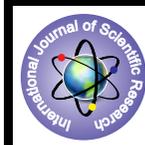


CONSUMERS' PERCEPTION TOWARDS LOCAL AND GLOBAL BRANDED CARS IN INDIA - A STUDY ON LITERATURE REVIEW



Management

KEYWORDS :

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ABSTRACT

The car industry in India has seen a tremendous growth and seems to be the fastest growing sector in the world. This sector has responded with an exponential progress in the number of new models launched in the last few years.

The craze for cars among people is growing day-by-day. The socio-economic factors namely age, marital status, occupation, education, family size and income are being influenced the customers' purchase decision. The customers have bundle of attributes such as good quality, high fuel efficiency, technology, durability, reasonable price, safety and comfort towards local and global branded cars. It is concluded that the manufacturers should redesign their cars by adopting innovative and unique ideas in accordance with the customers' expectations and their socio-economic profile.

Introduction

India has become a fast growing auto market over the past two decades. The growth in economy encounters the growth in industrial production. According to the Society of Indian Automobile Manufacturers (SIAM), the Indian automobile industry has maintained a steady growth of 20 % till May 2005. The industry currently contributes about 5% of the GDP and it is targeted to grow fivefold by 2016 and account for a geographically diversification. The development in automobile sector overhauls the perception of potential car buyers, with their increased disposable income, enormous information search and availability of lucrative financial option. Moreover, liberalisation steps, such as relaxation of the foreign exchange and equity regulations, reduction of tariff on imports and retaining the banking policies initiated by the government of India, have played an equally important role in bringing the Indian automobile industry to great heights. The increased demand for Indian automobiles has resulted in a large number of multinational auto companies, especially from Japan, the U.S.A. and Europe entering the Indian market and working in collaboration with the Indian organisations. Also the institutionalization of automobile finance has further paved the way to sustain a long term high growth for the industry.

The further growth derives like GDP growth, India's huge geographical spread, increasing road development, mass transport system, increasing disposable income with the service sector and minimum interest rates, easier finance schemes, graduating from two wheelers to four wheelers, increasing dispensable income of rural agricultural sector and growing concept of second vehicle in urban areas. In India, till early eighties, consumers had very limited options for passenger cars. Therefore, in olden days, people brought passenger cars, to use and keep it for the whole duration their lives. In those days, passenger car used to be considered as a luxury, rather than necessity. Due to the economic boom, higher income level and the growing purchasing power of the Indian urban populace, cars have transformed into a necessitated ingredient for Indian middle class families. With the expansion of the automobile industry, due to its globalization and liberalisation, car manufacturers introduced much innovative and technological advancement in their models. Customers have started thinking to change over to the new model of cars, with related to ease than before, to suit their changing life styles.

Scope of the Study

Nowadays, a car has become a necessity and forms a part of life of even to the middle class people. Therefore, there is a significant scope to examine the perception, purchase behaviour and purchase decision of the consumers towards cars. India is the second largest populous country in the world. It is a potential

market for all the products and services because people of various religious, languages, cultural backgrounds and demographic and socio-economic characteristics live in this country. Due to their increasing purchasing power, the people have started to buy cars for business or personal use or for prestige and maintenance of social status. This literature study tries to review the influence of perception in the consumers' mind and how this information can be used successfully by marketers to gain entry into the mind of the consumers. This literature study also makes an attempt to review the buying decision of the consumers.

Significance of the Study

The automobile market is getting saturated with many models of passenger cars, competing against each other, in sharp contrast to the monopolistic industry behaviour, which was prevalent till late 1980's. It requires tremendous amount of marketing effect to keep and grow their market share in this scenario, by adopting quite innovative features and value added services, which are very attractive to the customers. Companies are adopting new methods to see, if small families using the two wheelers, can be converted into the car buyers. There are new players and models entering the automobile sector, introducing new narrowed segments in the passenger cars. The literature study will help the customers to understand strategies, plans and products with innovative models. The study also helps the manufacturer and marketers to know the consumers' perception towards local and global branded cars in India.

Review of Literature

Mandeep Kaur and Sandhu (2006) attempted to find out the important features which a customer considers while going for the purchase of a new car. The study covers the owners of passenger cars living in the major cities of the State of Punjab and the Union Territory of Chandigarh. The respondents perceive that safety and comfort are the most important features of the passenger car followed by luxuriousness. So, the manufacturers must design the product giving maximum weightage to these factors.

Chidambaram and Alfred (2007) postulates that there are certain factors which influence brand preferences of the customers. Within this framework, the study revealed that customers give more importance to fuel efficiency than other factor. They believe that the brand name tells them something about product quality, utility, technology and they prefer to purchase the passenger cars which offer high fuel efficiency, good quality, technology, durability and reasonable price.

Clement Sudhakar and Venkatapathy (2009) examined the influence of peer group in the purchase of car with reference

to Coimbatore District. It was also found that the influence of friends is higher for the purchase of small sized and mid-sized cars.

Brown et al (2010) analysed the consumers' attitude towards European, Japanese, and the US cars. The country – of – origin plays a significant role in the consumers' behaviour. The brand name, lower price and distributor's reputation completely have a significant impact on the sale of passengers' car.

Guiles (2008) identified that fuel economy and lower maintenance have its impact on the customers' behaviour towards the passenger car.

Baumgartner and Jolibert (2008) revealed that car produced in Germany received the highest rating on firm attitudes namely acceleration, safety, styling and workmanship among the Americans. At the same time, Japanese car ranked highest on fuel economy and reliability.

Dornoff et al (2008) identified the market segment is the primary determinant of the consumer behaviour in the passenger car market. The level of expectation and perception on various attributes of car differ from consumers in one segment to another.

Suresh A.M and Raja K.G (2006) made an attempt to measure the customer satisfaction with small cars. In this study customer satisfaction is measured by using the following variable attributes under different dimensions namely, after sale service, ability to understand customer needs, behaviour and knowledge of mechanics, warranty, promptly delivery, round the clock customer care, information about the cars, horse power, engine capacity, power steering, technology, fuel capacity, acceleration, easy finance, convenience and accessibility, ground clearance, easy processing and documentation, price, discount and rebates, fuel efficiency, maintenance cost, luggage capacity, safety measures, model and colour of the car, music accessories, engine pickup, availability of spares, cost of labour and spares.

O'Berien (2000) examined in his study four factors-demographic, personality, services, message and product class and their effects on information handling. The product chosen for the study were cars and breakfast. It was found that factors are varying effect on information handling. Search initiation had no effect on these variables, nor did education, sex, product class or psychosocial classification, expect that knowledge increased more for cars than breakfast. As demographic variables, sex and education affected intimation. Higher educated subjects were more likely to go in search of information probably because they were more familiar with sources and benefits of such search.

Rao (2002) examined the relationship between the amount of explicit information and brand perceptions and the effect of perceptions of brand image. (Conjured by the brand name alone) through other sources of information use were available. Twelve brands of automobile models (cars) were chosen as stimuli in the study.

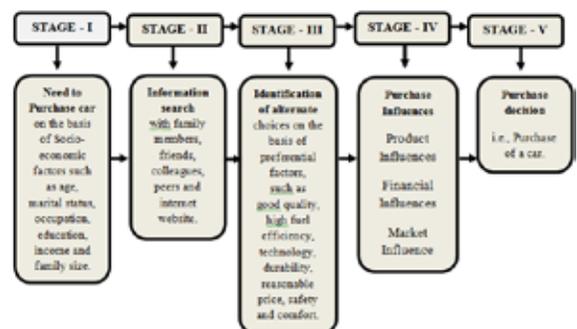
Banerjee and Ipsita (2011) studied about car acquisition and ownership trends in Surat city of motorized vehicle owning households. Study regarding vehicle choice behaviour recognized that household income is the chief determinant of the number and size of cars that house hold possess and that family size is a much less important factor and smaller vehicles were preferred even by larger family.

Beena John and S. Pragadeeswaran (2013) investigated in their research entitled, "A study of small car performance in Pune city. Impact of profile of respondents and influencing fac-

tors in purchasing decision. They conducted that the income fluctuation and enhanced petrol prices are the factors driving demand of small cars in India. Small car sector offers immense potential as penetration and consumption of small cars is very less in Pune compared to its population.

White (2014) discussed the factors those play a vital role in choice of car buyers and observed that consumer negotiate with dealers over price and pursue them to every extent to avail incentives as well as low-interest payment plans. He conducted that with an increasing trend of multi – car households, car dealers and advertisers should target the right audience, taking into consideration the power of children and the impact of life stage. Even after the fact that women are the primary buyers of most new cars, study concluded, the motor trade has traditionally been contemptuous of women's role in the car-buying process.

Based on the review of literature, a conceptual model is evolved. The conceptual model consists five stages namely, need to purchase car, information search, identification of alternate choices, purchase influences and purchase decision.



A conceptual model on consumers' perception towards local and global branded cars

Conclusion

The literature study has revealed that the reference group plays an important role in buying decision of passenger cars. Friends, family and relatives' reference has been found to have significant source of information and influencers in the passengers car buying. The socio-economic factors namely age, marital status, occupation, education, family size and income are being influenced the customers' purchase decision. The customers have bundle of attributes such as good quality, high fuel efficiency, technology, durability, reasonable price, safety and comfort towards local and global branded cars. It is concluded that the manufacturers should redesign their cars by adopting innovative and unique ideas in accordance with the customers' expectations and their socio-economic profile.

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