



Consumer Behavior Towards Small Cars in Hyderabad: An Empirical Study

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Abstract:

The Government of India allowed foreign joint ventures in the automobile industry since early 1990. Subsequently, the Indian Government allowed Foreign Direct Investment (FDI) with an equity cap in the industry, through which so many automobile giants are entering the Indian market with varieties of models, readily available, without much waiting time for the delivery. The sudden entry of major global players has made the Indian auto industry very competitive, as India provides twin benefit of ready market and low cost manufacturing base for them. With the explosion of the automobile industry, due to its globalization and liberalization, car manufacturers introduced much innovative and technological advancement in their models.

Customers have started thinking to change over to the new models of cars, with related ease than in the past, to suit their changing life styles. This study seeks to identify the factors that influence on consumer behavior with special reference to small cars in Hyderabad.

Key words:

Consumer behavior, Small Car

Introduction:

In India, until the mid-eighties, consumers had very limited options for passenger cars. In those days, people used to buy passenger cars for their luxury and status symbol, rather than a necessity.

Due to the subsequent economic boom in higher income levels and the growing purchasing power of the Indian urban population, cars have been transformed into a necessary ingredient for the Indian middle class families. To fulfill the desires of Indian consumer, the Indian government is strengthening Automobile Industry for the past two decades to produce automobiles in all segments by new economic policy and freedom from the License. Due to this, various changes have been made in Indian economic scenario. India is one of the most promising of the world economies and is well on its way to becoming a global economic powerhouse in about a decade. It is also one of the fastest and most exciting automobile markets in the world.

It is not surprising at all that, almost every global automobile manufacturer today is keen on entering the Indian market. Car manufacturing has entered into another dramatic phase in India in recent times. The global auto majors like Ford, Toyota, Chevrolet, Suzuki and Hyundai have set up manufacturing plants in India and are using India as an important production base to source their market requirements both for India as well as the global market. The small car market in India is increasing by leaps and bounds. The main players in the passenger car market like Tata Motors, Hyundai and Maruti Udyog are fiercely competitive and more or less all the automobile companies in India that have forayed into the production of small cars are trying to out-do each other in terms of design, innovation, pricing and technology.



The increase in the demand for small cars can be attributed to the inspirational lifestyle of people which makes them strive for a car early on in life. The overall age for owning a car has also decreased in recent years. Further, with the growing affluence of the rural sector, owning a car, at least a small car, is a foregone conclusion in modern India. However, since small cars are more affordable and utilitarian, the demand for them has shot through the roof. The immense challenging assignment of all auto mobile companies is to recognize the psychology of consumers in the precipitous competitive environment in Indian auto industry. Auto mobile companies can reach their target when they are competent to understand consumers' wants and needs. The modern marketing concept for successful management of a firm requires companies to consider the consumer as the focal point of their business activity. Although it is important for the automobile companies to understand the customer and accordingly evolve its marketing strategy, the customer or consumer continues to be an enigma sometimes responding the way the middle men wants and on other occasions just refusing to buy the product from the same company.

For this reason, customer or consumer would be in perplexity to opt the appropriate one. After liberalization and globalization, the car industry in India has undergone a phenomenal change. The days of monopoly in the Indian market are over. The small passenger car market has reached a stage which nobody would have dreamt of few years back. The small car industry in India is fast adapting to the changing times. Small cars are looking more beautiful and technologically superior. The study is exploratory in nature undertaken on a sample of 100 small car owners in Hyderabad city to identify the constituent factors of consumer behavior. The respondents were selected on random basis from the population under study i.e. owner/users of small cars. The various models of small cars under study included Maruti Alto 800, Spark, Santro and Tata Indica.

Objectives of the Study:

The main objective of the study is to analyze the "Consumer Behavior towards Small Cars in Hyderabad". The specific objectives of the study include

1. To identify the factors influencing the selection and purchase of small car.
2. To find out the attitude of consumers towards various brands of small cars.

Hypotheses:

The following null hypotheses of the research problem were taken out in the present context in consonance with the objectives of the study stated above as follows:

1. There is no influence of motivators on purchase decision making of the small car owners.
2. There is no significant association between product attributes and the purchase decision.

Research Methodology:

The present study deals with various aspects which determine the consumer's preference and attitude towards the small car. We approached the customers of small cars in the Hyderabad city randomly for the purpose of the present study. We used the convenience sampling method to carry out the present study. The sample size consists of 100 respondents. A well-designed questionnaire was prepared for obtaining the information. Average and Chi square techniques have been used to analyze the data.

Primary Data:

For primary data collection a structured questionnaire has been prepared and circulated among the sample respondents i.e., consumer of small cars from the study area. As the territory of the study is large, so random sampling technique was adopted to select sample respondents from different locations of Hyderabad city. A total of 100 sample respondents were included for survey and their responses tabulated.

Secondary Data:

The secondary data have also been extensively used in this study. The secondary data have been gathered from the existing review of research, literature on the subject of auto mobile industry & consumer behavior, companies' bulletins, annual reports and websites for the purpose of building a strong conceptual background of the study.

Results and Analysis:

A consumer's decision to buy a product is the result of interplay of many factors. The process of choosing is a complex phenomenon. Selection of a product or service goes through a set of stages, especially for the selection of durable products. Classification of sample respondents on the based on the brand preference in purchase is presented in the following table.

Table 1: Brands possessed by the customers

Sl. No	Name of the Brand	% of the Respondents
1	Maruthi Alto 800	36
2	Hyundai Santro	29
3	Tata Indica	23
4	Chevrolet Spark	12
Total		100

Table 1 clearly indicates that 36 per cent of the customers of Maruti cars.29 per cent of respondents of Hyundai santro, 23 per cent of Tata indica and 12 per cent of respondents of Chevrolet Spark were found as brand possessors. Consumer Behavior is exposed to many external and internal stimulus which helps in decision making. It is very important to know the sources through which the consumers come to know about the cars. Advertisement in various Medias, friends, relatives, dealers' representatives, etc. is the main sources of awareness of the respondents. Classification of sample respondents on the basis of source of awareness is presented in the following table

Table- 2 :Source of Awareness of the Respondents

Name of the car	Source of awareness								Total
	Advertisement		Friends & Relatives		Dealer's Representative		others		
	F	%	F	%	F	%	F	%	
Maruthi Suzuki	16	44.44	9	25.00	9	25.00	2	5.56	36
Hyundai Santro	11	37.93	8	27.59	7	24.14	3	10.34	29
Tata Indica	10	43.48	6	26.09	6	26.09	1	4.35	23
Chevrolet Spark	7	58.33	3	25.00	2	16.67	0	0.00	12
Total	44	44.00	26	26.00	24	24.00	6	6.00	100

Source: Primary data

With a view to find the degree of association between small car and source of information, a two-way table was prepared and the results are shown in the following table 2 It is clear that 44 per cent of the respondents stated that the source of information about the small car is through advertisement, 26 per cent of respondents stated that the source of information about the small car through friends and relatives, 24 per cent through dealers representative and 6 per cent of the respondents stated that the source of information about the small car is through others. In order to find the association between the small Cars and source of information, a chi-square test was used and result of the test is shown in the following table

Chi square Test

Pearson Chi-Square	Value	df	P value	Remark
	18.08	9	0.04	Highly Significant

It is noted from the above table that the p value is less than 0.05 and hence the result is highly significant. Hence the hypothesis 'small cars and source of information are not associated' does not hold well. From the analysis it is concluded that there is highly significant association between the small cars and source of information.

Table 3: Criteria for Selection of Brand

Criteria for Selection of Brand	Car Maruthi Suzuki		Hyundai Santro		Tata Indica		Chevrolet Spark		Total
	F	%	F	%	F	%	F	%	
Price	20	54.05	9	24.32	6	16.22	2	5.41	37
Fuel- Efficiency	7	31.82	4	18.18	10	45.45	1	4.55	22
Comfort & Space	3	15.00	8	40.00	4	20.00	5	25.00	20
Safety	1	25.00	2	50.00	1	25.00	0	0.00	4
Appearance	2	33.33	1	16.67	2	33.33	1	16.67	6
Technology & Maintenance	2	25.00	4	50.00	0	0.00	2	25.00	8
After Sale Services	1	33.33	1	33.33	0	0.00	1	33.33	3
Total	36	36.00	29	29.00	23	23.00	12	12.00	100

Source: Primary data



With respect to the Criteria for Selection of Brand 34.48 per cent of the respondents are influenced to purchase small car by price. For the influencing factor of Fuel- Efficiency 22 per cent of the respondents are influenced. Towards the influencing factor of Comfort & Space 20 per cent of the respondents are influenced. For the influencing factor of Safety 4 per cent of the respondents are influenced. Towards the influencing factor of Appearance 20 per cent of the respondents are influenced to purchase small car. For the influencing factor of Technology & Maintenance, 8 per cent of the respondents are influenced to purchase small car. Towards the influencing factor of After Sale Services 3 per cent of the respondents are influenced to purchase small car. In order to find the association between the small cars and Criteria for Selection of Brand to purchase, a chi-square test was used and result of the test is shown in the following table.

Chi square Test

Pearson Chi-Square	Value	df	P value	Remark
	29.66	18	0.04	Highly Significant

It is noted from the above table that the 'p; value is less than 0.05 and hence the result is highly significant. Hence the hypothesis 'small cars and Criteria for Selection of Brand to purchase are not associated' does not hold well. From the analysis it is concluded that there is highly significant association between the small cars and Criteria for Selection of Brand to purchase.

Conclusion:

The study has ascertained that currently the small car industry in India is dominated by Maruti Suzuki. Key finding which emerged for this study is that Alto 800 is most preferred car in this segment followed by Santro, Tata Indica and Spark. This study reveals that purchasing of car is strongly influenced by the advertisements and secondly by family and friend's recommendations. The study also reveals that price is one of the most important criteria in selection of car. After sales service in car are least preferred criteria.

At the same time companies must pay attention to fuel efficiency, warranty and after sale services and availability of accessories.

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