



A Comparative study of the trend of small car buyers

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Abstract:

This research paper is based on small car buyer's attitude and their choice of brand or say believe in particular brand of small car. When it comes to buy a car, people should consider which type of vehicle is suitable for them. The size of car is an important factor. Small sized car consumes less fuel, it is more economical and rather appropriate for cities. Their engine needs to produce lesser amount of mechanical pull. Furthermore, considering the expense of filling up a gas tank, lower need for fossil fuel in small cars leads to relatively lower expenditure. Same people like to buy Branded Car for their prestige. Our focus on to know how a Car buyer motivates himself to purchase new Car. There are several factors which affects the Car buyer's choice of preference. In this research paper we through the light on those factors which motivated a Car Buyer for buying new car of their choice. In this research paper, we have included 100 persons from 30 to 60 years of age group, who have Small Car for at least five years. Indore city is the study area selected for this research paper. In this research paper we have determine the Choice of Car buyer in respect of small car buyers and the car's brand.

(Key words: Car, Small Car, Economy Car, Budget Car, Car Buyers, Low maintenance Car etc.)

Introduction:

People lives changed more during twentieth century than in any previous period in history. With so many inventions came in this period, there are few of them that have influenced and changed world more than automobile. Since most people alive today have grown up in the automotive age, the impact of the automobile on the society is easily overlooked.

When it comes to buy a car, people should consider which type of vehicle is suitable for them. The size of car is an important factor. Small sized car consume less fuel, it is more economical and rather appropriate for cities. Their engine needs to produce lesser amount of mechanical pull. Furthermore, considering the expense of filling up a gas tank, lower need for fossil fuel in small cars leads to relatively lower expenditure.

Finally, a small car is very convenient for urban areas because it takes less space. Finding a park place is very easy when the full length of a care is less than two meters. Moreover, city traffic is often heavy, especially during rush hours. A small size car will manage better to escape from the jam than a huge car. Our society today has a dependency on advancing technology to improve our way of life as well as the lives of other individuals. Some of us are enamored with the advancement of vehicular technology as well as the way automobiles are used in order to impact our way to get to work. As the advancement of vehicular technology improves, so does the need of providing safer and more efficient vehicles for transportation. The purpose of automobiles today is to do such things as transport important items and documents, as well as to get to and from the desired destination and efficiently and effectively as possible. Vehicular technology is used to not only serve as an impact to our every lives, but to provide a service.

Objective of the Study:

1. To determined the trends of small car buyers.
2. To determined the buying power of small car buyers.
3. To determined the interest of small car buyers towards the specific car/company/brand of car.

Hypothesis:

H_0 : There is no significant difference between the choice of small car buyers and the car's brand.

Research Methodology:

This research is based on Primary as well as Secondary sources of data. Questionnaires are distributed through e-mail and personally to respondents. The sample consist 100 people aged 30 to 60 years and Income group of 3 lakh to 12 lakh. Indore city is the study area selected for this research. Primary data is collected through well structured questionnaire. Samples of 100 respondents in Indore city have been selected by using random sampling method. The collected information were reviewed & consolidated into a master table. For the purpose of analysis the data were further processed by statistical tools.

Need of a Small car:

In today's world, owning a car is no longer a luxury, in fact, it's more of necessity. And when you decide to spend your hard earned money on buying one, you want to ensure it's the best. But, cars don't come cheap. They dig a significant hole in your pocket and the rising fuel prices just add up. Well, this is where a 'small car' wins the battle.

1. They are not just 'Economically-Viable'

At one point, oversized SUVs and large sedans meant status and luxury. But, you no longer have to spend big bucks to get similar convenience and comfort today. Take the instance of a small car like Alto 800, Redi-Go, Kwids etc. A maximum power output of 47bhp and 54Nm of peak torque ensures safe and sturdy driving. Such small cars offer other useful features like advanced ABS with Electronic Brake force Distribution. Likewise, Corner Stability Control and automatic speed sensors prevent emergency wheel lock up. They also offer rear parking sensors for smoother and hassle-free parking.

2. Sound Fuel Economy

The small cars are fuel-efficient and lighter across the board due to their weight. And as they are small, their engines are also smaller in size. This makes them an attractive choice for a good fuel economy. Likewise, for a mileage more than 23-25 km/liter, small cars are the best. Alto 800, Redi-Go, Kwids etc. offer a minimum mileage of 23-25 km/liter.

3. The Fun Factor

A full-size sedan has its own perks. But, it won't bring a smile on your face when maneuvering it down the busy winding roads. But, small cars like Alto 800, Redi-Go, Kwids etc. offer lively handling that makes it enjoyable and easy to drive. Chevrolet Beat, Hyundai i10 Grand and Volkswagen Polo are few others that are still fun to drive.

4. They Make Parking a Cakewalk

Anyone who lives in cities like Mumbai, Delhi, Kolkata, Chennai, Bangalore, Ahmadabad, and Indore will agree how hard it can get to squeeze a big car into a tight parking spot. Since small cars have shorter turning radius, they're easier to drive and parallel park. This makes them an ideal choice for city driving.

5. Easy On Pocket

Small cars not only have a lower base price but also bring about lower maintenance costs over time. Expenses like fuel, repairs, insurance and maintenance depend on the type of car. Hence, smaller cars have lower out-of-pocket costs. Cars like the Alto 800, Redi-Go, Kwids etc., are just a few that are easier on the pocket. It's like super efficiency at just the right price.

6. Blessing for the New Drivers

If you are a new driver and looking to buy a car, it's quite natural to get tempted by the high-end sedans and SUVs. But, as you are new to the roads, it makes sense in picking a small car. It will not only be easy on maneuvering but will also offer smooth and dynamic handling. A new driver like you would appreciate such features at least in the initial phase.

We have seen families that own two cars - swanky sedans for family outings and a small car for city driving. If a small car can provide you efficiency and comfort, why opt for a big car adding up to your parking woes? Do not decide on the type of car you need basis the car your uncle or a friend has. If you want a car that is easy on fuel yet looks fabulous, then buying a small car is the best choice. And if you live in a metro city like Mumbai, Delhi, Kolkata, Chennai, Bangalore, Ahmadabad, and Indore where parking is a major issue, a compact car is an indisputable choice. After all, smaller dimensions do not necessarily require lower expectations!

Literature Review:

1. According to **Gabriela Beirao and J.A. Sarsfield Cabral (2007)**, – This paper presents the results of a qualitative study of public transport users and car users in order to obtain a deeper understanding of travellers' attitudes towards transport and to explore perceptions of public transport service quality. The key findings indicate that in order to increase public transport usage, the service should be designed in a way that accommodates the levels of service required by customers and by doing so, attract potential users. Furthermore, the choice of transport is influenced by several factors, such as individual characteristics and lifestyle, the type of journey, the perceived service performance of each transport mode and situational variables. This suggests the need for segmentation taking into account travel attitudes and behaviours. Policies which aim to influence car usage should be targeted at the market segments that are most motivated to change and willing to reduce frequency of car use.
2. **Udo Mildenberger and Anshuman Khare (2000)**, in the article - During the process of developing a new product, consciously or unconsciously, a number of decisions are made that affect the environment, thus making a company responsible not only for the technical performance but also for the “environmental performance” of a product. This research paper broadly speaks about this development process and lists the various tools available to the modern decision maker for balancing the ecological, economical and technological aspects of production. The focus of this paper is on the environmental issues in the automobile industry and environmental impacts presently associated with the automobile life cycle. The paper reviews existing tools and opportunities for reducing these burdens in the future through decision-making by industry and other stakeholders. The paper ends with a very latest example from the German automobile industry on the assumption that this automobile (SMART from MCC AG), in the present context, is perhaps an outcome of a very vigorous development process where the impact of the product outside the automobile sector was considered
3. **Krishna Palepu, Bharat N. Anand and Rachna Tahilyani (2012)**, in their study - The case explores how Tata Motors, India's largest automobile company, developed the Nano, the world's cheapest car. The case focuses on the translation of Ratan Tata's (Chairman of Tata Motors) vision of a safe affordable car for the masses by Ravi Kant, Managing Director of Tata Motors into the Nano Project. The case raises questions around breaking the price - quality barrier and changing existing internal processes to accommodate revolutionary new ideas. The dilemma of success - Tata Nano was a runaway bestseller - left Tata Motors debating how large a bet they should make on the Nano and what kind of capacity commitment this requires. Learning Objective: The case illustrates how to build a global company that can successfully compete with companies from developed economies and how large companies innovate in a breakthrough way in the marketplace.

4. **Veronique Van Acker and Frank Witlox,(2010)**, Conducted a study on Car ownership as a mediating variable in car travel behavior research using a structural equation modeling approach to identify its dual relationship. Car ownership is generally considered an important variable in car travel behaviour research, but its specific role is often not well understood. Certain empirical studies consider car ownership as the dependent variable explained by the built environment, whereas other studies deem it to be one of the independent variables explaining car travel behaviour. This paper takes note of the dual influence car ownership has in explaining car travel behaviour by assuming that car ownership mediates the relationship between the built environment and car use. The relationship is estimated using a structural equation model since it accounts for mediating variables. This approach confirms the intermediary nature of car ownership.

Limitations of Research:

1. This research is only focus on small cars.
2. This research has been done on 30 to 60 years of age group.
3. In this paper, the persons earning from Rs 3 lakh to 12 lakh has been included.
4. Area of research is Indore city.

Deep Analysis:

An entry-level small car will mostly be a first car for most car buyers, and buying our first car is no easy decision. To help you clear your doubts, we have compared Datsun's all-new offering in the entry level hatchback segment with the Renault Kwid and the best-selling car in India, the Maruti Alto 800.

Comparison Table

Base	Maruti Alto 800	Dastun redi-Go	Renault Kwid
Engine Type	F8D Petrol Engine	I SAT Petrol Engine	Petrol Engine
Engine Displacement	796cc	799cc	799cc
Cylinders	3	3	3
Fuel Efficiency (ARAI) Km/l	24.7	25.17	25.17
Fuel Tank Capacity	35Litres	28Litres	28Litres
Power (PS)	47.3bhp@6000rpm	53.64bhp@5678rpm	53.3bhp@5678rpm
Torque (Nm)	69Nm@3500rpm	72Nm@4386rpm	72Nm@4386rpm
Gearbox	5MT	5MT	5MT
Dimensions (LxWxH) mm	3430x1490x1475	3429x1560x1541	3679x1579x1478
Boot space (liters)	177	222	300
Ground Clearance (mm)	160	185	180
Transmission	Manual	Manual	Manual
Drive Type	FWD	2WD	FWD
Performance (0-100Kmph) Sec	x	19	16
Top Speed	140	140	135
Price in INR lakhs	2.49-3.34	2.5-3.5	2.62-3.67

Design and Dimensions

The Renault Kwid and Datsun redi-GO are based on the same CMF-A platform but have slightly different dimensions. The redi-Go has a tall-boy design whereas the Kwid, with its square wheel arches, looks more like a pseudo-crossover. On the other hand, the Maruti Alto has a conventional small hatchback design.

Maruti has recently updated the same and it now comes with a redesigned front grille, refreshed headlamps, and is available in two new bright shades.

Talking about dimensions, the Kwid is 3,679mm long and 1,579mm wide which make it the longest and widest car in this comparison. The Maruti Alto is the most compact hatchback with 3430mm of length, 1490mm width, and height of 1475mm. The redi-GO, due to its tall boy design, is the tallest with a height of 1541mm.

The redi-GO also comes with the best ground clearance at 185mm. The Kwid has a ground clearance of 180mm whereas the Alto is slightly lower at 160mm.

To carry your luggage, the Renault Kwid has a great boot space of 300 liters which is significantly more than the redi-GO (222 liters) and the Alto (177 liters).

Engine and Transmission

The Renault Kwid and Datsun redi-GO use the same 799cc three-cylinder petrol engine. It produces 54PS of power along with 72Nm of torque. However, the redi-GO is lighter than the Kwid and Datsun claims that it can do 0-100kmph in 15.98 seconds which makes it the fastest car in this comparison.

India's most sold car, the Alto uses Maruti's tried and tested 796cc three-cylinder petrol engine which produces 47PS of power along with 69Nm of power. Every mechanic throughout the country is familiar with this engine, and widespread Maruti dealership network and easy availability of spare parts are the Alto's strong points over its competitors.

Taking care of the transmission duties in all the three cars are 5-speed manual gearboxes. Renault also showcased a 1-litre AMT variant of the Kwid at the Indian Auto Expo in February. We can expect it to be launched by the upcoming festive season and it will compete with the Alto K10 which comes with a 1-litre petrol unit with an optional AMT gearbox as well.

Features

While you cannot really expect a lot of features from entry-level hatchbacks, the Renault Kwid comes with a 7-inch touchscreen infotainment system with integrated navigation which supports Bluetooth, AUX and USB connectivity. On the other hand, the Datsun and the Maruti come with a simple music system which supports USB and AUX connectivity.

Safety

Sadly, this section of this comparison isn't going to be very long. The maximum safety kit available on all the three cars is just an optional single driver-side airbag. None of the cars have ABS as well. The Renault Kwid scored a zero star rating in the recent Global NCAP crash test.

Fuel Efficiency

The "Kitna deti hai?" question plays a very important role in this segment as most of buyers would be first-time car owners operating on a budget. The Renault Kwid and redi-GO have an identical fuel efficiency figure of 25.17kmpl which makes them the most fuel efficient petrol cars in India. Maruti has recently updated the Alto and the fuel efficiency has now improved by 9 percent at 24.7kmpl.

Price

All the three cars are priced very competitively. The Alto is the most affordable of this bunch here, with prices starting at Rs. 3.25 lakh for the base STD variant, while the CNG (O) variant is priced at Rs. 5.12 lakh (ex-showroom Delhi).

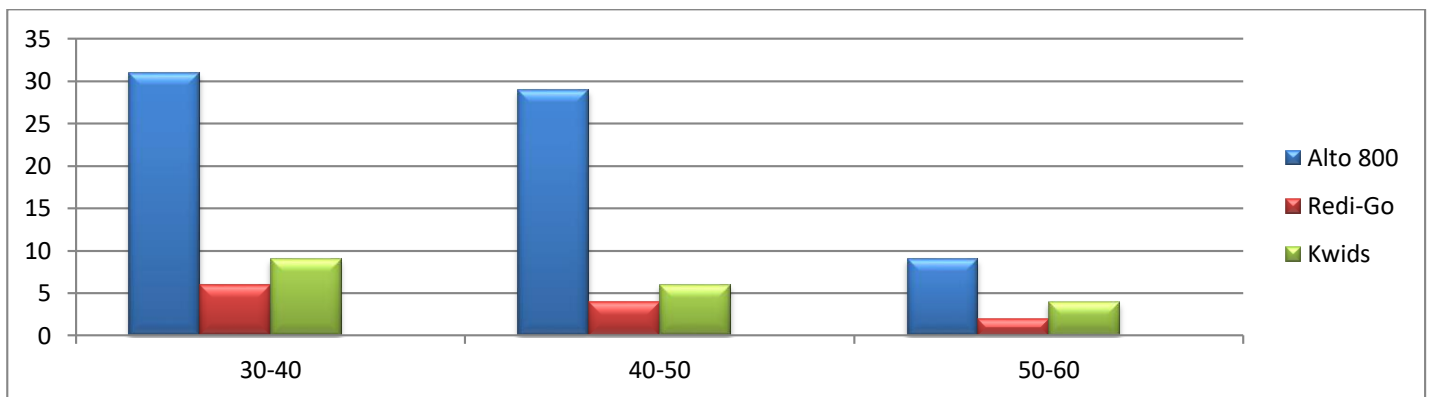
The Renault Kwid is priced between Rs. 4.70 lakh to Rs. 5.95 lakh, whereas the new kid on the block, the Datsun redi-GO is expected to be priced in between Rs. 3.84 lakh to Rs. 4.96 lakh (ex-showroom Delhi).

After all this general analysis, we now analyze buyer's attitude and behavior towards small car.

Age group & Small Car holders

Age\ Car	Alto 800	Redi-Go	Kwids	Total
30-40	31	6	9	46
40-50	29	4	6	39
50-60	09	2	4	15
Total	69	12	19	100

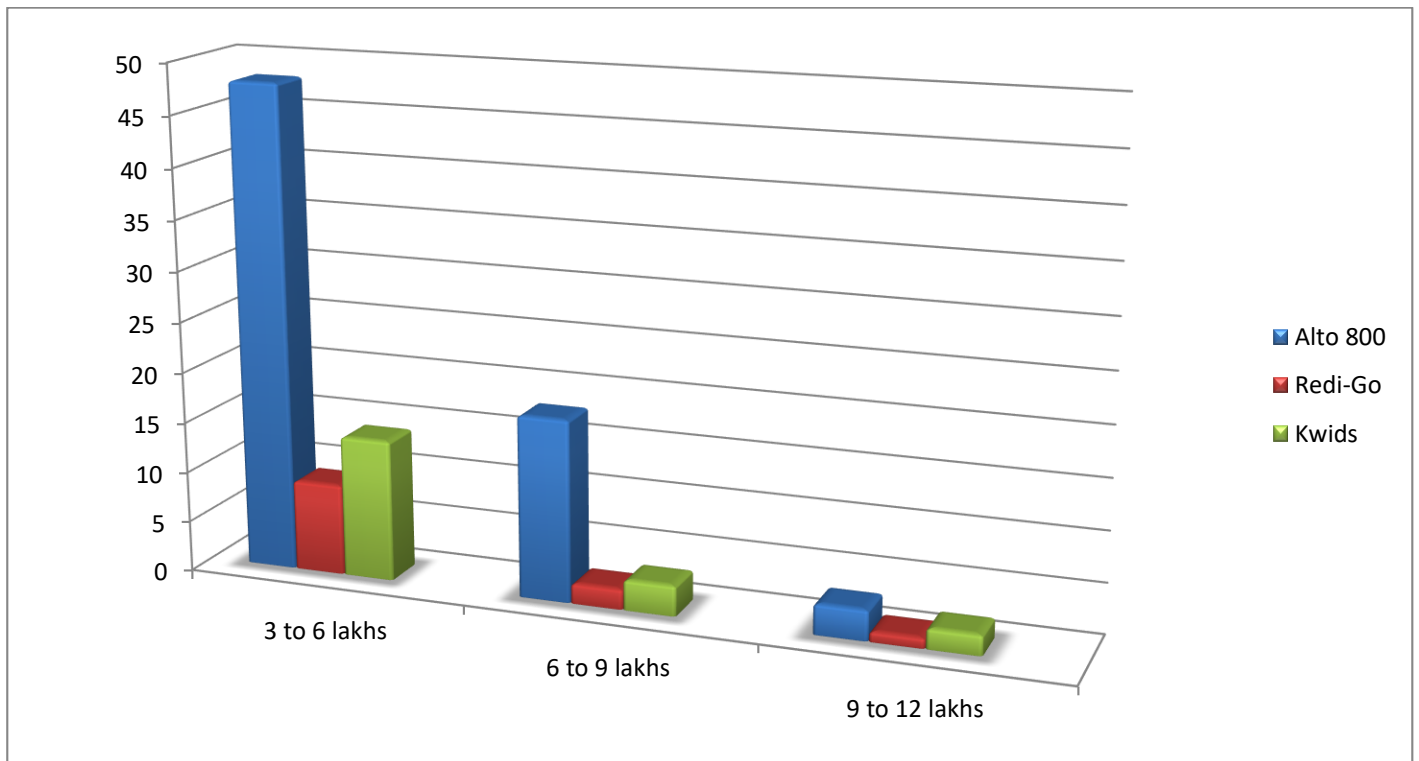
In above table we see that the 69% buyers likes Alto 800, in which 31% belongs to 30 to 40 year age group, 29% belongs to 40 to 50 year age group and 9% belong to 50 to 60 year age group. 12% buyer's likes Redi-Go, in which 6% belongs to 30 to 40 year age group, 4% belongs to 40 to 50 year age group and 2% belong to 50 to 60 year age group. 19% buyer's likes Kwids, in which 9% belongs to 30 to 40 year age group, 6% belongs to 40 to 50 year age group and 4% belong to 50 to 60 year age group.



Income group & Small Car holders

Income in Lakh\ Car	Alto 800	Redi-Go	Kwids	Total
3-6	48	9	14	71
6-9	18	2	3	23
9-12	03	1	2	6
Total	69	12	19	100

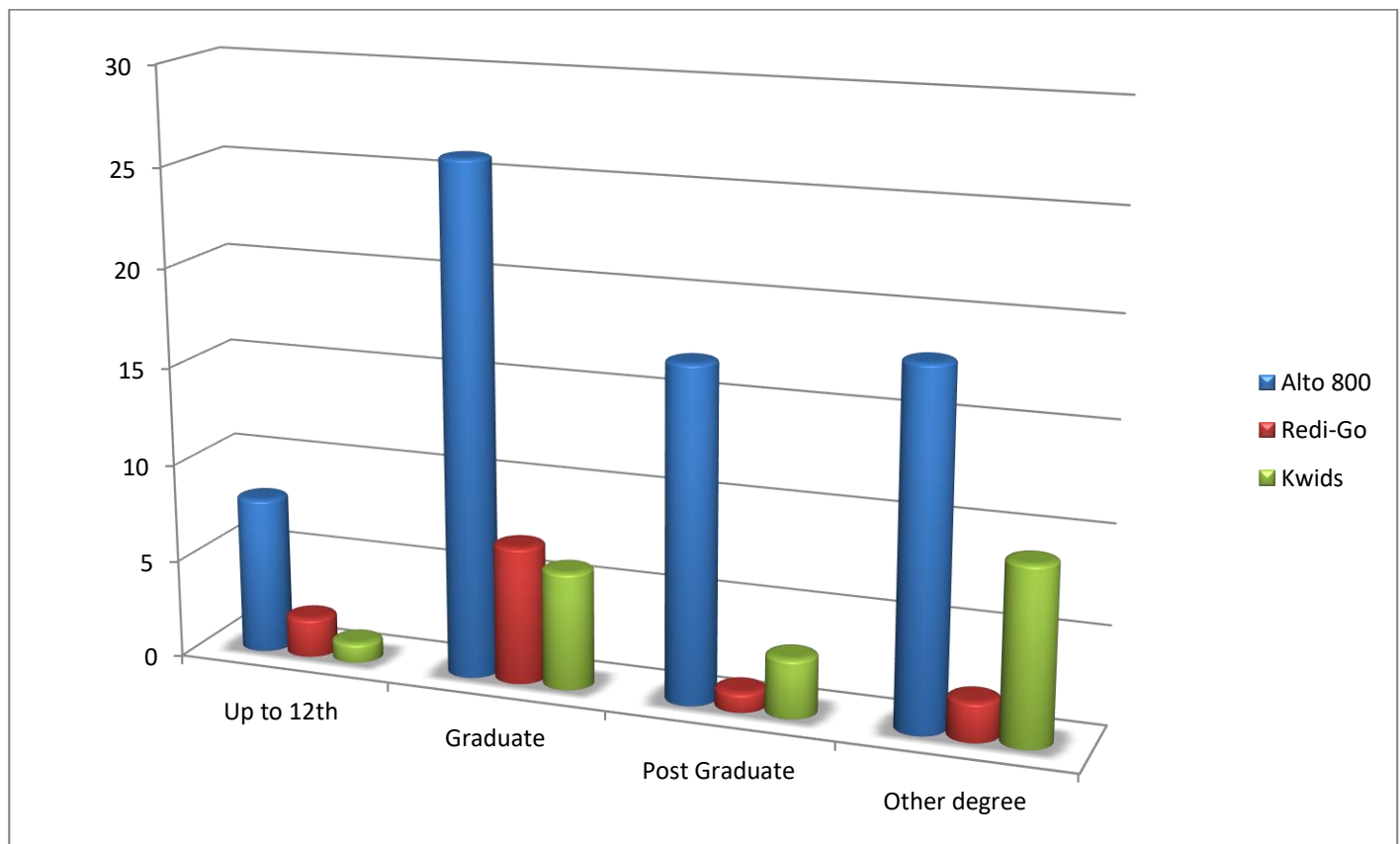
In above table we see that the 69% buyer's likes Alto 800, in which 48% belongs to 3 to 6 lakh Income group, 18% belongs to 6 to 9 lakh Income group and 3% belong to 9 to 12 lakh Income group. 12% buyers likes Redi-Go, in which 9% belongs to 3 to 6 lakh Income group, 2% belongs to 6 to 9 lakh Income group and 1% belong to 9 to 12 lakh Income group. 19% buyer's likes Kwids, in which 14% belongs to 3 to 6 lakh Income group, 3% belongs to 6 to 9 lakh Income group and 2% belong to 9 to 12 lakh Income group.



Education Level & Small Car holders

Education\ Car	Alto 800	Redi-Go	Kwids	Total
Up to 12 th	8	2	1	11
Graduate	26	7	6	39
Post Graduate	17	1	3	21
Other degree's/ Course	18	2	9	29
Total	69	12	19	100

In the above table, we see that 69% of buyers who have Alto 800, 8% of them are educated up to 12 classes, 26% are graduate, 17% are Post Graduate and 18% holds other degree or diploma course. 12% of buyers who have Redi-Go, 2% of them are educated up to 12 classes, 7% are graduate, 1% is Post Graduate and 2% holds other degree or diploma course. 19% of buyers who have Kwids, 1% of them are educated up to 12 classes, 6% are graduate, 3% are Post Graduate and 9% holds other degree or diploma course.



Hypothesis Testing:

H_0 : There is no significant difference between the choice of small car buyers and the car's brand. In order to test the hypothesis is tested by percentage tool. And it was found that 69% of small car buyers believe in brand Maruti-Suzuki, while 12% believe in brand Datsun and 19% believe in brand Renault. Thus, our hypothesis is rejected; there is significant difference between the choice of small car buyers and the car's brand. In India most of the people believe in Maruti-Suzuki brand, because their cars are low maintenance car and its resale value is higher than other brands.

Conclusion:

This study is based on small car buyer's attitude and their choice of brand or say believe in particular brand of small car. In the age group of 30 to 50 year 85% buyers purchase small cars and of them 60% believe in Maruti-Suzuki Brand (Alto 800), remaining 25% are interested in brand Datsun (Redi-Go) and brand Renault (Kwid). It shows the small car buyers tendency and faith towards the Maruti-Suzuki brand. In our study we found that the majority of small car buyers from income group of 3 lakhs to 6 lakhs, that is 71%. It shows the lower income group adjusts their budget with small car. The increasing disposable income of common people evolution of a sophisticated well off middle class and affordability of high quality cars fuels the growth of the Indian automobile sector. Impact of education level of small car buyers is definitely on their buying decisions. Majorly in this category 39% small car buyers are graduates, 21% are post graduates and 29% are having other degree's or diploma certificate course. India's automobile industry has undergone a remarkable transformation in the last two decade. The small car segment remains at the forefront of this growth story.

Findings:

The major findings of this research are as follows:

1. Majority of the small car buyers 71% belong to the age group of 30 to 50 year age groups.
2. Majority of the small car buyers 83% are males and 17% of respondents are female.
3. 89% of the small car buyers are graduates and post graduates+.
4. 71% of the small car buyers are from income group of 3 lakhs to 6 lakhs p.a.

5. Majority of the small car buyers 69% who believe in Maruti-suzuki Alto 800 brand, because of low maintenance and higher resale value.

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