Preference and Purchase Behaviour of Passenger Cars in Jamshedpur City

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Abstract: *Yesterday's luxuries are today's necessities. Cars once considered as a luxury now takes a part of one's day to day life and it has became a necessity. Several research works have been done on impact of preference among Cars and Buying Behavior of Customers at various cities in India. Hence this study was intended to scrutiny the customers brand preference among cars and their buying behavior with special reference to Jamshedpur City. The study was based on both primary and the secondary data. The primary data was collected by using a structured questionnaire. The researcher met the customers in showroom of Jamshedpur city collected data by interviewing personally.*

Keywords: Cars, Purchase Behaviour, Brand preference, Jamshedpur

1. Introduction

Automobile Industry Profile

Peter Drucker called the automobile industry as "**The Industry of Industries**". Automobile industry has been recognized as one of the drivers of economic growth. During the last-decade, well directed efforts have been made to provide a new look to the automobile policy for realizing the sector's full potential for the economy. The automotive industry in India is one of the larger markets in the world and had previously been one of the fastest growing globally. The automotive industry of India categorized into the passenger vehicles, two wheelers, commercial vehicles and three wheelers with two wheeler dominant the market. India's passenger car and commercial vehicle manufacturing industry is the sixth largest in the world. It has emerged as a major contributor to India's gross domestic product (GDP). The industry currently accounts for almost 7 per cent of the country's GDP and employs about 19 million people both directly and indirectly. According to recent reports, India overtook Brazil and became the sixth largest passenger vehicle producer in the world beating such old and new auto makers as Belgium, United Kingdom, Italy, Canada, Mexico, Russia, Spain, France, and Brazil. In addition, with Government's backing and a special focus on exports of small cars, multi-utility vehicles (MUVs), two and three wheelers and auto components, the automotive sector's contribution to the GDP is expected to double reaching a turnover worth US$ 145 billion in 2016, according to the Automotive Mission Plan (AMP) 2006–2016.

The auto industry produced a total 1.81 million vehicles, including passenger vehicles, commercial vehicles, three wheelers and two wheelers in February 2014 as against 1.73 million in February 2013, registering a growth of 4.41 per cent over the same month last year. The increase continues to be on account of growth in two wheelers production. Moreover, the overall domestic sales during April–February 2014 grew marginally by 2.68 per cent over the same period last year. The passenger vehicles production in India is expected to reach 10 million units by 2020–21. The industry is estimated to grow at a compound annual growth rate

(CAGR) of 13 per cent during 2012–2021. In addition, the industry is projected to touch US$ 30 billion by 2020–21, according to data from Automotive Component Manufacturers' Association (ACMA). The cumulative foreign direct investment (FDI) inflows into the Indian automobile industry during the period April 2000 to January 2014 was recorded at US$ 9,344 million, an increase of 4 per cent to the total FDI inflows in terms of US$, according to data published by Department of Industrial Policy and Promotion (DIPP), Government of India. The overall automobile exports grew by 6.39 percent during April–February 2014. Passenger vehicles, three wheelers and two wheelers registered growth at 6.44 per cent, 16.40 per cent and 5.41 percent respectively, compared to the same period last year. Global automobile majors are looking to leverage India's cost-competitive manufacturing practices and are assessing opportunities to export SUVs to Europe, South Africa and Southeast Asia too. India is also one of the key markets for hybrid and electric medium heavy-duty trucks and buses.

Statistics shows that 76.23% of the vehicles sold are two wheelers, nearly 59% of these two wheelers sold are motorcycles and 12% are scooters. The passenger vehicles are categorized into passenger cars, utility vehicles, and multipurpose vehicles. All sedans, hatchback, station wagons, and sport cars fall under the passenger car. The passenger vehicles manufacturers account for 15.86% of market in India. Commercial vehicles are categorized into heavy, medium and light. They account for 4.32% of the market. Three wheelers are categorized into Passenger carrier and good carrier, three wheeler account 3.58% of market share in India.

Passenger Car Sales Trend

Most car makers in the country reported double-digit sales growth in May 2014 sending out signals that the worst negative period in the Indian auto market may have come to an end after two years of continuous slide. Market leader Maruti Suzuki, Hyundai, Honda, Toyota and Ford have all sold more vehicles in the domestic market last month than in May 2013 on the back of improving consumer sentiment as well as the success of several new models in the market.

Some companies such as Mahindra & Mahindra, Tata Motors and General Motors, however, continued to struggle in May. Maruti Suzuki India posted its best monthly domestic sales so far this calendar in May, selling 90,560 cars, 16.4% more than May last year. A 51.2% jump in exports helped it record cumulative sales of 100,925 cars, up 19.2% year on year. Sales of its compact models Swift, Estilo and Ritz rose 53.9% to 26,394 units in May, while mini models Alto, A-Star and WagonR reported 7.5% decline in sales at 29,068 units. Sales of popular compact sedan Dzire rose 9.8% to 18,953 units in May, but sales of mid-sized sedan SX4 dropped 75.9% to mere 121 units. Hyundai, the country's second-largest car manufacturer, reported 12.8% year-on-year jump in its domestic sales in May at 36,205 units. Honda Cars India announced 18% sales in May on the back of rising demand for the new Honda City and Amaze compact sedan, while US rival Ford reported 51% year-on-year jump in sales last month. Analysts portrayed a better picture for the car industry in the coming months, but warned that the sluggish consumer sentiments may prevail for a few more months. "After a dismal outlook for the industry in the last two years, all the segments — especially cars and commercial vehicles — are expected to post a moderate growth in FY15," said Abdul Majeed, partner with Price Waterhouse. He said positive consumer sentiment will be the key for sales revival in the next six months. "If the new government retains the excise duty cuts announced in the interim budget, it will boost consumer sentiment during the festive season with an anticipated 3%-5% growth for passenger vehicle segment in FY15," Majeed said.

Tata Motors, the country's largest automaker by revenues, for example, continued to face tough times with its domestic passenger vehicle sales dipped 17% year on year at 9,230 units. Sales of its cars Nano, Indica and Indigo declined 22% to 6,932 while utility vehicles such as Sumo, Safari, Aria and Venture reported a sales growth of 4% at 2,298 units. American carmaker General Motors, too, reported a 42.76% decline in May sales to 4,865 units. "The automobile industry has been passing through challenging times for the past two years as the general economic and consumer sentiments have failed to pick up," P Balendran, vice president at General Motors India. India's top utility vehicle maker M&M had reported a 19% slide in its passenger vehicles sales in May at 18,085 units. According to the Society of Indian Automobile Manufacturers, annual vehicle sales are projected to increase to 5 million by 2015 and more than 9 million by 2020. By 2050, the country is expected to top the world in car volumes with approximately 611 million vehicles on the nation's roads. Increase in number of car consumers and heavy usage is credited to increasing per capita income and several car model availability. Traditionally, economists and market researchers were inquisitive about identifying the factors that may have an effect on consumers' automobile purchase behaviors, and have developed different models to estimate market share. A consumer's buying preference behavior is influenced by cultural, social, personal and psychological factors. Most of these factors are uncontrollable and beyond the hands of marketers but they have to be considered while trying to understand the complex behavior of the consumers. In this study, the researcher tried to emphasizes the importance of demographic variable and its impact on the car

buyer preference by considering consumers characteristics as factor that will have an effect on the vehicle preference.

2. Literature Review

Jacob and Khan (2010), there is substantial proportion of women car buyers, which has increased three fold in the recent years. Companies have started to dig deep into the Indian women's psyche and attention for details. Marketers may need to look at the needs of women customers, who are increasingly growing in the segment. There is also a substantial influence of women in the car purchase decision of the family.

Banerjee, Ipsita (2011) studied about Car Acquisition & Ownership Trends in Surat city of motorized vehicle owning households.. Study regarding vehicle choice behavior recognized that household income is the chief determinant of the number and size of cars that household possess, and that family size is a much less important factor & smaller vehicles were preferred even by larger family.

Balakrishnan Menon (2012) examined parameters and tried to develop the framework which influences the consumer purchase behaviour patterns of passenger car owners in the state of Kerala. The parameters like Information gathering and Purchase Initiation (IGCP), Preference based on Personal needs (PPP), Personal Preference based on Convenience factors (PPC), Personal Preference based on Comfort Factors (PPCF), Influence factor based on car manufacturer / Dealer (IFD), Influence Factor based on car Model (IFM), External Influence (EI), Satisfaction Level (SL) were analysed. The purchase intention framework was developed by using structured equation model.

Dr. M. Akbar attempted to find out the motivating sources and information predominantly contributing for the purchase intention of car owners in Vellore district. He also indent to find out the popular car preferred by the consumers and the level of satisfaction in using the car and to find out how consumers make prepurchase decisions. The study conclude that if the marketing management of respective car companies lesser the car as per the aspirations of buyer revealed through the perfect study, they would stand to benefit both in intern of volume and value of turnover.

Ramesh Sardar (2012) explores the brand preference of passenger car industry. The detailed analysis of marketing, a consumer behavior and brand preference of passenger car is carried out in Aurangabad district of Maharashtra state. As a result, focusing on an industry where brands, marketing knowledge and distribution networks have been important determinants in the growth and survival of firms. Ability to meet changing technology, customer's needs and styling and shortening product life cycle are the challenges that passenger car companies will have to face.

Mrs. Beena John (2013) tried to identify the parameters that influence the customer purchase preference and behavior patterns of passenger automobile small car owners within the city of Pune. She also studied the impact of demographic variables and income affecting the vehicle selection. The

study showed that demographic factors like age, gender, education, status, and income influence consumers indirectly for small car buying preference. Value consciousness & price quality inference are the important factors which influence small car brand selection.

M. N. Mohamed Abusali Sheik (2013) identifying the demographic factors influencing the purchase of four wheeler, analyses the purchase behaviour of consumers and examine the level of satisfaction and factors influencing the level of satisfaction. He insists to establish a long term relationship with customers by creating a Data base management system. The study reveals that the introduction of a new brand, a new model and the factors like latest technology and high price variability customers' switch over from one brand to another.

T. S. Venkateswaran (2013) founded that new media has impact over the car buyers who are internet savvy through their electronic devices like computers, laptops, mobile phones, tablets etc., Companies like Hyundai, Maruti, Volkswagen and Tata has a major role in new media marketing through websites like Google, Gmail, YouTube, Facebook, twitter, personal blogs, commercial websites and their own websites. The new media has a positive impact on consumer view over the cars they are going to purchase. Each of the individual has a wide knowledge on the product before they are going to purchase a product by getting information from product reviews from social websites, private blogs, and also through the company's website which contains information like product specification, colours, variants, and price detail by state wise.

Shiv Prasad Joshi (2013) identify the factors that influence the consumer behavior with special reference to small cars. Among various brand the customer prefer, Alto, Santro, Maruti 800, Tata Indica, Maruti Zen and Spark in small car segment. Palio is the least preferred brand in small car segment. The customer considered seven factors such as appearance, technology and maintenance, price, fuel efficiency, comfort and space, safety and after sale services in purchase of small cars.

Balakrishnan Menon *(2013)* conceptualized various parameters, which influence the purchase patterns of passenger cars in the State of Kerala. He developed a framework to study the behavioral patterns, which might eventually influence the consumer purchase, of the passenger cars in the State. **M. N.**

Mohamed Abusali Sheik *(2013)* identifying the demographic factors influencing the purchase of four wheeler, analyses the purchase behaviour of consumers and examine the level of satisfaction and factors are influencing the level of satisfaction.

Gupta Bhuwan *(2013)* study throws light on various features that the manufacturers should concentrate on to attract the prospective buyers. This study concludes that for wide research in this area.

3. Objectives of the Study

- To find the impact of Brand preference among cars.
- To understand the Buying behaviour of customers.
- To learn the facilities/services expected by the customers from the dealer.
- To identity the means of finance preferred by the customers.
- To know the reason for purchase of cars.
- To study the significant attributes preferred by customers.

4. Need of the Study

The present Indian automobile market shows tremendous growth opportunities for small cars manufactures. The increase in fuel price, interest rate and slowing economic growth are factors defer the customer from purchase of cars. The study will be valuable for both marketers and small to determine the customer preferences of model, segment, and brand of cars. The study will enlighten the marketer about the customer purchase behavior, pattern, influencing factors, etc. The analysis will help for outlining the marketing strategies for car manufactures.

5. Scope of the Study

This study will provide solutions to the car manufactures to understand customer's behavior. Through this study management will know**:**

- The reason why people opt four-wheeler.
- To know the features considered by the customers while purchasing a car.
- To know the most preferred brand by the customers.
- The scope of the study is restricted up to the Jamshedpur City.

6. Limitations of the Study

- The target customers are who own a car earlier and at present and this study didn't include the customers who have an intention to buy a car in future.
- Some customers don't share their valuable time to answer the questionnaire.
- The information given by some customers may not be accurate.
- The data was collected only around the Adityapur, Bistupur and Sakchi area in a Jamshedpur city.

7. Statement of the Problem

In Indian car industry, small car segments have played a very crucial and significant role due to its economy, efficiency and effectiveness. Due to invasion of foreign cars into Indian markets, the pace of competition has hiked. This has brought into market, number of Brands and their variants competing to with each other. All these factors have resulted in flux in the minds of the customers as to which brand to go for. In other words, Brand-switching is gaining the momentum. So to position the brand in the minds of the customers the

company or dealer should keep the track of this shift in preferences. Hence the main purpose of this study is to find the impact of brand preference among cars on buying behavior of customers at Jamshedpur city.

8. Research Design

Research design explains the conceptual framework within which the study conceived, so that answer to the research objectives can be obtained. As this research was aimed to study the customers perceptions, brand preference, purchase pattern among cars is descriptive in nature. The study was based on both primary and the secondary data. The primary data was collected by using a structured questionnaire. The researcher met the customers in three main region of Jamshedpur city and collected data by interviewing personally. The researcher adopted convenience sampling as the population was large. The secondary data was collected from the companies' bulletins, annual reports and website8. Further, the researchers has used national and international journals in the field of management, as well as marketing, business magazines, referred text books in marketing management as well as consumer behaviour and academic studies conducted in the related areas for the purpose of building a strong theoretical background including the review of literature for the study.

Population

The population for this study is a survey of Customers owning cars in Adityapur, Bistupur & Sakchi areas in a Jamshedpur city.

Sampling Unit

The Sampling Unit is basic unit containing the elements of the population to be sampled.

Sample Size

About 255 customers who have been using cars presently or previously were selected from Adityapur, Bistupur & Sakchi areas in a Jamshedpur city.

Sampling Design

This study was conducted among the car owners residing at Jamshedpur, Jharkhand. The convenience sampling method was adopted in order to select the sample. As the population of the study was finite the study targeted only the customers who are the owners of cars in Jamshedpur City. Data were collected through an Interview Schedule regarding perception of the respondents on usage of cars. The collected data are analyzed through descriptive statistical tools such as Percentage, Mean, Median and Standard deviation have been used to describe the profiles of consumers, preferred brand, car attributes and level of satisfaction.

Analysis

Table 1: Brand Name of Car Owned

Car Brand Name	No of Frequency	Percentage %
Maruti Suzuki	118	46.3
Hyundai	21	8.2
Tata	39	15.3
Nissan	6	2.4
Chevrolet	10	3.9
M&M	13	5.1
Toyata	27	10.6
Skoda	9	3.5
Ford	12	4.7
Total	255	100.0

Source: Primary data

From the above table it is evident that 46.3% customers own Maruti Suzuki, 15.3% own 10.6% own Toyota, Tata 8.2% own Hyundai, 2.4% own Nissan, 3.9% own Chevrolet, 5.1% own Mahindra, 3.5 own Skoda, 4.7 own Ford. Hence, just like other districts, the Maruti Suzuki found to be the leader in cars market in Jamshedpur city also.

Table 2: Car's feature Considered While Purchase

Preference	N	Mean	Rank
Space	255	4.50	iii
Size & Shape	255	4.55	i
Technology	255	4.48	iv
Interior	255	4.39	viii
Comfort	255	4.45	vi
Power	255	4.38	ix
Mileage	255	4.51	ii
Colour/Style	255	4.48	v
Availability of Spares	255	4.43	vii
Maintenance Cost	255	4.28	x
Horse Power	255	3.74	xi

Source: Primary data

The above table clearly states that customers look into size and shape while purchase of a car, mileage, space, technology are also other significant factors considered during purchase. The horse power, maintenance cost, power are given least preference in purchase of cars.

Table 3: Car Engine Preference

Engine	N	Mean	Rank
Petrol	255	3.31	ii
Diesel	255	4.02	i
LPG	255	1.38	iii
CNG	255	1.30	iv

Source: Primary data

From the above table it is identified that customers prefer diesel engine much followed by petrol, LPG and CNG car engines.

Table 4: Car Model Preference

Model	N	Percentage %
Hatchback	255	51
Sedan	255	35
MUV	255	10
SUV	255	4

Source: Primary data

The model preferred by the customers' is explained in the above table. As per the given table it is clear that customer mostly prefer hatchback model. The sedan model is second most preferred car model. In Jamshedpur city MUV and SUV model is least preferred by the customers.

9. Findings

Most of the respondents belong to age group of above 30. The male population was dominated this study, only few respondents were female. It is evident that out of 255 samples 32.9% customers are businessman, 24.7% are employees, 13.7% are student, 24.7% are professionals and 3.9% are others owns a car. Most of the (47.5%) customer's annual income is below 5 lakhs. About 75.7% customers are married and 24.3% customers are unmarried. Nearly 34.7% customers family size is 4, 16.9% customers is below 3, 15.7% customers is 3, 13.3% customers is 5 and 20% of the customers is more than 5. Most of the (87.5%) customers own only 1 car, 6.3% of customers owns 2 cars, 6.3% customers own more than 2 cars. 44.7% customers own cars for comfort, 29.4% customers own for status, 18% customers owns for transport, 7.8% customers owns for other purposes.

Out of 255 samples 46.3% customers own Maruti Suzuki, 8.2% own Hyundai, 15.3% own Tata, 2.4% own Nissan, 3.9% own Chevrolet, 5.1 own Mahindra, 10.6% own Toyota, 3.5 own Skoda, 4.7 own Ford. It is evident that out of 255 samples 57.7% customers own new car and 42.3% customers own a second hand car. About 25.1% customers find difficulties in a car and 74.9% customers don't find any difficulties in a car. 66.7% customer's budget for a new car 5lakh & above, 16.5% customers budget is 4-5 lakhs and 16.9% customers budget is 3-4 lakhs. The major reasons for a new car are the increase in family size, for a better car and increased in affordability. Majority of the customer consider known brand in their purchase decision, 27.8% customers don't consider a lesser known brand and 10.2% considers a lesser known brand. Regarding manufacture origin 36.1% customers prefers Indian companies, 23.1% customers prefer MNC's and a 40.8% customer says not a factor. Customers gives much preference for the comfort of the car followed by the other attributes and fuel efficiency was given a least preference. Majority of the customers (81.2%) agrees branded products have a better quality but few (15.7%) customers say they agree but it's not always true. Generally customer expects information about new models, technology, loan, and spares from the dealers. The customers also expect the extended warranty for their cars. Most of the customers prefers bank loan for finance, few customers prefers car-finance companies. The diesel engine much is preferred mostly followed by petrol, LPG and CNG by the customers. Most of the customers (51%) prefer hatch back model, followed by sedan model cars. When the nationality of the car manufacture comes it s clear they prefer Japanese cars, Korean. From the chi-square analysis it is identified that there is a significant relationship between income factor and the variables-brand you own, nature of a car, budget and finance. It is proved through chi-square analysis that the family size is a significant factor which influences the purchase decisions of the car regarding model.

10. Suggestions

- Customers expect finance from banks, so a car finance company can go for a low interest price for loan.
- Most of the customers expect extended warranty, so the car manufacturers may provide an extended warranty.
- Discount & offers can be given and intimated to customers and motivates them to purchase a car.
- Advertisement regarding a brand should be increased to bring out in the minds of a customer regarding the brand and the product.
- Some special offers can be given to the government employees and doctors to increase the sales.
- A good CRM should be provided with necessary information and problems should be identified and solved by the management.
- Though most of the customers prefer cars, some additional features & technology should be added to increase the sales.
- As most of the customers prefers a diesel engine to increase the petrol car sales and avoid pollution a series of campaign's can be conducted and explain the positive things in petrol cars.
- Special mela's and free service should be conducted regularly to increase the sales and attract more customers.

11. Conclusion

Consumer Behavior blends elements from psychology, sociology, social anthropology, marketing and economics. It attempts to understand the decision-making processes of buyers, both individually and in groups such as how emotions affect buying behavior. It studies characteristics of individual consumers such as demographics and behavioral variables in an attempt to understand people's wants. This study done based on the consumers of Cars reveals that irrespective of the Brand of the brand they use, the customers mainly checking for the financial status of their own to buy their vehicle. It also proves that they prefer vehicles that can transport their family size comfortably irrespective of the brand, within their financial status. This proves that the customers prefer a comfortable vehicle that lies within their financial status.

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