

A STUDY ON OWNERS' BUYING BEHAVIOUR OF MOTOR CAR IN COIMBATORE DISTRICT

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ABSTRACT

India is the largest populated country with a population of 1.3 billion which is 18% of the global population. The global population is expected to reach 9 billion by 2050. Rising population has led to increasing automobile demand including cars. To meet the automobile needs of a growing population requires a sustainable approach that puts on thrust on increasing productivity against the background of lower production. In addition, the manufacturers understand the responsible factors on buying decision of car. So, this paper aims to find out the influencing factors on purchase decision of Motor Car. Primary data were collected from 485 car owners in Coimbatore District of Tamil Nadu. This study concluded that the factors namely brand with product aspects, service features, price with safety performance, Market trend and Technological features were considered buying decision of car.

Keywords: Motor car, Passenger Car, Buying behaviour, Purchase decision

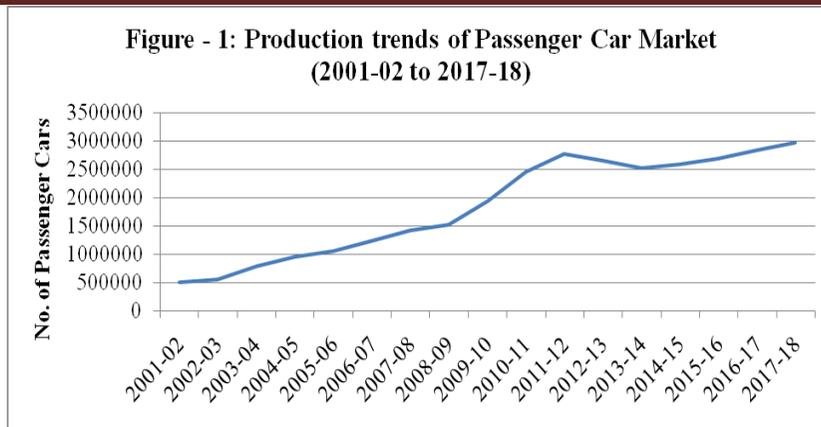
Introduction

The origin of Indian Automotive Industry traced to the 1940s, distinct growth decades started in the 1970s. Between 1970 and 1984 cars were considered a luxury product; manufacturing was licensed, expansion was restricted; there were quantitative restriction on imports and the market was dominated by Telco (now Tata Motors), Ashok Leyland, Mahindra & Mahindra, Hindustan Motors, Premier Automobile and Baja Auto. The decade 1985 to 1995 saw the entry of Mruti Udyog in the passenger car segment and Japanese manufactures in the two wheelers and light commercial vehicles segments. The Indian Automotive Industry embarked on a new journey in 1991 with delicensing of the sector and subsequent opening up for 100 percent Foreign Direct Investment (FDI) through automatic route.

The Indian automobile industry has made great strides over the past two decades, sufficient to be noticed at a global level and be counted as a major auto manufacturing hub. In terms of global rankings in manufacturing output, it is presently second largest in two wheelers (23147057), 5th largest in commercial vehicles (894551) and the 4th largest passenger vehicle (4010373). During 2017-18, India exported vehicles to more than 40 countries which comprised of 7,47,287 passenger vehicles, 28,15,016 two wheelers, 3,81,002 Three wheelers and 96,867 commercial vehicles.

Passenger Car Market

India is emerging as one of the world's fastest growing passenger car markets with average production of 1852361 vehicles during 2001-02 to 2017-18. The majority of India's car manufacturing industry is evenly divided into three "clusters". Southern cluster, Western cluster and Northern cluster. Among them, southernmost is the largest cluster with 35% revenue, accounting for 60 percent of the country's automotive exports and home of the operations of engine factory of Ford, Hyundai, Renault, Mitsubishi, Nissan, BMW, Hindustan Motors, Daimler, Caparo, Mini, and Datsun. The northern cluster is around the national capital region and contributes 32 percent of market share. Audi, Volkswagen, and Skoda, Mahindra and Mahindra, General Motors, Tata Motors, Mercedes Benz, Land Rover, Jaguar, Fiat, and Force Motors have assembly plants in the western cluster with 33 percent of market share. Auto sector currently employs 787, 7702 people, 58 percent of who are in the passenger car segment (Confederation of Indian Industry).



Statement of the Problem

Automobile products are the second most discretionary purchase made by a consumer; after house purchase; the fortunes of the automobile industry are closely linked with that of the general growth of the economy, disposable incomes and consumer confidence. The continued growth and ever increasing purchasing power of rural India, fast development of roads, highways and infrastructure are all factors that help to demand for mobility and vehicles. In addition, the demand for automobiles is also dependent upon various other factors such as ease of availability of finance, cost of finance, vehicle density, demographic profile of the market and the earning capacity. At present, India has amongst the lowest vehicle densities globally at 11 cars per thousand persons. This is much lower as compared to other comparable economies. As a result there is a huge potential market for automobiles that is yet to be tapped. The majority of the population of the country is young with high aspirations and with rising income levels due to economic growth and readily availability of finance, the demand for automobiles in the foreseeable future is expected to remain buoyant. So, the car manufactures understand the customers' expectations at the times of purchase decision.

Objective of the Study

The primary objective of the study is to find out the influencing factors on buying/purchase decision of Motor cars of Coimbatore District in Tamil Nadu.

Review of literatures

Biranchi (2017) in his study attempt to explore the responsible factors on buying behavior of small cars among working professionals. This study finds that the factors like artistic, economical, safety and security, and comfortability has highly influenced to buying small cars. Gopi and Angel (2017) examined the women's preference towards scooters. In order to 150 responses collected from udumalpet area by adopting convenient sampling technique. Analysis reveals that most of the womens are with medium level of preference on the scooters. Akkucuk and Esmaeili (2016) in their empirical study shows that majority of the smartphone buyers, decisions are mainly influenced by brand loyalty and awareness. Perceived quality and brand association do not influence on purchase decisions of smartphone. Divisha (2016). The analysis reveals that referral dimension plays dominant role for using cars and educational qualification plays an important role while considering the purchasing a car. This study suggests that the car manufactures have concentrate more on consumers with respect to word of mouth sales. purchase decision of a brand among potential buyer is influenced by a number of factors, in particularly by the quality and price, then brand name in Romania Kiss Marta (2016). Jamuna and Bharathiraja (2015) studied customer satisfaction towards Tata nano car with various parameters namely price, design, mileage and interior space. Valarmathi (2015) identified the factors that influence the buying behavior of two wheeler Bikes among students in Tirupur District of Tamil Nadu. Finally, this study concludes that Two-wheeler purchases are driven by different factors such as after sales and service, Price and new models etc. Mahalakshmi (2014) studied the customers' satisfaction level towards TVS XL and influencing factors on usage of TVS XL. Riding comfort and speed of vehicle is the most important factors on usage of TVS XL. More than 2/3rd of the customers had moderate satisfaction towards TVS XL bike. Further, testing of hypothesis reveals that there is no of significant relationship between gender, occupation of the customers and their level of satisfaction towards usage of TVS XL.

Research methodology

Research design: Empirical study

Data and Source: The primary data were collected with the help of questionnaire.

Sample size: 485 car owners

Sampling design: convenience sampling technique is adopted to select the sample.

Sampling area: Various parts of Coimbatore district.

Statistical analysis: Factor analysis were used to draw the inference of the study.

Analysis and discussions**Owners' Perception towards Influencing Factors on Buying decision of Motor Car- Application of Factor Analysis**

The technique adopted to identify and analyze the important dimensions of buying decision towards motor car. The principal factor analysis method mathematically solves the above issue because it yields a mathematical unique solution to a factor problem.

In the present study, the principal factor analysis method with orthogonal varimax rotation is used to identify the significant dimensions of satisfaction of customers towards influencing factors on buying decision of motor car in the study area.

In this study analyzed by taking into consideration the following variables:-

1. Brand name
2. Price
3. Safety performance
4. Engine performance
5. Handling performance
6. Quality
7. Fuel consumption
8. Spare parts availability
9. After sales service
10. Mileage
11. Discounts and exchange offers
12. Model/design/color
13. Comfort
14. Functional specifications
15. Interest rates on car loans
16. User trends
17. Reference group

Factor analysis technique has been applied to find the underlying dimensions (Factors) that exist in the above seventeen variables relating to influencing factors towards buying decision of motor car in the study area.

Using all the variables namely F1,F2,.....and F17, Factor analysis is performed in order to group the opinions on priority basis based on the strength of inter-correlation between these opinions, called 'Factors' and cluster these opinions into the Factors extracted and the results are presented in the following tables.

Table - 1: Factor Loadings on Influencing factors on Purchase Decision

| Perception | I | II | III | IV | V | Communality |
|------------|--------|-------|-------|--------|--------|-------------|
| F1 | 0.634 | 0.150 | 0.297 | -0.200 | 0.179 | 0.584 |
| F2 | 0.070 | 0.030 | 0.817 | 0.171 | -0.127 | 0.718 |
| F3 | 0.233 | 0.064 | 0.833 | -0.191 | -0.075 | 0.795 |
| F4 | 0.307 | 0.288 | 0.691 | -0.151 | 0.028 | 0.679 |
| F5 | 0.290 | 0.774 | 0.128 | 0.053 | -0.102 | 0.712 |
| F6 | -0.029 | 0.829 | 0.013 | -0.143 | 0.068 | 0.713 |
| F7 | 0.058 | 0.879 | 0.133 | 0.040 | -0.041 | 0.798 |
| F8 | 0.575 | 0.421 | 0.038 | 0.038 | -0.233 | 0.565 |
| F9 | 0.352 | 0.486 | 0.461 | 0.166 | 0.137 | 0.618 |
| F10 | 0.722 | 0.278 | 0.047 | -0.006 | -0.274 | 0.676 |

| | | | | | | |
|-----------------------------|--------|--------|--------|--------|--------|--------|
| F11 | 0.779 | 0.245 | -0.010 | 0.165 | -0.234 | 0.748 |
| F12 | 0.720 | -0.091 | 0.292 | 0.066 | 0.017 | 0.616 |
| F13 | 0.023 | 0.000 | -0.006 | 0.023 | 0.893 | 0.798 |
| F14 | -0.467 | -0.040 | -0.207 | 0.191 | 0.663 | 0.738 |
| F15 | 0.670 | -0.049 | 0.239 | -0.067 | 0.085 | 0.520 |
| F16 | -0.145 | 0.044 | 0.109 | 0.875 | -0.071 | 0.806 |
| F17 | 0.196 | -0.071 | -0.210 | 0.820 | 0.264 | 0.829 |
| Eig.val | 3.472 | 2.739 | 2.419 | 1.693 | 1.592 | 11.915 |
| % of vari | 20.422 | 16.111 | 14.224 | 9.961 | 9.365 | 70.88 |
| Cumm % of varia | 20.422 | 36.533 | 50.762 | 60.763 | 70.088 | |
| Source: Primary data | | | | | | |

Table 1 gives the rotated factor loadings, communalities, eigen values and the percentage of variance explained by the factors. Out of the seventeen variables, five factors have been extracted and these five factors put together explain the total variance of these problems to the extent of seventy one percent. In order to reduce the number of factors and enhance the interpretability, the factors are rotated. The rotation increases the quality of interpretation of the factors. There are several methods of the initial factor matrix to attain simple structure of the data. The varimax rotation is one such method to obtain better result for interpretation is employed and the results are given in Table - 2.

Table - 2: Final clusters on Influencing factors on Purchase Decision

| Factor | Opinion | factor loadings |
|-----------------------------|---------|-----------------|
| I (20.422%) | P11 | 0.779 |
| | P10 | 0.722 |
| | P12 | 0.720 |
| | P15 | 0.670 |
| | P1 | 0.634 |
| | P8 | 0.575 |
| II (16.111%) | P7 | 0.879 |
| | P6 | 0.829 |
| | P5 | 0.774 |
| | P9 | 0.486 |
| III (14.224%) | P3 | 0.833 |
| | P2 | 0.817 |
| | P4 | 0.691 |
| IV (9.961%) | P16 | 0.875 |
| | P17 | 0.820 |
| V (9.365%) | P13 | 0.893 |
| | P14 | 0.663 |
| Source: Primary data | | |

Five factors were identified as being maximum percentage variance accounted. The six opinions F11, F10, F12, F15, F1 and F8 were grouped together as factor I and accounts 20.422 % of the total variance. The four opinions F7, F6, F5 and F9 constituted the factor II and accounts 16.111 % of the total variance. The three opinions F3, F2 and F4 constituted the factor III and accounts 14.224 % of the total variance. The

two opinions F16 and F17 constituted the factor IV and accounts 9.961 % of the total variance. The two opinions F13 and F14 constituted the factor V and accounts 9.365 % of the total variance. Thus the factor analysis condensed and simplified the seventeen variables and grouped into five factors explaining 71 % of the variability of all the variables.

Variables identified for Factor name

Factor One - 'Brand with product aspects'

- Discounts and exchange offers
- Mileage
- Model/design/color
- Interest rates on car loans
- Brand name
- Spare parts availability

Factor two - 'Service features'

- Fuel consumption
- Quality
- Handling performance
- After sales service

Factor three - 'Price with safety performance'

- Safety performance
- Price
- Engine performance

Factor four - 'Market trend'

- User trends
- Reference group

Factor five - 'Technological features'

- Comfort
- Functional specifications

Conclusion

In this chapter, owners' perception towards influencing factors on buying decision of motor car has been analyzed with the help of factor analysis. From the analysis it is clear that the following factors namely, 'Brand with product aspects', 'Service features', 'Price with safety performance', 'Market trend' and 'Technological features' had greater influence on purchase decision of motor car. Customer expectations will always increase with every improvement in the car market. So, the companies should be changed its car models to suit the market needs. Car manufacturing companies should realize that the customer is the "Focus Point" to improve the business and to evolve plans and strategies to provide better services, enhance satisfaction level, and try to create a brand image.

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