and sixth rank by the respondents respectively.

Table 5. Criteria for Selection of a Brand

Criteria	Respondents Giving 1st Rank	WS	Respondents Giving 2nd Rank	WS	Respondents Giving 3rd Rank	WS	Respondents Giving 4th Rank	WS	Respondents Giving 5th Rank	WS	Respondents Giving 6th Rank	WS	Respondents Giving 7th Rank	WS	TWS	RANK
Price	46	322	29	174	12	60	10	40	3	9	--	--	--	--	605	I
Fuel-Efficiency	20	140	35	210	18	90	15	60	8	24	3	6	1	1	531	II
Comfort & Space	16	112	20	120	42	210	12	48	9	27	1	2	--	--	519	III
Safety	2	14	1	6	1	5	3	12	10	3	24	48	59	59	147	VII
After Sale Services	10	70	8	48	22	110	43	172	12	36	3	6	2	2	444	IV
Technol-ogy & Mainten-ance	5	35	6	36	3	15	12	48	38	114	20	40	16	16	304	V
Appeara-nce	1	7	1	6	2	10	5	20	20	60	49	98	22	22	223	VI

Note: a) First rank was given a score of 7, second rank a score of 6, third rank a score of 5, fourth rank a score of 4, fifth rank a score of 3, sixth rank a score of 2 and seventh rank a score of 1.

b) WS denotes weighted scores.

c) Ranking was done on the basis of total weighted score (TWS)

In order to find out the basis of selection of small cars among respondents, we have considered seven factors such as appearance, technology and maintenance, price, fuel efficiency, comfort and space, safety and after sale services. Respondents were asked to rank all the above mentioned factors. The data collected have been presented in table V. It is clear from the table that the large number of respondents has given first rank to price, second to fuel efficiency, third rank to comfort, fourth rank to after sale services, fifth rank to technology and maintenance, sixth rank to appearance and seventh rank to safety. Hence the majority of respondents have preferred the price as the basis of selection of brand of small car.

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Customer's Attitude towards their Small Car

Table 6

N = 10000

S. No.	Statements : Your car	SA	A	NAND	D	SD	WAS
1	Suits your life style	20(100)	43(172)	14(42)	19(38)	4(4)	3.76
2	Is optimally priced	35(175)	45(180)	2(6)	7(14)	11(11)	3.86
3	Is smooth on steep roads	22(110)	41(164)	6(18)	19(38)	12(12)	3.42
4	Has smooth clutch	20(100)	39(156)	6(18)	28(56)	7(7)	3.37
5	Has good tyres	16(80)	37(148)	28(84)	15(30)	4(4)	3.46
6	Has powerful cabin light	8(40)	7(28)	16(48)	43(86)	26(26)	2.28
7	Has silent engine	7(35)	32(128)	12(36)	43(86)	6(6)	2.91
8	Has comfortable steering wheel	45(225)	51(204)	--	3(6)	1(1)	4.36
9	Accessories are easily available	8(40)	36(144)	27(51)	22(44)	7(7)	2.86
10	Has quick acceleration	16(80)	29(116)	14(42)	28(56)	13(13)	3.07
11	Has efficient brakes	29(145)	21(84)	25(75)	19(38)	6(6)	3.48
12	Has sufficient storage space	6(30)	12(48)	6(18)	49(98)	27(27)	2.21
13	Is fuel efficient	39(195)	25(100)	16(48)	12(24)	8(8)	3.75
14	Has sufficient warranty	37(185)	26(104)	7(21)	22(44)	8(8)	3.62

Note: a) The weighted average score (WAS) was calculated by giving score as 5 for strongly agree (SA), 4 for agree (A), 3 for neither agree nor disagree (NAND), 2 for disagree (D) and 1 for strongly disagree (SD)

b) WS denotes weighted average scores.

c) Figures within the brackets shows weighted scores (WS)

To study the customer's attitude towards the small car they owned we have made an attempt to develop a Likert type scale. The Likert scale has 14 statements and the customers were asked to reply their response as strongly agree, agree, neither agree nor disagree, disagree and strongly disagree for each statement. The information regarding this has been shown in table VI. The attitude of respondents was indicated through the weighted average score (WAS). "Your car has comfortable steering wheel" has highest degree of score i.e. 4.36. It may also be verified from the table that 49 percent of the respondents disagreed and 27 percent of respondents strongly disagreed with the statement – "Your car has sufficient storage space". The weighted average score for this statement was only 2.21. However, it can be observed that comfortable steering wheel, price, matching one's life style, fuel efficiency, sufficient warranty, efficient brakes and good tyres are the major determinants of buying behaviour of the customers of small cars.

LIMITATION AND DIRECTION FOR FUTURE RESEARCH

The present study may also have the traditional limitations associated with survey research such as selection error, measurement error non-response error. Secondly, the study was limited in its scopes due to time and resources constraints. Despite these limitations, this study makes several contribution study consumer behavior for small cars. Since this study was exploratory and limited to a number respondents, findings can only be used as a guide for further research into this area. The purpose of the next stage in the research is to extend it to large sample.

CONCLUSION

The researcher ascertained that currently the small car industry in India is dominated by Maruti. Key finding which emerged for this study is that Alto is most preferred car in this segment followed by Santro, Tata Indica, Maruti Zen, Spark whereas Palio is least preferred car among the consumer. This study reveals that purchasing of car is strongly influenced by the advertisements and secondly by family and friend's recommendations. In addition, when researchers measured the level of satisfaction, it revealed that nearly fifty percent consumers are fully satisfied from their brand while around sixteen percent of respondents are not satisfied from their purchasing decision. The study also reveals that price is one of the most important criteria in selection of car. Safety measures in car are least preferred criteria. At the same time companies must pay attention to fuel efficiency, warranty and after sale services and availability of accessories.

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