

A STUDY ON THE CONSUMER BUYING BEHAVIOR OF DOMESTIC CARS IN GUNTUR REGION

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Abstract: The automobile industry in India is offering immense range of alternatives to the customers especially in domestic cars segment. The Government of India's changes towards liberalization and foreign direct investment policy transformed the automobile industry in early 1990s. So that, many foreign manufacturers entered Indian market with various models and brands. World leaders in passenger cars such as Toyota, Honda, General Motors, Ford, and Hyundai set up manufacturing hubs in India by using the FDI policy. These manufacturers gained the trust of Indian customers in a short span of time by using many options to the customers and also developing technological and innovative product offerings, with quality and reliability. The car customers developed their own personal preferences and patterns of purchasing and they started understanding the market and model they need in an easy way. The study focused on influences of various factors in the consumer purchase behavior of passenger cars. The study has been conducted in Guntur. A total of 100 customers who are having experience with cars, were contacted for data collection. The study is based on primary and secondary data. A questionnaire survey was conducted to understand the various factors that influence the decision in purchasing cars in Guntur. A questionnaire survey was designed in Google forms and sent to people using different tools like e-mail, WhatsApp, Facebook, etc. For those who were not well versant with these tools a hard copy of the questionnaire was provided to them for filling up. The results of the survey were analyzed statistically and are presented here.

Keywords: automobile, liberalization, manufacturer, quality, reliability, purchase behavior.

Introduction

There are a lot of problems in marketing because the world is very competitive. Some of the problems can be controllable and some cannot be. India is a developing country and a very large market for any commodities and manufacturers. So this plays a major role in developing the country's economy. Due to the size of the market there are problems faced by manufacturers. And Guntur is a very fast developing urban city with the new capital of the state near to it. So there are wide range of chances here for marketing a product. Because at present consumers are very dynamic. Their taste, needs and preferences are changing as per the current scenario. The consumer now looks for product differentiation and the convenience offered. The consumer has certain expectation from branded items in terms of its quality, price and packaging. Lot of money increased on spending for advertising makes the consumer aware of the latest brands in the market. The process marketing needs to be understood in view of social dynamics and various economic and operational gap theories. Thus, appropriate planning for market in terms of trade for Channel infrastructure, technology and behavioral dimensions needs greater emphasis for achieving better economic efficiency.

In India

The automobile industry today is most lucrative industry. Due to increase in disposable income in both rural and urban sector and easy finance being provided by all the financial institutes the passenger cars sales have increased at the rate of 38 % per annum in June 2005-06 over the corresponding period in the previous year. Further competition is heating up in the sector with the host of new players coming in the other like Porsche, Bentley Audi and BMW all set to venture in Indian markets one factor that could help the companies in the marketing of their product is by knowing and creating a personality of their brands. This report is to answer some of the questions regarding brand personality of selected cars in India by conducting the market research this report is categorized into parts deals with introduction to brand personality company selected product and the industry.

The Buying Behavior of consumer

The buying behavior of consumers can be studied by knowing their perceptions about the cars in the market and about the possible entrants in the market one search technique is by knowing and creating a personality for the brands that this personality sketching will help in knowing what a customer thinks about a given brand of car and what are the possible factors guiding a possible

purchase similarly the idea of measuring the customer satisfaction will serve the same purpose of determining the customer perception thus by measuring the willingness of existing users of a car to recommend it to others will help the car manufacturers to make out the entire customer buying behavior. The report shall attempt to answer some of the questions regarding brand personality of selected cars in India by conducting a market research the market research will be helpful for the new car entrant companies India to find out the possible gaps between the customer Expectations and the present market offerings this way these companies will be able to find their share in the ever-expanding Indian market.

Customer Satisfaction

It is true fact that if you are satisfied you would definitely recommend to others. Word of mouth and customer satisfaction play a very important role in determining market perception about an automobile it is the market perception. That determines the success of a company and so it is very important for the car manufacturers to measure the willingness of existing users of a product or recommended to others same is a lot of interest to customers as well for it helps them make the Purchase Decision a car is one of the most significant purchase that an Indian household makes and this project addresses the most important question that reflects his car manufacturers what makes a perfect car that influence will building full purchase it highlights the factors that influence buying decision of a consumer.

The factor under consideration would be

- ✓ The be price
- ✓ Income of the consumer
- ✓ Features in the car
- ✓ Safety standard
- ✓ Warranty scheme
- ✓ Finance facility

Customer expectations are the customer defined attributes of your product or service we cannot create satisfaction just by meeting customer requirement fully. Because these have to be made in any case however feeling short is certain to create dissatisfaction major attributes of customer satisfaction can be summarized as

- ✓ Product quality
- ✓ Product packaging

- ✓ Keeping delivery commitments
- ✓ Price
- ✓ Responsiveness and ability to resolve all complaints and reject reports
- ✓ Overall communication, accessibility and attitudes.

Satisfaction understood as emotional state shall be held by people, who are willing to develop successfully personal relations, but has also been of utmost importance in business and professional situations. The latter will be of our interest in the further course of this work. In general, satisfied customers, satisfied employees and satisfied shareholders all have one common characteristic they are positive and enthusiastic about the company they are dealing with. Talking in more detail, they shall behave in a way desired and understood by a firm, when it comes to making decision about further cooperation with the company. Specifically, they will be making repeat purchases, delivering best quality of work and investing additional funds in the company stocks. Such behavior of satisfied customers, employees and shareholders will contribute to business growth. Therefore satisfaction, understood in such a wide context, shall definitely be on the top of board of directors' list as it has strong positive impact on business results. Although satisfaction is applicable to organization's customers, employees and shareholders, within the course of this work customer satisfaction will be discussed. Specifically, customer as the ultimate judge of products or service quality and his or her satisfaction with the delivered products or services will be taken into account. Customer satisfaction is crucial for business performance, as it is the driver of customer loyalty and consecutive retention. This statement, although intuitively true, could be argued with. On one side, it could be said, that there is no need to dedicate time and funds to make the customer's satisfied, but it is less expensive and sufficient to deliver high quality offerings, which will certainly be purchased by some clients. Furthermore, one could argue that even though customers are not loyal and will not stay with the company, new clients can be easily found. On the other side it can be argued, that even though customers will buy the product, they will not repurchase unless the offering meets customers' needs. Moreover, it may turn out, that despite product's quality is high it does not fill client's expectations, as it misses some of required benefits. Finally, one could say that it is much more expensive to acquire new customers than retain current ones, as the costs associated with the customer recruitment are higher than those connected with customer retention

The buying process involves the following steps:

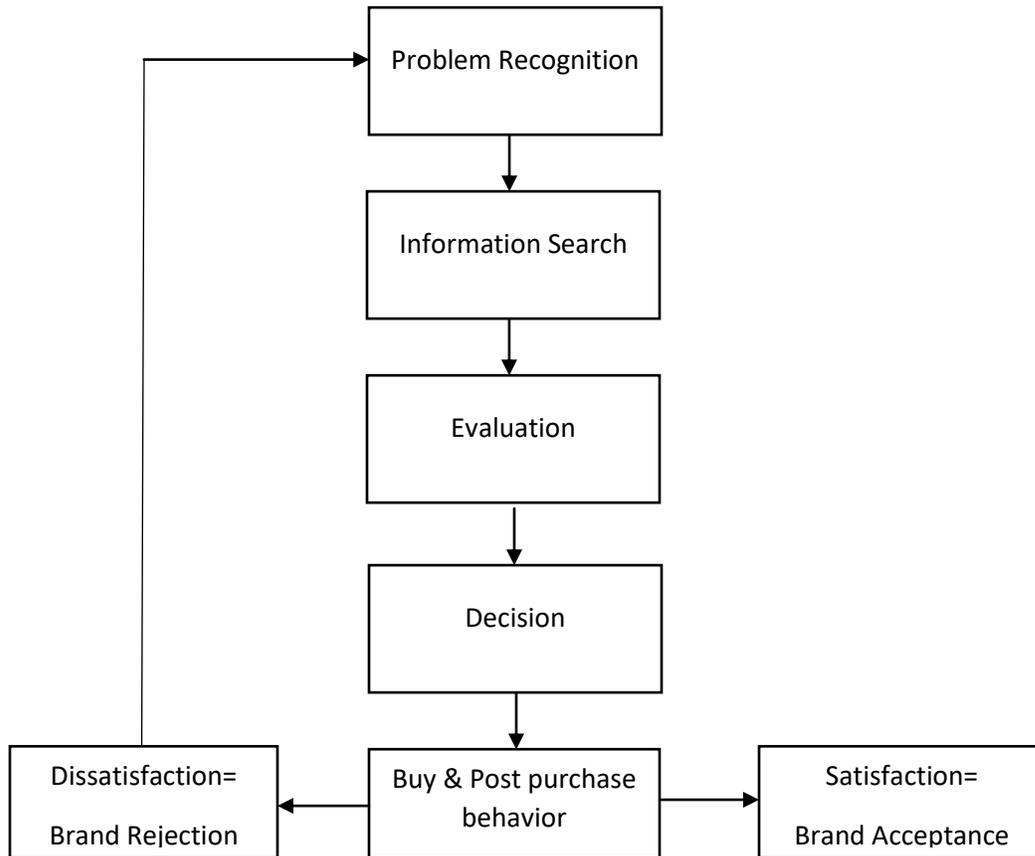


Fig 1.(Source – Kotler)

Problem Recognition

In this information processing model, the consumer buying process begins when the buyer recognizes a problem or need. When we found out a difference between the actual state and a desired state, a problem is recognized. When we find a problem, we usually try to solve the problem. We, in other words, recognize the need to solve the problem.

Information Search

When a consumer discovers a problem, he/she is likely to search for more information. Through gathering information, the consumer learns more about some brands that compete in the market and their features and characteristics.

Evaluation and Selection of Alternatives

How does the consumer process competitive brand information and evaluate the value of the brands? Unfortunately there is no single, simple evaluation process applied by all consumers or

by one consumer in all buying situations. One dominant view, however, is to see the evaluation process as being cognitively driven and rational. Under this view, a consumer is trying to solve the problem and ultimately satisfying his/her need. In other words, he/she will look for problem-solving benefits from the product. The consumer, then, looks for products with a certain set of attributes that deliver the benefits. Thus, the consumer sees each product as a bundle of attributes with different levels of ability of delivering the problem solving benefits to satisfy his/her need. The distinctions among the need, benefits, and attributes are very important. One useful way to organize the relationships among the three is a hierarchical one.

Decision Implementation

To actually implement the purchase decision, however, a consumer needs to select both specific items (brands) and specific outlets (where to buy) to resolve the problems. There are, in fact, three ways these decisions can be made: 1) simultaneously; 2) item first, outlet second; or 3) outlet first, item second. In many situations, consumers engage in a simultaneous selection process of stores and brands. Once the brand and outlet have been decided, the consumer moves on to the transaction (“buying”).

Post-purchase Evaluation

Post-purchase evaluation processes are directly influenced by the type of preceding decision-making process. Directly relevant here is the level of purchase involvement of the consumer. Purchase involvement is often referred to as “the level of concern for or interest in the purchase” situation, and it determines how extensively the consumer searches information in making a purchase decision. Although purchase involvement is viewed as a continuum (from low to high), it is useful to consider two extreme cases here. Suppose one buys a certain brand of product as a matter of habit (habitual purchase). For him/her, buying a is a very low purchase involvement situation, and he/she is not likely to search and evaluate product information extensively. In such a case, the consumer would simply purchase, consume and/or dispose of the product with very limited post-purchase evaluation and generally maintain a high level of repeat purchase motivation. Information, the consumer learns more about some brands that compete in the market and their features and characteristics.

Purchase Decisions Model of the Indian Consumers

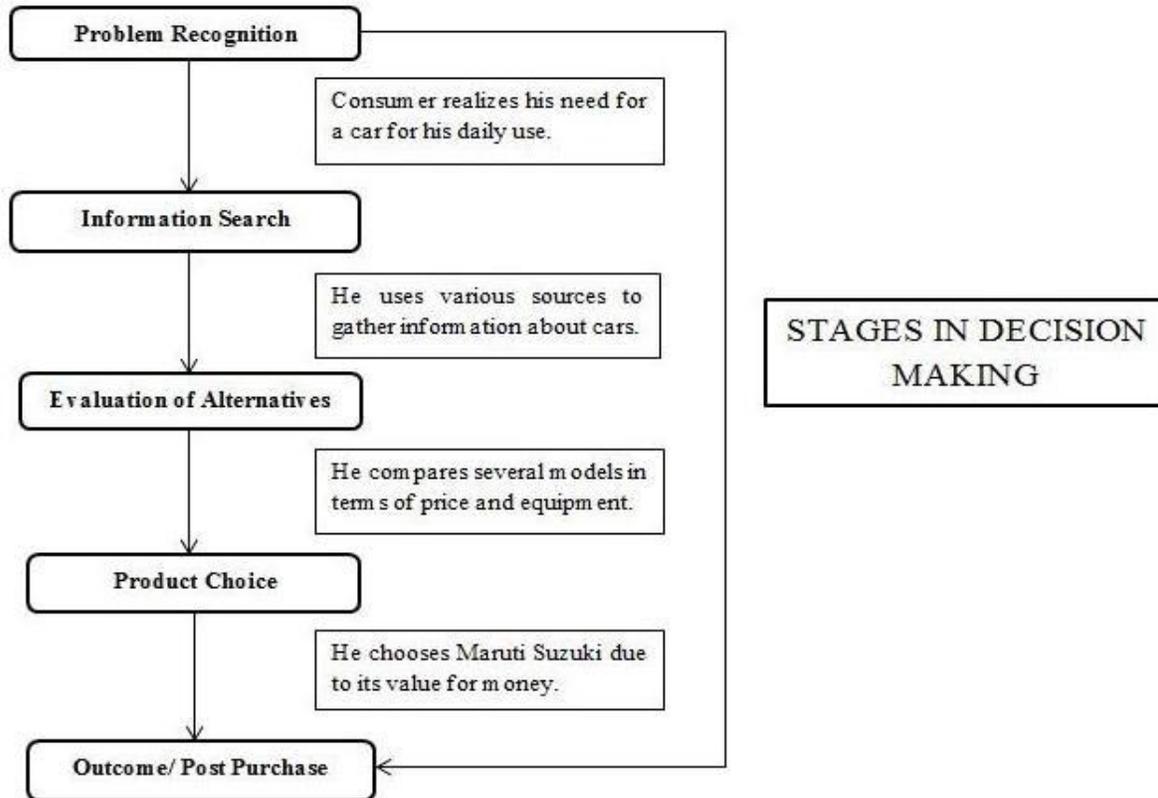


Fig 2. Purchase Decisions Model of the Indian Consumers

Need Recognition and Awareness

This is the first step in a purchase decision. Without this step purchase cannot take place. In this step the consumer recognizes his/her needs. In our case it will be a household with an average income varying from 20,000 to 1, 00,000 INR per month will be recognize the need for a 4 wheeled transport. It can be for various reasons ranging from commuting to work, phasing out a 2 wheeler, upgrading from a wheeler, inclusion of a new member in the family, etc.

Information Search

Once the consumer has recognized his need, he/she starts to collect information from various sources about the desired product. This involves short listing various available alternatives based on his/ her likes and dislikes and pre-existing attitude towards brands. Time spent on this stage usually varies depending upon the nature of the product. If the product is a low involvement product like milk or soap, the time given to this stage is almost negligible. However when considering something like a car which is of high involvement for the Indian middle class and it

will be a long term commitment, a considerable amount of time is spent in this stage. This might include research done over various mediums like internets, journals, etc. consulting opinion leaders, following the mass trend, etc.

Evaluation of Alternatives

In the third stage, once the middle class family has shortlisted car on the basis of segment (hatchback, sedan or SUV), fuel (diesel/petrol/CNG) etc. they then begin to evaluate and score the various alternatives they have on various basis. Factors like brand power, segment leader, impact of opinion leader, ease of finance options, etc plays a major role in framing of a consumers attitude.

Purchase

The 4th step is the step where trade of money and transfer of ownership takes place. This is the stage where after careful consideration the consumer finally purchases the desired product. Usually it is a simple matter of availability of funds and the desired product that decides the purchase date. For an Indian Middle Class family however there are various other factors to be considered. For example for a Hindu family it is extremely auspicious to purchase new products on a festival called “Dhanteras”. As a matter of fact various families planning to purchase car in September postpone it till October for Dhanteras or Diwali. (Banerji, 2013) These times see heavy surge in automobile sales. In the very same way it is considered inauspicious to purchase any object made of metal on Saturday as it could offend Lord Sani. (Ravi, 2010) The same trend is followed by Islamic families in India. The month of Ramadan is considered holy and families following Islam prefer to make a big purchase decision like car during this time. This phenomenon skyrockets on the final day of Ramadan, at Eid-ul-fitr. Dealers come up with various special offers to woo customers during these time periods. Another time when middle class delays their purchase is during second half of December.(Thakkar, 2014) The major reason behind this is to usually that by waiting for less than thirty days, the car purchased in January has a later year of purchase against a previous December purchase and this pays dividend while selling off the car.

Post Purchase Evaluation

The fifth stage takes place during the ownership of the product. This one of the post important stage for companies as it gives them a chance for customer retention. In this stage the consumer analyses if the product purchased has met his expectations. This is a very crucial stage as this

will decide whether the consumer will repurchase from the same brand or will migrate over to its substitutes.

Consumer behavior consists of all human behavior that goes in making before and post purchase decisions. One can succeed in the competitive market only after understanding the complex consumer behavior. An understanding of the consumer enables a marketer to take marketing decisions which are compatible with its consumer needs. From study there are various major classes of consumer behavior determinants and expectations, namely socioeconomic, psychological, political, geographical, and demographic and Product and Technology. Further classification of human behaviors under main categories will enable car manufacturer to align their strategies in concurrence to customer behavior.

Factor responsible for change in the consumer behavior of Indian Middle Class

The most important factor that is responsible for changes in consumer and buying behavior of the Indian Middle Class is the Government Five Year Plan. This factor is jointly responsible for pushing the Indian Middle Class from spending only on necessities to discretionary spending.

Key Influences on buying a new car

It's a buyer's market out in India today and the ball is no longer in the dealerships' court. With most major international brands available in dealerships, it's never been a better time to buy a car in India at the moment. With such a wide array of choice, the factors that influence the buying decision have also become widespread. These factors are classified as following: (Shende, 2014)

Social parameters: Social parameters include key influences like lifestyle of the buyer, number of family members, etc.

Road infrastructure: Road infrastructure is one of the major key influencers while purchasing a car. A buyer has to consider the quality of road network he/she will be frequently traveling with. For example if the road network in question is peppered with pot holes and is a mixture of gravel and tarmac or has no tarmac at all, he/she will have to purchase an off-roader like Tata Safari or Mahindra Scorpio for better ground clearance even if he wants to purchase a hunkered down saloon like Honda Civic.

Lifestyle: Lifestyle is another influencer while purchasing a car for Indian middle class. Consumers have to consider the amount of luggage they need to carry on a day to day basis and whether the vehicle will be used only for travelling purposes or for recreational purposes as well.

Family Size: As joint families are common in the Indian middle class, the family size is often One of the most important factors while purchasing a vehicle. For example if a married couple lives with their children and parents, they will have to purchase a utility vehicle with 3 row seats instead of a small city friendly hatchback.

Economic parameters:

Disposable Income: Any family that earns between INR 20,000 to INR 100,000 is classified as middle class. It is not necessary that the consumer is willing to spend all of his earnings on his vehicle. Therefore the disposable income, i.e. the actual income available for discretionary income is the primary factor deciding the budget for purchasing desired car.

Fuel prices: Fuel prices are and important parameter considered by middle class family while purchasing cars. Fuel cost is low in India as it is subsidized by the government. In a city like Guntur, 1L of petrol costs INR 74.5. Diesel prices on the other hand are lower than diesel and so is the running cost of a diesel powered car. 1L of diesel in Guntur costs INR 68.59. Therefore current as well as future speculated fuel prices are an important determinant in the purchase decision. ('Historical petrol prices in Guntur', 2020)

Political parameters:

Government policies: These policies usually include tariffs such as road tax. (Anglo Info India, no date) Currently road tax is charged only once in a cars lifetime and depends only on the type of fuel used by the car. Therefore government policies become an important influencer for the Indian middle class.

Product parameters

Exteriors of the car: Looks of the car is an important factor considered by the Indian middle class. Aesthetic appeal is extremely important for Indian middle class buyer.

Vehicle performance: Indian middle class consumers are extremely concerned about the fuel efficiency quotient of a car. It is one of the most important factor affecting car purchase decision in India.

Product Quality: Durability and reliability is extremely important for an Indian middle class household. Extreme importance is given to reliability of a car as it is expected to tackle a wide range of weather conditions in India as well as the quirky Indian driving conditions.

Demographic parameters:

Education: Education is a major influencer in the purchase decision. A well-educated decision maker from a middle class family is more likely to make a more informed decision instead of being just a mainstream follower.

Physical attribute: The physical attribute of a family is another important determinant of the product choice. A family with tall and heavy family members will have to purchase a car with more roomy interiors even if they want a small city hatchback.

Operational Definitions

The Auto Industry is “one of the largest manufacturing sectors in the global economy. It consists of many different businesses, from those that design, develop, and build cars to those that make parts for vehicles and those companies that sell the vehicles. The industry as a whole can also include those firms that repair cars and refuel them, depending on how broad a definition is used”.

Automobile is “a type of vehicle designed to move on the ground under its own stored power and intended to carry a driver, a small number of additional passengers, and a very limited amount of other load”.

A customer is “a person, company, or other entity which buys goods and services produced by another person, company, or other entity”. A customer is “one that buys goods or services, as from a store or business”.

Literature Review

Dr. R. Menaka & K. Ashath (2014), examined the customer behavior of buying based on per capita income and their perception towards the luxurious things like cars. They used customer satisfaction survey. They felt like the perception of the people and the possible opportunities about automobiles in India has changed after independence and created a lot of scope for the business in the respective industry and also in manufacturing. Prof. Mukesh Chaturvedi & Vandana Gupta (2017), have studied the buying behavior of customers after liberalization in india. Their objective is to find the differentiating parameters and effect of reference group that is influencing the decision making of car owners within the Delhi region they collected data from various respondents and used statistical tools to find the results. Vikram Shende (2014), the

researcher has studied that the competition between various automobile companies and the effect on consumers based on their preferences. He mentioned that consumer have different priority of behavior based on the segment. The author collected the data based on survey method and interpreted the results. Dhruv Mathur, Avdesh Bhardawaj (2018), has examined the automobile industry which is growing rapidly each year. They surveyed with a questionnaire consisting various factors that influence the purchase decision of car buyers in india. They studied various zones like Haryana, newdelhi, Jaipur and Kerala. They found that there has been a drastic change in sales when compared to previous years data and also television advertisement is influencing more. Dr. T. Dhanabalan & Dr. K. Subha (2018), the objective of their paper is to identify the most influencing purchasing factors of consumers in automobile segment. The study has been conducted in tamilnadu. Structural equation model is used to analyze the data. Ishan Chandra (2014), the study refers to identify the changes in rapidly growing automobile segment and also the various aspects that influence the customers buying decision in case of automobile. The research is focused on middle class households. Dr. G. Sakthivel & Mr. C.S. Senthil Kumar(2017), the study is conducted to find the taste of indian customers because they are having various choices in recent days due to automobile growth in india. Many foreign companies are competing with indian companies and in that situation the consumer buying behavior and the influencing factors are studied in this research.

Overview of the Literature

According to research and literature of Indian middle class, its future and growth, it is believed to be the future and backbone of Indian economy. However, few researches have highlighted its different types consumer behavior and attitudes and its integration with the vastly expanding automobile industry of India. This research's motive is therefore to study the mind of Indian middle class and also find out the consumer buying behavior, and the effect of these changes on the purchase decision of a car. The research then goes on to highlight what are the factors responsible for the changing of the Indian middle class from one brand to another while purchasing their second car. Discussion of these factors leads to formulation various hypothesis in order to solve the research question.

Objectives of the Study

1. To study the brand preference of cars.
2. Surveying the relevant base through questionnaire.
3. To study the buying pattern in Guntur region.
4. To ascertain the factors affecting the purchase of cars.

Hypothesis Development

In this study the main importance is given to mileage because majority of the respondents agreed that they have that factor in mind whenever they want to buy a car. so here, we created a hypothesis that the mileage plays a crucial role and comparing it with various other factors.

H₀: Mileage is very essential and most effecting factor in purchasing of a car in middle income group.

H₁: Mileage is not essential and most effecting factor in purchasing of a car in middle income group.

Research Methodology

The method used for conducting the study is survey method and the population chosen for the study comprises of 100 respondents from various backgrounds. The technique adopted is simple random sample technique and the sample size is 100 and the data was collected by distribution of questionnaire. Questionnaire consists of two parts. Part I deals with demographic details of the respondents and Part II deals with the factors which influence consumers in buying a car especially domestic cars. Scale of items are measured by using five point scale which includes Very Important representing 5, important representing 4, Neutral representing 3, Not Important representing 2 and Very Unimportant representing 1. The respondents have to express opinion on the five point scale. The scale is having various factors. To be exact there are 14 factors considered to be influencing the consumer in buying a car.

Demographic Details of the Respondents

S.No	Variable	Sub- category	Sample size	Percent
1	Gender	Male	68	68
		Female	32	32
2	Age	18-25	71	71
		25-40	19	19
		>40	10	10
3	Education	SSC or Below	6	6
		Inter	9	9
		UG	48	48
		PG	37	37
4	Occupation	Business	7	7
		Govt. Employee	3	3
		Pvt. Employee	47	47
		Student	40	40
		Unemployed	9	9
Total			100	100

Table 1. Demographic Details.

Data Analysis & Results

The study is descriptive in nature. And it is an empirical study which is completed by using statistical tools like hypothesis, regression and anova. The hypothesis is

H0: Mileage is very essential and most effecting factor in purchasing of a car in middle income group.

H1: Mileage is not essential and most effecting factor in purchasing of a car in middle income group.

The analysis is done in SPSS. The regression values are given in the table below.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.920 ^a	.847	.817	.494

Table 2. Regression table

There are total 12 major factors considered for the regression. Here the dependent variable is the fuel consumption and the independent variables are Price of car, Power, Driving comfort, Safety, Size (capacity), After sales services, Brand popularity, Resale value, Advancing technology, Interior design, Exterior design, Maintenance Expenses, Color, Country of origin, Availability of spare part, Loan

& payment facilities. From the above table, the R square value is found to be 0.817 which is very much greater than 0.5 and very near value to 1.0. So the H₀ is successfully proven to be correct.

The anova table is given below

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	111.740	16	6.984	28.667	.000 ^b
Residual	20.220	83	.244		
Total	131.960	99			

Table 3. Anova Table

From the hypothesis we conducted an analysis using SPSS software by IBM and found that the value of R square using regression tool as 0.817 which is very near value to 1.0 considered standard. The anova table representing the F value as 28.667 and mean square as 0.224 with the significance as 0.00 which means the regression is successful. And the hypothesis H₀ stating that mileage is very essential and most effecting factor in purchasing of a car in middle income group.

Discussion and Conclusions

This section presents the data analysis, empirical findings, conclusion and recommendations. The data is acquired through primary data harvested by the medium of survey questionnaire. SPSS by IBM was used to represent the data in visual formats like bar graphs as well descriptive tables, giving a neat representation of distribution of respondent's opinion, frequency and percentage acquired by different options across the questionnaire. Initially the various aspects of demographics such as salary, gender, age group, employment status, marital status and education level have been discussed and their possible impact on consumer behavior and purchase decision has been highlighted. Secondly, bar graphs give a visual representation of empirical findings about the most preferred car brands and their frequency giving an idea of the market share. After that research objectives were achieved by highlighting key influences that affect purchase decision of Indian middle class. These key influencers include factors like fuel type, attitude towards new brands, etc. Finally by employing tools like descriptive statistics and regression and anova, factors have been identified that are causing consumers to migrate from one brand to another and the degree to which these factors are responsible for this migration.

Sample Demographics

Salary

Respondents were asked to disclose their monthly salaries. In the sample of 100 respondents it was observed that there was a very uneven distribution within the various salary bands. Maximum number of respondents, i.e. 50 out of 100 respondents (50%) belonged to below INR 20,000. Second biggest group consisted of 26 (26%) respondents and they belonged to the salary group of INR 20,000 to 40,000. Monthly salary band of INR 40,000 to 60,000 consisted of 13(13%) respondents. With only 2 (2%) respondents, a very small number of respondents belonged to the salary group of INR 80,000 to 100,000. Individuals with salary higher than INR 100,000 accounted for 6% of the total sample size. As it can be observed, only 2(2%) respondents are between INR 60,000 to 80,000. This data also shows buying power of Indian middle class household and its ability to not only own a car but also own multiple cars.

	Frequency	Percent
20K-40K	26	26.0
40K-60K	13	13.0
60K-80K	3	3.0
Valid 80K-1 L	2	2.0
less than 20K	50	50.0
More than 1 L	6	6.0
Total	100	100.0

Table 4

Gender

In the sample of 100 respondents, the gender front showed extremely uneven distribution. Females formed the minority of this group with only 32 respondents being female and owning cars. Females accounted for a mere 32%. Male formed the majority with 68% (68) of the respondents being males. The major reason for the low amount of female respondents that own car is the slowly dissolving tradition of women becoming housewives after marriage.

Gender

		Frequency	Percent
Valid	Female	32	32.0
	Male	68	68.0
	Total	100	100.0

Table 5

Age group

Maximum number of respondents belonged to the age group of 18-25. 71 (71%) respondents belonged to this age group. The following age group of 25-40 accounted for the second biggest group with roughly equal amount of respondents totaling up to 19, i.e. 19% of the total sample size. 4 (4%) respondents were older than 40 years and more than 80 age group consisted of the number of respondents accounting for only 6% (6 respondents) of the sample size. It can be observed that the younger generation accounted for the biggest group. Adding up the age group of 18-25 accounted for 71% of the sample population. It can therefore be observed that the younger Indian generation had equal amount of disposable income as the elder Indian population.

Age

		Frequency	Percent
Valid	18-25	71	71.0
	25-40	19	19.0
	40-60	4	4.0
	Below 18	6	6.0
	Total	100	100.0

Table 6

Employment

In the sample size of 100, a negligible amount of respondents were unemployed. Only 8 respondents said they were unemployed accounting for 8%. Students also formed a group with only 40 respondents categorizing themselves as students forming only 40% of the sample size. The remainder of the sample was roughly divided equally between individuals engaged in business and in service sector. 7 respondents were engaged in business accounting for 7% of the sample population. Respondents from the service sector formed the majority group with 47 respondents in this group

accounting for a 47%. Therefore when these two groups of people engaged in business and people from service sector are added together, they account for 53% of the sample population.

Occupation

	Frequency	Percent
business	7	7.0
Govt. employee	3	3.0
Pvt. employee	47	37.0
Valid self-employed	1	1.0
student	40	44.0
Unemployed	8	8.0
Total	100	100.0

Table 7

Education level

Respondents were asked to answer their level of education. Only 6 respondents were at the level of higher school education and had not attended college. They formed for an extremely small 6% of the sample population. The numbers of respondents holding a master's degree were roughly the same as the respondents holding a bachelor's degree. 44 respondents had a master's degree and accounted for 44%. 40 respondents had a bachelor's degree and accounted for 40% of the sample. The number of respondents with intermediate was 9 accounting for 9%. It can be observed that 84% of the sample went to college and is extremely educated making them aware consumers.

Qualification

	Frequency	Percent
Below SSC	6	6.0
Graduation	48	48.0
Valid Intermediate/Diploma	9	9.0
Post-graduation	37	37.0
Total	100	100.0

Table 8

Marital Status

The marital status was divided into two categories from which respondents could choose one. The two categories were "Single" and "married". There was an uneven distribution of the sample

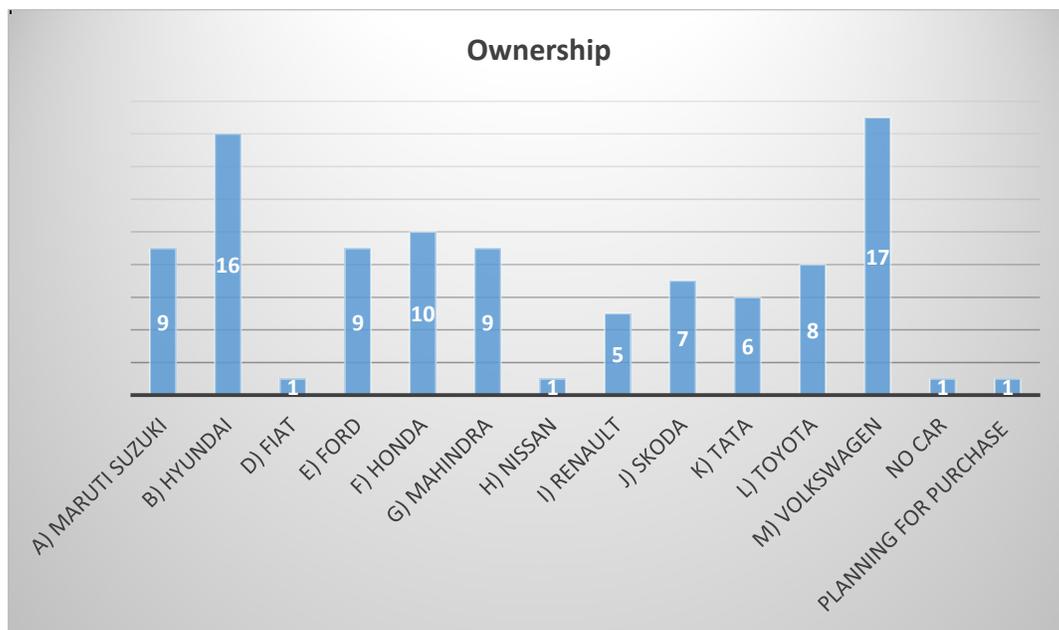
population within these two categories. A very small percentage of the sample population was married with only 22 respondents single are 78 and accounted for 78% of the sample. Married respondents accounted for 22% (22 respondents) of the sample size.

Marital status

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Married	22	22.0	22.0	22.0
Valid Unmarried	78	78.0	78.0	100.0
Total	100	100.0	100.0	

Table 9
 Empirical findings:

Ownership and brand:



Do you own a car if yes which brand? If no, are you planning on purchasing a new car in near future? Which brand?

Fig 3. Car brands

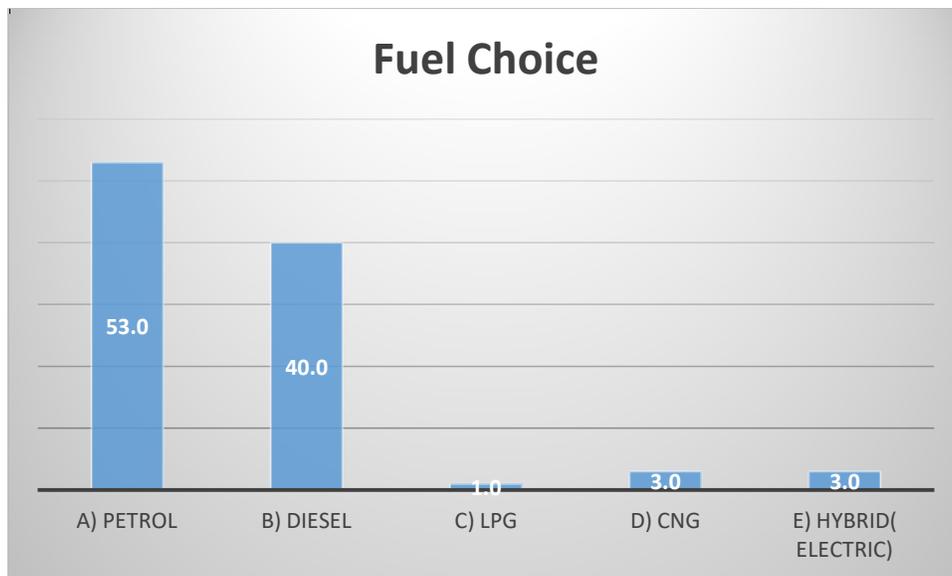
The 100 respondents were asked to name their car manufacturers name. Volkswagen is biggest market share in the sample with 17%. Then the second highest is Hyundai with 16% share. This

shows the brand shrinking in recent times due to new entrants. Maruti Suzuki, Mahindra and Ford are having same percentage with 9 respondents. Toyota is having 8% with 8 responses.

7% of the sample are having Skoda which is again foreign brand. The home grown brand Tata is having 6% of the share. Last but not least, the fiat and Nissan are having 1% which is least of all. Then there comes the next segment people who doesn't have a car with 1% and also another 1% people who is planning to buy a new car in near future.

To highlight key influences that affect purchase decision of Indian middle class.

Fuel Choice



Which fuel does your car use?

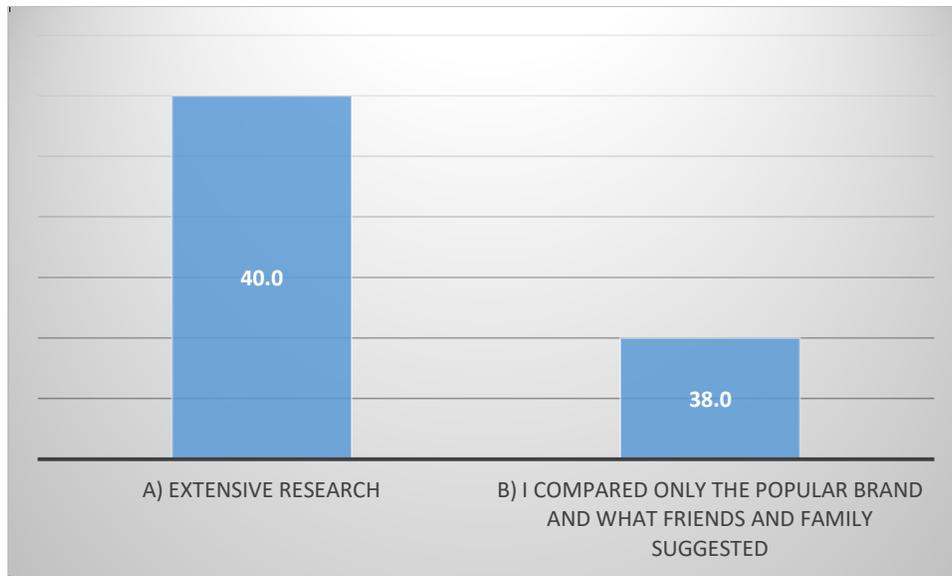
Fig 4. Which fuel does your car use?

Respondents were asked about the type of fuel used by their cars. 53 out of 100 respondents use petrol engine cars which is the highest. The second highest is diesel with 40% share and 40 responses. There is a least of 1% responses for LPG users. Both CNG and Hybrid electric cars are being used by 3% each responses although petrol cars formed the majority, diesel was not very far away and LPG and CNG powered cars also have a substantial share. For this distribution of consumers between different fuel types, manufacturers with a small range of cars and engine options, who are not able to provide their consumers with option of diesel, LPG and CNG

powered cars will experience difficulty in consumer retention and will also witness their consumer's migration to their competitors.

Indigenous v/s foreign:

Consumers were asked about their preference between indigenous car brands like Tata, Mahindra, etc. and foreign car brands like Volkswagen, Nissan, Renault, Toyota etc.



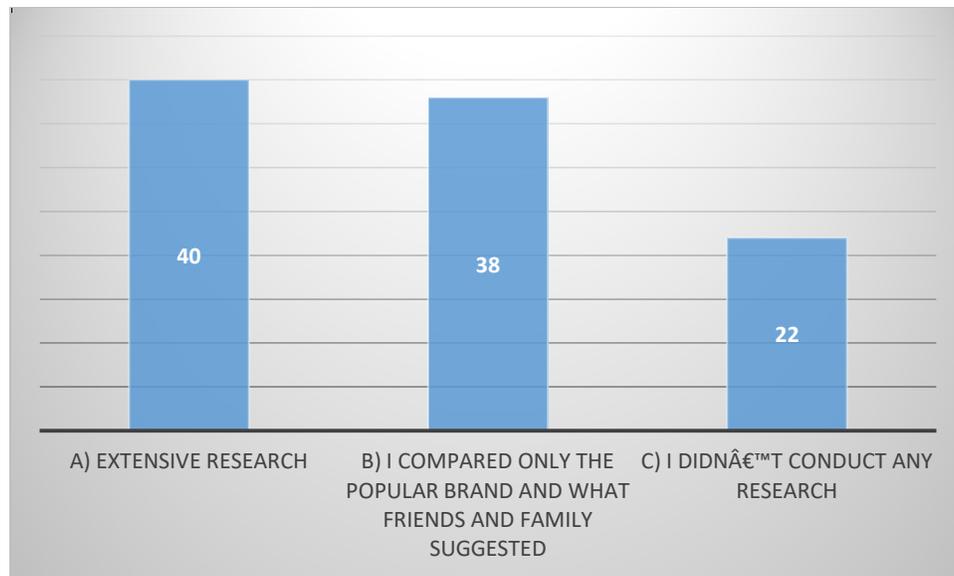
Do you prefer home grown brands like Tata and Mahindra? Or foreign brands like Hyundai and Toyota?

Fig 5.Homegrown brands v/s foreign brands

Respondents were extremely unevenly distributed in this question and were in favor of foreign brands. 57 respondents preferred foreign brands like Volkswagen, Hyundai, Renault, etc. accounting for 57% of the total sample. A relatively smaller amount of respondents preferred homegrown brands like Tata, Mahindra, etc. over foreign brands and accounted for 43%. This data shows that the sample is open to foreign brands and this could eventually result in loss of consumers for indigenous brands like Tata and Mahindra.

Awareness:

Respondents were asked about how much research they did before purchasing their car. It was done to find out how many of the respondents made an informed purchase decision.



How much research you did before purchasing your current car?

Fig 5.Pre car purchase Research

It was observed that 40 respondents did an extensive research before purchasing their car. The second biggest group of the respondents belonged classified themselves to the category of “I compared only the popular brand and what friends and family suggested”. This category accounted for 38% with 38 respondents lying in this category. Only 22 respondents said that they didn’t conduct any research.

Attitude towards lesser known brands:

Respondents were asked about their attitude towards lesser known brands and whether they purchased one.



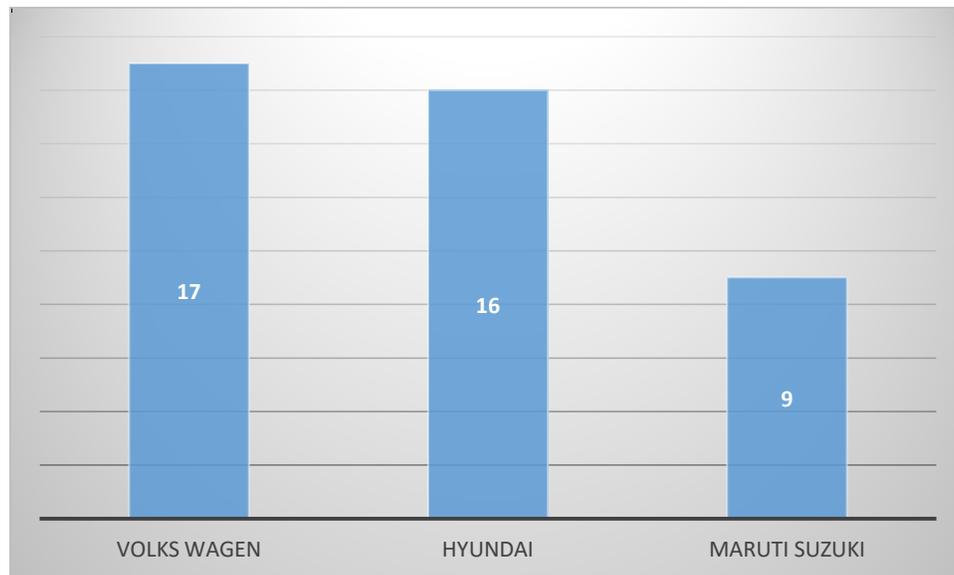
Did you consider lesser known brands? Or new entrants?

Fig 6.New entrants in the car market

39 respondents said they did not even consider lesser known or new entrant brands while making the purchase decision. They accounted for 39% of the respondents. An extremely small amount of respondents considered and bought a lesser known brand or a new entrant and the accounted for only 20% (20 respondents). 41 respondents said they considered a new entrant during their purchase decision but didn't end up buying one. Like stated above, this data supports the fact that the majority of Indian middle class is not an early adopter but a mainstream follower which makes it extremely hard for new entrants to penetrate.

Brand preference:

The respondents were asked to rank their top 3 most preferred brand.



If you were to rank top 3 most preferred brands, what would they be?

Fig 7.Top 3 car brands

Hyundai and Volkswagen had an almost equal amount of respondents' preference with 17 and 16 respondents choosing Hyundai and Volkswagen respectively. The oldest of all is Maruti Suzuki having 9 respondents with 9%.

Importance of Equipment and interior design

Table 10. Equipment and Interior design

	Frequency	Percent	Valid Percent	Cumulative Percent
Important	31	31.0	31.0	31.0
Neutral	18	18.0	18.0	49.0
Not important	4	4.0	4.0	53.0
Valid Very important	43	43.0	43.0	96.0
Very unimportant	4	4.0	4.0	100.0
Total	100	100.0	100.0	

Table 10. Equipment and Interiors

As given in the table, highest number of respondents ticked on very important putting equipment & interior neither very important. It is observed that the interior design should be more attractive and also the equipment like cup holders, climate control, cruise control, touch screen display controller roof etc. plays a major role in buying behavior of the consumer.

Type of car:

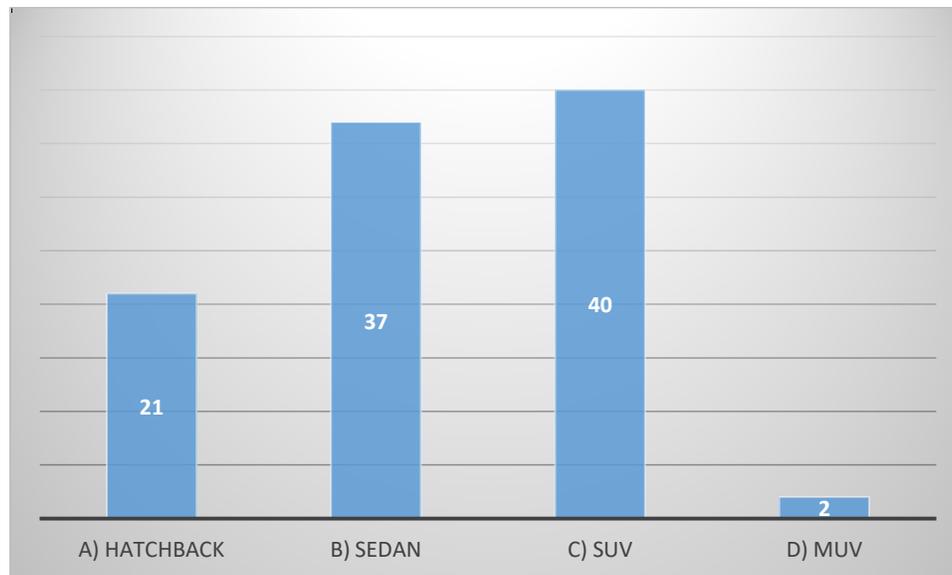


Fig 8. Type of car

Most of the respondents preferred the SUV with 40 responses at 40%. Second highest group is sedan with 37 responses and 37%. Because sedan gives the premium look. And 21% of people

with 21 responses preferred hatch back. Last but not least, the MUV is preferred by only 2 respondents with 2% share.

Preference:

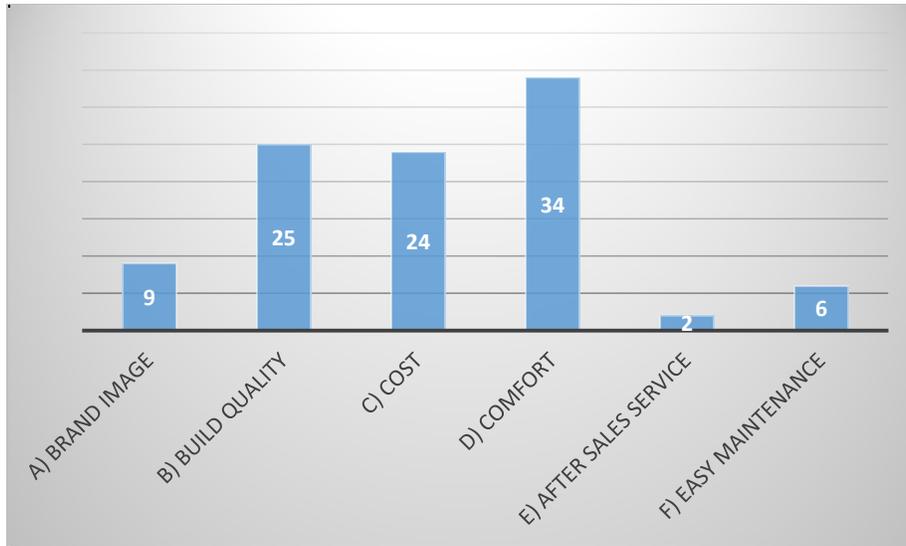


Fig 9. Preference of car

Most of the people prefer comfort over other things with 34% majority, the second highest is build quality with 25% share, with 24% share the cost is preferred as 3rd preferable factor here.

Brand image, easy maintenance and after sales services are having 9%,6% and 2% shares respectively.

Time taken for planning before purchasing a car

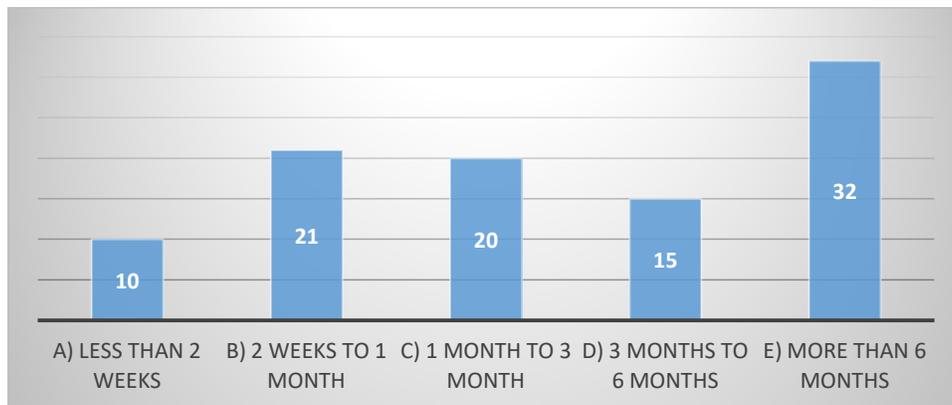


Fig 10. Planning Time of car

Here as we discussed earlier, the middle class people will prepare well in advance for many things like house and car, because after House, the purchase of a car is the 2nd biggest thing for them. So as per the statistics, the majority of people plan at least more than 6 months in advance to buy a car.

Conclusion:

Research question regarding the primary factors influencing purchase decision and their degree have been answered by analysis of primary data collected via survey questionnaire. In order to understand these factors, it is important to keep in mind the various demographic aspects of the sample population. It is to be noted that 20% of respondents had a monthly salary of below INR 20,000. 68% of the sample was male and 71% of the sample belonged to the age group of 20-25 years. On the occupational front, 119 (42%) respondents were engaged in service and 48% of the respondents had at least an undergraduate degree. Only 22% of the respondents were married.

Primary data concluded that the two most popular car brands amongst Indian consumers were Volkswagen (owned by 17% of respondents) and Hyundai (owned by 16% of respondents). Analysis of primary data also showed that even after continuous increase in fuel prices, the priciest fuel petrol still remained this most popular fuel and was followed by diesel. The newly introduced fuels CNG and LPG were found to be fast growing but only 2 respondents used a car powered by Hybrid system. Therefore it should be concluded that only a negligible amount of people use cars powered by hybrid system. Primary data also showed that 57% of the respondents preferred foreign car brands like Suzuki and Hyundai over indigenous car brands like Tata and Mahindra. This finding falls in harmony with the two most popular car brands owned by the Indian middle class as discussed above (Volkswagen and Hyundai being Korean). An interesting trend that was discovered by the collection of primary data was that not even 50% of Indian middle class conduct an extensive research while purchasing a car which is interesting as a car purchase comprises of a substantial percentage of Indian middle class families disposable income, yet most of the households are mainstream followers and they turn to opinion leaders and highest selling product to guide them through the purchase decision. Respondents also stated their three most preferred brands. Top three voted brands were foreign brands and not homegrown. Top three in order were Volkswagen, Hyundai and Maruti Suzuki. It is important to understand that these are not the brands respondents' necessarily own but what they might aspire

to own which explains Volkswagen high popularity but extremely low market share. Primary data was they employed to answer the last research objective, what changes in the purchase decision are responsible for migration of the Indian middle class from one manufacturer to another.

From the hypothesis we conducted an analysis using SPSS software by IBM and found that the value of R square using regression tool as 0.817 which is very near value to 1.0 considered standard. The anova table representing the F value as 28.667 and mean square as 0.224 with the significance as 0.00 which means the regression is successful. And the hypothesis H₀ stating that mileage is very essential and most effecting factor in purchasing of a car in middle income group.

Another interesting factor to be observed is that a blank space was left in case a respondent wanted to add any other factor they considered while making the purchase decision and not a single respondent from the sample size of 100 mentioned safety features. This shows that Indian middle class is not very inclined towards safety features of a car.

Limitations and Recommendations

A recommendation to be made for future studies on this topic would be to expand the sample on terms of occupations as well as size. Another recommendation would be to shift the location to a metro city like Hyderabad, Delhi or Mumbai where the Indian middle class is experiencing a faster growth and if possible collect data from two or more cities. It would be more beneficial to conduct this study over a wider time horizon against the relatively limited 94 days of time allocated for this research. It would be a valuable addition if a comparison is made between joint middle class families and nuclear middle class families and highlight the difference between them.

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