



# A Study of Consumer Behaviour towards Small Cars with Reference to Rajkot City

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## Abstract

The purpose of this paper is to understand the consumer behaviour of small car users in Rajkot city. 100 samples have been taken from Rajkot city, Gujarat, and also to analyze demographic profile of consumers such as, gender, marital status, family income and consumer's status of the car. This study has been conducted to identify which car brand is mostly preferred and which sources of information is used, to analyze which mode of payment is used by the small car users of Rajkot city. This study has been analyzed that there is no significant association between family income and mode of payment and also investigated that there is significant association between marital status and consumer's status of car. A consumer goes through complex buying behavior when they are highly involved in a purchase and aware of significant differences among brands. This paper is useful to the marketers to design best marketing strategy for small cars and also to the car manufacturing companies, car dealer distributors, advertising agencies, investors who are interested to invest their finance in profitable automobile companies and consumers also.

## Keywords

Consumer Behaviour, Automobile Industry (Small Cars), Consumer Behaviour in Rajkot City.

## 1. Introduction

Automobile industry is one of the fastest growing industries of the world. India became the 4<sup>th</sup> largest auto market in 2018 with sales increasing 8.3% year on year to 3.99 million units. It was the 7<sup>th</sup> largest manufacturer of commercial vehicles in 2018. The two wheelers segment dominates the market in terms of volume owing to a growing middle class and young population. Indian automobile industry is manufacturing cars, buses, three wheelers, two wheelers, commercial & heavy vehicles. It provides employment to a large no. of workforce. The abolition of license in 1991 opened the doors for international automobile manufacturers. A number of global automotive companies entered into joint ventures with domestic manufacturers of India and thus started the large scale production of automobiles in India. The production of automobiles in India is mainly for the domestic customers.

## 2. Review of Literature

**Gerald D. Bell (1967)** his study on “The Automobile Buyer after the Purchase.” that how a new car buyer feels about his purchase and what factors determine his reactions when he begins living with his new car. The study was conducted in a large urban area in the United States. One Chevrolet dealership was chosen as the source for finding customers who had just purchased new cars. 234 persons were interviewed from one to 8 days after the purchase. The finding of this investigation suggests the effect of a customer's self confidence, his personality, and the quality of service he receives upon his cognitive dissonance. The type of personality an individual brings to the dealership and the experiences he has while purchasing his new car determine the extent of his dissatisfaction with the metallic object sitting in his driveway. **Piplai (2001)** studies the policy environment and its impact on the Indian automobile industry. While Piplai appears to be justified in saying that there has been excess capacity in the auto industry and the auto majors are facing difficulties in aggressively marketing their products, it is probably not correct to conclude, as he has done, that the current levels of competition resulting from liberalization are unsustainable. As noted in the introduction, car penetration levels are very low in India and hence the future potential for demand is very high. This would ensure that competition is quite sustainable as there will be enough consumers, given the rapid economic growth that is taking place. **V.G. Ramakrishnan (2003)** the vehicle servicing business in India is undergoing a transformation. In early days, the servicing needs of the vehicles were undertaken mostly by roadside mechanics and a few organized workshops. Companies need to focus on building a chain of authorized service stations covering the entire country to service its vehicles. As the competition in the market has intensified and profit margins squeezed, companies need to view servicing as a money spinner for the entire operation. In the recent years, other players have entered in the field and the creation of national chain of organized workshops is underway and that is likely to change the nature of vehicle servicing market in India. The two-wheeler market that has seen an explosive rise in sales over the last few years which created an opportunity for various companies to enter the after sales business of two wheeler, Castrol, a company well known for its lubricants, has entered into the motorcycle servicing business with the roll out of its first workshop 'Castrol PrimaZona' and have plans to have India presence. **Brian T. Ratchford, Myung-Soo Lee & Debabrata Talukdar (2003)** in their study “The Impact of the Internet on Information Search for

Automobiles" using data from surveys of automobile buyers collected in 1990 and 2000 in a natural experiment setting, studies the determinants of use of Internet as a source of information on automobiles, its impact on the use of other sources, and its impact on total search effort. The results indicate that the Internet draws attention in approximately the same proportion from other sources. The results also show that those who use the Internet to search for automobiles are younger and more educated and search more in general. However, the analysis also indicates that they would have searched even more if the internet has not been present. **J Clement Sudhakar and R Venkatapathy (2005)** in their article "Automobile Purchase - Peer Influence in Decision Making" have observed that urbanization and metropolitan culture have necessitated the need for the fast foods, designer's cloths, luxury cars, etc. Further the authors have mentioned that the change in the family and in the earning pattern, especially the emergence of double income group families have resulted in significant changes in the buying behavior of individuals. The authors conducted a study covering a sample of 429 respondents in Coimbatore district. The study has revealed that 'Friends' are the most influencing peer group in the purchase of cars. Further brand image, publicity and dealer's network, after-sales services and vehicle performance were found to be significant factors influencing purchase of car. **Michael Cusumano, Steve Kahl and Fernando Suarez (2008)** in their research paper "A theory of services in product industries", has concluded that in many product oriented industries, services have become increasingly important. In case of automobiles, many automakers generate the vast majority of their profits from a service activity closely tied to their product activity. The automobile industry overall generates a large portion of its profits from other product-related service activities such as insurance and repairs. The authors argued that despite the seeming importance of services, there is not much theory to help researchers or practitioners explain the conditions under which services matter in product industries. The general view that emerges from the services literature is that services tend to become important for manufacturing firms once their industries reach a mature stage.

### 3. Need for the Study

Consumer behaviour is a fundamental ingredient in the marketing process. Based on an extensive review of literature, it could be stated that several demographic and dispositional characteristics of individuals and many other factors tend to influence the purchase behavior of car customers, and are quite varied and complex over time and across space. It is evident that considerable work remains in investigating the personal, social, economic, demographic and psychological factors motivating the people to purchase cars. Thus there exists a strong need to offer conceptually sound, operationally feasible strategies to bring about a change by empirically studying the attitude and behavior of car purchasers. Automobile is particularly small cars market is growing at a rapid speed and is gaining importance during the last decade. The usage of small car for easy family transportation in both rural and urban areas has increased. During the last decade, a number of new brands and models were introduced and the people have wide variety of options before them. It is relevant to study the effect of certain market variable on subsequent buyer behaviour in the usage of small cars. The consumers purchase process and their buying habits are of vital importance and is relevant to the present day problems and needs of the consumer in general. In view of the above studies and the

importance of consumer behaviour the present study is targeted at understanding consumer behaviour towards small cars with reference to Rajkot city.

#### 4. Objectives of the Study

1. To understand the consumer behaviour of small car users in Rajkot city.
2. To analyze the socio - economic / demographic profiles and ownership pattern of consumers in the Rajkot city.
3. To identify which car brand is mostly preferred and the sources of information about the small car in the Rajkot city.
4. To understand the mode of payment is used by the consumers of the Rajkot city.
5. To examine an association between family monthly income and modes of payment to purchase the cars.
6. To examine an association between marital status and consumer's status of the cars.

#### 5. Research Methodology

##### 5.1. Universe of the study

All the small car users of Rajkot City are the universe of this study.

##### 5.2. Sampling

The study has been based on convenient sample survey of 100 respondents from Rajkot City only.

##### 5.3. Data Collection

The data collected for the present study comprises of both primary and secondary sources.

###### 1. Primary Data:

The primary data has been collected through questionnaire. The respondents were interviewed and asked to fill the questionnaire.

###### 2. Secondary Data:

In order to fulfill the objectives of the study, secondary data has been collected. The secondary data has been collected from various magazines, journals, daily newspapers, survey reports and reference books etc.

#### 5.4. Hypothesis of the Study

$H_0$  = There is no association between family monthly income and modes of payment to Purchase the cars.

$H_0$  = There is no association between marital status and respondent's status of the cars.

#### 5.5. Tools and Techniques

The primary data is collected through the structured questionnaires and analyzed with the help of statistical tools such as percentage and chi - square are used for studying.

## 6. Data analysis and Interpretation

The data collected through questionnaire that have been tabulated and interpreted meaningfully.

**Table 1: Gender of the Respondents**

Sr. No.	Gender	Frequency	Percentage
1.	Male	86	86%
2.	Female	14	14%
	<b>Total</b>	<b>100</b>	<b>100%</b>

### Interpretation:

It can be seen from the above table that an overwhelming majority of 86% of the respondents are male and a small segment of 14% of the respondents are female.

**Table 2: Marital Status of the Respondents**

Sr. No.	Marital Status	Frequency	Percentage
1.	Unmarried	42	42%
2.	Married	58	58%
	<b>Total</b>	<b>100</b>	<b>100%</b>

### Interpretation:

It can be observed from the above table that an overwhelming majority of 58% of the respondents are married and 42% of the respondents are unmarried.

**Table 3: Family Monthly Income of the Respondents**

Sr. No.	Family Income	Frequency	Percentage
1.	Up to 10,000 Rs.	8	8%
2.	10,001-20,000 Rs.	21	21%
3.	20,001-30,000 Rs.	23	23%
4.	30,001-40,000 Rs.	15	15%
5.	40,001-50,000 Rs.	10	10%
6.	Above 50,000 Rs.	23	23%
	<b>Total</b>	<b>100</b>	<b>100%</b>

### Interpretation:

It can be evident from the above table that 23% of the respondents' family monthly income is same for both group 20,001-30,000 Rs. and Above 50,000 Rs., followed by 21% of the respondents' family monthly income is Rs. 10,001-20,000, followed by 15% of the respondents' family monthly income is Rs. 30,001-40,000, followed by 10% and 8% of the respondents' family monthly income are 40,001-50,000 Rs. and Up to 10,000 Rs. Respectively.

**Table 4: Consumer's Status of the Car**

Sr. No.	Status of Car	Frequency	Percentage
1.	Owner	70	70%
2.	User	30	30%
	<b>Total</b>	<b>100</b>	<b>100%</b>

**Interpretation:**

It can be seen from the above table that an overwhelming majority of 70% of the respondents are owners, followed by 30% of the respondents are users of the car.

**Table 5: Brand Name of the Car**

Sr. No.	Brand Name of The Car	Frequency	Percentage
1.	Maruti Suzuki	32	32%
2.	Hyundai	20	20%
3.	Honda	7	7%
4.	Renault	3	3%
5.	Tata	11	11%
6.	Mahindra	8	8%
7.	Ford	10	10%
8.	Toyota	6	6%
9.	Other	3	3%
	<b>Total</b>	<b>100</b>	<b>100%</b>

**Interpretation:**

It can be analyzed from the above table that majority of the respondents 32% are having Maruti Suzuki's cars, followed by 20% are having Hyundai's cars, followed by 11% are having Tata's cars, followed by 10% are having Ford's cars, followed by 8% are having Mahindra's cars, followed by 7% are having Honda' cars and 6% are having Toyota's cars and 3% of the respondents are having Renault's cars and further 3% of the respondents are having other company's cars like Nissan, Fiat Chrysler (Jeep Compass), etc.

**Table 6: Sources of Information about Car Brands**

Sr. No.	Sources of Information	Frequency	Percentage
1.	News Papers	18	18%
2.	Magazines / Journals	9	9%
3.	Television promos	20	20%
4.	Internet	21	21%
5.	Mass media / Hoardings	10	10%
6.	Family / Friends	22	22%
	<b>Total</b>	<b>100</b>	<b>100%</b>

**Interpretation:**

It can be interpreted from the above table that majority 22% of the respondents are getting information about their car's brand through Family/Friends, followed by 21% through Internet, followed by 20% through Television promos, followed by 18% through News papers, followed by 10% through Mass media/Hoardings and a very small segment of 9% of the respondents are getting information about their car's brand through Magazines / Journals.

**Table 7: Modes of Payment to Purchase Car**

Sr. No.	Mode of Payment	Frequency	Percentage
1.	One Time payment	50	50%
2.	Installment Basis	50	50%
	<b>Total</b>	<b>100</b>	<b>100%</b>

**Interpretation:**

It can be evaluated from the above table that the 50% and 50% of the respondents said that, they have purchased the car through onetime payment and on the installment basis respectively.

**Table 8: Chi-Square between family income and modes of payment**

Family Income	One Time Payment	Installment basis	Total
Up to 10,000 Rs.	7	1	8
10,001-20,000 Rs.	8	13	21
20,001-30,000 Rs.	9	14	23
30,001-40,000 Rs.	8	7	15
40,001-50,000 Rs.	6	4	10
Above 50,000 Rs.	12	11	23
<b>Total</b>	<b>50</b>	<b>50</b>	<b>100</b>

**Interpretation:**

It can be interpreted from the above table that the calculated value of Chi-square is 2.38 which is less than the table value of 11.070 at 5% level of significance with 5 df. Hence, **H<sub>0</sub> is accepted** and it can be analyzed that **there is no significant association between family income and modes of payment**.

**Table 9: Chi-Square between Marital Status and Status of Car**

Marital Status	Owner	User	Total
Unmarried	22	20	42
Married	48	10	28
<b>Total</b>	<b>70</b>	<b>30</b>	<b>100</b>

### **Interpretation:**

It can be examined from the above table that the calculated value of Chi-square is 10.71 which is more than the table value of 3.841 at 5% level of significance with 1 df. Hence,  **$H_0$  is failed to accept** and it can be analyzed that **there is significant association between marital status and status of car.**

## **7. Findings & Results**

1. Majority 86% small cars users are male whereas, 14% are female.
2. 58% small cars users are married whereas, 42% are unmarried.
3. Majority 23% of the respondents' monthly income is 20,000-30,000 Rs. and above 50,000 Rs. both whereas, minority 8% of the respondents' monthly income is up to 10,000 Rs.
4. Majority 70% of the respondents are owner of the car whereas, 30% of the respondents are user of the car.
5. Majority 32% of the respondents are using Maruti Suzuki's car Brands whereas, 3% of the respondents are using Renault's cars and other any other brand's car.
6. Maximum 22% of the respondents get information about the car from the family members or / and friends whereas, 9% of the respondents get information from the magazines/ journals.
7. 50% small cars users buy the cars through onetime payment/cash payment whereas, 50% small cars users buy the cars through installment basis/credit base payment.

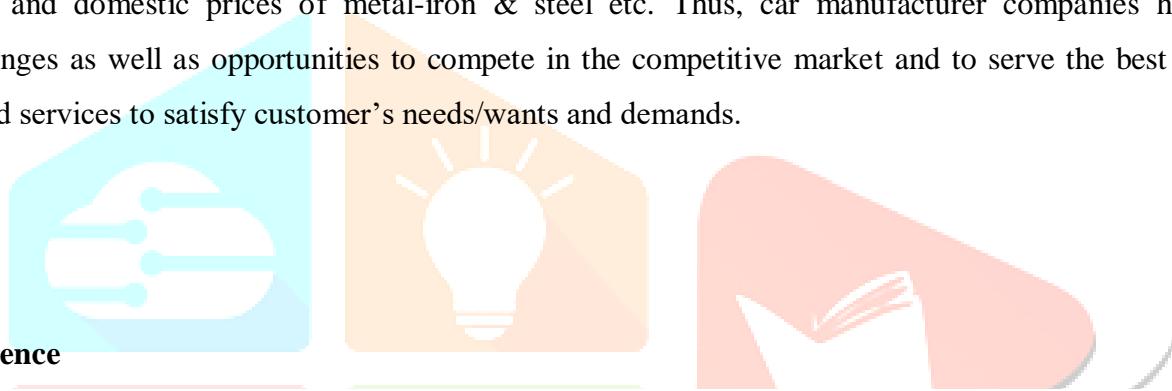
## **8. Limitations of the Study**

1. The study has been confined only Rajkot city.
2. The sample size has been limited to 100 respondents and the limitations of structured questionnaire method and convenient sampling method have also been applied to - this study.
3. The response given by the respondents may be biased.
4. Time bound limitations are inevitable and uncontrollable.
5. Financial disposal at the end of research also influences the research.
6. In some cases, respondent's status of the car both owner as well as user also, but in this - study researcher classified both separately.

## **9. Suggestions**

Maruti Suzuki is one of the best car manufacturer company that captures/covers 50% market share of Indian automobile sector. So, Maruti Suzuki have opportunity/future scope to utilize excess or unutilized capacity to compete with other car manufacturer companies and to provide cars with updated/developed technology like electronic and hybrid cars that more eco friendly to the environment. Maruti Suzuki have a cost-effective leadership in Indian market means company provides more innovative features in the cars at low price and get competitive advantage of low price than other car manufacturer companies. Thus, Indian consumers are

also interested to buy the cars at low price without compromising quality of the cars. Maruti Suzuki provides the best after sales services like repairing and maintenance, insurance, license registration, etc than the other car manufacturers. So, other competitors have future scope to provide best after sales service to their customers. India is the large growing country. So, the global manufacturers are also interested to invest their finance in the profitable automobile company through FDI, Joint Venture, and Merger & Acquisition. For example, 1) Joint Venture - Maruti Suzuki, 2) Merger & Acquisition - Tata Jaguar. There is one opportunity for the car manufacturer companies is to hire experienced, skilled and semi skilled mechanical engineers for designing the innovative products (cars). To increase the sales of the car manufacturer companies, the companies should select the best dealers/distribution channel for reaching to the consumers and to satisfy consumer's needs and demands. Indian automobile industry have to face the challenges like lack of infrastructure, reducing no. of mechanical engineers, shortage of semi-skilled and auto design workers, more fluctuation in oil price, fuel technology, import & export duties – motor vehicle tariffs, consumer sentiment index and domestic prices of metal-iron & steel etc. Thus, car manufacturer companies have various challenges as well as opportunities to compete in the competitive market and to serve the best cars and its related services to satisfy customer's needs/wants and demands.



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