

# Factors Affecting Buyers Decision While Purchasing Hatchback Car

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**Abstract:** *The purpose for conducting the survey is to identify the components which influencing consumers brand preference for hatchback cars in Hosur region. The analysis report shows that majority of customers in this region preference is towards Maruti Suzuki brand in hatchback models. At the time of making the purchase decision consumers considered safety, performance; aesthetic and value are the factors affecting consumer's brand preference for hatchback cars. Exploratory Factor Analysis shows safety, performance, aesthetic and value are positively influencing the consumer's overall satisfaction for hatchback cars. Therefore, hatchback car manufactures need to focus on value added activities such as consumers have better perception for the quality of brand, features and facilities. As there is a huge competitions in the market companies has to provide low price cars with best quality and less maintenance for their buyer's and also need to consider the fuel efficiency factor, as Indian consumers are considered all these factors at the time of making their purchase decision in hatchback car models.*

**Keywords:** Buyer's Decision, Explanatory Factor Analysis, Brand Choice, Hatchback Cars, perception and behaviour.

## 1. Introduction

The automobile business sector is getting at the peak point with its numerous models of passenger cars, the situation in the market get change from the sharp difference of monopolistic business, which was at prime time till late 1980's. From last 2 decade there was tremendous change and boom in the Automobile Industry in India, with the change in the policy done by Indian Government in economy of Liberalization and in License Raj. From mid-1990 Government of India permitted foreign automobile companies to do the joint venture with Indian companies. Consequently, Government of India had also permitted Foreign Direct Investment with an equity cap in the business, which gives numerous opportunities to automobile giants to get enter in the Indian business market with their models, services, accessories, etc. with lots of benefits to their business. As there is a wonderful market opportunity available in the India, as a result of development in the increase in population and change in the living standard of common men, it shows a quick improvement in demand curve for Indian car industry. As a result of this Indian car maker become successful like never before in the past few years. A drastic and sudden zeal of major global automobile players diverted towards Indian car industry, reason as Indian automobile industry gives dual advantage of well-equipped and ready potential market and low cost of labor for manufacturing. At the same time with the drastic change in the policies of globalization and liberalization in automobile industry and produced creative, innovative and well advanced technological car models also attracter's global players in India. As companies had provided a huge range of new and innovative models in the market which made the customers to re-think their preference towards to model of car, as per their stander of living and their prestigious status in the society.

As there is a financial boom in the economy of the country and the standard of living of common men had also

increase, the purchasing power of consumers gets also changed. Due to this the automobile companies attracts the customers by transforming the luxury to the necessity ingredient for the middle class families. For that automobile companies were doing tremendous efforts in the current Indian market, by providing new and innovative features, facilities, value added services, easy mode of finance, etc. which attracts the customers in this competitive market. Companies are also targeting those families those who were using two wheelers to get converted in four wheelers through cheap and low maintains cars. As, India is one of the biggest manufacturer of hatchback family cars which covers almost three-fourths of the Indian auto mobile sectors. Hatchback cars are arranged by value range which differs from 1 to 7 lakhs. It has the ability to carry max. 4 to 5 members. These are essentially basic levels cars in their entry level of their segment in Indian Market. With this background, the current study is endeavored to recognize the variables influencing customer's perception feeling towards hatchback cars in Hosur.

## 2. Review Literature

1. Dr. H. S. Adithya (2013) is conducted the study on "Customer Perception and Behaviour of car Owners – an Empirical Study in Bangalore City". To know the Value for money and satisfaction are the two important factors as per the respondents in the following study (1). In hatchback cars Brand name is one of the most popularity factors at the time of selecting any brand car (1). And 50% of the respondents are price sensitive (1).

2. Dr. S. Subadra, Dr. K. M. Murugesan & Dr. R. Ganapathi (2010) has conducted the study on "Consumer Perceptions and Behaviour: A Study with Special Reference to Car Owners in Namakkal District". The purpose of conducting the survey is to confirm that to make a place in the consumers mind, the manufactures need to create a position of their products through different promotional activities

like sales promotion or through advertisement media (2). As in India the number of nuclear families are getting increase also increase in the demand of small car segment due to more parking problems in crowded areas (2). Due to which manufactures need to design the product by understand the needs, wants, tastes and preferences of consumers (2). As per the research paper it has also been identified that respondents identify the driving comfort and fuel economy are the two most important features in passenger car and also identified the spare parts and price of the car (2)

3. Shiv Prasad Joshi (2013), has conducted the study on “Consumer Behavior for Small Cars: An Empirical Study”. As per the study of Shiv Prasad Joshi research paper it shows that price of the car is one of keen important factor at the time of purchase decision of cars (3). And consumers are preferring less to the safety measures in small cars (3). But manufactures also need to give a very important attention to after sales service, easy availability accessories, mileage efficiency and warranty of cars (3)

**Objectives of Study**

To recognize and examine the features persuading the buying of cars.

To study the various features that trigger consumers to buy specific four-wheeler brands.♣

**3. Research Methodology**

As to understand the behaviour of the consumer’s we have conducted a pilot survey for the present study in the Hosur region. We have implemented random sampling technique to understand the behaviour of the customers those who want to purchase hatchback car. The sample data and information have been collected from 200 consumers through online structured questionnaire. In order to understand the behavior aspect of consumer for hatchback cars and the brand preference the frequency and percentage analysis have been carried out. And to understand which key factors are influencing the consumer’s for brand preference for hatchback cars, the exploratory factor analysis has been implemented.

**4. Results and Discussion**

Demographic factors to know the status of Consumers: The demographic status of consumer for hatchback car was analyzed and outcome were presented in Table-1

The outcome shows that about 67.50% of the consumers for preferring the hatchback cars are male and rest 32.50 % of the consumers are female. The result also specifies that about 38.00% of the consumers of hatchback cars belong to the age group of 21-30 years followed

**Table 1:** Demographic factor analysis of the Consumers

PARTICULARS	FREQUENCY	PERCENTAGE
<b>Age (years)</b>		
Up to 20	7	3.50%
21 – 30	76	38.00%
31 – 40	61	30.50%
41 – 50	25	12.50%
Above 50	31	15.50%
<b>Gender</b>		
Male	135	67.50%
female	65	32.50%
<b>Educational Qualification</b>		
Higher Secondary	14	7.00%
Graduation	65	32.50%
Post Graduation	106	53.00%
Professional	110	5.00%
Others	3	1.50%
<b>Occupation</b>		
Business	38	19.00%
Professionals	49	24.50%
Government	23	11.50%
Private	49	24.50%
Retired	3	1.50%
Home Maker	23	11.50%
MNCs	5	2.50%
<b>Monthly Household Income ( Rs)</b>		
Up to 25000	60	30.00%
25001 – 50000	69	34.50%
50001 – 75000	35	17.5
75001 – 100000	18	9.00%
Above 100000	18	9.00%
<b>Martial status</b>		
Married	60	30.00%
Unmarried	140	70.00%
<b>Family type</b>		
Nuclear	102	51.00%
Joint	98	49.00%

Analysis also clearly shows that about 53% of the consumers of hatchback cars belongs to post-graduation followed by graduation (32.50%), higher schooling (7.00%), professional (5.00%), formal education (1.00%) and other educational qualification (1.50%). It is also observed that about 24.50 % of the consumers of hatchback cares were professionals and private sectors, followed by business (19.00%), Government & home makers (11.50%), MNC’s (2.50 %) and Retired (1.50%).

Analysis also shows that about 34.50% of the consumers of hatchback cars belong to the monthly income group of Rs. 25,001-50,000 followed by up to 25,000 (30.00%), Rs. 50,001-75,000 (17.50%), 75,001-1,00,000 (9.00%) and above 1,00,000 (9.00%). The results also shows that about 70.00% of the consumers of hatchback cars are unmarried, while Married (29.00%) . Analysis indicates that about 51.00% of the consumers belong to nuclear family and rest 49.00% of consumers belong to joint family.

**Consumer’s Brand Preference for hatchback cars:**

The consumer’s brand preference for hatchback cars was analyzed and the results are presented in Table-2.

Brand	Frequency	Percentage
Maruti Suzuki I	109	54.50%
Hyundai	36	18.00%
Ford	2	2.00%
Nissan	3	1.50%
Tata	7	3.50%
Volkswagen	6	3.00%
Honda	19	9.50%
Chevrolet	2	1.00%
Toyota	4	2.00%
Skoda	5	2.50%
Others	7	3.50%
total	200	100%

The analysis show that about 54.50% of consumers prefer Maruti Suzuki brand of hatchback cars followed by Hyundai (18.00%), Honda (9.50%), TATA (3.50%), Volkswagen (3.00%), Skoda (2.50%), Ford & Toyota (2.00%), Nissan (1.50%), Chevrolet(1.00% per cent) and others (3.50%).

**Factors Affecting Consumer’s Brand Preference of Small Cars**

Kaiser-Meyer-Olkin Measure of sampling adequacy is computed as 0.798 for these statements. The overall significance of correlation matrices is tested with Bartlett Test of Sphericity. Statements Adopted in the study (approx. chi-square = 2322.763 significant at 0.0) provided

as well as support for the validity of the factor analysis of the data set.

Bartlett’s test was used to test the null hypothesis that the variables of this study are not correlated. Since the appropriate chi-square value is 2322.763 which are significant at 5 % level, the test leads to the rejection of the null hypothesis and confirmed that the statements are correlated and hence Factor Analysis applied.

**Results of KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.905
Bartlett's Test of Sphericity	Approx. Chi-Square	3064.24
	Df	351
	Sig.	0.000

**Factors Affecting Consumer’s Brand Preference towards hatchback cars Exploratory Factor Analysis**

	Rotated Component Matrix				
	Component				
	1	2	3	4	5
[Exterior Design (Look & Style)	.153	.045	.742	.044	.095
Leg Spacing	.252	.664	.271	.067	-.086
Dash Board & Interior Design	.345	.077	.705	.119	.091
Music System	.454	.167	.424	.138	.333
Mileage (Fuel Consumption)	.124	.717	.099	.344	-.192
Pick Up	.701	.204	.118	.185	-.006
Top Speed	.720	.002	.226	.279	-.093
Seats comfort	.336	.546	.454	.029	.040
Boot Space capacity	.409	.571	.229	.256	.048
Air-conditioning	.265	.272	.644	.252	-.162
Air Bags	.721	.368	.074	.127	.061
Anti-Lock Braking System	.614	.461	.194	.034	.099
Suspension quality	.469	.458	.449	-.101	.140
Tubeless Radial Tyres	.471	.280	.437	.097	.211
Key & lock Features	.605	.218	.333	.142	.329
Rear Parking Camera	.679	-.006	.365	.140	.261
Door & Window Features	.457	.015	.524	.233	.318
Dealers Offer	.092	.281	.089	.734	-.080
Status in the society	.314	-.121	.257	.702	.164
After Sales Service	-.198	.440	.365	.258	.413
Finance Availability	.165	.218	-.094	.683	.191
Resale Value	-.019	.384	.148	.731	.023
Brand Name	.270	.056	.188	.639	.223
Price of car	.208	.663	-.178	.259	.308
Range of Colors	.381	.149	.178	.254	.663
Repairing & Maintains Cost	.121	.800	-.018	.140	.266
Type of Engine (Petrol, Diesel & Gas)	.022	.501	.401	.188	.295

Factor	Items	Rotated Component Matrix	Eigen Values	% of Variance	Factor Name
1	Music System	0.454	10.405	17.086	Safety Factor
	Pick Up	0.701			
	Top Speed	0.72			
	Air Bags	0.721			
	Anti-Lock Braking System	0.614			
	Suspension quality	0.469			
	Tubeless Radial Tires	0.471			
	Key & lock Features	0.605			
	Rear Parking Camera	0.679			
2	Leg Spacing	0.664	2.486	15.75	Performance Factor
	Mileage (Fuel Consumption)	0.717			
	Seats comfort	0.546			
	Boot Space capacity	0.571			
	After Sales Service	0.44			
	Price of car	0.663			
	Repairing & Maintains Cost	0.8			
	Type of Engine (Petrol, Diesel & Gas)	0.501			
3	Exterior Design (Look & Style)	0.742	1.893	12.966	Aesthetic Factor
	Dash Board & Interior Design	0.705			
	Air-conditioning	0.644			
	Door & Window Features	0.524			
4	Dealers Offer	0.734	1.347	11.948	Value Factor
	Status in the society	0.702			
	Finance Availability	0.683			
	Resale Value	0.731			
	Brand Name	0.639			
5	Range of Colors	0.663	1.01	5.736	Choice Factor
<b>Cumulative % of Variation</b>				<b>63.486</b>	

- Rotation Method: Varimax with Kaiser Normalization.
- Extraction Method: Principal Component Analysis.
- Rotation converged in 8 iterations.

The overall percent of variance is 63.486 indicating that each measure demonstrates acceptable internal consistency. It is incidental that safety, performance, aesthetic, value, and choice are the factors affecting consumer's brand preference for hatchback cars.

## 5. Conclusion

From the above analysis it is seems that most of the customers for purchasing hatchback cars were males and major of them were belongs to the age group of 21-30 & 31 to 40 years. Analysis also shows that more form profession and privet sectors consumers preferring hatchback cars and major are post-graduate people. Study shows that nuclear family consumers are preferring more hatchback cars and whose household monthly income is between Rs. 25001 to 50,000.

Research study shows that majority of the consumer incline toward Maruti Suzuki brand in hatchback car models. As in current automobile sector consumer give more preference to safety, performance, aesthetic, and Value factors more now a days at the time of making their purchase decision. Rotated Component Matrix analysis shows that that safety,

performance, aesthetic, and value are positively influencing the consumer's for their decision and also gives overall satisfaction to the hatchback car purchaser's. In today's fast competitive era consumers taste, choice and preference get change and therefore, the hatchback car manufacturers need to focus more on safety, performance, aesthetic and value-creating factors so that consumers will have a better awareness of quality of the brand. As in today's automobile market there is cut throat competitions is going on price, better quality and low cost product too. As Indians consumers are more conscious about the price and fuel efficiency. So it is better for the manufactures to selling low-priced, fuel-efficient and less maintenance cost hatchback cars to get succeed at large volumes of sales. Hence, the hatchback car manufacturers need to concentrate more on all these factors during their production and marketing plans.

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