



## EXPLORING FACTORS THAT INFLUENCE CONSUMERS ON PURCHASE DECISION OF CAR

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### Abstract

The Indian economy grows over the past two decades with rising income and fashionable standard of living which have stimulated the car buyers in general and it leads to growth in the Indian automotive industry. Generally, the purchase pattern of consumers changes as time passes. There are several factors that influence consumers while purchasing a car. But, identifying the significant variables that influence them is very important to the marketers as it would help them to evolve strategies for managing those factors effectively. This study focuses on indentifying such factors which greatly influence the car buyers in Chennai city.

**Keywords:** Consumers Behavior, Purchase Decision, Automotive Industry and Car Buyers.

### Introduction

Due to the emergence of globalization and liberalization, there is a stiff competition among the car manufacturers which are focusing their attention in capturing the markets. Customers' attitude has greatly changed over a period of time on purchase of a car because car is no more considered as a luxury product now but it is considered as a comfortable product. So to be a successful car marketer, it is absolutely essential for the company to study the perceptions of the prospective buyers and also try to know the factors for which the consumers give more important while purchasing the car.

### Review of Literature

Schiffman and Kanuk (2004) define Consumer behaviour as the behavior that consumers display in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs. Consumer buying behavior incorporates the acts of individuals directly involved in obtaining, using and disposing of economic goods and services including the decision process that precede and determine these acts (Huctings 1995). Lamb, Hair and McDaniel (1992) note that consumer behaviour is a study of the processes the consumer uses to make purchase decisions as well as the use and disposal of the purchased goods or services. It also includes the analysis of factors that influence purchase decisions and good/service usage. Further, it is important to note that consumer behavior is a process and purchase is only one stage in that process.

### Problem formulation and Objectives

The purpose of this study is to identify all the factors that influence generally the consumers while purchasing the car in Chennai city and then investigate the significant factors identified through this study.

### Research Methodology

This study was conducted in Chennai city during the year 2016. For the purpose of effective data collection, the owners of A2 segment (Compact) brands of car in Chennai city were considered. There were 29 brands of car in A2 segment during the study period. A detailed questionnaire was prepared for the purpose of data collection from the respondents. The sample size of the study was 529 in Chennai city. The SPSS package was used to analyze the data collected from the respondents.

### Data Analysis and Interpretation

The factors which influence the car owners have been identified and the same is presented in Table No.1 with scores.

**Table – 2, Distribution of The Respondents By Their Opinion About Important Factors A Car**

S. No.	Factors	Very Important	Important	Neutral	Less Important	Least Important
1	Price	76.6	23.4	-	-	-
2	Brand image	32.3	54.1	13.6	-	-
3	Durability	68.8	22.5	8.7	-	-
4	Size	61.2	38.8	-	-	-
5	Design	55.0	29.3	15.7	-	-
6	Speed	34.8	35.0	25.9	4.3	
7	Safety	75.6	21.4	3.0	-	-
8	Driving comfort	47.4	48.3	4.3	-	-
9	Fuel efficiency	65.8	28.7	5.5	-	-
10	After sales service	60.3	39.7	-	-	-
11	Resale value	48.2	41.8	10.0	-	-

(Source: Primary Data)

#### Factor Analysis for Identifying the Significant Factors

In the correlation matrix table, the correlation ( $r$ ) is 0.3 and above and Kaiser-Meyer-Olkin value is 0.630. The scree plot shows that the relationship between the variables is linear. Therefore, the primary data is more appropriate for factor analysis and all the factors scale by Principal Component Analysis (PCA).

**Table No.2, KMO and Bartlett's Test of Cognitive Factors**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.630
Bartlett's Test of Sphericity	Approx. Chi-Square	3529.333
	D.f	55
	Sig.	.000

(Source: Primary Data)

The Table No. 3 shows that the thumb rule applied to select the number of factors can down the values provided in the first set of columns labeled as Initial eigenvalues. The eigenvalues for each component are listed. In this analysis, the first four factors recorded eigenvalues above 1 that is (2.580, 2.346, 2.084, and 1.333). These four components explained the total of 75.843 percent of the variance.

**Table No.3,Cognitive Factors Total Variance Explained**  
**Total Variance Explained**

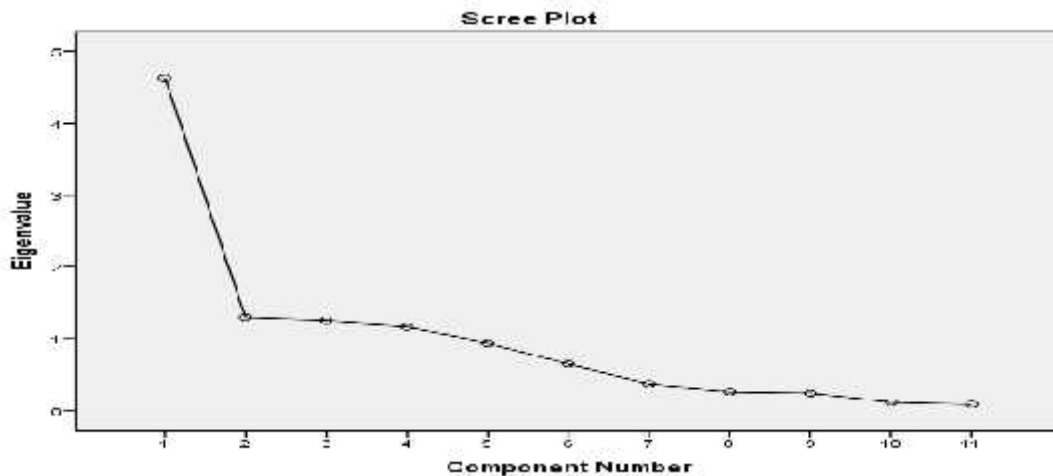
Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.635	42.140	42.140	2.580	23.456	23.456
2	1.292	11.749	53.889	2.346	21.326	44.782
3	1.250	11.362	65.250	2.084	18.943	63.725
4	1.165	10.592	75.843	1.333	12.118	75.843
5	.940	8.542	84.384			
6	.647	5.886	90.270			
7	.368	3.347	93.617			
8	.261	2.376	95.992			
9	.243	2.212	98.204			
10	.115	1.042	99.246			
11	.083	.754	100.000			

Extraction Method: Principal Component Analysis.

(Source: Primary Data)

The Table No. 3 explains distribution of the variance explained after rotation. Component 1 now explains 23.46 of the variance, Component 2 explains 21.33 percent, Component 3 explains 18.95 percent and Component 4 explains 12.12 percent. The total variance explained (75.85 percent) does not change after rotation, just the way it was distributed between the four components.

**Chart – 1,Cognitive factors Total Variance explained**



(Source: Primary Data)

The scree plot applied to plotting each of the eigenvalues of the factors and inspecting the plot to find the point at which the shape of the curve changes the direction and become horizontal. As the result, the factors that contribute the most to the explanation of the variable in the data set.

**Table No. 4, Rotated Component Matrix**

Factors	Component			
	1	2	3	4
Price	.799			
After sale service	.785			
Size of the car	.655	.340		
Resale value		.821		
Driving comfort		.758		.301
Speed	.505	.736		-.313
Fuel Efficiency	.437	.531	.512	
Brand image			.784	.372
Safety	.499		.730	
Style			.691	-.313
Durability				.845
Extraction Method: Principal Component Analysis.				

(Source: Primary Data)

The rotated component matrix loading of each of the variables on the four factors that are explained below: items in Component 1 are Price, After Sales Service and Size of the car, the items in component 2 are Resale Value, Driver Comfort, Speed and Fuel efficiency of a car, the items in Component 3 are Brand Images, Safety and style and the item in Component 4 is Durability of a cars

#### Findings and conclusion of the study

It has been found from the study through factor analysis that the car buyers give much importance to the following factors: firstly, Price, After Sales Service and Size of the car, secondly, Resale Value, Driver Comfort, Speed and Fuel efficiency of a car, thirdly, Brand Images, Safety and style and finally, Durability of cars. Therefore the marketers of the A2 segment (Compact) brands of car to make sure that the price of the car is fair and the after sales service is very good. If they evolve suitable strategies to reach the consumers and make them believe that the price of the car is genuine and the after sales service would be good, they can definitely be competitive in the market.

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