



CONSUMER ATTITUDE TOWARDS FACTORS AFFECTING SMALL CAR PURCHASE

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Abstract

A consumer researches are increasingly affected by the psychological factors as it attempt to understand the changing nature of consumer values and emphasis on typologies emerged such as- benefit segmentation, lifestyle, interest or opinion and psychographics. This paper highlights the importance of psychological factors in consumer buying decision of passenger car segment. The data is collected from Haryana district of India. The study suggests that buyers can always be influenced—right up to the last moment of their purchase. Family opinion and quality of the product is the most important aspect that affects the buying decision at large extent.

Key Words: Consumer Attitude, Psychological Factors, Consumer Behavior, Passenger Car Segment.

Introduction

Today, India stands as one of the top ten automotive markets in the world and is likely to scale-up to third position by 2020, thanks to the expanding middle-class population with buying potential. The successful establishment of a small car around the time was facilitated by a complex of social, economic and political factors. The first and probably most vital condition for the emergence of the small car lay in a growing demand scenario for a small and fuel efficient car (Venkataramani, 1990). The small car demand was constituted by India's growing middle class. It is among other factors, the expanding public sector that contributed to the emergence of a sizable middle class that posed increasing consumer demands (D'Costa, 2005). The other reason for the emergence of the small car was rooted in the situation and beginning of de-regulation of the Indian economy in the late 1980s (D'Costa, 2005). For Indian companies, the liberalization implied the emergence of international competition in what used to be an entirely protected market.

The economic liberalization shows its first effect in 1993 with the abolishment of production licenses. The Import tariffs were reduced and the 'Phased Manufacturing Program' was reformulated. Moreover, the pre-entry security for investment decisions (such as expansion, diversification, merger and acquisition) for big companies – such as companies falling under the Monopolies and Restrictive Trade Practices Act (MRTP, implemented in 1969) – became obsolete (Mohnot, 2001). Yet, the liberalization pace was incremental with periods of slow down (Becker-Ritterspach, 2008).

The automobile industry benefited as a whole from infrastructure projects, government efforts to reduce poverty and rural development, increasing dealership network in semi-urban and rural areas (The Economist Intelligence Unit, 2006). On the other hand raising oil prices and dependence of India on oil imports from OPEC cause a threat to the sector (Mohanty, Sahu, & Pati, 1994). But in recent past (October 2014 onwards) downfall in crude prices generate more demand for automobile sector (Haldea, 2008). Thus, Small car path seems to be economically a sustainable path for India's future auto-mobilization.

On the other side of the problem the psychological aspects of consumer behavior is dealt in this paper. Consumers can have problems related to all five facets of decision making viz. whether, what, where, when and how to purchase. Internal determinants like needs, personality, self-concept, perceptions and motives have the most direct effect on problem recognition and the environmental variables are less directly involved in this process.

This paper highlights the importance of psychological factors in consumer buying decision of passenger car segment. As the psychological factors are very vast concept in itself, we restricted our study to "Consumer Attitude".

Brief Review of Precedent Work

A consumer researches are increasingly affected by the psychological factors as it attempt to understand the changing nature of consumer values and emphasis on typologies emerged such as- benefit segmentation, lifestyle, interest or opinion and psychographics. Consumers with higher social needs may value more prestigious products or services or brand (Solomon, 2004); therefore, recognizing consumer esteem and belongingness needs is an important tool for marketers during the development stage (O'Cass & Frost, 2002). Additional research exploring the relationship between consumers and their consumption have found that consumers connect more with product or services that hold images that are shared by the consumers' reference group (Escalas & Bettman, 2005) thus fulfilling the need to belong; and that product or brand are used to seek social approval in their respective environments (Kuester, Hess, Hinkel, & Young, 2007). In order to better understand



the processes involved in consumer behavior-consumption product relationships, researchers must study such relationships in the larger context, specifically within the scope of the consumers' personality that include needs, beliefs, values, as well as motivations (Fournier, 1998).

The literature on customer and market orientation argues for the importance of putting the customers' interest and attitude on priority and the creation of superior value for buyers (Deshpande, Farley, & Webster, 1993). In fact, customer value perceptions and attitude have been shown to positively impudence product like service evaluations, behavioral intentions and repeat purchase, which all ultimately affect organizational success (Cronin, Brady, & Hult, 2000). Even the best marketing department in the world cannot sell products, which are poor made, or which fail to meet anyone's need (Patterson, Johnson, & Sperng, 1997). Yakup (2014) suggests that consumers do the buying in order to feel happy and they do not care about what other people think. Even switching brands and models of products depends upon the customer attitude (Watson, Viney, & Schomaker, 2002).

In the following section, we illustrate influence of various identified factors on consumer perception towards small car purchase. The table below present a set of variables used to measure various influencing factors for car purchase.

Data Collection

The data is primary in nature. The data is collected from small car owner of Haryana district of India. The instrument used for collection of data is "questionnaire".

Factors influencing purchase of Small Car

The following table presents the various factors used in the present research that influence the purchase of small car.

Table 1.1 Factors influence purchase of Small Car

Factors	Scale Items	Variable Name
Reference Group	I seeks information from my colleagues about different small car alternatives	RG1
	It is important for me that my car should match my friend car	RG2
	I listen to my friends opinion about different car brands	RG3
	I always trust information from an auto expert	RG4
	My family opinion is most important for my car purchase	RG5
	I consider my parents' advice while purchasing a car	RG6
	I like to purchase a car that fulfill others expectations from me	RG7
	It is important that others like the car I buy	RG8
Personality	I like to purchase a car that matches my personality (eg. Elegant, rough, classy)	PL1
Quality	I always search for quality product	QL1
	I make a special effort to choose the very best quality product	QL2
	I always prefer to purchase latest model	QL3
Price	I consider price first	PR1
	I compare prices to find the lower-priced product	PR2
Brand	I have favorite brands I buy over and over again.	BR1
	I am loyal to certain brands	BR2
	A well-known brand means good quality	BR3
	I always prefer buying well-known brands	BR4

To test the importance of above mentioned factors of purchase behavior, following hypothesis has been formulated:

Hypothesis: All identified factors are significantly influence the small car purchase decision.

Scale Reliability

Summated scales are often used in survey instruments to probe underlying constructs that the researcher wants to measure. These may consist of indexed responses to dichotomous or multi-point questionnaires, which are later summed to arrive at a resultant score associated with a particular respondent. Reliability comes to the forefront when variables developed from summated scales are used as predictor components in objective models. Since summated scales are an assembly of



interrelated items designed to measure underlying constructs, it is very important to know whether the same set of items would elicit the same responses if the same questions are recast and re-administered to the same respondents.

One of the most popular reliability statistics in use today is Cronbach's alpha (Cronbach, 1951). To test the reliability, the prepared questionnaire was demonstrated to 25 respondents consisting students and shoppers. The reliability of the developed questionnaire was tested by deploying the statistical test 'Cronbach's alpha' to the responses received from 25 respondents selected randomly.

Table 1.2 Reliabilities of Scale

Case Processing Summary				
		N	%	
Cases	Valid	600	100.0	
	Excluded ^a	0	.0	
	Total	600	100.0	
a. Listwise deletion based on all variables in the procedure.				
Reliability Statistics				
Cronbach's Alpha		N of Items		
.779		18		
Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
RG1	62.0483	75.388	.238	.779
RG2	62.9117	78.768	.141	.783
RG3	61.4800	76.604	.291	.774
RG4	61.1233	75.006	.374	.768
RG5	60.9833	74.567	.539	.761
RG6	61.0833	77.839	.205	.779
RG7	61.7933	77.052	.155	.786
RG8	61.8150	72.351	.353	.770
PL1	61.1000	73.409	.385	.767
QL1	60.8433	74.289	.491	.762
QL2	60.9533	73.704	.458	.763
QL3	61.0767	73.774	.432	.764
PR1	61.5233	69.382	.571	.752
PR2	61.6650	70.040	.515	.756
BR1	61.6350	73.731	.363	.769
BR2	61.6117	76.538	.198	.782
BR3	61.0883	72.829	.481	.761
BR4	61.0867	73.572	.409	.766

Interpretation

Table presents reliability of scales measured in Cronbach's alphas. The Cronbach's alpha covering the overall responses has exceeded the reliability estimates (≥ 0.70) recommended by Nunnally (1967), which is considered a good sign of reliability of the questionnaire. Table describes the reliability analysis of the scale corresponds to each variable To test this hypothesis one sample 't' test is applied. The one-sample t-test is used to determine whether a sample comes from a population with a specific mean. This population mean is not always known, but is sometimes hypothesized. The dependent variable i.e. factors are measured at the interval scale (5-point Likert scale). The data is **independent** (i.e., **not correlated/related**), which means that there is no relationship between the observations. This is more of a study design issue than something you can test for, but it is an important assumption of the one-sample t-test. By default, SPSS uses 95% confidence intervals. This equates to declaring statistical significance at the $p < .05$ level. For this test, we keep the default 95% confidence intervals.



Table 1.3 One Sample t-Test Result

One-Sample Statistics						
	N	Mean	Std. Deviation	Std. Error Mean		
RG1	600	3.0000	1.28039	.05227		
RG2	600	2.1367	1.01145	.04129		
RG3	600	3.5683	.94524	.03859		
RG4	600	3.9250	.98029	.04002		
RG5	600	4.0650	.76926	.03140		
RG6	600	3.9650	.97572	.03983		
RG7	600	3.2550	1.30620	.05333		
RG8	600	3.2333	1.35349	.05526		
PL1	600	3.9483	1.14943	.04693		
QL1	600	4.2050	.86074	.03514		
QL2	600	4.0950	.97514	.03981		
QL3	600	3.9717	1.01287	.04135		
PR1	600	3.5250	1.20629	.04925		
PR2	600	3.3833	1.24458	.05081		
BR1	600	3.4133	1.16250	.04746		
BR2	600	3.4367	1.22957	.05020		
BR3	600	3.9600	1.02802	.04197		
BR4	600	3.9617	1.07957	.04407		
One-Sample Test						
	Test Value = 4					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
RG1	-19.131	599	.000	-1.00000	-1.1027	-.8973
RG2	-45.126	599	.000	-1.86333	-1.9444	-1.7822
RG3	-11.186	599	.000	-.43167	-.5075	-.3559
RG4	-1.874	599	.061	-.07500	-.1536	.0036
RG5	2.070	599	.039	.06500	.0033	.1267
RG6	-.879	599	.380	-.03500	-.1132	.0432
RG7	-13.971	599	.000	-.74500	-.8497	-.6403
RG8	-13.875	599	.000	-.76667	-.8752	-.6581
PL1	-1.101	599	.271	-.05167	-.1438	.0405
QL1	5.834	599	.000	.20500	.1360	.2740
QL2	2.386	599	.017	.09500	.0168	.1732
QL3	-.685	599	.493	-.02833	-.1095	.0529
PR1	-9.645	599	.000	-.47500	-.5717	-.3783
PR2	-12.137	599	.000	-.61667	-.7165	-.5169
BR1	-12.362	599	.000	-.58667	-.6799	-.4935
BR2	-11.222	599	.000	-.56333	-.6619	-.4647
BR3	-.953	599	.341	-.04000	-.1224	.0424
BR4	-.870	599	.385	-.03833	-.1249	.0482

Interpretation

Table presented above with the observed *t*-value ("t" column), the degrees of freedom ("df"), and the statistical significance (p-value, 2-tailed) of the one-sample t-test. The *t*-value is positive and the difference is significant ($p < .05$) for dimensions importance of family opinion in the car purchase ($t=2.070$, $p=0.039$), their continue search for quality product ($t=5.834$, $p=0.000$). The means analysis also revealed that all these characteristics are highly rated by consumers as the population means are statistically different. Hence we can reject the null hypothesis. Small car customers give importance to family opinion but also give weight age to product quality.



Moreover, Buyers can always be influenced—right up to the last moment of their purchase. Shoppers often finalized their decision on the model, brand and fuel type before visiting the showroom. However, when the time came to make their final purchase, a considerable number of consumers change their minds. Sometime buyers, who said they had decided about fuel type, changed their decision after talking to the salesperson, family and friends.

Thus we can conclude from the above research that individual attitude widely affect the buying process of small cars in Haryana.

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