



TO STUDY THE FACTORS AFFECTING CUSTOMER SATISFACTION IN COMPACT CAR SEGMENT

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ABSTRACT

In today's scenario with competitive marketing and globalization, the job for the consumers has become very tough and confusing whether to buy a compact car. In a severely competitive car industry, many compact car segments nowadays focus on providing value for money with the purpose of attaining competitive advantage.

The objective of this study is to analyze the compact cars with extensive research on their perceptions, marketing mix and attitudes towards a variety of attributes and factors. There are mainly brands of compact cars, Maruti-Alto, Hyundai i10, Renault Kwid and Tata Tiago for a comparative study of car segment.

Data has been collected from both primary and secondary sources. The primary data was gathered with the support of structured questionnaire due to its simplicity and reliability. The secondary data has been gathered from various newspaper articles, business journals, financial reports and relevant websites.

The study concludes that the quality improvement initiatives of compact car segment must begin with preference of customer requirements. In the same way, small car companies must develop strategies to fulfill their service guarantee along the performance measures, most significant to car buyers to boost customer satisfaction. This research study will assist guide the compact car companies to appropriately improve their customer satisfaction which will, eventually, assist to make better revenues.

All the cars taken for the sample showed that the consumers perceived them as almost same in all the attributes like fuel efficient, economic and family preference. Respondents liked Alto more for its fuel efficiency, whereas Maruti's after sales service was perceived to be good. This research work provides some contributions to the

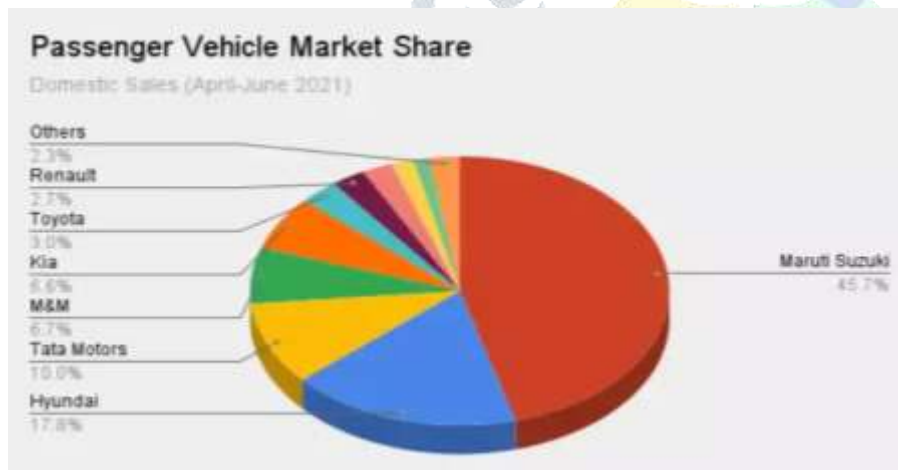
compact car industry regarding quality of services and corporate image, and offers recommendations for further based on the research findings.

Key Words: Compact Car, factors, Customer Satisfaction

INTRODUCTION

In the economic growth of a country the automobile industry has an important part to play. In Indian scenario the compact cars have the biggest share in the automotive industry. It directly aims at the middle class and lower middle class of the society. Even the upper classes do find it of immense satisfaction and utility. Therefore the buyers are in a bulk for this segment. In India, the demand for small cars is exorbitantly high. In fact, the small car sector is the busiest sector in the automobile industry. Small cars refer to those cars which have a low maintenance cost, have limited space inside, provide better fuel efficiency, and come up with affordable costs. Most people in India prefer to purchase small cars as it comes in their budget. That is the reason why small cars of India are very demanding in the automobile industry in the market.

When it comes to compact cars in India, no other car comes close to the Maruti Suzuki Alto 800. Mad to be the less expensive car, the Alto 800 is compact and very affordable. If customers prefer a budget friendly car that performs excitingly well, the Renault KWID has to be No 1 selection. In the case of Tata Tiago there are many lot of factors when making new variant and safety is their main concern. A compact but powerful car, the first name that would arise would definitely be the Maruti Swift. Hyundai Grand i10 is a Maruti Swift competitor that gives a sensible cabin than its main competitor.



The compact car segment has always been the high growth segment of the Indian automobile market and in many ways reflects the psychographics and demographics of the car purchasing population in India. For many years, compact cars have accounted for a major part of the revenue of the fast expanding passenger car market. But the best thing about the demand for compact cars is that there are upgrades possible even in this segment – attesting to the mature levels that the Indian industry has reached. Further, Indian consumers now want the latest technological and functional features in such cars and are not ready to wait for long to get the latest models from foreign car manufacturers

STATEMENT OF THE PROBLEM

Automobile is one such sector wherein India has seen tremendous improvements. To sustain this rate of growth in automobile sector India has to introduce so many measures to have higher customer satisfaction. The study tried to examine the factors affecting customer satisfaction towards compact cars.

- What are the important factors influencing the compact cars brand purchase behavior of consumers?
- What kind of impact does the brand image influence the buying behaviour of current and potential customers?
- What is the main reason for purchase the compact cars and also used to find the levels of satisfaction of the Maruti cars in Delhi and NCR region.

OBJECTIVES OF THE STUDY

- To examine the factors affecting the customer satisfaction of compact cars.
- To analyze what kind of impact does organization's brand image create on the consumers buying behavior in compact car segment
- To find the reason for purchase of satisfaction level towards compact car segment

PURPOSE OF THE STUDY

The purpose of this study is to investigate the factors affecting customer satisfaction of compact cars. The present study is descriptive in nature and convenient sampling technique has been adopted for selecting the consumers. The study reveals that the customer's preferred Maruti cars on parameters like fuel efficiency, after sales service, resale value, availability of spare parts whereas in view of small car owners they preferred vehicles on parameters like affordability, mileage, convenience, exterior, after sale service, less maintenance cost etc.

A BRIEF REVIEW OF LITERATURE

Goyal and Singh (2019) carried out a research related to customer satisfaction of chosen car brands and it will be helpful for the current as well as new companies to recognize the gap among service provided by car manufacturers and customer expectation and satisfaction.

A study of Reddy and Balaji (2019) revealed that levels of satisfaction of the Hyundai i10 cars were good and satisfactory however there is a no important association among occupation to buy the Hyundai cars. This article proposed that the advertisers require to focuses on their attempt to cover the marketplace assuming the affect of the TV and social media advertising in the buying behavior of compact cars of Hyundai.

Singh and Srivatava (2013) tried to identify different variables influencing client satisfaction towards Maruti cars. Measure the level of customer satisfaction offers a sign of how performs the company is at offering product or service to the market. The study summed up that all the variables concerned have important impact on the overall

satisfaction of the clients. So, the satisfaction level for price attributes (like pricing, discount and free after sale service) are usually less than product associated factors.

Narayanan (2020) points out that the car buyers who got satisfied in the ambience of the products, not bothering about the quality, facilities, usefulness and pricing even never bother about their affordability.

Arpita et.al. (2014) in their study found that the majority of respondents prefer affordable cars, social status, mileage and durability. The study summed up those car buyers not only as consider transport but as a status symbol too.

Walia et al (2021) in a research paper investigates the effect of service quality on customer satisfaction. The empirical results and findings suggest that there is a significant effect of service quality on customer satisfaction in the Indian automobile industry. The result further shows that empathy and responsiveness are the prominent factors of service quality which is a vital prerequisite for customer satisfaction. Customer satisfaction is often top of mind for companies. Sad customers obviously mean fewer customers and less profit.

In a study of Srikanth and Madhavi (2020) conducted a study in the field of consumer purchase behavior of a car and attributes influencing purchase decisions such as brand name, after sale service, pricing etc.

Salomi (2020) carried out a research work which provides more significance to different attributes associated to customer satisfaction about small cars in Maruti Suzuki. The issues confronted by the clients are inquired and thereby their overall satisfaction is examined. The findings revealed that the middle and lower class people are very satisfied with the utilize of compact cars.

Kohli and Singh (2021) the purpose of this paper is to analyze the client requirement for these modern technologies employing Kano method of client satisfaction for car manufacturers in India.

RESEARCH METHODOLOGY

The main aim of the study is to find out the consumer buying behavior, purchase drivers and implication of price war in the compact car industry. All the valuable information and data required to make this project was collected through personal visit to primary sources and secondary sources.

Research Design: The descriptive research is a truth finding investigation with sufficient interpretations. The descriptive research aim at identify the different aspects of a problem under study. It explores potential relationship among factors and also setting the step for additional investigation afterward.

Data Collection

To find out the suitable data for research mainly two kinds of data has been gathered that is primary and secondary data as described below:

Primary Data source: The primary data will be gathered with the support of structured questionnaire due to its simplicity & reliability. The survey technique is much supportive in variables such as getting selections and assisting participants to understand the importance and reply to their aptitude.

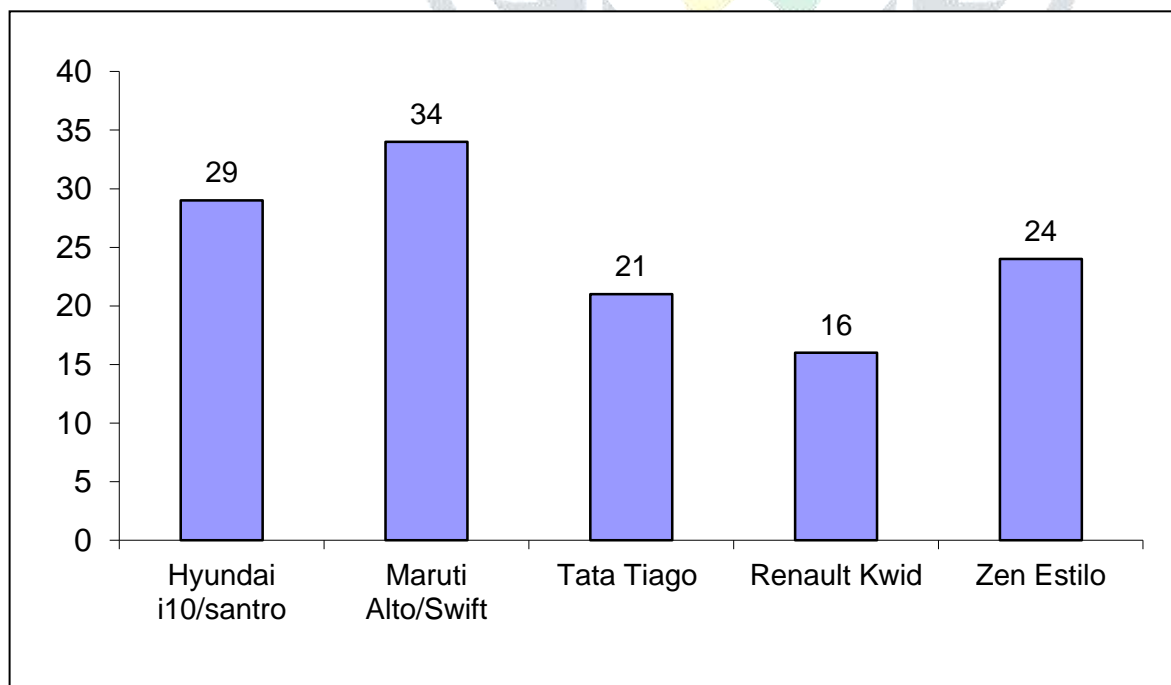
Secondary Data sources: The key sources of secondary data are: books related to marketing management, and consumer behavior; articles and previous research papers, Journals and websites

Sampling : The method of Random Sampling has been employed in data analysis. 100 car owners have been selected randomly from and feedback forms (questionnaires) have been obtained. The data has been analyzed in order to arrive at their responses about customer satisfaction level of compact cars. The primary data collected from car owners in selected cities in Delhi.

RESULTS AND FINDINGS

PERCEPTION TOWARDS BRAND

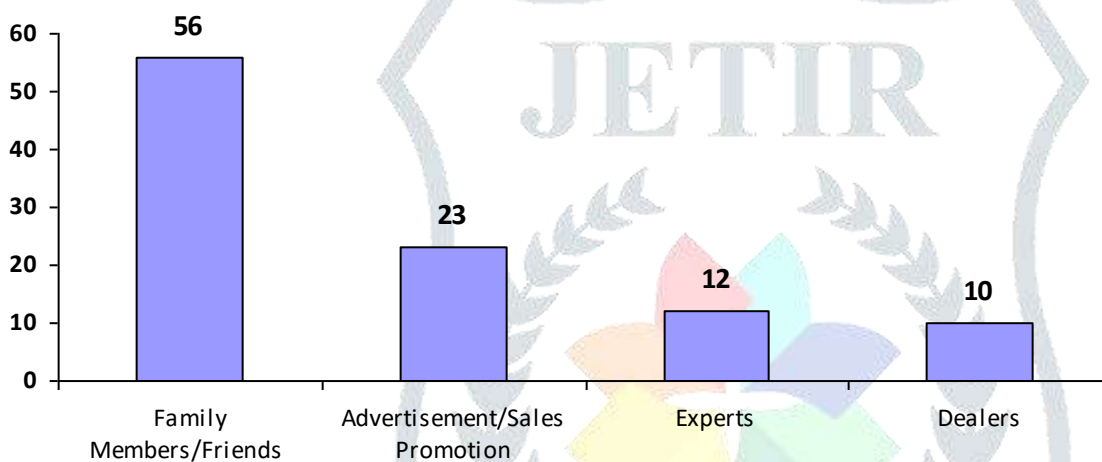
Attributes	No. of respondents
Hyundai i10/santro	29
Maruti Alto/Swift	34
Tata Tiago	21
Renault Kwid	16



According to the survey 34 respondents have Alto cars, 34 are Hyundai i10 owners, 32 and 21 have Tata Tiago respectively. From this survey it can be revealed that even when a simple random sampling is done the mass prefer the Alto when it comes to the small passenger cars in India. The Alto has been the highest selling car in India for a while now, and there are several reasons for its success.

Which of the following influenced your purchase decision?

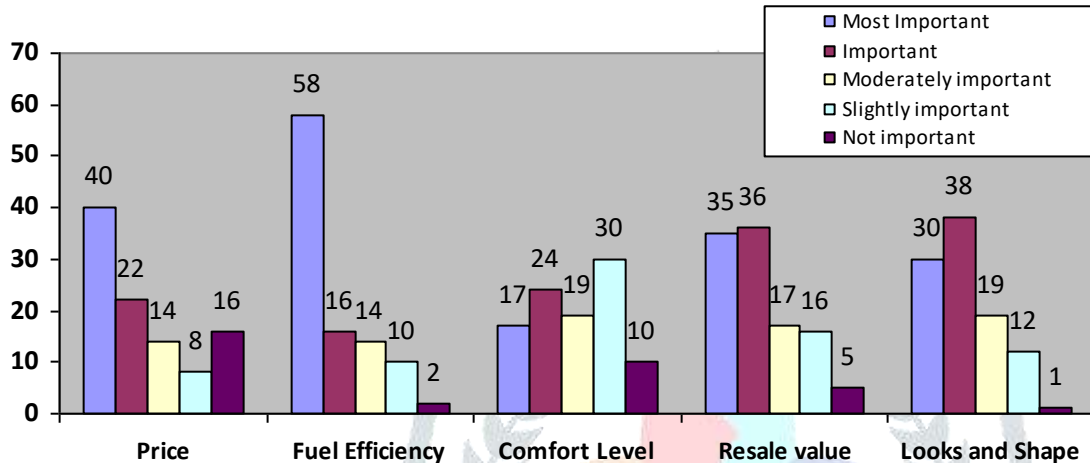
<i>Attributes</i>	<i>No. of respondents</i>
Family Members/Friends	56
Advertisement/Sales Promotion	23
Experts	12
Dealers	10



The survey shows that Purchase decision of passenger cars is highly influenced by family members as can be observed from the respondents which almost constitute more than 56% in the buying decision. Thus the firms must consider how families make purchase decisions and understand how various family members might influence these decisions. Advertisements and sales promotion is also a major factor for purchase decision. Family size is important in the purchase of a car.

ATTRIBUTES OF BUYING DECISION OF A COMPACT CAR

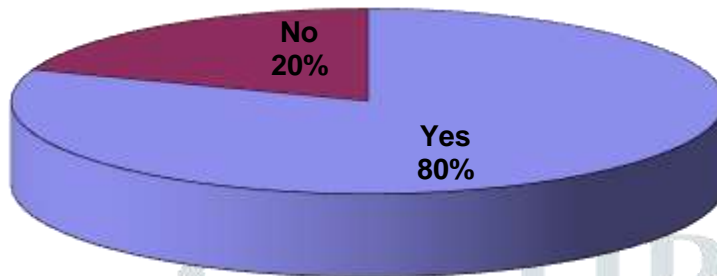
	Most Important	Important	Moderately important	Slightly important	Not important
Price	40	22	14	8	16
Fuel Efficiency	58	16	14	10	2
Comfort Level	17	24	19	30	10
Resale value	35	36	17	16	5
Looks and Shape	30	38	19	12	1



According to survey of 100 respondents, “Price is the most important ‘P’ in compact car segment. The first is the price of acquisition. The second is the price of finance, or the rate of interest on a loan to buy a car. Third is the price of maintenance, which includes the cost of fuel, service, and spare parts. And the fourth is the price of disposal, or the re-sale value of the car. The typical Indian car-buyer is obsessed with post-purchase pricing. Which is, in effect, the cost of maintenance and the possible re-sale value. And obviously, the lower the selling price of a second hand model, the less is the purchaser’s incentive to opt for it. Strategic price marketing is a corporate weapon that must be applied in the context of an entire portfolio of cars. Attempting to sell the lowest priced car in every segment will not enable a company to survive.

FINANCING SCHEME

<i>Attributes</i>	<i>No. of respondents</i>
Yes	80
No	20



Most of the respondents (80%) agrees that good financing scheme affect their purchase behaviour. Maruti made purchasing a Maruti car easier and more affordable than ever before. Maruti now offers attractive vehicle finance options through its partnerships with leaders in the financial services industry.

Maruti Countrywide Finance Citicorp Maruti Finance Ltd. People can also finance a Maruti through several other banks and financial institutions. And if that's not enough choice for you, their dealers offer a host of finance plans tailored to suit everyone's lifestyle and budget.

CONCLUSION

Consumers are seeking a very good overall performance in a car than any other attributes. Most of the consumers prefer Small cars and compact cars for their good mileage, good acceleration, require small parking space. Good looks hardly count for the buyers of compact cars.

Again a good after sales service and low maintenance in a vehicle is a garnish on customer's delight. Safety and credit facility are almost ignored factors in purchasing a compact car.

Family wields the highest influencing power in making a purchase decision for an Indian consumer. Friends and media also have a good impact on decision-making. A very few consumers take a self-purchase decision.

Usually consumers get detailed information through friends, magazines, other car owners and dealers whereas, they get the product information from the other sources like television, hoardings etc.

Fuel efficiency and pricing, on an average of 200 respondents was ranked the highest showing that the consumers sought performance in a car as the first important factor in making a purchase.

The car owners as the second most important factor, considered the cost and low maintenance of a car. After sales service and brand name were the third and fourth preferences of the respondents. Safety was ranked next on the preference scale .

Given the city conditions, the consumers needed a very good overall performance of cars. Small cars taking less space with no parking problems, easy drivability in heavy traffic conditions, easy gearshifts and good fuel efficiency makes them the most preferred ones.

The car owners being mostly the professional class or the upper middle class were very cost conscious and due to their busy life styles preferred low maintenance in their cars.

RECOMMENDATIONS

- The customer today is extremely discerning both in terms of quality and performance. So car companies must concentrate on this front to gain an edge over the competitors.
- After sales service is the buzzword in the consumer durable market. These days every person wants to know about the after sales service provided by the manufacturer. Car manufacturers needs to develop such after sales service centers in various parts of India and it should intelligently divide the areas so that no area remains uncovered
- Third most important thing for the compact car manufacturers are to keep in mind that India is a price sensitive market. The car war in the market has led to a start of price wars in the market and has left customers with various options to choose from. The majority of people are now straightaway thinking of buying a new car as their first car purchase.
- Besides innovation in production technology processes, what has become important today is to focus on the consumer. Processes in sales and services are shifting to meet the demand of the present customer who wanes value for his money. Auto manufacturers are trying to develop a responsive culture that understands the needs of the customer and is able to deliver efficiently.

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