

Context

Parameters and Framework Development to study Consumer Behaviour Patterns of Passenger Cars

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Abstract

Automobile Industry in India is influenced by the presence of national and multi-national manufacturers. The presence of many manufacturers and brands in the state provides many choices to the customer. These manufacturers offer similar value proposition, making the passenger car segment being highly commoditized. Customers no longer consider engine performance, as a major factor, as it is expected to be a standard already in place. They look for those differentiating parameters, which can make the choice from one brand to another. The main purpose of this paper is to come up with the identification of possible parameters that influence the consumer purchase behaviour patterns of passenger car owners in the State of Kerala. It is also aimed to develop a theoretical model, which influence the consumer purchase patterns of

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passenger cars, so that further research could be done, based on the model and the identified parameters.

Key Words: Consumer Behaviour Patterns, Customer Loyalty, External Influence, Brand Community, Family Influence, Customer Satisfaction

Introduction

In India, till early eighties, consumers had very limited options for passenger cars. Therefore, in olden days, people bought passenger cars, to use and keep it for the whole duration of their lives. In those days, passenger cars used to be considered as a luxury, rather than a necessity. Due to the economic boom, higher income levels and the growing purchasing power of the Indian urban populace, cars have transformed into a necessitated ingredient for Indian middle class families.

The Automobile Industry in India has been in the booming phase for the past 10 years, on the strength of the Indian Government's liberalized economy policy and freedom from the License Raj. The Government of India allowed Foreign Joint Venture in the industry since early 1990. Subsequently, the Indian Government allowed Foreign Direct Investment with an equity cap in the industry, which saw many automobile giants entering the Indian market with their models, readily available, without much waiting time for the delivery. Thus major car manufacturers such as Suzuki, Ford, Toyota, General Motors, Skoda, Hyundai, Honda, Renault, Mitsubishi, Nissan, Volvo, Audi, BMW and Benz, set up their manufacturing units in India with Joint Venture collaboration with Indian companies. These foreign manufacturers began to

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compete with the Domestic Players such as Hindustan Motors, Tata Motors, and Fiat India etc to increase their market share, with their highly technological, innovative and attractive models of passenger cars. Sudden interest of major global players has made Indian auto industry very competitive, as India provides twin benefit of ready market and low cost manufacturing base for them. With the explosion of the automobile industry, due to its globalization and liberalization, car manufacturers introduced much innovative and technological advancement in their models. Customers have started thinking to change over to the new models of cars, with related ease than before, to suit their changing life styles.

The proposed study is planned to be conducted in the Indian State of Kerala. Kerala is billed as a consumer State by both manufacturers and marketers. The State with its limited land availability does not have much of a production capability in the State. All the manufacturers, specifically automobile sector, do have their production capability outside the State, concentrated in the States of Tamil Nadu, Haryana, Punjab, Delhi, and a few other States in India. However, manufacturers and marketers treat Kerala as a test market, where they can easily test their newly developed products, as the people of the State display high consumerist tendencies in their purchase behaviour. Consumerism in the state is also attributed to high literacy and booming economic conditions, in the middle class, due to the inflow of foreign money predominantly from gulf, US and European countries. Any new model of the car can be easily spotted in the cities of the State. Thus, the proposed study is focused in the State of Kerala.

The researcher conducted secondary study to find out various studies conducted on the consumers of passenger car in different parts of India and specifically in the State of Kerala. The following are some of the studies and their relevance to the researcher's area of research.

Sagar *et al*(2004), discuss in their approach paper , as to how the Indian car industry has leaped forward technologically, driven by a confluence of factors such as intense competition, demanding consumer preferences, government policies (especially tightening emission standards), and the global strategies of the various players. They elaborate that cars manufactured in India are based on designs, incorporating advanced technologies, that are often comparable with those available globally and Indian car exports are also growing.

Avinandan and Trilochan [1996] discuss that penetration of passenger cars in rural and semi-urban areas is extremely low and could provide fresh markets. They opinion that new entrants will have to deal with uncertainty of demand, different and evolving customer needs, a relatively poor supplier base, a market crowded with competition and industry wide capacity shortages. They see the prospect of India emerging as a significant manufacturing base for exports. They conclude that in the highly price sensitive market, reduction of prices because of lower duties and taxes and progressive indigenization, and rising middle class incomes are likely to further increase industry growth rates.

There have been a few studies in Kerala n the consumer behavioural aspects of passenger cars. In a study conducted by Malayala Manorama (2008) reveals that people will normally like and go for cars with low cost on the one end, whereas

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another set of high income group of people prefer the costly cars.

Radhakrishna (2009) reported that the car sales are getting into a steady stage, in the month of December 2008. In spite of the general slump in automobile market, the used car segment has not taken much of a beating. Many of the dealers reported steady sales in December 2008, contrary to the negative sales in the previous few months. This is attributed to the package announced by the Government of India for the automobile industry in terms of reduction in the excise duty of cars, and attractive packages announced by the car manufacturers.

As per Shapur (2009), face off buyers now prefer to have cars with the space, comfort and luxury of a mid size saloon or sedan. With the growing affluence and technological advancement, there develops a certain maturity in taste, as evidenced by the growing popularity of the Indian Hatchback market. The “third box” or the boot space does not seem to have the same importance, which it once had. Many customers buy cars with the space and comfort, less the boot, as it is easy to negotiate in our ever-increasing congested cities. That is where the premium hatchback commands a respect in its segment. Though they are costing more money, customers buy them for their practicality and comfort they offer, without sacrificing the feel-good factor.

Jeevan Kumar (2009) in ‘Business Manorama’ and “Auto Focus” reported identically in “The Hindu” (2009) that the passenger car market is coming out of the economic slow-down phenomenon being witnessed all over the World. Jeevan Kumar further reported that manufacturers have adopted a strategy to introduce new and modified edition of

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the existing models in the market in the coming months, to smarten the market, which gives a positive signal to the car industry in general. Due to various measures implemented by the Reserve Bank of India to support the economy and boost up the demand, Indian banks have reduced the interest rate for car loans, which gives a hope for the industry. While the new generation banks in the private sector concentrate their car financing activities in the cities, Public Sector Banks are turning the heat on, in the small and medium towns and rural area, where they have more coverage and influence, as reported by Ajit (2009).

Rationale and Significance of the Study

The automobile market is getting saturated with many models of passenger cars, competing against each other, in sharp contrast to the monopolistic industry behavior, which was prevalent till late 80's. It requires tremendous amount of marketing efforts to keep and grow their market share in this scenario, by adopting quite innovative features and value added services, which are very attractive to the customers. Companies are adopting new methods to see, if small families using the two wheelers, can be converted into the car buyers.

Kerala market is considered to be different from other states, due to its high consumerism. Each of the Kerala households is predominantly having at least one gulf employee. With the boom of IT Industry in late 90's, the expatriates are extended to US, Europe, Australia, and other Asian and countries. In this context, it was thought that this study is very relevant to measure the topography of the customer tendencies in the passenger car industry.

Though the initial focus of the expatriates from the State was concentrated in building houses; the current trend is seen to be moving towards acquiring fashionable cars, which is proving to be a status symbol for many households. With the kind of inflow of US dollar and other foreign currencies into the Kerala economy, which has started dictating the purchasing decisions of the Kerala Households, it is becoming a breeding ground for manufacturers of passenger car to compete in this fertile market, to satisfy the needs of customers to acquiring middle and luxury cars. The current trend is to show off their social status by displaying high profile latest model passenger cars in their home portico.

There are new players and models entering the automobile sector, introducing new narrowed segments in the passenger cars. The study findings will definitely help the manufacturers and marketers of passenger cars to strategize, plan and the market their products in the State.

Aims & Objectives of the study

The objective of the research paper is to explore and conceptualize various parameters, which influence the purchase patterns of passenger cars in the State of Kerala. The paper also aims to develop a framework to study the behavioral patterns, which might eventually influence the consumer purchase, of the passenger cars in the State.

Materials & Methodology

The paradigm underlying this research study is for evolving realistic consumerist tendencies, in the passenger car industry. The methodology adopted is to use exploratory approach. It incorporates three or more views of reality, typically

involving a Literature Review of the past and current research work in the respective area, a qualitative and quantitative study assimilating the power of a consumer questionnaire, and consolidation of these methods and views to obtain confirmatory results and thereby a better understanding of the problem that is being addressed.

Thus, the research methodology adopted in this research study comprises of the following stages:

- Literature Review, that is the secondary research
- An exploratory stage that is the Primary Research, consisting of Depth interviews and Focus group discussion with Car Dealers of new and second-sale cars, Car Financing Agencies and car owners in the city of Cochin. Questionnaires were devised to drive the in-depth interview with car dealers of various manufacturers, second-hand car dealers, car financing agencies, and car owners in the city of Cochin, Kerala, India.

Parameter Identification for the Study

There have been many efforts by researchers to evaluate and measure the consumer behavior in general for durable goods and products. In the following section, the researcher details the various consumer behavior studies undertaken by other researchers in the relevant area, and the important theories of consumer behavior.

Role of Internet Marketing in Consumer Decision Process

As Internet is rapidly growing and providing the platform for e-commerce marketing, many customers use Internet partly or

even fully, for all the buying process stages. Just about one in seventeen people may have access to internet in India, but every third car buyer in the country's top cities start their search on the world-wide web. As per Amit (2010), four out of every ten new car buyers and three in every ten used car buyers, use internet to do initial research, before making the purchase, based on a study conducted by Google. Liu and Bai (2008) discuss the various opportunities for car manufacturers and dealers to utilize the internet marketing medium in the five stages of e-marketing buying process - Problem Recognition, Information Search, Evaluation of Alternatives, Product Choice, Final Outcome / Post Purchase.

The researcher now examines the various theories of consumer behavior, so that it will provide a framework to focus our studies on the behavioral patterns of passenger car industry.

Theories of Consumer Behaviour

Marketing has shown a paradoxical resistance to the generation of explanatory variety. Anyone who knows the marketing and consumer research literatures of the last decade is familiar with calls for methodological pluralism, critical relativism, postmodernism and the like. Most research in marketing still inhabits the world of cognitive consumers and responsive managers, semi-autonomous buyers and philosophical marketers. The present challenge for marketing researchers is to generate critical interpretations, which alternate with the prevailing normal science component of consumer research: Structural accounts of human activity assume that observed behaviour results from what is happening within the individual. Behaviour is determined, in

whole or part, by internal processing of information, or action of mental traits.

Hill (2003) states that recent research into consumer behaviour, challenges marketing conventions. He explains that people respond to the information gathered by the senses at an intuitive level, as well as on the basis of rational criteria. He describes the use of bio-feedback systems to evaluate the appeal of product offerings, suggesting that this approach is highly effective in predicting consumer purchase behaviour. He points out that consumers' interpretation of product concepts and brand information may be very different from the messages that the company intended to convey. He recommends that firms wishing to market to the senses, provide simple messages that are memorable, easy to interpret, believable and relevant to consumer needs.

Self Theory and Consumer Behaviour

Self as a totality of individual's thought process and providing a reference point for the related consumer behaviour was conceptualized by Morris in his research studies. He defined it as a combination of an individual's thoughts and feelings, pointedly referring to himself as an object (1979). However, Raj and Russell (1991) cautioned that there could be fundamental differences in the concept of self, across different cultural entities. They reported this in their studies on Hindu Indian Immigrants that they are less susceptible to the western view of self as an object. This also clearly shows in the differential self belief of migrants from Asia, Africa and other countries to USA.

Altering the Self: Improved Self Theory

Consumer needs are sometimes guided and accentuated by the personal vanity and self emancipation considerations. People want to have some high esteem in the society, and they seem to think that they can obtain a high societal value, if they own a high value passenger car and attribute the possession of such a vehicle, as a means of achievement in their life. This was conceptualized by Richard *et al* (1995). They devised an individual difference variable, which is consisting of personal vanity and achievement vanity.

Watson *et al* (2002) explains why consumers are reluctant to switch utility suppliers. The paper begins by examining the consumer behaviour literature to determine the differences in the decision process for utilities and for conventional products. The paper deduces that the customer decision for utility products depends on the level of customer satisfaction: if a consumer is broadly satisfied, inertia will prevail, but if there is consumer dissatisfaction, the relative cost of taking an investment decision decreases and switching becomes more likely. They conclude that the switching decision therefore depends on consumer attitude.

Personality Theory and Consumer Behaviour

There were other researchers, who focused on personality in consumer behaviour, resulting in purchase of goods. Gordon and Ronald (1989) paved the way for a new impetus in consumer behavior based on personality research.

Consumer Politeness and Complaining Behaviour

Research suggests that in many cases, companies make good-faith efforts to address the complaints from their disgruntled

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customers. Many managers, in certain cases, are often prepared to exceed consumer expectations beyond-the-contract or above their proscribed job specification, aimed at striving to address consumer complaints, as notified in the study by Resnik and Harmon (1983).

However, some consumers may be unlikely to complain regardless of the context, due to their extremely polite and restraining nature. More specifically, they may have an interaction style that prevents them from confronting the dealer / retail employees. Politeness may have such an unassuming effect on the consumer behavior. Politeness has already been identified as an interaction style within customer-salesperson encounters by Goodwin and Smith (1990).

Family Influence in Consumer Behavior

White (2004) discusses the factors that affect car-buyers' choices and comments that people expect to haggle with dealers over price and to receive substantial rebates or incentives as well as low-interest payment plans. He points out that with an increase in multi-car households, car marques and advertisers need to target the right audience, taking into account the pester power of children and the importance of life stage. Despite the fact that women are the primary buyers of most new cars, he admits that the motor trade has traditionally been contemptuous of women's role in the car-buying process.

Ferber in his book on "Selected Aspects of Consumer Behaviour" (1977) provides an overview from various disciplines of consumer behavior in the marketplace. He

presents theories of consumer choice, both economic and psychological. Then he goes on to review what is known about different forms of consumer behavior in the marketplace and includes: 1) decision making in the household-how consumer choice is manifested in the actions of the family unit; 2) patterns of marriage and family formation and dissolution; 3) mobility (geographical, educational, and occupational); 4) saving trends; 5) consumer purchases of durable and nondurable goods; 6) new products and ideas; 7) brand choice; 8) shopping behavior and preferences; and 9) life styles. A comprehensive overview of the different ways in which psychological factors influence consumer choice is presented in the book. Factors such as television advertising, promotional methods and the role of price in consumer choice are discussed. The final chapters deal with different aspects in the measurement and analysis of consumer behavior.

Virtual Brand Community Effect

The importance of virtual brand communities is growing day by day as a result of consumers increasingly using online tools to contact fellow consumers in order to get information on which to base their decisions. For this reason, it attains importance to explore, some of the effects of participation in a virtual brand community on consumer behaviour. Luis *et al* (2007) proposes the positive effects of participation in a virtual community on both consumer trust and loyalty to the product, brand or organization around which the community is developed. The survey reveals that participation in the activities carried out in a virtual community may foster consumer trust and loyalty to the mutual interest of the community (the free software in this case). In addition, the

study also found a positive and significant effect of consumer trust on loyalty. In this respect, this study has shown that managers may foster consumer trust and loyalty by developing virtual brand communities and promoting consumers' participation in them.

Relationship, Service Package and Price

Research studies by Garbarino and Johnson (1999) and Morgan & Hunt (1994) have emphasized the significance and relative prioritization of relationship marketing. Many companies have increasingly been prioritizing their attention and focus to the establishment, development and maintenance of close and lasting relationships with their customers, in order to create a differentiating value addition to their products and / or lowering the product costs to engage in a penetration pricing mechanism. This is corroborated in the studies conducted by Weitz and Bradford (1999). Even in the car industry, which is predominantly driven by the product characterization, classification and orientation, establishing a long-term relationship is being considered to be essential marketing strategy at all distribution levels. Thus, customer knowledge and relationship building, through constantly addressing their needs, are considered to be vitally important selling ingredients to contribute to a car dealer's competitive advantage, as ascertained by Chojkacki (2000).

Sharma & Patterson (1999) state that car dealers are implementing a strategy to position themselves, more effectively in the market place than before, by means of continuous improvement of quality maintenance through services delivery packages, as car dealers are increasingly being confronted by demanding and technologically

knowledgeable consumers, shortened product model lifecycles, intensified competition and fragmented market segments.

There have been studies to evaluate concepts of price fairness and customer satisfaction and empirically demonstrate the influence of perceived price fairness on satisfaction judgments. Andreas *et al* (2007) seek to examine specific factors that influence fairness perceptions, including price perception and consumer vulnerability, in the context of car purchases in major German car dealerships. Their research paper shows that price perceptions directly influence satisfaction judgments as well as indirectly through perceptions of price fairness.

Customer Satisfaction and Loyalty

Customer satisfaction is often used as a predictive measurement of future consumer purchases as hypothesized by Newman and Werbel (1973) and by Kasper (1988) in their papers. Satisfied customers are more likely to resort to repeating purchases in the time of actual instance, as reported by Zeithaml *et al.*, in their studies (1996). Moreover, highly satisfied customers will convey their success stories of satisfaction and directly recommend that others try the source of satisfaction, as stated in the studies conducted by Reynolds & Arnold (2000) and Reynolds and Beatty (1999). Fitzell suggested that such satisfied customers shall become less receptive to the competitor's offerings (1998).

A quick observation of customer loyalty is demonstrated by repeated purchase as in the studies prepared by Ball *et al*, (2004), Copeland (1923). In practical terms, firms want

repeated purchases mainly because such behavior in consumers can apparently show the customer preference for a brand or product, as stated by Bowen and Shoemaker (1998).

Some customers have their satisfaction – loyalty linked to the product alone. Keller (1993) evaluated customers, who purchase specific category of products for the first time, were found to focus on the product benefits, and not on the brand. As per Keller, the emphasis in this case, is in the tangible attributes of the product, which are visible and accountable to the buyer. Customers looking for low-price car, to meet their budget, may necessarily focus on the characteristics of the car, regardless of brand.

Brand and Retail Loyalty

Customer satisfaction can be considered the central determinant in all phases of the contact chain. Multi-dimensional recording of customer loyalty reveals clear differences in the interactions, first, with brand loyalty and, second, with dealer loyalty. In contrast to the opinion widely held in practice, customers in the automotive sector definitely do not perceive the brand and the dealer as one unit. Since similar studies in different countries come to almost the same conclusions, it can be argued that the results are valid in several cultural settings. The results obtained by Frank and Andreas (2001) are so fundamental that they can be translated into implications even by internationally operating companies.

Arjun and Morris (2001) examine two aspects of brand loyalty, purchase loyalty and attitudinal loyalty, as linking variables in the chain of effects from brand trust and brand affect to brand performance (market share and relative price).

Brands are important in the consumer market. They are the interface between consumers and the company, and consumers may develop loyalty to brands. This study by Geok and Sook (1999) proposes that trust in a brand is important and is a key factor in the development of brand loyalty. Factors hypothesized to influence trust in a brand include a number of brand characteristics, company characteristics and consumer-brand characteristics. The findings reveal that brand characteristics are relatively more important in their effects on a consumer's trust in a brand. The results also show that trust in a brand is positively related to brand loyalty. Marketers should, therefore, take careful consideration of brand factors in the development of trust in a brand.

In the past, car manufacturers cajole owners of competing brands and products to convert to their brands, and thereby adopt this practice as a marketing method to drive their sales. In these days, car owners desire to upgrade their models and brands to avail of the new features and environmental changes and comforts of competing brands. On that account, whether to remain loyal to their existing brand / product or to switch over to a new brand / product is a million dollar question that bother many car owners. There lie the fortunes of many automobile manufacturers and retailers. In this confusing scenario, some of the car buyers switch from one brand to another at trade-in time, whereas some other car owners display consistent choice of sticking to their brand / product from purchase to purchase, as hypothesized by Sambanandam and Lord (1995). When it comes to the product evaluation stage, quality products, positive showroom acoustics, ambience, positive showroom experience and a consistent and formidable after-sales-service, are all essential and central to

the loyalty formula, and manufacturers have been concentrating on these considerable efforts in these directions, as illustrated by Illingworth (1991).

Michael (2000) in his research theory investigated brand loyalty by examining actual past behaviour and its impact on future behavioral intentions: in terms of expectation to purchase same / other brand from same / another retailer as well as willingness to recommend the brand and retailer to another customer known to him. Findings indicate that purchase expectation / intention remain a valid research metric. It would appear that the brand / consumer interface offers greater predictive ability than the retailer / consumer interface. Willingness to recommend a brand to another consumer does not seem to be influenced by past behavior, but the higher the respondent's expectation to purchase the brand, the higher will be their willingness to recommend the brand. Same will be applicable to retailer recommendation.

Results and Discussion

The researcher consolidated the information received through the secondary research material that was collected. The researcher also undertook extensive field work by depth interviews of the car manufacturers / dealers, car financing agencies and car owners in the City of Cochin in Kerala State, India. The questionnaire on Car Dealers is shown in Annexure 1, Questionnaire of Car Financing Agencies is shown in Annexure 2, and Questionnaire on Car Customers is shown in Annexure 3. Dealers of various manufacturers, such as Suzuki, Ford, Toyota, General Motors, Skoda, Hyundai, Honda, Renault, Mitsubishi, Hindustan Motors, Tata Motors, and Fiat India were interviewed on the pre-defined

questionnaire to collect information of various parameters in their view points, which were influencing the purchase of passenger car. Depth interviews were conducted with car financing banks / institutions such as HFDC Bank, State Bank of India, State Bank of Travancore, ICICI Bank, Manapuram Financing Group, Muthoot Financing group, Kotak Mahindra financing group and Sundaram Finance, to get information on those parameters of car financing aspects, which influenced the purchased of passenger cars. Depth interviews were conducted by interviewing car owners, to solicit information of those aspects of passenger car purchase, which influenced their search, influence, and decision making process of it. A summary of the findings are shown in Annexure 4. Based on the data collected and assimilated, the researcher conceptualized the framework of consumer purchase behaviour of passenger cars. The author further developed parameters for further research study and consolidation and identified further areas of study for his full scale research work.

Framework on Consumer Behaviour Patterns of car Industry

The following section shows the diagrammatic view of the framework so developed in Fig 1.0:

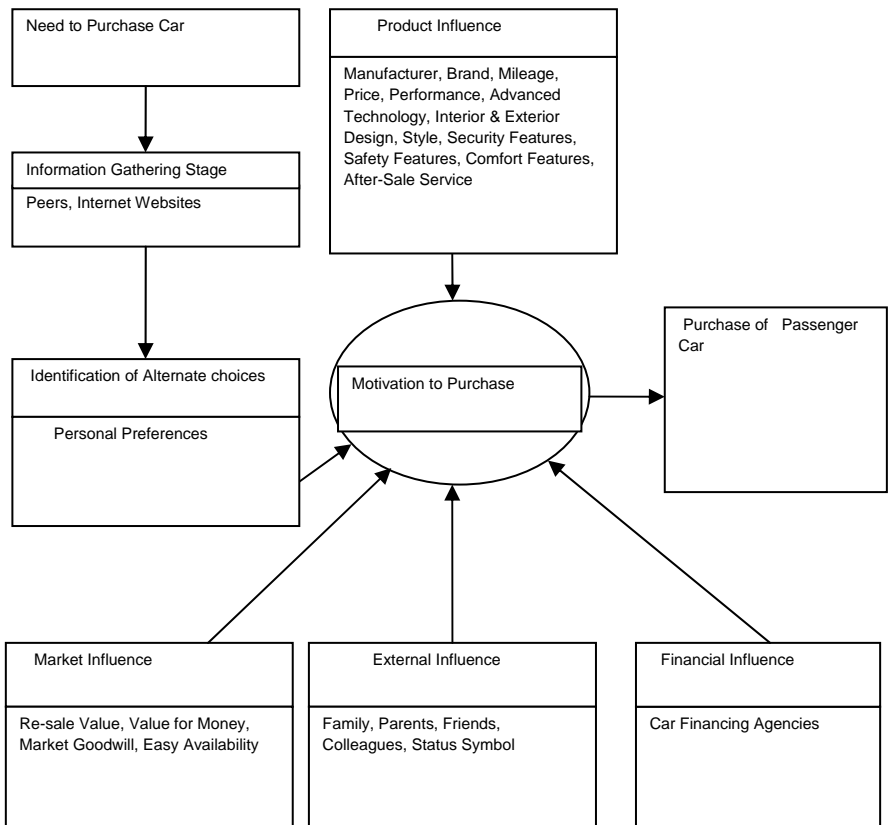


Fig 1.0: Framework of consumer purchase behaviour of passenger cars

Findings of the Study

The researcher summarizes the areas and parameters, based on his secondary literature analysis and primary data through the depth interview of car customers, dealers and car financing agencies.

- 1) Small car market is becoming prominent in the state due to its limited road and parking space availability. Many of the major players in the market have launched their small car variant in the market, enthused by the excellent response elicited by Tata's Nano car.
- 2) Middle level segments – Sedan and Higher Sedan executive models are really growing and gaining momentum in the state
- 3) Customer focus is a major differentiator in the passenger car industry, wherein the customer looks for personalized care for his after sales service with the manufacturer / distributor.
- 4) Since there is a major percentage of commoditization in the automobile industry, due to the many choices of brands available immediately, manufacturers have to look internally, if there are making enough growth in the industry, whether it is due to their incompetence or reduced levels of customer satisfaction.
- 5) For the youth, who is on the move, peer group is the greatest influencing factor, of their car purchase decision.

- 6) For the middle class customers, who seek to enhance their ego, find themselves increasingly being influenced by their children, who are well informed about the rapid technological changes happening in the auto car segment, in their car purchase decision (Jacob and Khan, 2010)
- 7) In a highly commoditized car market, differentiation based on traditional parameters such as engine, performance and power, is giving way to comfort in driving, interior and exterior design and the like. This is corroborated by a similar study conducted by Cogito Consulting (Anonymous, 2010a)
- 8) 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. The trend has replicated in the State of Kerala as well, where we can see many women driving the car in the city and towns (Jacob and Khan, 2010).
- 9) Car makers have woken up to the new reality of internet providing a key role in their marketing and communication strategies. Internet has witnessed increased brand building efforts by car companies over the past few years.

Factors Influencing the Behavioral Patterns

Based on the detailed analysis conducted by the research on the data collected and tabulated, the researcher has identified the following factors, which influence the purchase behaviour of passenger car owners in the City of Cochin:

The major factors, which influence the behaviour of car owners, are:

- Product Influence – in terms of Manufacturer, brand, mileage, price, Performance, advanced technology, Interior & exterior design, style, security features, safety features, comfort features, after-sales service
- Identification of alternate choices – This may depend upon the personal preferences of model, color, size
- Market Influence - re-sale value, value for money for the car, market goodwill of the brand, easy availability of the chosen model
- External Influence - Influence from family, parents, friends, colleagues, chosen model as a status symbol
- Financial Influence – Influence of car financing agencies

Following are the list of findings, based on the depth interviews and discussion with car consumers:

Second-Sale Cars

The availability of second sale cars is a favorable factor for customers to buy and use it. The variable was identified,

based on the depth interview, and analysis of the survey results conducted from the second-sale dealers.

Manufacturer Brand of Car

Brand of car is a major factor which influenced the purchase decisions of the passenger car segments. There are twelve major manufacturers available in the Indian market, which are of foreign companies and Indian companies.

Model of the Car

Model of the car is a preference with an individual buyer. It depends upon the buyer's personal choices, alternatives available to the customer, budget constraints, car financing option etc. and the influencing factors.

Status Symbol

Many of the customers consider the car as a status symbol to project image to the society, friends and colleagues.

Easy Availability of cars

Many of the customers consider buying a car, due to its easy availability in the market. Since many manufacturers are offering them cars, customers have a wider choice in the market, due to explosion of car market in India subsequent to the entry of foreign ownership cars, after Indian Government allowed Foreign Direct Investment in automobile sector in India.

Fuel Efficiency

Fuel efficiency is directly correlated with the performance of the vehicle. This is defined as the number of Kilo Meters that

the vehicle will run on a unit of the fuel. This might have direct influence in car purchase decisions.

External Influences

Customers go through an evaluation process, before taking the decision to buy a specific model. There are many factors which influence their decision making process – parents, friends, family, colleagues, market goodwill, advertisement and car finance availability etc.

After-sales Service

After-sales service is an important factor that formulates and matures the decision making process of car purchases. Customers are really worried as to how they would get proper and timely service from the dealers and manufacturers for their vehicle. This is a dependent variable, which needed to be investigated.

Advanced Technology

Advanced Technology of the modern series of cars is a factor, which customers consider for their purchase decision. They are attracted by the new generation cars with foreign origin, influencing technology savvy customers. These versions of cars offer them latest state-of-the-art technology providing computer based modern solutions offering them technological advantage. This variable needs to be investigated.

Market Value of the Manufacturer Name

People normally would like to sell their cars after a few years as they would like to go for a new brand or new model of the car. Thus, the question is worrying many customers as to how

much it would fetch them, when they sell their old cars. It is very much dependent on the market value of the manufacturer name that would fetch them a reasonable amount as a retrieval price.

Market Value of the Brand Name

Similar to the manufacturer name, the brand name of a car has some relevance, when it comes to selling off the cars at a future time, after a few years of usage, by the customers. Thus, many customers would also seriously consider the relevance of the brand and its desirable market value, which would fetch them when they sell off their cars, after a few years of usage.

Price of the Car

Obviously, many customers are highly dependent on their budget, as a major criterion, when they zero in on a brand, as it involves arranging finance for the purchase. This is a dependent variable that shall determine the buying behaviour of passenger cars customers.

Customer Loyalty

Customer loyalty is termed as the attitudinal behaviour, which determines whether a customer will stand for his chosen brand in future purchases as well. Customer loyalty will, to a great extent, influence the buying behavior of passenger cars, as people would like to stick with a proven manufacturer, rather than trying out with new untested options.

Customer Satisfaction

Customer satisfaction will prove to be a great influencing factor, in deciding future purchases of cars. Satisfied customers would even recommend their friends and colleagues to buy their chosen brand.

Car Financing

Car Financing is a major variable that influences the car purchase Behaviour to a great extent. As was disclosed in the in-depth dealer surveys, 85 to 90% customers opt for the car financing, as it facilitates finance easily and quickly, with many advantages and benefits.

Security Features

Security features were reviewed during the depth interview conducted with the dealers and second-sale dealers. A common point was shared that the security was an important requirement with many of the elite car passengers. This was due to the high incidence of car thefts in the Cochin city where there are cases of stolen cars being taken out of the city and dismantled or sold.

Safety Features

Safety features were also discussed in the depth interview conducted with the dealers and second-sale dealers. There was a consensus of opinion amongst the dealers that safety requirement was equally evident amongst the city passenger car users. This was due to the high incidence of accidents in the high density city traffic, due to the fact that the traffic is not that much orderly and disciplined in the city and suburbs. Features like Anti-braking System to ensure a steady stop

without skidding when break is applied, Crumbling Zones to protect passenger safety, in the case of a crash, Air bags to project passengers from injuries in the case of a collision etc are very popular safety measures introduced by most of the manufacturers now.

Comfort Factors

Comfort features were also prominently figured in the in-depth survey conducted with the dealers and second-sale dealers. Many of the city car users favored a minimum comfort level in terms of driving pleasure.

Interior Design

During the depth interview, the interior design came up as a major factor that customers are looking for. This includes spaciousness, leg space, seating, roofing, decoration etc.

Exterior Design

Exterior design is also proving to be an influence. Many customers opined that they bought their brand, as they liked very much the exterior design of their specific model.

Style of the car

Style of the car is its overall look and feel that a specific brand possesses. Some of the younger customers were quoting this variable, as an influencing factor, when they bought their brand. This variable needed further study in the context of new generation cars.

Additional Comments / Suggestions on the Research Work

The researcher conducted secondary data analysis through the materials collected from EBSCO, EMERALD and CAPITALINE online research journals. Supplementary materials on the worldwide passenger car industry and the research work conducted on the specific area of consumer behaviour of passenger cars are available in some of the published work in these international journals.

Further information / materials on Indian Automobile Industry, passenger cars, and Kerala economy, Kerala business scenario etc. can be obtained from the following online supplementary materials:

- (a) Automobile industry - Surf India (**Anonymous, 2009**)
- (b) India Web Directory – list of companies in automobile category (**Anonymous, 2010a**)
- (c) Society of Indian Automobile Manufacturers (**Anonymous, 2010b**)
- (d) Sale and exports of passenger cars in India (**Anonymous, 2010c**)
- (e) Zone Kerala – Automobile Industry (**Anonymous, 2010d**)
- (f) Economy of Kerala (**Anonymous, 2010e**)
- (g) Kerala Business and Economy by Ponnemilil (**Anonymous, 2010f**)

Future scope and managerial implications

The researcher intends to undertake further studies with formal schedule for data collection with the help of formatted questionnaire, which is planned to be administered to car
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passengers in the State of Kerala. The sampling units are planned to be selected through a stratified sampling technique, to select major stratified districts within the state, and then a random sampling technique will be adopted to select sampling units within the selected stratified units for conducting the research schedule administration. The data collected will be submitted to statistical tools for a through quantitative analysis, to validate the authenticity of the proposed framework / model for evaluating consumer behaviour patterns of car passengers in the State.

Managerial implications of the study is relevant for the manufacturers, dealers and car financing agencies of various car models, to strategize their marketing plans, by taking into consideration the relevance of the model developed and the findings of the research.

Conclusion

As in other industries, the scenario in domestic Indian Automobile Industry in India is quite different from the Global Automobile Industry. The industry actually developed in two clear stages - .the Maruti era (1983 on wards) and the post-liberalization era (1992 onwards). Compared to the global automobile sector, where substantial research has been done, very little empirical research has been conducted on the Indian automobile industry. Moreover, no organized study has been conducted in the area of passenger car industry, with specific reference to the State of Kerala. Due to its unique and synchronous consumer behavioral nature, Kerala State is always considered as one unit by Car Manufacturers, whereas in other states, it is always considered as different units as per various considerations. With the boom of many latest car

manufacturers launching their product in the Kerala state, the study will definitely benefit the stakeholders of car manufacturers, dealers, financing agencies. The study result could also be utilized by these stakeholders, to formalize and strategize their policies towards an effective marketing strategy. The parameters developed in this paper and the model which has been conceptualized would be further utilized in an extensive research study and quantitative analysis, which will be undertaken subsequently.

Limitations of the Study

The empirical research addresses purchase intentions of past passenger car consumers, and a probable model to predict future intentions and recommendations for passenger car segments. Like any other study of consumer behavioral aspects, this study has also some limitations, which signal caution to generalization of the findings. Firstly the study was conducted and the model was developed, based on a very sample size of customers, dealers, car financing agencies and second sale car dealers in the Cochin city of the Kerala State. All the respondents of the survey were from the urban area of the city. Thus, the model developed needs to be extensively tested empirically across the state, to generalize its acceptability.

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Annexure 1

Depth Interview Questionnaire – Dealers

Date of the discussion:

Time Taken:

Car manufacturer:

Name of the Interviewee and contact details – e-mail, mobile etc:

:

Dealer Name:

Dealer Address:

Car Brand:

Car Models:

Sales Calls – Through telephone / walk in customers?

Question 1:

When customer comes in / contacts for discussion of the car model, what are the issues they generally ask for?

1) Fuel consumption 2) Price 3) Comfort factors 4) Security features 5) Entertainment feature 6) Safety features 7) Any other - specify

Question 2:

Do they ask for car financing options available with your agency and the bank / other sources for it?

Questions 3:

Have you come across customers, who buy cars as a status symbol to them? What of them %, as per your opinion?

Question 4:

Has the price of the car become a deciding factor in such discussions?

Question 5:

Do you think that the passenger car has become a commodity item (explain the term commodity)? If so, why do you consider it that way?

Question 6:

If the car is a commodity item, what are the differentiating factors you use generally, for your brand, and for the models in particular?

Brand:

Model:

Question 7:

Have you come across customers, who demand fuel efficiency as the only consideration for buying cars? How do you tackle such customers?

Question 8:

Does brand as a differentiating factor, helped you selling your cars?

Question 9:

What are the external influences that the customers are linked to, when they seek to buy cars? 1) Family 2) Friends 3) Market goodwill 4) Car finance availability 5) Taxes, insurance 6) Others – specify :

Question 10:

Do you think that after-sales service is a dominant influencer in deciding the brand and of car by customers?

Question 11:

Do you think that the market value of a brand and model, will affect the purchase of the car?

Questions 12:

List main advantages of buying your brand and models

Question 13:

Does your brand have an exclusive internet web page with all details on company, brand, model, price and all other details?

Question 14:

Is there any other information / issue that you would like to raise, which can help this area of research?

Question: 15

Are you willing to pre-test the questionnaire I develop for the next stage of this research?

Question 16:

Do you think an inducement is required to encourage people to complete the questionnaire that will be developed from these focus groups? If so, what sort of incentive do you think is required to encourage people to complete and return a survey questionnaire?

At the end,

Thank the dealer / representative for their time, help and support.

Annexure 2

Depth Interview Questionnaire – Car financing

Date of the discussion:

Time Taken:

Name of the Interviewee and contact details – e-mail, mobile etc:

:

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Financing Agency Name:

Agency Address:

Car Brand for loans:

Car Models for loans:

Acquisition and Sales Process:

Question 1:

How do you publicize your car financing package?

Questions 2:

What are the features of your car loan package?

Questions 3: Do you customers approach you directly for the loans or do they come through the car dealers?

Question 4: Does your agency have an agreement with selected car manufacturers or dealers to have car financing packages for their customers?

Question 5:

Do you think that after-sales service is a dominant influence in deciding the car loan agency by customers?

Questions 6:

List main advantages of buying your car financing package

Question 7:

Do you think that interest rate as the prime factor for customers to take car loans?

Question 8: Do you have penalty clause, for pre-mature termination of the loan? Do you think it a deterrent for customers in availing car loans?

Question 9:

Do your bank / Agency have an exclusive internet web page with all details on car financing and terms with all other details?

Question 10:

Is there any other information / issue that you would like to raise, which can help this area of research?

Question: 11:

Are any of you willing to pre-test the questionnaire I develop for the next stage of this research?

Question 12:

Do you think an inducement is required to encourage people to complete the questionnaire that will be developed from these focus groups? If so, what sort of incentive do you think is required to encourage people to complete and return a survey questionnaire?

Annexure 3

Depth Interview Questionnaire - Car Customers

Date of the discussion:

Time Taken:

Car manufacturer:

Car Brand:

Car Model: _____ Since
when:

Segment: A / B / C / D / MPV

Q (1) I bought a car because: (Tick multiple options):

- 1) Need for upgrade from two-wheeler to four-wheeler
- 2) Need of the business firm (in case of running a business of your own)

- 3) Peer pressure from other family members owning a car
- 4) Upgraded the model to suit personal ambition
- 5) Family wanted a car for attending functions, social gathering
- 6) Banks / Loan companies approached with a ready offer, hence motivated to buy it
- 7) Wanted to travel long distance on personal / business trips
- 8) To suit my social standings
- 9) Peer pressure from friends / neighbours
- 10) In convenience in public transport for family journeys
- 11) Any other reason – Specify it.

Q 2) Information gathering before the purchase decision:
(Tick multiple options)

- 1) Search in Internet websites of the manufacturer
- 2) Information received from friends
- 3) Information received from office colleagues
- 4) Opinion from family members
- 5) Advertisement in news papers / magazine
- 6) TV commercials on car models and brands
- 7) Auto shows of manufacturers

8) Visit to dealers / distributors

9) Any other method – Specify it

Q 3) Considerations which made the decision in favor your purchased brand:

1) Fuel Efficiency 2) Price 3) Comfort factors 4) Security features 5) Entertainment feature 6) Safety features 7) Prestige value 8) Ready availability of bank loan 9) Differentiating factors of the model - Specify it -----

10) Brand image 11) Dealer Offers / Freebies 12) Market goodwill 13) After-sales Service 14) Market value of the brand

Thank the customers for their time, help and support.

Annexure 4

Response summary on the Questionnaire on Car Customers survey

Total interviews – 15 car owners

Note: The numbers shown against each question, is the number of customers, who responded favorably to the specific question.

Q (1) I bought a car because: (Tick multiple options):

- 1) Need for upgrade from two-wheeler to four-wheeler - 1
 - 2) Need of the business firm (in case of running a business of your own) - 8
 - 3) Peer pressure from other family members owning a car – 1
 - 4) Upgraded the model to suit personal ambition - 7
 - 5) Family wanted a car for attending functions, social gathering - 8
 - 6) Banks / Loan companies approached with a ready offer, hence motivated to buy it - 2
 - 7) Wanted to travel long distance on personal / business trips - 9
 - 8) To suit my social standings - 9
 - 9) Peer pressure from friends / neighbours - 3
 - 10) In convenience in public transport for family journeys - 8
 - 11) Any other reason – Specify it.
- Q 2) Information gathering before the purchase decision:
(Tick multiple options)
- 1) Search in Internet websites of the manufacturer - 8
 - 2) Information received from friends - 10
 - 3) Information received from office colleagues - 4

12) Market goodwill 13) After-sales

-4

-7

14) Market value of the brand

- 4