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A Study of Buying Decision Influencers for Passenger Car Segment in New Delhi

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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. Today is an era which is characterised by a consumer's market where the manufacturers and marketers not only takes into consideration the consumer orientation to make them satisfied but goes one step ahead of achieving consumer delight. Consumers look for those differentiating parameters, which may help them to make a best decision and can be proved as value to money proposition for them. It makes more important to analyse the consumer perceptions and behaviour of the passenger car owners which will give the feedback pertaining to designing the marketing strategies. The objective of this paper is to investigate those differentiating parameter and effect of reference group that influence the consumer buying behaviour of car owners within the city of New Delhi. The primary data was collected from 191 respondents, located in New Delhi using convenience sampling. The results revealed the strong influence of attributes like price, fuel efficiency in buying decision and importance of reference group..*

KEYWORDS: *Buying decision, Information source, Influencer,Passenger car,Price, Product attributes,Referencegroup*

I. INTRODUCTION

Each of us, in some way or the other, is a consumer. The process through which we buy products and services is different for every one of us and for every category of the product. Today's market is driven and dominated by consumers and that is the reason he is considered the King. Thus, the decision of "to be or not to be of a preferred brand or product" depends solely on the choice of consumers. Understanding the buying behaviour of the target market is the essential task of marketing manager under modern marketing (kotler, 2009) [1]. It is not easy to predict the complex mind of the consumers as each individual is a unique product of genetics, environment and experience. If this riddle is solved then that may yield vast fortunes and if solved inaccurately may lend up in the situation of loss and that to of millions of rupees. For this reason, the buyer's mind has been categorised as a black box, which should be opened by the seller in his favour to be a successful marketer. Consumer behaviour considers the many reasons—personal, situational, psychological, and social—why people shop for products, buy and use them, sometimes become loyal customers, and then dispose of them. Today even marketers pay for search advertising, or ads that appear on the Web pages, as likes to find out what kind of things interest a consumer. Businesses often try to influence a consumer's behaviour with things they can control such as the layout of a store, music, grouping and availability of products, pricing, and advertising. Some of the factors results in a temporary influence and others are long lasting.
A Brief Profile: The Automobile Industry in India

In India, automobile industry is one of the largest industries showing rapid growth over the years and contributing certainly to the industrial development in the country. Presently passenger car segment is the fourth largest market in Asia as well as a home to the largest motor cycle manufacturer. Also with the inflow of foreign brand the monopoly of some other manufacturers are challenged.

In India, there are about fourteen manufacturers in passenger car segment. Top Automobile (Passenger Vehicle) Companies in India by market share from August 2012 to August 2013 as per India Car Sales Figure Analysis [2] are shown in Table 1. Some of the facts about these top players are summarized as: 1. Maruti Suzuki (42.02% Market Share): Customers lovingly call it as the people's car; since last three decades Maruti Suzuki has refined the way towards plying on roads by people. 2. Hyundai Motors India Limited (15.65% Market Share): The main feature of this manufacturer is the position in car export market. Also it is the second largest manufacturer of cars in India. 3. Tata Motors (6.39% Market Share): It is ranked amongst the top three in passenger segment, a leader in commercial vehicle. 4. Mahindra & Mahindra (8.75% Market Share**):** It is known for its commercial vehicles which are believed to be durable, reliable and fuel efficient. 5. Toyata (6.64% Market Share): A committed brand with its newly built up another plant to commence the beginning of new series. 6. General Motors (4% Market Share): Ranked as sixth biggest automobile manufacturing firm of India. 7. Ford (4.43% Market Share): It is a wholly owned subsidiary of Ford. Honda (4.9% Market Share): A committed company to make available the latest variants to the consumers of India. 8. Volkswagen (2.66% Market Share): Individual extension of each brand works as a separate entity in the market. 9. Nissan (1.38% Market Share): Provides a variety of alternatives in India in the segments of hatchback, sports sedan segments. The hottest selling models are Micra and Sunny.

Table 1: Manufacturer Chart

Manufacturers	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	**Market Share (%)**
Maruti	50129	88801	96002	90882	82073	103026	97955	107890	90523	77821	77002	75145	76018	42.02
Hyundai	2857	30851	35778	34751	26697	34302	34002	33858	32403	32102	30610	25965	28311	15.65
Mahindra	21216	23142	26932	24605	22761	26514	23421	25847	20749	22244	17232	15530	15821	8.75
Toyata	13995	12115	12281	10352	12071	13329	12756	19452	9007	10023	11010	11515	12007	6.64
Tata	22311	21652	21119	18031	14185	15209	10613	12347	11570	11134	11804	10824	11564	6.39
Honda	4952	4901	7719	3453	3807	5337	6304	10044	8488	11340	9297	11222	8913	4.93
Ford	7840	7794	7577	5944	6517	6062	4490	5271	4003	4002	7145	7867	8008	4.43
Chevrolet	7346	7274	6682	7204	7045	7588	7106	9006	8196	8496	6576	6503	6673	3.69
Volswagen	4397	5170	5607	5681	4464	6920	5810	6506	4566	5116	5356	4739	4805	2.66
Renault	4036	5577	6790	6607	5924	4914	6723	8232	6314	6300	6007	3763	3733	2.06
Nissan	3950	3576	1853	2787	2424	4055	1948	2125	1239	2080	2954	1225	2494	1.38
Skoda	1789	2321	1781	1612	2576	2057	1947	2079	1934	1916	1579	1560	1374	0.76
Fiat	470	656	568	270	369	344	203	462	391	620	775	928	1003	0.55
HM-Mitsubishi	363	238	424	419	481	430	815	725	113	144	116	163	173	0.1
Total	**171051**	**214068**	**231113**	**212598**	**191394**	**230087**	**214093**	**243844**	**199496**	**193338**	**187462**	**176949**	**180897**	**100**

Source: August 2013: Indian Car Sales Figures & Analysis

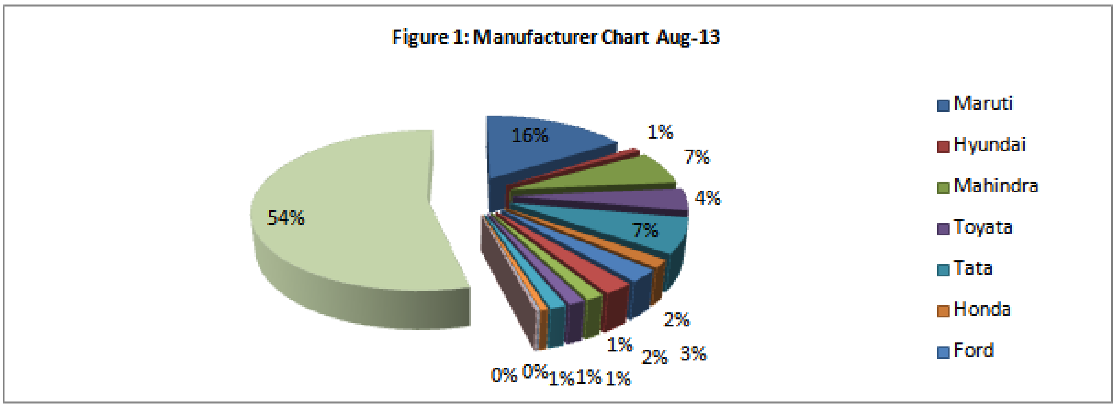

Figure 1: Manufacturer's market share (Aug 2013)

From the above data, it is clear that manufacturers are many and each one likes to attract the attention of the consumers to grab the maximum market share. They all study the consumer psychology to please them by providing the preferred parameters in the passenger car market, narrow down the appropriate ways of communication to consumers.

II. LITERATURE REVIEW

The studies by Mrs Beena John, Dr. S. Pragadeeswaran [3] titled "A study of small car consumer preference in Pune city", investigated impact of profile of respondents and influencing factors in purchasing decision. They concluded that the income fluctuation and enhanced petrol prices are the factors driving demand of small cars in India. Small car sector offers immense potential as penetration and consumption of small cars is very less in Pune compared to its population.

The study of consumer behaviour elaborates as how people construct their buying preferences to utilize their resources like time, money, effort on consumption-related things (Schiffman and Kanuk, 1997) [4]. Consumer behaviour is a study of the process concerned when people choose, purchase, use, or eliminate products, services, ideas, or experiences to satisfy wants and needs.

The studies by Chidambaram and Alfred (2007) [5] suggested that there are few factors which helps in affecting preferences of customers. The study unveiled the important factors which influence preferences as fuel efficiency, brand name, good quality, reasonable, durability.

The studies by Clement Sudhakar and Venkatapathy (2009) [6] established the significance of peer group in the purchase behaviour of car pertaining to Coimbatore District. It also revealed the impact of friends which is bigger for the purchase of small sized and midsized cars.

The studies by Banerjee, Ipsita (2011) [7], investigated about Car Acquisition & Ownership Trends in Surat city of motorized vehicle owning households. It concluded that household income is the prime factor of the number and size of cars that household buys, besides that family size is proved to be irrelevant factor as it was found that smaller vehicles were preferred even by larger family.

The study by White (2004) [8] **,** discussed the factors those plays a vital role in choice of car buyers and observed that consumer negotiate with dealers over price and pursue them to every extent to avail incentives as well as low-interest payment plans. He concluded that with an increasing trend of multi-car households, car dealers and advertisers should target the right audience, taking into consideration the power of children and the impact of life stage. Even after the fact that women are the primary buyers of most new cars, study concluded, the motor trade has traditionally been contemptuous of women's role in the car-buying process.

III. OBJECTIVES OF RESEARCH

1. To establish the role of Reference groups in a consumer buying decision of a passenger car
2. To associate the effect of Price on consumer buying decision of a passenger car
3. To examine the Product attributes that influence the consumer buying decision for a passenger car
4. To recognize the main Source of Information and Clarification for the consumer

IV. SCOPE OF THE STUDY

It is a well known fact that with the advent of increasing purchasing power and changing life style towards luxury now car has become a commodity of necessity and has become one important element of life of even to the middle class people. Hence, there is a remarkable scope to investigate the impact of factors affecting the today's consumer buying perception and behaviour of passenger cars. The study is restricted to Delhi city, which is no doubt an economically richest and cosmopolitan city. Delhi City has tremendous potential for all the products and services, because people of various religions, languages, cultural backgrounds and demographic and socio economic characteristics live in this area. This paper makes an attempt to investigate the influence of perception in the consumers' mind and how this information can be utilized by marketers in their favour to win the hearts of the consumers.

V. RESEARCH METHODOLOGY

The study has focused the passenger car owners in Delhi city, as a universe population. The users of all the brands of small car, hatch back, sedan or higher sedan were considered. For collecting primary data, structured questionnaire has been used. The convenience sampling method was used to collect the responses from 191 car users. A five point scale was used to measure the responses against each of the variables considered for the studies. To fill up the questionnaire, respondents were suppose to mention their choices for each of the variables, using a five-point Likert's scaling technique (strongly agree, agree, neutral, disagree, and strongly disagree). The score 1 was indicating the option "strongly disagree", and the score 5 on the scale, shows the category "strongly agree", for all the questions. Personal interviewing method was used because the sample size was comparatively small and interviewer can request more questions and errors could be reduced. A total of 230 questionnaires were distributed, out of this, only 191 questionnaires were filled up and completed in all respect.

VI. DATA ANALYSIS AND INTERPRETATION

The data collected is tabulated in Table 2 on demographic characteristics of the respondents.

Table 2 :Demographic Variables		
	No. of Respondents	**%**
Gender		
male	102	53.4
female	89	46.5
Marital Status		
married	94	49.2
unmarried	97	50.7
Education		
diploma	37	19.3
graduate	62	32.4
post graduate	79	41.3
others	13	6.8
No. of children		
one	65	34
two	49	25.6
more than two	19	9.9
not applicable	58	30.3
Age		
Below 25	11	5.7
26-35	57	29.8
36-45	74	38.7
Above 45	49	25.6

Occupation		
professional	52	27.2
business	65	34
private employee	33	17.2
Govt. employee	23	12
retired	18	9.4
Family Income(per annum)		
5-10 lakhs	37	19.3
10-15lakhs	76	39.7
15-20 lakhs	45	23.5
more than 20 lakhs	33	17.2

Source: Primary Data

The data in Table 2 shows the presence of males (53.4%) as majority of respondents with more than respondents falling in the age category of between 26-35 years. Most of the respondents were unmarried (50.7%) and the major occupation of the respondents found to be business (34%). The family income of the majority of respondents was found to be between 10-15 lakhs per annum (39.7%).

Table 3 :Information Sources & its influence on Decision				
Major Sources of Information	**Information Source**		**Major Influencer**	
	Number	**%**	**Number**	**%**
Internet	33	17.2	45	23.5
Product Advertisement	28	14.6	33	17.2
Friends/Family/Relatives	48	25.1	69	36.1
Showroom/ Dealer staff	20	10.4	20	10.4
Automobile Mechanic	19	9.9	10	5.2
Auto Expo/Exhibitions	15	7.8	8	4.1
Others	18	9.4	6	3.1
Buyers without information search	10	5.2	0	0
Total	**191**	**100**	**191**	**100**

Table 3: Majority of the respondents (94.8% i.e. 181 out of 191) found to make a prior search from various sources such as friends, dealer staff, and product advertisements etc. before taking a buying decision .From the table it is clear that vast number of purchasers of passenger car (25.1%) relies on information obtained from their friends, family and relatives. Also, as we know high involvement products are being bought after going through a complex decision process, similarly passenger car being the high-involvement product has a considerable impact of influencer on its purchasing decision. The list of the main influencers to the respondents is mentioned in the table. For majority of passenger car buyer's major influencer found to be friends, family and relatives (36.1%), followed by the internet (23.5%) and product advertisement (17.2%), showroom dealer staff (10.4%) and so on.

Table 4 : Doubt Clarification Sources		
Source	**Respondents**	
	Number	**%**
Showroom/Dealer	103	53.9
E-mail to Manufacturers	5	2.6
Brochure/Leaflet/Advertisement	13	6.8
Automobile mechanic	25	13
Internet surfing	45	23.5
Total	191	100

From the Table 4, it is evident that approx. half (53.9%) of the respondents consults the showroom/dealer staff for clarification of doubts about the passenger car prior to it's buying. Second most important source found to be internet surfing (23.5%).

Table 5 : Weightage assigned to Relative Product Attributes of Passenger Car

Product Attributes	**Not at all important**		**Not important**		**Indifferent**		**Important**		**Extremely important**	
	Number	**%**	**Number**	**%**	**Number**	**%**	**Number**	**%**	**Number**	**%**
Price	7	3.6	10	5.2	30	15.7	59	30.8	85	44.5
Style/Design	4	2	14	7.3	28	14.6	75	39.2	70	36.6
Fuel efficiency	3	1.5	4	2	14	7.3	63	32.9	107	56
Powerful Engine	2	1	7	3.6	17	8.9	87	45.5	78	40.8
Pick up	1	0.5	7	3.6	21	10.9	91	47.6	71	37.1
Warranty	4	2	12	6.2	38	19.8	60	31.4	77	40.3
Comfort/Luxury	1	0.5	3	1.5	22	11.5	92	48.1	73	38.2
Financing schemes	12	6.2	21	10.9	52	27.2	66	34.5	40	20.9
Internal Space	22	11.5	36	18.8	17	8.9	69	36.1	47	24.6
Safety	2	1	4	2	21	10.9	92	48.1	72	37.6
After Sales service	3	1.5	5	2.6	23	12	93	48.6	67	35
Models/Variants	23	12	29	15.1	19	9.9	67	35	53	27.7
Brand Image	3	1.5	7	3.6	31	16.2	89	46.5	61	31.9
Colour	7	3.6	12	6.2	39	20.4	72	37.6	61	31.9
Availability	4	2	12	6.2	43	22.5	82	42.9	50	26.1
Innovative technology	3	1.5	5	2.6	21	10.9	86	45	76	39.7
Maintenance cost	4	2	13	6.8	23	12	89	46.5	62	32.4
Durability	4	2	11	5.7	20	10.4	84	43.9	72	37.6
Re-Sale value	6	3.1	19	9.9	47	24.6	69	36.1	50	26.1
Insurance facility	29	15.1	19	9.9	34	17.8	49	25.6	60	31.4

Table 5 gives an overview of twenty one features and attributes of a passenger car which are considered by the respondents on the basis of their importance. It is clear from the data that all the features are not equally important for the consumers. Specifically, fuel efficiency is found to be extremely important factor as suggested by 56% of the respondents followed by price (44.5%) and powerful engine (40.8%). However, financing scheme (20.9%), re-sale value (26.1%) and internal space (24.6%) are relatively less important factors for respondents in passenger car segment.

Table 6 : Promotional Offers Usage Frequency

Schemes	**Frequency**	**%**
Free gifts	21	23.5
Price -off	47	52.8
Free Insurance	19	21.3
Other schemes	2	2.2
Total	89	100

To gain customers attention, passenger car manufacturers use promotional schemes to reduce overall significance of price to the buyers buying decision. A question regarding the usage of promotional schemes utilized while buying was investigated from the respondents. Table 6 shows that 52.3% of the respondents (100 out of 191) purchased their passenger car under some or the other promotional scheme, clearly indicating the importance of promotional offers to the customers. It is also evident that 52.8% used the price off schemes while 23.5% used free gifts as a scheme in purchasing the passenger car, followed by free insurance (21.3%).

Table 7 : Most Preferred Passenger Car Brand keeping Price aside

Passenger Car Brand	**Respondents**	
	Number	**%**
Maruti Suzuki	59	30.8
Hyundai	42	21.9
Mahindra&MAhindra	12	6.2
Toyota	9	4.7
Tata Motors	11	5.7
Honda	12	6.2
Ford	12	6.2
Chevrolet	7	3.6
Volkswagen	6	3.1
Renault	8	4.1
Nissan	5	2.6
Skoda	4	2
Fiat	2	1
HM-Mitsubishi	2	1

From Table 7, it is evident that the buyers' preference for Maruti Suzuki (30.8%) is the highest. The second most preferred company was Hyundai (21.9%).The least preferred brands included Fiat (1%) and HM-Mitsubishi (1%).

Table 8 : Major Information Influencer Vs Age Distribution of Respondents

Major Influencer	**Age (in years)**				**Total**
	Below 25	**26-35**	**36-45**	**Above 45**	
Internet	13	17	13	9	52
Product Advertisemnet	2	7	5	6	20
Friends/Family/Relatives	9	13	18	21	61
Showroom/ Dealer staff	3	9	7	8	27
Autobobile Mechanic	2	1	10	7	19
Auto Expo/Exhibitions	7	2	2	1	12

Table 8 analyse the influence of different sources of information according to the age group of buyers. While friends, family and relatives is the major influencer (61%) for all the age-groups, the internet surfing proved to be upcoming major influencer (52%) across all age groups due to advancement in technology and access to new methods of getting information. In terms of popularity, the other major influencers were showroom/dealer staff (27%), followed by product advertisements (20%) and automobile mechanic(19%).Least popular influencer proved to be Auto Expo/Exhibitions (12%) .

VII. CONCLUSION

The investigation of the paper has revealed that the reference group plays an important role in buying decision of passenger cars. Friends, family and relatives reference has been found to have significant source of information and influencers in the passenger car buying. Also, Price-off amongst the promotional offers and fuel efficiency in the passenger cars are found to be the foremost reasons for the preference by the customers. The study also reinforced the association between the respondents' age and the main influencer in buying a passenger car. Besides, the friends, family and relatives as main influencer, users also trust the information available on internet. All the 21 features/attributes are considered to be vital by the consumers. Among attributes, the three most important ones are fuel efficiency, price and powerful engine. Passenger car manufacturers should improve their product in terms of fuel-efficiency and improve technology to improve the mileage in order to attract more customers. Consumers felt that if the price of the passenger car is ignored, they will prefer premium level, stylish and powerful passenger car. Thus, if manufacturer use the same style for medium and lower end passenger cars, it will be easy for marketers to attract customer.

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