

A Study on Consumer Behavior towards Small Cars in Coimbatore City

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ABSTRACT

Consumer behaviour study is based on consumer buying behaviour, with the consumer playing the three distinct roles of users, payer and buyer. Consumer behaviour is the study of when, why, how, and where people do or do not buy products. It blends elements from psychology, sociology, social anthropology and economics. It attempts to understand the buyer decision making process, both individually and in groups. It studies characteristics of individual consumers such as demographics and behavioral variables in an attempt to understand people's wants. It also tries to assess influences on the consumer from groups such as family, friends, reference groups, and society in general. This has important implications for the study of consumer behaviour as well as for developing marketing strategies. In terms of studying consumer behaviour, one implication is that generalizations about consumer behaviour are usually limited to specific periods of time, products, and individuals or groups. Hence, in the present study, an attempt has been made to analyze the various factors that affect the consumer behaviour towards small cars.

1. Introduction

The concept of "buying behavior" is of prime importance in marketing and has evolved over the years. It is important to understand buyer buying behavior as it plays a vital role in creating an impact on purchase of products. The human wants are unlimited and always expect more and more. Car Models are no exception to this behavior. This lead to constant modifications of Car Models and its features and today customers see a new model coming into the market practically every quarter.

The market is a very important place to study the behavior of buyer and also provide useful insights what a buyer requires in a product. It is only through research that a company will be able to study the buying behavior of customers as one of the measurements of the performance of the quality management system; the organizations shall monitor information relating to customer perception as to whether the organization has met customer requirements. The method for obtaining and using this information shall be determined.

There is obviously a strong link between customer satisfaction and customer retention. Customer's perception of service and quality of product will determine the success of the product or service in the market. With better understanding of customer's perceptions, companies can determine the actions required to meet the customer's needs. They can identify their own strengths and weaknesses, where they stand in comparison to their competitors, chart out the path future progress and improvement.

1.1. Statement of the problem

The automobile industry today is the most lucrative industry. The Indian Automobile Industry has got an incredible market potential. With the growth of population and change in their pattern of life style as a result of urbanization, there has been a rapid increase in demand for Indian automobiles. Due

to increase in disposable income in both rural and urban sector and availability of easy finance are the main drivers of high volume car segments in general and small car in particular. Further competition is heating up with host of new players coming in and set to venture in Indian market. The manufacturing's of small cars have increased in the automobile industry, and the people who opt for the small cars are also large in number. Even there are enormous small cars consumers go only for a selected brand, But consumers preference for particulars brand is depending not only on the internal factors of the company but also on the external factors such as appearance of the car, price, size, color, mileage etc. so the research has developed an interest to study the behind the behavior of the consumers.

1.2. Objectives of the study

- To study on the sources of finance by which the consumer have bought the small car.
- To ascertain the factors that influence consumer in preferring the small car.
- To analyzes perception and expectation of the customer about the services.
- To suggest suitable idea's in the selection of small car.

1.3. Hypothesis

- There is no significant difference between demographic variables and level of satisfaction with brand preference, factors of the small car.
- There is no relationship between perceived value of the service quality dimension such as tangible, reliability, responsiveness, assurance, empathy and perceived value of overall service quality.
- There is no significant difference between demographic variables and level of satisfaction with product features of the small car.

1.4. Research methodology

The study analyzes on Consumer behavior towards small cars and perception and expectation of the customer about the services in Coimbatore City.

1.5. The study region

The area of the study restricted and limited is Coimbatore city of Tamil nadu.

1.6. Data collection

In the present study, both primary and secondary data are used. The researchers has used Interview schedule for the purpose of collecting primary data. The secondary data have been collected from the companies' bulletins, annual reports and websites.

1.7. Sample Size

The Coimbatore city comprises taluk and the number of customers in the district was large, the customers could not be selected on a proportional basis. Hence, 50 customers from each taluk were selected for the study, therefore, a total of 300 respondents were selected on the basis of non-probability purposive sampling method. The customers who purchased the small car of the various brand during the period from 2013 to 2016 alone considered for the study.

1.8. Statistical tools

The statistical tests used in the study include Simple Percentage, Mean, t-test, f-test, Chi-square test, Correlation matrix and Garrett Ranking Technique was used to compute and analyze the data.

1.9. Period of the study

The required primary data have been collected through an interview made on consumer behaviors and service quality from 2013 to 2016.

1.10. Limitation of the study

- The samples are drawn from a particulars area. The results are reliable to that place only.
- The study is confined only for the small cars.
- As the study is based on interview the result would be varying according to opinion of the respondents.

2. Review of literature

Vidhyakala (2000)¹ has conducted a study on comfortable family car in Coimbatore city market survey for cars in Coimbatore city for Chandra Hyundai. The finding was that a tremendous market existed the Santro cars for comfortable family car.

Sivakumar (2004)² concludes that even though a swarm of vehicles enter into automobile industry, the customers prefer the vehicle which satisfies all or at least a majority of

1 K.Vidhyakala (2000) Coimbatore City, "A Study on Comfortable Family Car". Indian Journal of Marketing, Vol. I, Issue 3, pp.32.41,2000.

2 Sivakumar (2004), "A study on the factors Influencing the Growth Pattern of Bajaj Tempo Pick-up trucks in Tiruppur city", unpublished thesis, Bharathiar University, Coimbatore.

performance factors like mileage, maintenance, driving comfort, safety norms and spares availability. If the customers are satisfied with the factors then the willing continues to purchases the product in the future or retains the same, provided the product could satisfy the changing preference of the customer.

Dhanalaskshmi.P (2007)³ stated that, the new players, who are capable of attracting customer by offering lower prices and the established car companies have to redefine their relationship with the dealers. She also revealed that the car manufacturers and dealers must provide effective after sales services

Adams and Michael (2010)⁴ focused on the success of smart cars in Canada. The smart car is becoming popular among urban Canadians who wanted to have a downtown shuttle car that rolls lightly on the road. Unlike other big vehicles, smart cars are not very expensive. It fits easily in the lifestyle of urban Canadians because it demand little space and consumes little fuel.

Vijayakanth et al (2013)⁵ the purpose of their study was to measure customer satisfaction of 10 Dealers across Karnataka. Three attributes questions the Service Advisor (S/A), Service Initiation (S/I), and Service Quality(S/Q).Out of 1000 questionnaires, 910 were analyzed using index method in this study. The empirical findings from the customer's opinion, Car Users (Indica, Indigo) across Karnataka were satisfied with service offered by the dealer. Findings also showed that satisfied percentage is more than the dissatisfies. Dealer names are not mentioned as the study aims in finding the Customer expectation and perception towards the TATA Dealers across Karnataka. Thus the dealer is now required to concentrate his efforts on sustaining satisfiers and at the same time there is scope for improvement. Efforts can be put to improve areas which will increase the level of overall customer satisfaction. This will also result in re service with the same dealer and recommendation of the dealership to others.

3. Profile of the respondents

3.1. Age-Wise Distribution Of The Respondents

Sl.No	Age	No. of Respondent	Percentage
1	Below 40 years	56	18.67
2	40 - 50 years	164	54.67
3	Above 50 years	80	26.66
Total		300	100.00

Source: Primary data

Table 3.1 shows that out of 300 respondents, about 55 per cent of the respondents are in the age group of 40 – 50 years

3 Dhanalaskshmi.P, "A Study on Consumer's perception and brand preference Towards Small Cars in Erode District.", unpublished thesis, Bharathiar University, March 2007.

4 Adams, Michael, "automobile purchase smarter than you think ", marketing magazine, Vol. III, issue 27, pp.20, 2010.

5 M.C. Vijayakanth , A N Santosh Kumar, And A.N. Hari Rao, "Customer Satisfaction Index (CSI) Among Four Wheeler Dealers Across Karnataka", Journal Of Information, Knowledge And Research In Mechanical Engineering, Vol. 02, Issue 02, PP.480-487, 2013.

followed by nearly 27 per cent of the respondents who are in the age group of above 50 years, about 19 per cent of the respondents fall in the age group of below 40 years. From the table it is understood that the buyers who are above the age of 40 years mostly purchase the small car in the study area.

3.2. Source of finance

Sl.No	Source	No. of Respondent	Percentage
1	Loan from financial institutions	21	07.00
2	Self finance	84	28.00
3	Both	195	65.00
Total		300	100.00

Source: Primary data

It observed from the table 3.2 that out of 300 respondents nearly 65 per cent of the respondents source finance is both self finance and loan from financial institution to buy small car and 28 per cent of the respondents exclusively used their own money to purchase the car and 7 per cent of respondents wholly depends financial institution to buy a small car. Therefore, it can be inferred from the table that financial institutions which provide car loan dominate the small car segment industry in the study area.

3.3. Person influence to purchase a car

Sl.No	Person Influenced	No. of Respondent	Percentage
01	Self	38	12.67
02	Spouse	163	54.33
03	Children	87	29.00
04	Friends and Relatives	12	4.00
Total		300.00	100.00

Source: Primary Data.

Table 3.3 indicates that out of 300 respondents the majority of the respondents are influenced by their spouse followed by 29 per cent of the respondents are influenced by their children, nearly 13 per cent and 4 per cent of the respondents are influenced by self decision and advice of the friends and relatives to buy a small car of the company. Therefore, it can be inferred from the table that customers are influenced by their family members to buy a small car of the company in the study area.

3.4. Level of satisfaction with price

Sl. No	Level of Satisfaction	No. of respondents	Percentage
01	Highly satisfied	12	4.00
02	Satisfied	18	6.00
03	Neutral	24	8.00
04	Dissatisfied	72	24.00
05	Highly dissatisfied	174	58.00
Total		300	100

Source: Primary data

Table 3.4 shows that out of 300 respondents 58 per cent and 24 per cent of the respondents have highly dissatisfied and dissatisfied with cost of the small cars. Only 10 per cent of the respondents have satisfied with cost of the car. The respondents are of the opinion that dealers charges high cost for extra fittings of the car. Therefore, it is understood from the table that customers expect reduction of car price and extra fitting for the small cars in the study area.

3.5. Demographic variables and level of satisfaction with product features

Null hypothesis

There is no significant difference between demographic variables and level of satisfaction with product features of the small car.

Chi-square test result

Variable	Chi-Square Test – Value	Table value 5% level	Table value 1% level	Result
Sex and Level of satisfaction with product features	44.3	9.49	13.23	**Significant
Age and Level of satisfaction with product features	19.7	15.51	20.09	*Significant
Educational Qualifications and Level of satisfaction with product features	76.6	21.03	26.22	**Significant
Occupation and Level of satisfaction with product features	58.1	21.03	26.22	**Significant
Income and Level of satisfaction with product features	21.2	15.51	20.09	**Significant
Marital status and Level of satisfaction with product features	93.1	9.49	13.23	**Significant
No. of family members and Level of satisfaction with product features	30.5	15.51	20.09	**Significant
Place of residence and Level of satisfaction with product features	72.4	9.49	13.23	**Significant

** Significant at 5% level and 1% level, *Significant at 5 % level

Table 3.5 shows that there is a significant difference among the Sex, Age, Educational Qualifications, Occupation, Income, and Marital status, Number of family members and

Place of residence and Level of satisfaction with product features of the small car of the company.

3.6. Problems of the customers

Sl. No	Problems of the Customers	Mean score	Rank
01	High Price of the car	95	I
02	High cost of spare parts	92	II
03	High registration fees	78	V
04	Low Fuel efficiency	71	VI
05	High maintenance cost	88	III
06	Long waiting period for delivery	63	IX
07	Insufficient free services	65	VIII
08	High cost of after sale services	82	IV
09	Inordinate delay for getting loan	69	VII

Source: Primary data

It is observed from the table 3.6 that high price of the car is ranked first problems with a score of 95 Garrett points. High cost of spare parts and high maintenance cost are second and third problems with a mean score of 92 and 88 Garrett points. Therefore, it can be inferred from table that the major problems of the customers are high price of the car, high price spare parts and high maintenance cost in the study area.

3.7. correlation coefficients between variables and descriptive statistics

CORRELATION COEFFICIENTS BETWEEN VARIABLES AND DESCRIPTIVE STATISTICS

Variables	Mean	SD	Overall service Quality	Tangible	Reliability	Assurance	Responsiveness	Empathy
Overall service quality	65.85	31.02	1.00					
Tangible	23.92	3.64	-0.95	1.00				
Reliability	16.00	6.20	0.90**	-0.99	1.00			
Responsiveness	13.10	3.92	0.99**	-0.97	0.93**	1.00		
Assurance	11.92	0.96	0.97**	-0.99	0.97**	0.99**	1.00	
Empathy	13.78	2.20	0.98**	-0.95	0.90**	0.98**	0.97**	1.00

The correlation value is significant both at **p<0.05 and p<0.01,

Table 3.7 shows the results of testing the relationship between service quality dimensions and perceived value. The outcomes of testing the relationship display that, reliability, responsiveness, assurance, and empathy is positively and significantly related to the overall perceived value of service quality. There is a negative correlation between tangible and overall service quality. These statistical results show that the service quality dimensions such as reliability, responsiveness, assurance, and empathy are important antecedents of perceived value samples.

3.8. Sex and level of perception

Sex	No. of Respondents			
	Low	Medium	High	Total
Male	175 (94.09)	57 (65.51)	17 (62.96)	249 (83.00)
Female	11 (5.91)	30 (34.49)	10 (37.04)	51 (17.00)
Total	186 (100.00)	87 (100.00)	27 (100.00)	300 (100.00)

Source: primary data, figure in the bracket percentage of the total.

Table 3.8 shows the sex-wise distribution of the respondents and their level of perception about service quality. Out of 300 respondents who perceived low level of service quality nearly 94 per cent and only 6 per cent of the

Null hypothesis

There is no relationship between perceived value of the service quality dimension such as tangible, reliability, responsiveness, assurance, empathy and perceived value of overall service quality.

The test statistic used to test the null hypothesis is

$$t = \frac{r}{\text{Sqrt} [(1-r^2)/(N-2)]}$$

respondents are male and female. Among the respondents who perceived moderate level of service quality, the majority of them male and 34 per cent of the respondents are female. Out of 27 respondents who perceived a high level of service quality about 63 per cent of the respondents are male and 37 per cent of the respondents are female. It is inferred from the table that the male customers perceive poor service quality than that of female customers about the service quality of the dealers in the study area.

4. Findings

- The customers have minimum awareness about product features of the small car of company in the study area.
- It is found that there is no significant relationship between demographic variables and level of awareness of the respondents about product features of the small cars.
- It is observed from the study that customers are influenced by the factors price, fuel efficiency and after sales services to buy small car of the company in the study area.
- The most respondents in the study area are influenced by their family members to buy a small car of the company in the study area.

- The results of testing the relationship between service quality dimensions and perceived value reveals that, reliability, responsiveness, assurance, and empathy is positively and significantly related to the overall perceived value of service quality. There is a negative correlation between tangible and overall service quality. These statistical results show that the service quality dimensions such as reliability, responsiveness, assurance, and empathy are important antecedents of perceived value samples.
- The customers have high level of perception towards the tangibles, but the customers perceive low perception about Reliability, Responsiveness, Assurance and Empathy.

5. Suggestions

- It is understood from the study that the customers have low awareness about the product features. Therefore, the company should insist its authorized dealers to conduct awareness programme at least once in a month in the study area.
- The majority of the respondents are of the opinion that advertisement given in the television is effective medium to know the product features of the small cars. Therefore, in order to make more customers awareness the company should focus other media to improve customer awareness level about the product features.
- To retain existing customers and attract new customers the company should give prompt service to

customers and inculcate its dealers to help the customers always to get better after sale services.

- Quality is a journey, not a destination. Customers' quality perceptions do change as a response to changes in business as well as other surrounding environments. The company needs to carry out research studies continually to study quality perceptions of the customers and initiate measures for improvement.

6. Conclusion

To conclude, Consumer behavior consists of all human behavior that goes in making before and post purchase decisions. One can succeed in the competitive market only after understanding the complex consumer behavior. An understanding of the consumer enables the passenger cars manufactures to take marketing decisions which are compatible with its consumer needs. The customers have satisfied with product features of the small cars manufactured by the company, but they have not satisfied with fuel efficiency, maintenance cost, delivery time, free services and price of the car, spare parts price and after sale services of the company. The study further reveals that the customers perceived service quality is poor in the service quality dimensions of reliability, responsiveness, assurance and empathy. In this regard, these dimensions show a gap between perceived service and expected service quality.

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