Consumer Buying Behaviour Towards Automobile Industry in National Capital Region

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Abstract

This paper explores the consumer buying behaviour towards passenger cars in National Capital Region (NCR). The scope of the study is limited to certain important buying behavioural aspects like information search and evaluation, brand preference and brand loyalty and factors of motivation. Understanding the customer's satisfaction of the product will help the automobile manufacturer in developing their products to meet customer's needs and designing the proper marketing programs and strategy.

Keywords : *Consumer buying behaviour, Automobile Industry, Purchase decision, Brand choice.*

Classification-JEL : *D 11, D 12, L 62*

1. INTRODUCTION

The automotive industry in India is one of the larger markets in the world. It had previously been one of the fastest growing globally, but is currently experiencing flat or negative growth rates. India's passenger car and commercial vehicle manufacturing industry is the sixth largest in the world. According to recent reports, India overtook Brazil and became the sixth largest passenger vehicle producer in the world (beating such old and new auto makers as Belgium, United Kingdom, Italy, Canada, Mexico, Russia, Spain, France and Brazil), grew 16 to 18 percent to sell around three million units in the course of 2017 and 2018. Mandeep Kaur and Sandhu, attempted to find out the important features which a customer considers while going for the purchase of a new car. The study covers the owners of passenger cars living in the major cities of the State of Punjab and the Union Territory of Chandigarh. The respondents perceive that safety and comfort are the most important features of the passenger car followed by luxuriousness. So the manufacturers must design the product giving maximum weightage to these factors.

Chidambaram and Alfread (2007) postulates that there are certain factors which influence the brand preferences of the customers. Within this framework, the study reveals that customers give more importance to fuel efficiency than other factors. They believe that the brand name tells' them something about product quality, utility, technology and they prefer to purchase the passenger cars

which offer high fuel efficiency, good quality, technology, durability and reasonable price.

Many comprehensive theories/models have been developed within the field of consumer buying behaviour. Models have also been developed for specific context, such as for family decision making and information processing. These theories have played an important role by detailing how various factor influence consumer behaviour. An extensive review of literature reveals that there is no simple framework that lends itself to a comprehensive study of consumer behaviour. The paradigm proposed four sequential stages to represent the purchase and consumption processes. These four stages are named as Access, Buying behaviour, Consumption Characteristics and Disposal.

2. LITERATURE REVIEW

Satya Sundaram (2008) analyzed how the competition makes the automobile manufacturer to launch at least one new model or a variant of the model every year. This survey also pointed out that diesel cars are becoming popular in India and the announcement of reductions in excise duties by the government has helped to some extent to boost the demand.

Clement Sudhakar and Venkatapathy (2009) studied the influence of peer group in the purchase of car with reference to Coimbatore District. It was also found that the influence of friends is higher for the purchase of small sized and mid-sized cars.

Brown et al (2010) analyzed the consumer's attitude towards European, Japanese and the US cars. The country-of-origin plays a significant role in the consumer's behaviour. The brand name, lower price and distributor's reputation completely have a significant impact on the sale of passenger's car.

However, the present study differs from the above, in that, the buyer buying behaviour

NCR is sought to be analyzed here. The scope and the area of the study are unique in nature.

3. OBJECTIVE OF THE STUDY

The objectives of this study are as follows :

1. To identify the factor influencing the selection and purchase of a car.

2. To study the factors affecting consumer's pre-purchase behaviour.

3. To find out the attitude of consumers towards various brands of cars.

Research Methodology

The research aims to examine the buying behaviour of consumer for passenger cars in NCR. As the universe of the study is large, the researchers have decided to select sample respondents by adopting the Simple Random Sampling Technique. A total of 100 Interview schedules were prepared and out of this, only 80 interview schedules were filled up and collected. A scrutiny of these schedules led to the rejection of 30 interview schedules on account of incomplete responses. Thus 50 completed interview schedules were used for the present study. (Table 1)

Table 1.
Allocation of Respondents as per their Age

S.No.	Age	No. of Respondents	Percentage
1.	Less than 25 Yrs	5	10
2.	25-35 Yrs	5	10
3.	35-45 Yrs	15	30
4.	45-55 Yrs	10	20
5.	Above 55 Yrs	15	30
	Total	**50**	**100**

Source : Primary Data

Table 2.
Allocation of Respondents as per their Occupation

S.No.	Occupation	No. of Respondents	Percentage
1.	Businessman	5	10
2.	Employed in Govt Service	15	30
3.	Employed in Pvt. Service	10	20
4.	Professional	10	20
5.	Others	10	20
	Total	**50**	**100**

Source : Primary Data

Table 3.
Respondent's Qualification

S.No.	Qualification	No. of Respondents	Percentage
1.	Graduate	5	10
2.	Post Graduate	15	30
3.	Professional	25	50
4.	Others	5	10
	Total	**50**	**100**

Source : Primary Data

Table 4.
Monthly Income of Respondents

S.No.	Monthly Income	No. of Respondents	Percentage
1.	Below Rs. 20,000	5	10
2.	Rs. 20,000 to Rs. 40,000	5	10
3.	Above Rs. 40,000	40	80
	Total	**50**	**100**

Source : Primary Data

Table 5.
Number of Own Cars per Respondents

S.No.	No. of Own Cars	No. of Respondents	Percentage
1.	1	20	40
2.	2	30	60
	Total	**50**	**100**

Source : Primary Data

Table 6.
Sources of the Information about the Brands of the Cars

S.No.	Occupation	No. of Respondents	Percentage
1.	Advertisement	15	30
2.	Friends	15	30
3.	Relatives	5	10
4.	Dealers	5	10
5.	Others	10	20
	Total	**50**	**100**

Source : Primary Data

Table 7.
Factors Influenced the Purchasers

S.No.	Factors to the Influenced	No. of Respondents	Percentage
1.	Self	20	40
2.	Wife/Husband	10	20
3.	Children	5	10
4.	Parents	10	20
5.	Friends	5	10
6.	Peer Group	–	–
7.	Others	–	–
	Total	**50**	**100**

Source : Primary Data

Table 8.
Brand's Choice of Respondents

S.No.	Factors to the Influenced	No. of Respondents	Percentage
1.	Hyndai	20	40
2.	Honda	5	10
3.	Maruti	15	30
4.	Ford	2	4
5.	Renault	2	4
6.	Skoda	1	2
7.	Mahindra	5	10
7.	Others	–	–
	Total	**50**	**100**

Source : Primary Data

Test of Hypothesis

The consumer behaviour towards passenger cars was analyzed with the help of following respondent's profile

Occupation, Usage of car, Income and Brand Name

Chi Square test = (O–E)2/E

Table 9.
Occupation and the Usage of Car

Occupation	Personal Use	Social Status	Total
Businessman	–	5	5
Govt Service	5	–	5
Private Sector	12	–	12
Professional	20	–	20
Others	8	–	8
Total	**45**	**5**	**50**

Source : Primary Data

Table 10.
Expected Frequency

Occupation	Personal Use	Social Status	Total
Businessman	4.5	0.5	5
Govt Service	4.5	0.5	5
Private Sector	10.8	1.2	12
Professional	18	2	20
Others	7.2	0.8	8
Total	**45**	**5**	**50**

Source : Primary Data

Calculation of Chi Square

O	E	(O–E)	(O–E)2	(O–E)2/E
0	4.5	−4.5	9	2
5	4.5	.5	1	.22
12	10.8	1.2	2.4	.22
20	18	2	4	.22
8	7.2	.8	1.6	.22
5	.5	4.5	9	18
0	.5	−.5	1	2
0	1.2	−1.2	2.4	2
0	2	−2	4	2
0	.8	−.8	1.6	2
		Total		**28.88**

Source : Calculated Data

4. RESULT AND DISCUSSION

Degree of freedom = (C − 1) (r − 1) = 5

For 5 degree of freedom at 55 level of significance = 9.49

Calculated value = 28.88 Table value = 9.49

The calculated value of chi-square 28.88 is greater than the table value 9.49 and the hypothesis is rejected. Hence, there is significant relationship between the occupation and usage of car.

Table 11.
Income Group and Brand Name of Cars

Income Group	Hyundai	Maruti	Honda	Others	Total
Below Rs. 20,000	3	–	2	–	5
Rs. 20,000 to Rs. 40,000	7	–	3	5	15
Above Rs. 40,000	–	25	5	–	30
Total	10	25	10	5	50

Source : Primary Data

Table 12.
Expected Frequency

Income Group	Hyundai	Maruti	Honda	Others	Total
Below Rs. 20,000	1	2.5	1	0.5	5
Rs. 20,000 to Rs. 40,000	3	7.5	3	1.5	15
Above Rs. 40,000	6	15	6	3	30
Total	10	25	10	5	50

Source : Primary Data

Calculation of Chi Square

O	E	(O–E)	(O–E)2	(O–E)2/E
3	1	2	4	4
7	3	4	16	5.33
–	6	–6	36	6
–	2.5	–2.5	7	2.8
–	7.5	–7.5	15	2
25	15	10	100	6.67
2	1	1	1	1
3	3	0	0	0
5	6	–1	1	.17
–	.5	–.5	1	2
5	1.5	3.5	7	4.67
–	3	–3	3	1
		Total		35.64

Source : Calculated Data

Degree of freedom = (C – 1) (r – 1)

= (4 – 1) (3 – 1) = 5

The calculated value 35.64 is greater than the table value 9.49 and the hypothesis is rejected. There is significant relation between the income and brand.

5. FINDINGS

Consumer buying behaviour in this region is influence by various factors such as culture, family, reference, age and life style. The most important factor that influences the consumer to use passenger car is the price of the cars, social status and durability.

6. CONCLUSION

Consumer buying behaviour consists of all human behaviour that goes in making purchase decision. An understanding of the consumer buying behaviour enables a marketer to take marketing decision which is compatible with its consumer needs. There are four major classes of consumer behaviour determinants and expectations, namely, cultural, socio-economics, personal and psychological.

Rising income has enhanced the purchasing power and more and more people are able to afford a car. Customer demands are dynamic, but its consideration is necessary for every company to make existence in to the market. In place like NCR car has become a symbol of social status also. Customers are purchasing the cars not only as a means of transport but as a status symbol also.

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