

# Customer Factor Preference While Purchasing Passenger Cars

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## ABSTRACT

*Day by day number of customers is increasing in automobile industry especially passenger cars due to easy finance. To cope with the competition the companies have to meet the customers' expectations and giving more importance to the factors that customers consider at the time of buying. The current study aimed in investigating the important factors affecting the purchase decision of customers at the time of buying passenger cars. The study is carried out with the help of a questionnaire. The data obtained from the respondents who owned cars and were analyzed by using simple percentage method. It is evident that first preference customers were giving to performance followed by efficiency of the vehicle.*

**Keywords:** Efficiency, Percentage Method, Purchase Decision, Questionnaire

## 1. Introduction

For any Business/Organization clients are the most imperative individuals. They are considered as assets of an organization, no business exists without them. In today's world customers are suffering from lack of information concerned about quality of product and purchase alternatives. Sometimes acquisition of information is difficult to obtain or too costly. The modern customer is faced with the uncomfortable task of attempting to judge product quality through the use of imperfect knowledge and with the aid of personal self-perceived quality criteria. From most of the studies it is revealed that customers considered price as key factor under purchase decisions.

It is evident that when the cost of a product increases, the demand decreases whereas under certain situations there is an exemption to this rule. Because cost is considered as nature of item in certain circumstance it is treated as troublesome for clients while determining the characteristic physical nature of items. In an advertising idea client observation envelops a client's impression, mindfulness and awareness about an organization or its advertising.

Customer perception is the meaningful picture created in the minds of the customer from the various sensory stimuli. Customer perception is the impression created in the minds of the customer. There may be or may not be physical evidence existing to support such an impression.

## 2. Review of Literature

Customers in this era are targeted by mass media and they change the consumers' way of thinking through emotions, needs, wants and demands. Market researchers and organizations spent billions of dollars on consumer research to identify important factors that influence on consumer decisions. The analysis of consumer behavior is effective in detecting the orientation of consumers' behavior (Thapa, 2011). There is a significant relationship between brand equity and the willingness to recommend brand purchase to others (Azizi & Ajini, 2012). Most of previous studies tested the influence of brand image on consumers' purchase intention and showed a significant relationship between these variables (Arslan & Altuna, 2010; Chi et al., 2008; Tariq et al., 2013).

Zeeshan (2013) in his study found that brand image has a significant effect on the purchase intention of men. Divolf (2005) states that more likely brand awareness lead to high brand association in the minds of customers. Consequently, it is more likely that brand awareness leads to the increase of consumer decision to buy that brand (Tih & Lee, 2013). Results of Hernández and Küster (2012) also suggest that attitude toward brand has a significant impact on their purchase intention. Purchase intention is a kind of decision-making that studies the reason to buy a particular brand by consumer (Shah et al., 2012). Purchase intention usually is related to the behavior, perceptions and attitudes of consumers. Purchase behavior is a key point for consumers to access and evaluate the specific product.

Ghosh (1990) states that purchase intention is an effective tool to predict buying process. Purchase intention may be changed under the influence of price or perceived quality and value. In addition, consumers are affected by internal or external motivations during the buying process (Gogoi, 2013). Researchers have proposed six stages before deciding to buy the product, which are: awareness, knowledge, interest, preference, persuasion and purchase (Kotler & Armstrong, 2010). Kawa et al., 2013, Customers always think that purchase with a low cost, simple packaging and little-known product is at high risk since the quality of these products is not trustable (Gogoi, 2013).

The incentivized offer figures out which clients to seek after and which you ought to stay away from. It maps which items and administrations you'll put resources into and which you will forego; and it characterizes which business openings you ought to seek after and which you ought to leave behind. In more straightforward terms, the strategic offer is the special attention between a business and its clients. It's

extremely hard to get by in any industry of the economy, without a very much characterized and all around propounded esteem recommendation for an organization.

In the diary space Amrit Raj, Marti Trewe and Abdul Majeed (Mint 2012) clarifies, a word on diesels: For light-obligation vehicles, diesels offer extraordinary esteem maintenance, and there aren't numerous choices that can offer a similar return. That fuel investment funds would be considerably higher for some high-mileage armadas, and the underlying diesel premium would be paid back in held an incentive down the line.

### 3. Research Methodology

**Statement of the Problem** - The problem under study is to identify customer preference towards each of the factors in passenger car industry that ultimately lead to brand preference and purchase decision.

**Scope of the Study** – The current study is trying to find out important propositions from customers point of view and how important is that customer expectations at the time of purchase the vehicle.

#### Objective of the Study

1. To understand the impact of various factors like performance of engine, fuel efficiency etc., on selection of car.
2. To know how frequently customers prefer to change the car.
3. Find out key important factors played an important role from the customer point of view, for strategic decision making.

**Research Design** – Descriptive Research

**Sampling** - Convenience Sampling

#### Tools for data collection

- **Primary Data** – Using questionnaire data is collected from the owners of passenger cars.
- **Secondary Data** – Journals, published sources and other websites.

### 4. Data Analysis

**Table 1- Age of Respondents**

		Percent
Frequency	below 30	19.7
	31-40	31.1
	41-50	36.1
	51-60	11.5
	above 60	1.6
	Total	100.0

Most of the respondents are in the age group of 41-50 with above 36% and least 1.6% is in the age group of above 60. The main customers of passenger cars are middle aged people.

**Table 2 - Annual Income status of the respondents**

		Percent
Frequency	below 200000	8.2
	200000-400000	21.3
	400000-600000	44.3
	600000-800000	11.5
	above 800000	14.8
	Total	100.0

Majority of the respondents 44% comes in the income group of 4-6 lakhs per annum and least 8.2% belongs to the income group of below 2 lakhs and the main customers of passenger cars are middle income people (4-8 lakhs per year).

**Table 3 - Duration of the passenger car usage**

		Percent
Frequency	below 3 years	55.7
	3-6 years	42.6
	6-9 years	1.6
	Total	100.0

Majority of the respondents falls under the usage duration group of below 3 years whereas groups of 9-12 years and 12-15 years have not had any frequencies among respondents.

**Table 4- Source of Information on Value proposition of Car**

		Percent
Frequency	Newspapers	14.8
	TV commercials	4.9
	Online commercials	21.3
	Word of mouth	29.5
	Others	29.5
	Total	100.0

Majority of respondents have pointed Word Of Mouth and others as the source of their information (29.4%) and TV commercials prove to be the least informative with just 4.9%.

**Table 5- Most Expected value proposition in passenger car industry**

		Percent
Frequency	Safety	19.7
	Performance and Efficiency	44.3
	Luxury and Comfort	36.1
	Total	100.0

Majority of Respondents have pointed out performance and efficiency (44.3%) as their most expected value proposition.

**Table 6- Rank of safety value propositions according to customer preference**

		Safety Percent	Efficiency Percent	Preferebality Percent	Luxury Percent
Frequency	Rank 1	52.5	14.8	61	35
	Rank 2	24.6	50.8	31	7
	Rank 3	23.0	31.1	8	53
	Rank 4	--	3.3	--	5
	Total	100.0	100.0	100	100

Safety value propositions prove to be the second preference of customers regarding passenger cars. Efficiency value propositions prove to be the most preferred expectation of the customers regarding passenger cars, According to their preferebality during purchase decision, majority of the respondents (60.7%) gave rank 1, and about 31.1% of the respondents gave it rank 2 followed by rank 3 (8.2%). Luxury & comfort value propositions of passenger cars were ranked third by majority of the respondents (52.5%), according to its reliability of fulfilment

**Table 7- Rank of Value Propositions Variables According To Customer Preference**

		Customer treatment Percent	Safety Percent	Comfort Percent	Efficiency Percent
Frequency	Rank 1	19.7	18.0	37.7	18.0
	Rank 2	59.0	8.2	54.1	8.2
	Rank 3	19.7	68.9	6.6	68.9
	Rank 4	1.6	4.9	1.6	4.9
	Total	100.0	100.0	100.0	100.0

Customer treatment value propositions prove to be the least preferred expectation of customers regarding passenger cars.

Safety value propositions prove to be the second preference of customers regarding passenger cars during purchase decision although it should have been the top priority.

Comfort value propositions prove to be the third preference of customers regarding passenger cars during purchase decisions.

Efficiency value propositions were commented to be comparatively effective in its reliability of fulfilment with regard to passenger cars.

## 5. Conclusion

The basic Objective of this project is to understand the impact on customer preference from the various value propositions. In a fast growing and heavily competitive automobile industry, a sound and well planned value proposition strategy along with its efficient awareness and fulfillment will help companies to survive and clinch growth and development.

From the analysis it is observed that efficiency and performance plays an important role in customer decision making at the time of buying a car. Companies can design their promotional strategies by keeping in mind these two parameters for attracting more customers. Companies can further lead the market by strengthening the parameters like luxury and comfort for building a strong competitive edge in the market. Generally buying preference of customers is affected by advertising reviews, public relation, social media, personal experience etc., but when it comes to buying a car, it depends on Word of Mouth. From this it is evident that the current customers of company are even considered as a channel for future sales.

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