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## **CONSUMER BEHAVIOR TOWARDS PREMIUM PASSENGER CAR SEGMENT – A CASE STUDY OF TELANGANA STATE**

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### **Abstract:**

Economic liberalization, increase in per capita income, easy accessibility of finance, various tax relief policies, launch of new models and exciting discounts and various offers made by dealers all together have resulted in to a surprising growth of India automobile industry. The objective of this study is to assess the consumer behavior towards Premium passenger cars of Telangana State. The present study comprises of both primary and secondary sources. The study has been based on convenient sampling technique and a sample size of 300 Premium passenger car users of Telangana State. After eliminating partially unfilled questionnaires, the resulting sample size is 270. The sample covers various socio-economic back grounds of the population.

**Keywords:** Consumer Behaviour, Automobile Industry, Pre Purchase Behaviour, Purchase decision, Post Purchase Behaviour, Brand choice.



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## **Introduction**

Economic liberalization, increase in per capita income, easy accessibility of finance, various tax relief policies, launch of new models and exciting discounts and various offers made by dealers all together have resulted in to a surprising growth of India automobile industry. The central focus of marketing is consumer. In order to develop successful marketing plans, it is necessary to examine target market characteristics and needs life-style and purchase processes and structure, product distribution, promotion and price decision accordingly. Engle, Blackwell and kollat have defined consumer behaviour as “The act of individuals directly involved in obtaining and using economic goods and services, including the decision process, that precede and determined these acts”<sup>6</sup>.

Consumer behaviour is influenced by the individuals, socio cultural factors namely the religion, culture, subculture, social class and family life-cycle, personal factors namely the age, Gender, marital status, education, occupation, income and psychological factors namely the motivation, perception, learning, personality, attitude, lifestyles. These factors are highly influences the individuals in arriving at making decisions regarding the products and services.

## **Review of Literature:**

- Monga, Nikhil et.al. (2019)<sup>1</sup> in their research paper they attempts to answer some of the questions regarding brand personality of selected cars in India by conducting the market research. They analyzed the applicability of existing research concepts, theories, and tools for evaluating consumer satisfaction. This study will be helpful for the new car entrant companies in India to find out the possible gaps between the customer expectations and the present market offerings.
  
- Dhruv Mathur et. al<sup>2</sup>, they discussed that the automobile industry of India is one of the largest in the world and growing steadily each year. With the ease of availability of automobile loans, the rise in salary structures of employees and higher buying capacity of the middle income class, there has been a spurt in cars plying on roads. The present paper indulges in studying the buying behaviour of cars in India.



- Arpita Srivastava and Mitu Matta<sup>3</sup>, their study explores the consumer behavior towards passenger cars in Delhi NCR. The scope of the study is limited to certain important behavioral aspects like information search and evaluation, brand preference and brand loyalty and factors of motivation. Understanding the customer's satisfaction of the product will help the automobile manufacturer in developing their products to meet customer's needs and designing the proper marketing programs and strategy.
- Vikram Shende<sup>4</sup>, conducted a study with the objective is to the identification of factors influencing customer's preferences for particular segment of cars. This paper also attempts to consolidate findings & suggestions to overcome present scenario of stagnancy in sales and cultivate future demand for automobile car market. Indian Automobile car business is influenced by the presence of many national and multinational manufacturers.
- Abeera Amir and Muzaffar Asad<sup>5</sup>, conducted a research to identify and assess the factors which influence the consumer's purchase intentions towards automobiles in Pakistan. The findings depicted that the three independent variables price, product and brand product quality have a positive significant relationship with the consumer's purchase intentions towards automobiles while the other two variables i.e. after sale service and brand loyalty showed insignificant results. The managers in the automobile industry as well as the policy makers will find this study helpful, when they will be making strategies (example marketing related) and also while developing auto policy.
- Dr. R. Menaka and K. Ashath<sup>6</sup>, The Automobile industry in India is expanding at large extent. With the increasing ratio per capita income of the people results in tending towards purchasing the Luxury things like cars, Diamonds, etc. Now the time has come to serve the customers at any level and point as per his/her desire. The companies are finding many ways to satisfy their customers and one of the methods to find the customer satisfaction quotient is "Customer Satisfaction Survey". Customer satisfaction is a measure of post purchase behaviour of the customers.



- Gunjan Malhotra et al., They focused on customer perception towards various features of existing cars and tries to find the degree of consumer preferences about different automobile features which influences their buying behavior. And suggested certain product aspects that the existing players should focus on more closely to allure the customers with better services and at the same time to retain the existing customers.

**Objectives of the study:** The main objective of the study is to assess the consumer behaviour Premium Passenger car users of Telangana State.

1. To analyze the consumers socio-economic profiles of Premium Passenger car users of Telangana State.
2. To evaluate the parameters of decision making towards Premium Passenger car segment of Telangana State
3. To examine the Pre Purchase Behavior and post purchase Behavior of the consumers towards Premium Passenger car users of Telangana State.

### **Methodology**

**Sources of Data:** The data collected for the present study comprises of both primary and secondary sources.

**Primary Data:** The primary data has been collected through structured questionnaire. The first part of the questionnaire contains the questions concern to the respondents profile in terms of their age, sex, occupation, educational background and income. The respondents were interviewed and asked to fill the questionnaire. The second part deals with their behavior towards two wheelers and factors influencing in making decisions.

**Secondary Data:** The secondary data has been collected from various magazines, journals, internet, survey reports, reference books, Government reports and records etc.,

**Sampling:** The study has been based on convenient sampling technique and a sample size of 255 Premium Passenger car users of Telangana State. After eliminating partially unfilled questionnaires, the resulting sample size is 224. The sample covers various socio-economic backgrounds of the population.

**Tools of analysis:** The data collected through primary sources has been analysed with the help of statistical tools like percentages, mean, median.

### Profile of the Respondents

The following is the brief profile of the consumer respondents Nalgonda District of Telangana State.

**Table - 1: Profile of the Respondents**

1	Demographic Variables	Number	Percent
	<b>Age</b>		
	<=35	57	25.44
	36-55	123	54.91
	>55	43	19.19
	Total	224	100.00
2	<b>Gender</b>		
	Male	144	64.28
	Female	80	35.72
	Total	224	100.00
3	<b>Education Qualification</b>		
	SSC	20	8.93
	+2	42	18.75
	Graduation	92	41.07



	Post Graduation	70	31.25
	Total	224	100.00
4	<b>Occupation</b>		
	Employee	90	40.17
	Business	80	35.71
	Agriculture	25	11.16
	Students	14	6.25
	Others	15	6.69
	Total	224	100.00
5	<b>Marital Status</b>		
	Unmarried	44	19.64
	Married	180	80.36
	Total	224	100.00
6	<b>Family Size</b>		
	Up to 3	68	3.35
	4-5	146	65.17
	Above 5	10	4.46
	Total	224	100.00
7	<b>Family Income for month</b>		
	Up to 10,000	10	4.46
	10,001-20,000	42	18.75
	Above 30,000	172	76.78
	Total	224	100.00

**Source: Primary Data**



- 55.91% of the respondents are in the age group of 36 to 55 years, followed by 25.44% are in the age group of less than years and 19.19% of the respondents in the age group of less than 35 years.
- 64.285% of the respondents are male and 35.72% of the respondents are female.
- Majority of 80.36% of the respondents are married and a small segment of 19.64% of the respondents are unmarried.
- 41.07% of the respondents are having Graduation qualification, followed by 31.25% are Post graduates, followed by 18.75% Intermediate group, followed by 8.93% up to S.S.C.
- 40.17% of the respondents are employees, followed by 35.71% are belong to business group, followed by 11.16%, belong to agriculture segment, 6.25% of the respondents are students and others are 6.69%.
- 65.17% of the respondent’s family size is 4 to 5 members, followed by 30.35% of the respondents family size is up to 3 and 4.46% of the respondents family size is above 5.
- 76.78% of the respondents are having family monthly income above Rs. 30,000, followed by 18.75% of the respondents are having family monthly income above Rs. 10,001 to 20,000 and 4.46% are having family monthly income less than Rs. 10,000.

**Table – 2: Parameters of decision making towards purchase of Premium Passenger Car users.**

1	Particulars	Number	Percent
	<b>Owner / User of Car</b>		
	Owner	167	74.55
	User	57	25.45
	Total	224	100.00
2	<b>Name of the Brand</b>		
	Maruti Suzuki	66	29.46



	Tata Motors	55	24.55
	Hyundai	28	12.50
	Toyota	21	9.37
	Honda	18	8.03
	Ford	11	4.91
	Chevrolet	09	4.01
	Volkswagen	08	3.57
	Renault	05	2.23
	Nissan	03	1.33
	Total	224	100.00
3	<b>Purpose of Car</b>		
	Personal use	126	56.25
	Commercial purpose	59	26.33
	Provided by office	39	17.42
	Total	224	100.00
4	<b>Purchase of Preferred Car</b>		
	Yes	146	65.17
	No	58	25.92
	Car provided by the office.	39	17.41
	Total	224	100.00
5	<b>Mode of Awareness about the Brand</b>		
	News Papers	16	7.14
	Magazines / Journals	39	17.41





	Television Promos	48	21.42
	Internet	41	18.30
	Mass Media / Hoardings	34	15.17
	Family / Friends	46	20.53
	Total	224	100.00
6	<b>Mode of Payment for Purchased Car</b>		
	One Time Payment	50	22.32
	Installment Basis	135	60.26
	Total	185	100.00
7	<b>Source of Finance for Purchased Car</b>		
	Bank Loan	70	31.25
	Private Finance	33	14.73
	Dealer Finance	32	14.28
	Total	135	100.00
8	<b>Duration of the Vehicle Usage</b>		
	Up to 2 years	40	17.85
	2 to 4 years	56	25.00
	4 to 6 years	83	37.05
	Above 6 years	45	20.08
	Total	224	100.00
9	<b>Reasons for Buying a Car</b>		
	Personal Use	43	19.19
	Family Travel	51	22.76



Lack of Public Transport	18	8.03
Time Saving	52	23.21
Loyalty in Society	48	21.42
Others like Lottery / Gift etc.	12	5.35
Total	224	100.00

- 74.55% of the respondents are owners followed by 25.45% of the respondents are users of the car.
- 29.46% are having Maruti Suzuki, followed by 24.55% are having Tata Motors, 12.50% are having Hyundai, 9.37% are having Toyota, 8.03% are having Honda and less than 5.00% of the respondents are having other cars like Ford, Chevrolet, Volkswagen, Renault, Nissan etc.,
- 56.25% are having car for personal use, followed by 26.33% are having car for commercial purposes and for 17.41% of the respondents, car is being provided by the office.
- 65.17% of the respondents said that, they have purchased the car they preferred, followed by 25.89% of the respondents said that, they have not purchased the car they preferred and for 17.41% respondents, car is being provided by the office.
- 21.42% of the respondents said that, they are attentive of their brand through television advertisements, 20.53% are through family / friends/Colleges, followed by 18.30% of the respondents through internet, 17.41% through magazines / journals, 15.17% through mass media / hoardings, 7.14%, through news papers.
- 60.26% of the respondents said that, they have purchased the car on installment basis and 22.32% of the respondents said that, they have purchased by paying total amount at one time.



- Respondents who purchased car by installment method, for 31.25% of them, the source of finance is bank loan, followed by private finance for 14.73% and for 14.28% of the respondents are taken dealer finance.
- 37.05% of the respondents' longevity of usage has been 4 to 6 years, followed by 2 to 4 years for 25.00% of the respondents, followed by above 6 years for 20.08% and up to 2 years for 17.85%.
- 23.21% of the respondents are using car for time saving, 22.76% for Family travel, 21.42% loyalty in society, followed by 19.19% for personal use, 8.03% for lack of public transport and 5.35% of respondents are using car because they got it either by lottery / gift.

**Table- 3: Pre Purchase Behavior of Consumers**

S.No	Particulars	High	%	Medium	%	Low	%
1	Expectation towards Maintenance Cost	68	30.35	94	4.96	62	27.67
2	Expectation towards After Sales Service	115	51.33	62	27.67	47	20.98
3	Expectation towards Resale Value	124	51.35	73	32.58	27	12.05
4	Expectation towards the Durability of the Vehicle	117	52.23	68	30.35	39	17.41
5	Expectation towards the Price of the Vehicle	70	31.25	133	59.37	21	9.37
6	Expectation towards the Mileage of the Vehicle	97	43.30	86	38.39	41	18.30
7	Expectation towards Performance / Quality of the Vehicle	108	48.21	69	30.80	47	20.98
8	Expectation towards Availability of Spares	128	57.14	76	33.92	20	8.92
9	Expectation towards Other Aspects of Vehicle	132	58.92	72	32.14	20	8.92

**Source: Primary Data**



- 41.96% of the respondents rated their pre purchase expectation towards maintenance cost is moderate, followed by 30.35% as high and 27.67% rated as low.
- 51.33% of the respondents rated their pre purchase expectation towards after sales service as high, followed by 27.67% as moderate and 20.98% rated as low.
- 55.35% of the respondents rated their pre purchase expectation towards resale value as high, followed by 32.58% as moderate and 12.05% rated as low.
- 52.23% of the respondents rated their pre purchase expectation towards durability of the vehicle as high, followed by 30.35% as moderate and 17.41% rated as low.
- 59.37% of the respondents rated their pre purchase expectation towards price of the vehicle as moderate, followed by 31.25% as high and 9.37% rated as low.
- 43.30% of the respondents rated their pre purchase expectation towards mileage of the vehicle as high, followed by 38.39% as moderate and 18.30% rated as low.
- 48.21% of the respondents rated their pre purchase expectation towards performance / quality of the vehicle as high, followed by 30.80% as moderate and 20.98% rated as low.
- 57.14% of the respondents rated their pre purchase expectation towards availability of spares for their vehicle as high, followed by 33.92% as moderate and 8.92% rated as low.
- 58.92% of the respondents rated their pre purchase expectation towards other aspects of the vehicle as high, followed by 32.14% as moderate and 8.92% rated as low.

**Table-4: Post Purchase Behavior of Consumer**

S.No	Particulars	Highly satisfied	%	Moderate Satisfied	%	Dissatisfied	%
1	Opinion towards Maintenance Cost	85	37.94	79	35.26	60	26.78
2	Opinion towards After Sales Service	54	24.10	74	33.03	96	42.85
3	Opinion towards Resale Value	57	38.83	78	34.82	59	26.33
4	Opinion towards the Durability of the Vehicle	81	36.16	87	38.83	56	25.00
5	Opinion towards the Price of the Vehicle	108	48.27	81	36.16	35	15.62
6	Opinion towards the Mileage of the Vehicle	59	26.33	97	43.30	68	30.35
7	Opinion towards Performance / Quality of the Vehicle	99	44.19	76	33.92	49	21.87
8	Opinion towards Availability of Spares	126	56.25	52	23.21	46	20.53
9	Opinion towards Other Aspects of Vehicle	89	39.73	95	42.41	40	17.85
10	Overall Satisfaction Level towards the Car	72	32.14	81	36.16	71	31.69

**Source: Primary Data**

**Post Purchase Behavior:**

- 37.94% of the respondents rated their post purchase opinion towards maintenance cost of the vehicle as high, followed by 35.26% as moderate and 26.78% rated as low.
- 42.85% of the respondents rated their post purchase opinion towards after sales service of the vehicle as low, followed by 33.03% as moderate and 24.10% rated as low.
- 38.83% of the respondents rated their post purchase opinion towards resale value of the vehicle as high, followed by 34.82% as moderate and 26.33% rated as low.



- 38.83% of the respondents rated their post purchase opinion towards durability of the vehicle as moderate, followed by 36.16% as high and 25.00% rated as low.
- 48.21% of the respondents rated their post purchase opinion towards price of the vehicle as high, followed by 36.16% as moderate and 15.62% rated as low.
- 43.30% of the respondents rated their post purchase opinion towards mileage of the vehicle as moderate, followed by 26.33% as moderate and 30.35% rated as low.
- 44.19% of the respondents rated their post purchase opinion towards performance / quality of the vehicle as high, followed by 33.92% as moderate and 21.87% rated as low.
- 56.25% of the respondents rated their post purchase opinion towards availability of spares of the vehicle as high, followed by 23.21% as low and 20.53% rated as moderate.
- 42.41% of the respondents rated their post purchase opinion towards other aspects of the vehicle as moderate, followed by 39.73% as high and 17.85% rated as low.
- Overall satisfaction level of respondents towards their vehicle, 36.16% rated as moderately satisfied, followed by 32.14% rated as highly satisfied and 31.69% of the respondents rated as dissatisfied.

### **Suggestions:**

It is suggested to take up following measures for further improvement of four wheeler market Premium Passenger car users of Telangana State.

- There is a large gap between pre purchase expectation and post purchase opinion for various aspects of the vehicle. This leads to cognitive dissonance. Marketers should take up measures to reduce this gap.
- Strategy should be formulated to reduce the prices and make the car available to the major segment of the society.
- Manufacturers should take measures to increase mileage of their cars.
- Service personnel should be trained properly in treating and responding to the requirements of the customers.
- Steps should be taken to make the spares parts available to the customers on time.



- Measures to be taken to speed up the after sales service because customers are highly dissatisfied in this aspect.
- Expedite the Service process there my meeting the urgencies of the customers.
- Physical evidence should be maintained both in the sales and service aspects making the sense felt by the customers.
- It is suggested that the manufacturers should run driving schools and extend service to the prospective customers.

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