

A Study on The Purchase Behaviour of Customers of Hatchback Cars in Delhi/NCR Region

Vandana Gupta

Assistant Professor
Department of Marketing
Amity University, Noida

Dr. Asif Ali Syed

Assistant Professor
Department of Business Administration
Aligarh Muslim University
Aligarh

Prof. Mukesh Chaturvedi

Sr. Consultant & Founding Partner
PDC Educational Services
Mayur Vihar
Delhi

Abstract

Indian Automobile passenger car market is witnessed by the presence of many national and multi-national manufactures post liberalization 1991. The availability of many alternatives within the city provides an opportunity to the consumers to make a rational decision after considering all the options while purchasing the car. Today is an era which is characterized by a consumer's market where the manufacturers and marketers not only takes into consideration the consumer orientation to make them satisfy but goes one step ahead of achieving consumer delight. Consumers look for those differentiating parameters, which may help them for best decision and can be proved as value to money proposition for them. It makes more important to analyze the consumer behavior towards the hatchback car owners which will give the feedback pertaining to designing the marketing strategies. The objective of this study is to investigate those differentiating parameter and effect of reference group that influence the consumer buying behavior of car owners within the city of Delhi/NCR. The primary data was collected from 197 respondents, located in Delhi/NCR region using convenience sampling. Various statistical tools and techniques were used for the analysis of the study. The results revealed the strong influence of attributes like price, fuel efficiency on the buying decision of the consumer and importance of reference group.

Keywords: Consumer Behaviour, Customer preferences, hatchback cars, purchase behaviour

Introduction

Today the automobile industry is the growing and profit generating industry. Due to increase in the disposable income of the people and easy finance available in the market, the sales of the passenger cars have increased. As the competition is increasing day by day, new players are entering into the market with their new innovation to attract the potential buyers in the market.

The buying behavior of customer can be studied by knowing their perception about the cars in the market. Basically it is the need to find out what customer expects and what is being offered to them. When a customer is satisfied with the product or service, he recommends that product and service to another prospective customer.

The Indian industry is currently experiencing unprecedented boom in the demand for all types of vehicle.

Some recent Contributions

The Indian car industry is one of the greatest on the planet with a yearly creation of 23.37 million vehicles in FY 2014-15; the development is more than 8.68 for every penny in the course of the most recent year.

The car business contributes in 7.1 for every penny of the nation's total national output (GDP).

The Two Wheelers portion with 81 for every penny piece of the overall industry is the pioneer of the Indian Automobile market inferable from a developing white collar class and a youthful populace. Also, the developing enthusiasm of the organizations in investigating the provincial markets further helped the development of the part. The general Passenger Vehicle (PV) section has 13 for every penny piece of the pie.

India is likewise an unmistakable auto exporter and has solid fare development desires for the not so distant future. In FY 2014-15, car trades developed by 15 for every penny in the course of the most recent year. Likewise, a few activities by the Government of India and the significant car players in the Indian business sector are relied upon to make India a pioneer in the Two Wheeler (2W) and Four Wheeler (4W) market on the planet by 2020. There was a time when there was too less variety of cars available in Indian market, Indian automobile industry has come up with a long way to have a different variety of cars available these days. There are a many of top automobile companies running their operations in India, which have a different range of products and models available in different segments of cars.

Maruti Suzuki has reliably been the predominant pioneer in the Indian car industry. Nonetheless, there are additionally other enormous players in the market like Tata Motors, Mahindra and Mahindra, Hyundai Motors, Hindustan Motors, General Motors etc.

Earlier, the greater part of the Indian auto car makers was utilizing the remote advances. In any case, now the situation has changed throughout the years and instantly, the Indian car makers are utilizing their own particular innovation and have their own manufacturing units and their own body shops. Because of the developing pace of Indian car advertise, various auto makers including the worldwide pioneers have begun importing products that are created in India for their own nation, because of a few components.

Top Automobile Manufactures in India

1. Maruti Suzuki Pvt Ltd
2. Tata Motors Pvt Ltd
3. Ford India Ltd
4. Toyota Kirloskar Pvt Ltd
5. Hyundai Motor India

6. Honda Motor India Pvt Ltd

7. Mahindra & Mahindra Ltd

8. Nissan Motor India Pvt Ltd

9. Renault India Pvt Ltd

10. Volkswagen Pvt Ltd

Literature Review

Sangeeta Gupta (2013) reveals that the reference group plays an important role in influencing the car purchase decision. This group which includes family, friends and relatives is a significant source of information and influence. Some of the other factors which influence the purchase decision are promotional offers and fuel efficiency. As per the study, the three attributes – fuel efficiency, price and powerful engine are considered most important by the customers. With the changing market dynamics, information available on the internet also appears in the list of influencers in the car purchase decision. Vikram Shende (2014) has touched upon various topics such as classification of car market, purchase decision process and classification of behaviors and their effect on various car segments. As highlighted in the paper, consumer behavior is a mix of cultural, demographic, economic, technological and political factors. These factors are a reflection of his knowledge, perception, personality, attitude, lifestyle and motivation. It is imperative that a marketer understands this behavior which is a concoction of multiple factors as mentioned above. Different factors appear at different priority levels for various car segments. Mini Car segment customers are usually first time buyers. Though customer of this segment is highly cost conscious, there is a migration which is observed due to increase in disposable income. The focus changes to safety, driving & seating comfort and brand for the customer of mid-size segment. Three other important attributes for this segment include value for money, features and customer friendly vehicles. Executive and Premium class segment customers have preference for brand name, higher horse power, attractive styling and product performance. The customers of this segment use the vehicle for business purpose and thus look for the brand name to reflect their style and personality. The factors such as price, fuel efficiency and maintenance cost are not of significant importance. Also, global brands are preferred by this customer segment. Stella & Rajeshwari (2012) focuses on the relationship between customer satisfaction, brand image and information from mass media. This study included respondents from all age groups, occupation strata, income groups and education backgrounds. Most customers rely upon inputs from their friends/relatives/children/spouse for decision making. Specifically in nuclear families, decisions are taken individually. The most important factors that influence the consumers are price of the car, low

maintenance, high quality and long durability in that order. Consumer retention, customer relationship management, personalization and one-to-one marketing are also important factors in the decision making process.

Kusuma (2015) elaborates on the consumer behavior pattern on buying decision of small cars. A framework has been developed to study the behavioral patterns which influence the consumer purchase of small cars. The need to purchase a car is followed by the information gathering from peers and the internet. Factors such as re-sale value, value for money, market goodwill and easy availability constitute market influence. Car financing agencies also have a role to play in this decision making process. External influence factors include family, parents, colleagues and the car being a status symbol. Manufacturer, Brand, Mileage, Performance, Price, Interior & Exterior Design and Safety & Comfort features consist of the product influence. Internet these days is playing an important role in influencing the pre-purchase decision of cars.

Shahir bhatt and Amola bhatt (2015) identified six factors which influence the purchase behavior of consumers for hatchback cars. Brand promise, Features, Reach, Promotions, Perceived Quality and Price. Brand promise describes the elements which consumer's associates with a particular brand such as comfort, service and trustworthiness. Quality and the price were separately identified as important factors of the buying process. Beena john and S Pragadeeswaran (2013) states that female car users are buying hatchback cars as it convenient to drive and economical too. Value for money and price quality is the important factors which influence small car buying. The new generation people are very difficult to classify on the basis of demographic factors and unless their thought process and buying behavior preferences are fully understood, decisions on product designs, product variants, branding and distribution channels are likely to be confusing. Gupta Bhuwan and Agarwal Nisha (2013) suggested that if the proper advertisement and sales promotion are done, it helps to create the place in the minds of the customers. With the help of celebrity endorsements, it helps to influence the customers. Manufacturer of car can develop the social Interaction program through which they interact with the customers and their family members, it helps to create loyalty towards the brand. According to today's scenario car manufacturing are focusing on the family size as nuclear family are increasing day by day, so according to tone, want, taste, preference of the customer and design the product. Josephine Stella, Dr. K Rajeswari (2012) states that the most important factor that influences the consumer to buy the car is its price followed by the low maintenance, its high quality and the long durability. People usually look for performance, good dealer network and good after sales service. With the help of study, it was identified

that there is a significant relationship between income of the customer and brand name. Balakrishnan Menon & Dr. Jagathy Raj V.P (2012) states that, for personal needs, the family wanted a car for functions, social gathering, need to travel long distance on trips and need to upgrade from two-wheeler to four-wheeler. People want good engine performance, safety and security measures; good after sales service are at the top list. Comfort factors, style and look of the car and value for money are at the top requirements.

Amit Sharma (2010) pointed out that when a buyer thinks of purchasing the new car, the average time taken in researching for the product is average 9.8 days and the people who have used the car make up their mind in 7.7 days on an average. More than half the car buyers in these cities use the internet to read reviews compare specifications and prices of different models and to locate dealerships. More than half the consumers look at video advertisements, sponsored links & animated advertisements of cars.

Liu Dongyan (2012) identified safety as the most important characteristics for them and they take value for money on the second characteristic and driving pleasure is the third factors they keep in mind while purchasing the car. Safety and value for money is the most important factors for them to purchase the car. Chinese consumers take after-sale service and exterior design as the fourth most important factors when making the purchase decision. Consumers get information from different channels, car sales staff, Internet, family/friend, word of mouth, car shows etc.

Deloitte (2014) revealed that the first time car buyer, looks to buy a car for his family primarily. The first time buyer has really no comparable reference, it is natural that this buying decision is not influenced by the improvement of fuel efficiency factor. The study details that the first-time buyers use reliability, the dealer services and resale value as filters while making brand choices. However, it was observed that female respondents attached less importance to reliability and dealer ability as compared to the male respondents.

Ashutosh Nigam & Rajiv kaushik (2012) identified that brand equity factors helps to influence the purchase decisions of customers. The study concluded that the brand manager should focus on the customer loyalty, trustworthiness, brand distinction, innovative feature to manage brand equity. It is not only the brand image which influences the customer but dealer image plays an important role in influencing the purchaser.

Kotler and Armstrong (2006) stated that the marketers identify the factors which are important to identify potential buyers and then produce products as per the needs of customers. Each of these factors has a special dimension. For instance, social factors play a very important role in the decision of the buyer's purchase.

Objectives

1. To understand the source of information that influences the consumer buying decision for hatchback cars.
2. To understand the demographic profile of customers for hatchback cars.
3. To determine the major factor that affects the purchasing behavior of a customer.

Research Methodology

Research Design

The research is Descriptive in nature. The study is done to understand the purchase behavior of consumers towards hatchback cars in Delhi/NCR region. For this purpose, a structured Questionnaire is used and results are interpreted.

Sample Unit: Respondents who owns or are planning to buy a hatchback car.

Sample Area: Delhi and NCR

Research Instrument: Structured Questionnaire

Tools Used: Factor analysis, cross tabulation

Software used for analysis: SPSS

Data Collection

Primary data: Primary data was collected with the help of structured questionnaire.

Secondary data: Secondary data was compiled with the help of Articles, Reports, Journals, Magazines, Newspapers and Internet.

Sample Size: 197 respondents is the sample size for the study conducted within Delhi NCR.

Data Analysis

The test used is factor analysis.

Table 1 - KMO & Bartlett's Test

Kaiser-Meyer-Olkin Adequacy.	Measure of Sampling	.791
Bartlett's Test of Sphericity	Approx. Chi-Square	2641.617
	Df	300
	Sig.	.000

HYPOTHESIS

H0=the sample is adequate

H1=the sample is inadequate

Since KMO value is greater than 0.6, thus the sample is adequate.

Thus H0 is accepted

Table 1 - Total Variance Explained

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.941	27.764	27.764	6.941	27.764	27.764	4.114	16.456	16.456
2	3.127	12.507	40.271	3.127	12.507	40.271	2.996	11.986	28.442
3	2.251	9.004	49.275	2.251	9.004	49.275	2.865	11.460	39.901
4	1.922	7.689	56.964	1.922	7.689	56.964	2.596	10.385	50.286
5	1.407	5.629	62.593	1.407	5.629	62.593	2.311	9.243	59.529
6	1.110	4.441	67.034	1.110	4.441	67.034	1.876	7.505	67.034
7	.996	3.984	71.018						
8	.783	3.130	74.149						
9	.711	2.844	76.993						
10	.700	2.799	79.792						
11	.597	2.389	82.181						
12	.569	2.277	84.458						

13	.534	2.135	86.593						
14	.483	1.930	88.523						
15	.399	1.598	90.121						
16	.396	1.586	91.707						
17	.343	1.372	93.079						
18	.327	1.308	94.387						
19	.281	1.126	95.513						
20	.238	.952	96.465						
21	.220	.879	97.344						
22	.187	.748	98.093						
23	.172	.689	98.781						
24	.158	.632	99.413						
25	.147	.587	100.000						

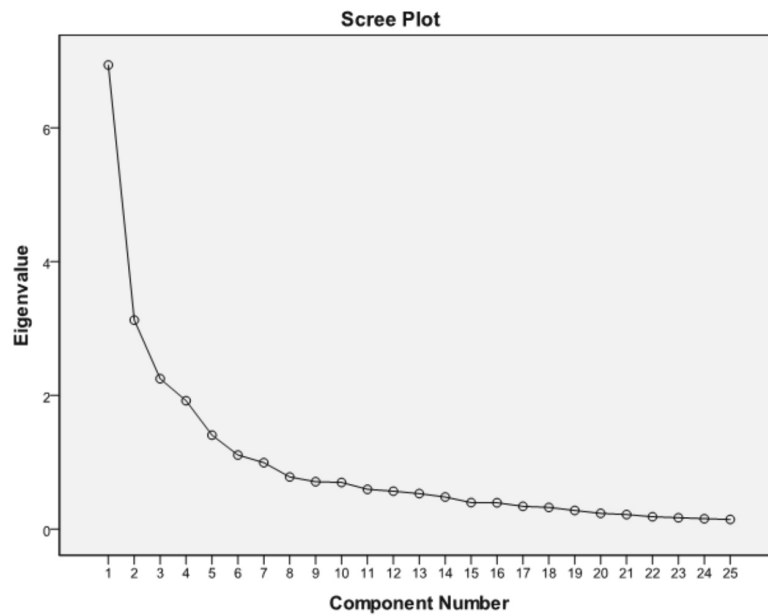


Figure 1 - Scree Plot
Table 3 - Rotated Component Matrix

	Component					
	1	2	3	4	5	6
Interior	.103	.838	.044	.094	.086	-.068
Exterior	.107	.804	.144	.133	.046	-.090
Technical Specification	.204	.775	.189	.034	.004	.215
Safety Measures	-.013	.710	.251	-.019	.182	.293
Fuel Type	.591	.339	-.107	.164	.337	.222
Price	.776	.112	-.048	.104	.264	.042
Maintainence Cost	.794	.063	-.048	.048	.272	.266

Mileage	.784	.071	-.152	.083	.283	.119
Exchange Offer	.727	.069	.013	.096	-.306	.078
Promotion & Discount	.745	.081	.300	-.104	-.124	-.136
Easy Availability Of Finance	.679	-.005	.230	.379	.022	-.075
Test Drive	.166	.269	.215	.128	.507	-.199
Treatment At Dealers	.096	.110	.707	.004	.471	-.020
Behaviour Of Salesperson	-.059	.111	.795	.023	.128	.123
Infrastructure Of Sales Station	-.049	.265	.751	.250	-.082	.204
Dealership Reputation	.077	.121	.741	.135	-.042	.104
Advertisements	.167	.079	.302	.437	-.012	.368
Brand Name	.110	-.065	.266	.576	.375	.181
Word Of Mouth	.227	-.074	.030	.567	.408	.324
Celebrity Endorsment	.034	.056	.207	.088	.098	.821
Promotion	.237	.164	.142	.386	.026	.676
Service Network	.178	.077	.079	.104	.756	.180
After Sales Service	-.040	.133	-.053	.549	.622	.061
Road Assistance	-.096	.367	-.043	.606	.202	.128
Ease Of Exchange	.259	.091	.180	.761	-.043	.013

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 9 iterations.

Table 4 - Factors Drawn from Factor Analysis

1	2	3	4	5	6
V6	V1	V13	V24	V22	V20
V7	V2	V14	V25	V23	V21
V8	V3	V15			
V9	V4	V16			
V10					
V11					

V1-Interior

V2-Exterior

V3-Technical Specification

V4-Safety Measures

V6-Price

V7-Maintainence Cost

V8-Mileage

V9-Exchange Offer

V10-Promotion & Discounts

V11-Easy Availability of Finance

V13-Treatment at Dealers Outlet

V14-Behaviour of Salesperson

V15-Infrastructure of Sales Station

V16-Dealership Reputation

V20-Celebrity Endorsement

V21-Promotion

V22-Service Network

V23-After Sales Service

V24-Road Assistance

V25-Ease of Exchange

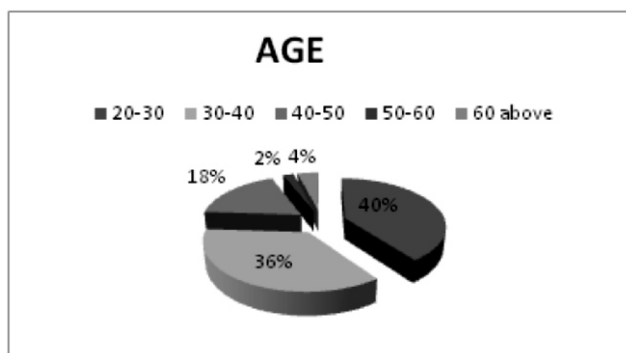
Thus the factors withdrawn are:

1. Cost
2. Specifications
3. Responsiveness
4. Reliability
5. Value Added Service
6. Awareness

Table 5 - Analysis of Demographic Factors - Age

AGE	RESPONDANT
20-30	80
30-40	69
40-50	36
50-60	4
60 above	8
TOTAL	197

Figure 2 - Analysis of Demographic Factors (Age)



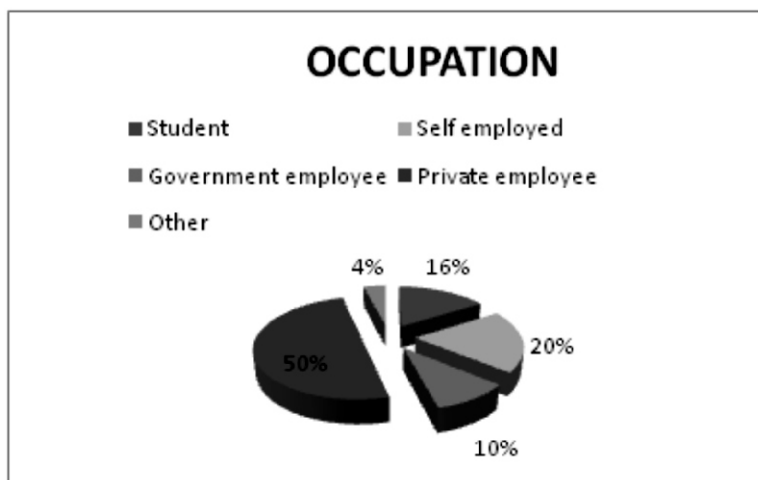
It has been found that the total people of age group 20-30 years are 40% who are owning hatchback cars with them whereas the people with age group of 30-40 are slightly

lesser, that is 36% who are having hatchback cars, the people with age group of 40-50 are comparatively less in number that is 18%.

Table 6 - Analysis of Demographic Factors – Occupation

OCCUPATION	RESPONDANT
Student	32
Self employed	40
Government employee	17
Private employee	100
Other	8
TOTAL	197

Figure 3 - Analysis of Demographic Factors (Occupation)

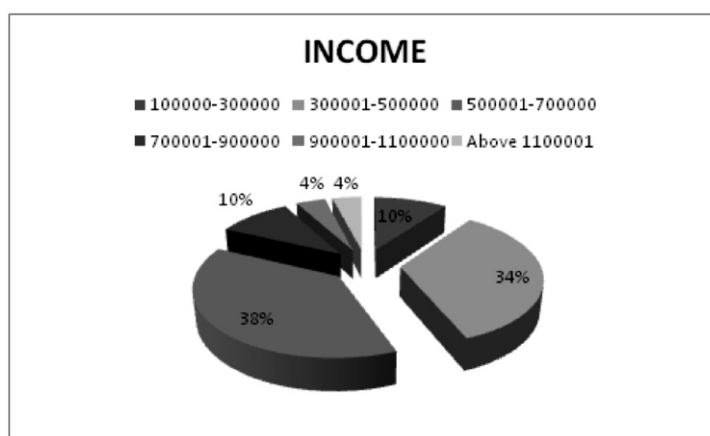


With the help of above pie chart we get to know that 50% sample are the private employees, 20% people are self employed, followed by students and government employees who are comparatively less in number that is 16% and 10%.

Table 7- Analysis of Demographic Factors – Income (in Rupees)

INCOME	RESPONDANTS
100000-300000	20
300001-500000	68
500001-700000	73
700001-900000	20
900001-1100000	8
Above 1100001	8
TOTAL	197

Figure 4 - Analysis of Demographic Factors (Income)

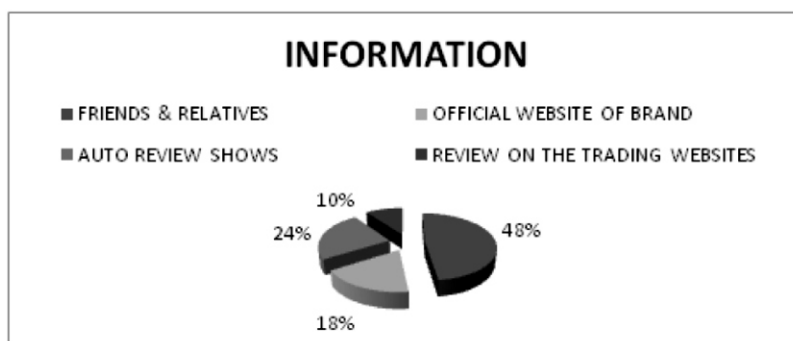


The above chart states that 38% people are in the income group of 5L-7L per annum and people with the income group of 3L-5L per annum are 34% , followed by 7L-9L and 9L-11L which is comparatively less in number that is 10% for both the groups and people with the income of 1L-3L and above 11L is only 4%.

Table 8 - Analysis - Information Source

Information	Respondents
Friends & Relatives	96
Official Website Of Brand	36
Auto Review Shows	45
Review On The Trading Websites	20
Total	197

Figure 5 - Analysis of Information Source



From the above pie charts, it was observed we got the information about the source, that from where people get influenced for buying or taking the decision for purchasing the vehicle. So, 48% of the people get influenced from their friends and relatives, 24% people get influenced from the auto review shows, whereas 18% of people get influenced from official website of brand and 10% of people get influenced from the review from the trading websites.

Observations & Findings

- Factors identified from factor Analysis are Cost of the car, Specifications of the car, Responsiveness, Reliability of the company, Value Added Services, Awareness. Thus these are important factors considered by the potential buyers for purchasing of a car.
- From the demographic analysis, the respondents in the age group of 20-30 years are very important for the companies for purchasing of hatchback cars, followed by 30-40 years of age group.
- The people who purchase the hatchback cars are mostly private employee, which is 50% of the sample, followed by self employed people who are comprising 20% of the sample.
- 38% people are in the income group of 5L-7L per annum and people with the income group of 3L-5L per annum are 34%
- The most important source of information that influences the customer for purchase of the car is friends and relatives, followed by official website of brand.

Recommendations

- Along with the demographic profile of the respondents, it is important to study the psychographic profile of the customers, which helps the companies to understand their mindset, attitude and the emotional connect with the vehicle.
- The factors that have been concluded from the analysis, help us to understand the purchase behavior of the customers, thus the in-depth study of these factor is important for the company in order to understand and satisfy their customer segment. In order to approach other customer segment, these factors may act as the key points to influence the customers.

Conclusion

Consumer behavior is very important for before and post purchase choices. One cannot succeed in the aggressive market without understanding the consumer behavior. An understanding of the buyer empowers an advertiser to take promoting choices which are perfect with its customer needs. From the study, there are various major classes of

consumer behavior determinants and expectations, namely socioeconomic, demographic, Product and Technology. Further classification of human behaviors under main categories will enable car manufacturer to align their strategies in concurrence to customer behavior. While buying hatchback cars however customer is exceedingly taken is highly cost conscious but this segment is also upgrading their requirements because of increasing disposable income. Customer is more leaned to buy Maruti Suzuki and Hyundai brands. In hatchback segment, the customer also focuses on security, driving and seating comfort, brand.

In mid size segment, like affordability and convenience are the key focal segment. The reference group plays a vital part in purchasing decision for hatchback cars. Companions, family and relatives reference has been found the main influencers in car purchasing. Additionally, Price-off amongst the special offers and fuel effectiveness in the hatchback cars are observed to be the premier purposes behind the purchase of the vehicle. The study additionally saw the relationship between the respondents age is the main influencer in buying a hatchback car. Furthermore, the companions, family and relatives are the main influencer, customers also trust on the data that is present on internet. All the features or attributes are considered to be vital by the consumers. Among attributes, the three most essential ones are Cost, specification and value added services. Passenger car makers should enhance their item as far as fuel-efficiency and enhance innovation to enhance the mileage in order to attract more customers.

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