

# “A STUDY ON CONSUMERS’ PERCEPTION AND PREFERENCE TOWARDS SMALL CARS”

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## **ABSTRACT**

Indian Automobile small car business is influenced by the presence of many national and multinational and multinational manufactures after liberalization in 1991. The presence of the many manufacturers and variants within the city provides several decision options to the customers as they supply similar product proposition, creating the passenger automotive small car market highly competitive. Customers now search for those differentiating parameters, which may help them to choose among the alternative products available in the market. The purpose of this paper is to come with the identification of parameter that influence the customer purchase preference behavior patterns of passenger automobile small car owners within the city of Jamnagar. Of greatest interest to the current study is the impact of demographic variables and income affecting the vehicle selection of small cars..

## **KEYWORDS:**

Small cars, consumer Perception and Preference, Attributes..

## **INTRODUCTION**

Cars have been a conspicuous necessity for consumers. It is a must for every individual and stands high on the priority list of desires. However, before making a decision on buying a car one looks upon various attributes and its suitability with his choice and preferences. This makes it a grave necessity for the manufacturers to be equipped with the likes and dislikes of the consumers and accordingly match the supply with current demand. This paper caters to a study on consumers’ perception and preference towards small cars which would be of great help in knowing the consumer mindset for the cars.

## **LITERATURE REVIEW**

**Dr V Sumantran** (*Executive Director-Passenger Car Business Unit and Engineering Research Centre at Tata Motors Limited during November 2001 to August 2005, conducted a study on ‘The Indian Auto Industry & The Role of Dealers’* *which* reveals that the global auto industry has been the subject of much analysis in recent years.

Akie Takeuchi, Maureen Cropper and Antonio Bento in the Journal of Regional Sciences published a paper on ‘The impact of policies to control motor vehicle emissions in Mumbai, India’ which examines the impacts of measures to reduce emissions from buses, cars, and four-wheelers in Mumbai, India.

Dr. Amit Kumar Dwivedi and Mr. Punit Kumar Dwivedi, in their article on Automobile Sector: Industry Vs Indian Middle Class in Indian MBA concluded that that there are great opportunities and possibilities in the automobile sector. But hike in the fuel price is influencing the market of this industry. There is a need of a very liberal policy for the fuel prices and requires a great good deal with fuel supplying countries.

Sunila George, Raghendra Jha, Hari K. Nagarajan in their research paper on ‘The Evolution and Structure of the four-wheeler Industry in India’ studied the evolution of the competitive structure of the two-wheeler industry in India.

Dr A. Subbiah and S. Jeyakumar (Ph.D research scholar at PG and Research Department of Commerce) in their market survey report on Automobiles: the Engines of Economic Growth concluded that A sound transportation system plays a pivotal role in a country’s rapid economic and industrial development.

## **RESEARCH OBJECTIVE**

This research aims at studying the. “THE STUDY OF CONSUMER PREFERENCE & CONSUMER PERCEPTION TOWARDS VARIOUS BRANDS OF CARS.”

- To know the consumers’ affordable price range in small cars
- To identify consumers’ preferred brand or companies for small cars
- To identify consumers’ preferred attributes, features in small cars.
- To know the factors influencing consumers in buying small cars.

Research Design	Exploratory
Sampling design	Non probability sampling
Sample size	100

Respondents	existing and potential buyers of cars in Jamnagar
Area of research	Jamnagar
Data for analysis	Primary data
Data collection	Questionnaire
Statistical tool	Chi Square test of independence

### **LIMITATION OF STUDY**

As the major source of data is primary, biasness on the part of respondents can be a major limitation to this research.

- Respondents may not have given true and fair information, which ultimately affects the interpretation and analysis of the research.
- As the study period was limited, constraint to research could be felt.
- The scope of the research is limited to Jamnagar city only.
- The inexperience on the part of researcher in the research field might affect the results.

### **HYPOTHESIS TESTING**

**Ho : There is a no significance difference between age of the respondent and the influence of the family member for final purchase decision**

**H1: There is a significance difference between age of the respondent and the influence of the family member for final purchase decision**

#### **Age of the respondent and the influence of the family member for final purchase decision**

Age	Yourself	Children	Spouse	Parents	Total
20-25	7(4.65)	3(3.3)	2(4.35)	3(2.7)	15
25-30	10(10.54)	8(7.48)	12(9.86)	4(6.12)	34
30-35	12(13.02)	9(9.24)	12(12.18)	9(7.56)	42
40 and above	2(2.79)	2(1.98)	3(2.61)	2(1.62)	09
Total	31	22	29	18	100

oi	Ei	(Oi-ei)	(Oi-ei) <sup>2</sup>	(Oi-ei) <sup>2</sup> /ei
7	4.65	2.35	5.52	1.18
3	3.3	0.3	0.09	0.02
2	4.35	2.35	5.52	1.26
3	2.7	0.3	0.09	0.03
10	10.54	0.54	0.29	0.02
8	7.48	0.52	0.27	0.03
12	9.86	2.14	4.57	0.46
4	6.12	2.12	4.49	0.73
12	13.02	1.02	1.04	0.07
9	9.24	0.24	0.05	0.00
12	12.18	0.18	0.03	0.00
9	7.56	1.44	2.07	0.27
2	2.79	0.79	0.62	0.22
2	1.98	0.02	0.00	0.00
3	2.61	0.39	0.15	0.05
2	1.62	0.38	0.14	0.08
				4.51406

=4.5140

Degree of freedom (r-1)(c-1)	9
Significance Level	5%
X <sup>2</sup> Calculated Value	4.5140
X <sup>2</sup> Tabulated Value	16.9190

## **Interpretation**

The hypothesis is tested using chi-square test which is a non-parametric test. Here the calculated value (4,5140) which is less than tabulated value (16.9190).

So we accept the null hypothesis and reject the alternate hypothesis. so it means there is a no significance difference between age of the respondent and the influence of the family member for final purchase decision.

**H0 : There is no significance difference between the Age of the Respondent and the source of the information.**

**H1 : There is a significance difference between the age of the respondent and the source of the information.**

### **Age of the respondent and the source of the information.**

Age	Friends	Advertisements	Dealer suggestions	Total
20-25	6(5.55)	5(4.65)	4(4.80)	15
25-30	12(12.58)	12(10.54)	10(10.88)	34
30-35	15(15.54)	12(13.02)	15(13.44)	42
Above 40	4(3.33)	2(2.79)	3(2.88)	09
Total	37	31	32	100

oi	Ei	(Oi-ei)	(Oi-ei) <sup>2</sup>	(Oi-ei) <sup>2</sup> /ei
6	5.55	0.45	0.20	0.03

5	4.65	0.35	0.12	0.02
4	4.80	0.8	0.64	0.13
12	12.58	0.58	0.33	0.02
12	10.54	1.46	2.13	0.20
10	10.88	0.88	0.77	0.07
15	15.54	0.54	0.29	0.01
12	13.02	1.02	1.04	0.07
15	13.44	1.56	2.43	0.18
4	3.33	0.67	0.44	0.13
2	2.79	0.79	0.62	0.22
3	2.88	0.12	0.01	0.00
				1.139

=1.139

Degree of freedom (r-1)(c-1)	6
Significance Level	5%
X <sup>2</sup> Calculated Value	1.139
X <sup>2</sup> Tabulated Value	12.5916

## **Interpretation**

The hypothesis is tested using chi-square test which is a non-parametric test. Here the calculated value (1.139) which is less than tabulated value (12.5916). So we accept the null hypothesis and reject the alternate hypothesis. So it means there is no significance difference between the Age of the Respondent and the source of the information.

**H0 : There is no significance difference between the Income of the respondent and the source of information.**

**H1 : There is a significance difference between the income of the respondents and the source of the information.**

### **Income of the Respondent and the source of the information**

Income	Friends	Advertisements	Dealer suggestion	Total
Less than 1 lakh	10(7.77)	6(6.51)	5(6.72)	21
1-3 lakh	11(7.77)	5(6.51)	5(6.72)	21
3-5 lakh	8(11.84)	10(9.92)	14(10.24)	32
5 lakh and above	8(9.62)	10(8.06)	8(8.32)	26
Total	37	31	32	100

O <sub>i</sub>	E <sub>i</sub>	(O <sub>i</sub> -e <sub>i</sub> )	(O <sub>i</sub> -e <sub>i</sub> ) <sup>2</sup>	(O <sub>i</sub> -e <sub>i</sub> ) <sup>2</sup> /e <sub>i</sub>
10	7.7	2.23	4.97	0.64
6	6.51	0.51	0.26	0.03
5	6.72	1.72	2.95	0.44
11	7.77	3.23	10.43	1.34
5	6.51	1.51	2.22	0.35
5	6.72	1.72	2.95	0.44
8	11.84	3.84	14.74	1.24
10	9.92	0.08	0.00	0.00
14	10.24	3.76	14.13	1.38
8	9.62	1.62	2.62	0.27
10	8.06	1.94	3.76	0.46
8	8.32	0.32	0.10	0.01
				6.6318

=6.6318

Degree of freedom (r-1)(c-1)	6
Significance Level	5%
X <sup>2</sup> Calculated Value	6.6318
X <sup>2</sup> Tabulated Value	12.5916

### **Interpretation**

The hypothesis is tested using chi-square test which is a non-parametric test. Here the calculated value (6.6318) which is less than tabulated value (12.5916). So we accept the null hypothesis and reject the alternate hypothesis. so it means there is no significance difference between the Income of the respondent and the source of information

**4..Ho : There is no significance difference between Income of the respondent and the influence of the family member for final purchase decision.**

**H1 : There is a significance difference between income of the respondent and the influence of the family member for final purchase decision..**

#### **Income of the respondent and the influence of the family member for final purchase decision.**

Income	Yourself	Children	Spouse	Parents	Total
Less than 1 lakh	10(6.51)	2(4.62)	4(6.09)	5(3.78)	21
1-3 lakh	11(6.51)	1(4.62)	4(6.09)	5(3.78)	21
3-5 lakh	6(9.92)	6(7.04)	14(9.28)	6(5.76)	32
More than 5 lakh	4(8.06)	13(5.72)	7(7.54)	2(4.68)	26
Total	31	22	29	18	100

O <sub>i</sub>	E <sub>i</sub>	(O <sub>i</sub> -e <sub>i</sub> )	(O <sub>i</sub> -e <sub>i</sub> ) <sup>2</sup>	(O <sub>i</sub> -e <sub>i</sub> ) <sup>2</sup> /e <sub>i</sub>
10	6.51	3.49	12.18	1.87
2	4.62	2.62	6.86	1.48
4	6.09	2.09	4.36	0.71
5	3.78	1.22	1.48	0.39
11	6.51	4.49	2.16	0.33
1	4.62	3.62	13.10	2.83
4	6.09	2.09	4.36	0.71
5	3.78	1.22	1.48	0.39
6	9.92	3.92	15.36	1.54
6	7.04	1.01	1.08	0.15
14	9.28	4.72	22.27	2.40
6	5.76	0.24	0.05	0.01
4	8.06	4.06	16.48	2.04
13	5.72	7.28	52.99	9.26
7	7.54	0.54	0.29	0.03
2	4.68	2.68	7.18	1.53
				<b>25.7437</b>

=25.7437

Degree of freedom (r-1)(c-1)	9
Significance Level	5%
X <sup>2</sup> Calculated Value	25.7437
X <sup>2</sup> Tabulated Value	16.9190

### **Interpretation**

The hypothesis is tested using chi-square test which is a non-parametric test. . Here the calculated value (25.7437) which is more than tabulated value (16.9190). So we accept the alternate hypothesis and reject the null hypothesis.it means there is a significance difference between income of the respondent and the influence of the family member for final purchase decision.

### **FINDINGS**

In this survey, we included people from two areas –students and businessman. The findings of the research shows-

- Majority of the respondents prefer to buy the car falling between 3-4 lakhs and then above 4 lakhs. Thus, majority those who want to purchase small cars will have the budget of 3-4 lakhs.
- Majority of the respondents are interested in purchasing cars of Maruti Suzuki and then they might switch over to Hyundai, Toyota, Fiat and Chevrolet.
- Majority of the respondents prefer to buy black colour and also silver and white, least preferred colour is blue.
- Almost all the respondents will take a test drive of the car before finally purchasing it.
- 32% of the respondents see the advertisements in newspapers, 30% see the ads in magazines, 26% see the ads in displays, 21% see the ads in television, 20% see the ads in hoardings.
- Majority of the respondents expect free company service up to 3 times, and least of them wishes to get free services more than 5 times.
- Before buying a car, people would like to know about the type of discounts. 37% of the respondents will look for free insurance, 34% will look for free maintenance, 25% will look for free accessories and cash discounts, 20% will look for free warranties and least number of respondents look for lucky draws and gift vouchers.

- The important information that customers rely upon before buying a car are like 37% takes decisions by considering their friends information,32% through their dealers suggestions and 31% through their friends information.
- While taking a final purchase car decision, 31% are influenced more by themselves only,29% I are influenced by their spouse,22% are influenced by their children and 18% are influenced by their parents.
- 76% of the respondents don’t like to buy a second hand car and 24% would like to buy a second hand car.
- The most important factors that customers consider are colour, brand name, price and the important factors are design, after sales service, festive offers, interior and fuel efficiency and technical aspects, advertisements have neutral impact.
- Majority of the respondents will prefer to make the payment through instalments and least number of respondents will prefer to make payment through cash.
- The most important finding is that brand advertising for Maruti is much more than any other brand and is quickly picking up the interest of consumers and hence coming with a larger market share may be it could be over cede Hyundai in a couple of days to come.
- There is a no significance difference between age of the respondent and the influence of the family member for final purchase decision.
- There is no significance difference between the Age of the Respondent and the source of the information.
- There is no significance difference between the Income of the respondent and the source of information.
- There is a significance difference between income of the respondent and the influence of the family member for final purchase decision.

### **SUGGESTIONS**

- We would like to suggest the companies to make small cars in the budget of 3-4 lakhs.
- As per the survey people prefer black colour much so companies should design black colour and least preferred colour is blue.so they should avoid it.
- Companies should present their advertisements in newspapers rather than hoardings.
- Companies must provide free services up to 3 times.
- Companies should put emphasis on free insurance and free maintenance rather than lucky draws and gift coupons.
- The most important factors that companies should consider are colour, brand name, price, design after sales service, festive offers, interior and fuel efficiency technical aspects.

- Companies should accept the payments through installments.
- They should have proper management system and employees should be trained properly and should possess a set of skills and should be able to persuade the customers for their buying decision.

## **CONCLUSION**

Customers give utmost importance to safety and comfort while driving. The manufacturers should look for more innovative ways of strengthening the safety features of the car. The most important factors that companies should consider are colour, brand name, price and design, after sales services, festive offers, interior and fuel efficiency technical aspects. The promotional campaigns can be made keeping in mind to attract them. The customers are looking for the application of latest technological features like sensor control, Bluetooth technology.

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## **Questionnaire**

### **1) Do you own a car?**

- Yes
- No

### **2) If yes than how many cars your family owns?**

- Only one
- Two-three
- More than three

**3) If no than which types of version will you prefer to buy?**

- Petrol
- CNG
- Diesel

**4) What is the budget of the car you want to buy?**

- 2 -3 lakhs
- 2.50 – 3.50 lakhs
- 3-4 lakhs
- More than 4 lakhs

**5) Which brand in four wheeler you will like to buy?**

- Maruti Suzuki
- Hyundai
- Toyota
- Fiat
- Chevrolet
- If any other please specify \_\_\_\_\_

**6) Which colour car would you prefer?**

- Red
- White
- Black
- Silver
- Blue
- Any other (please specify) \_\_\_\_\_

**7) Will you take a test drive before buying a vehicle?**

- Yes

- No

**8) Have you seen the advertisement for a Car?**

- TV ad
- Newspaper ad
- Magazines ad
- Displays
- Hoarding

**9) How much free company service will you expect?**

- UP to 3
- Up to 5
- More den 5

**• 10) What type of discounts you look for while buying a car?**

- Cash discounts -
- Gift vouchers
- Lucky draws
- Free maintenance
- Free Insurance
- Free Accessories
- Free warranties
- Any other\_\_\_\_\_

**11) If you indented to buy a car on what sources of information will u rely upon?**

- Friends
- Advertisements
- Dealer Suggestions

**12) Who in your family influence your final car purchase decision ?**

- Yourself
- Children
- Your spouse
- Parents

**13) Would u like to buy a second hand car?**

- Yes
- No

**14) Which of the following features will influence you more while purchasing a car?**

<b>Particulars</b>	<b>Most Important</b>	<b>Important</b>	<b>Neutral</b>	<b>Not so Important</b>	<b>Not At All Important</b>
Colour					
Price					
Brand name					
Design					
Technical aspects					
After sales service					
Festival season promotion					
Advertisements					
Interior					
Fuel efficiency					

**15) How would u prefer to make payment after finalising a car?**

- Cash
- Credit
- Instalments

- Loan

### **Personal Details**

#### **Personal Information:**

➤ **Gender:**

- Male
- Female

➤ **Age:**

- 20-25
- 25-30
- 30-35
- 40

and

above

➤ **Occupation:** \_\_\_\_\_

➤ **Marital Status:** \_\_\_\_\_

➤ **Yearly Income:**

- Less than 1 lakh
- 1-3 lakhs
- 3-5 lakhs
- More than 5 lakhs