

# Consumers Purchase Preference & Its Determinants: An Empirical Study on 4-Wheelers in Chhattisgarh

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## Abstract

In the era of modernisation, four-wheelers are nowadays a necessity rather than symbol of status for every individual. Automobile sector has witnessed the boom in recent years and so, the automobile sector is a significant industry which needs to be addressed for research. There are various factors which influences buying behaviour of consumers towards cars. Analysing buying behaviour of consumers is an important aspect for automobile dealers. So the present study focuses on various factors influencing purchase preference of four-wheelers in central Chhattisgarh. Through this study we tried to find out the most important variable that influences the preference of consumers while purchasing a car. Data was collected through questionnaire from 100 consumers in Raipur & Bhilai city. For this causal research design was applied and data was analysed using regression method. It was found that price; resale value, mileage, easy financing, comfort & safety and models of the cars are various factors that influence the purchase preference of consumers while purchasing a car of Renault Company. Among these variables mileage, easy financing & model of the car have significant influence on consumers while buying a car in Raipur and Bhilai.

## Keywords:

Consumers, four-wheelers, mileage, purchase preference.

## Introduction

Chhattisgarh is one of the fastest growing states in central India. As the state is continuously developing and improving the GDP every year, various sectors like real estate, retail, automobile etc. are also developing. With the rapid introduction of various global automobile companies like Mercedes, Volkswagen, Audi, Renault, Toyota and so on in Raipur city, there is a need to understand the buying behaviour of consumers towards four-wheeler. As the needs, desires and wants of consumers is dynamic in nature. Companies need to focus on the research aspect in this area in order to understand and learn the behaviour of consumers.

Automobile sector is one of the core industries in Indian economy. There is a need to frame the strategic plan for car manufacturer to survive in the competitive industry. With the increase in purchasing power of a common man, there is drastic change in consumption pattern of consumers which had attracted major auto manufacturers to Indian market.

Increase in income level, decline in tax and interest rates on car loans have helped to increase in personal disposable income. Change in mind-set leading to changing investment / spending pattern from two wheeler investment to

increasing consumerism, explosive growth in communication have led to urbanization of consumers attitude and has increased the propensity to purchase 4-wheelers.

### Literature Review

Brown et al (2007) analysed the consumers' attitude towards European, Japanese and 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 cost have its impact on the consumers' behaviours towards the passenger car. Baumgartner and Jolibert (2008) revealed that the car produced in West Germany received the highest rating on firm attitudes namely acceleration, safety, styling and workmanship among the Americans. At the same time, the Japanese car ranked

highest on fuel economy and reliability. Mohammed et.al (2010) revealed that when consumer purchases a car, brand names do influence his/her choice. Customers do not want to try new or unknown branded cars because they have not much information about the lesser known brand. Adithya (2013) found insignificant relation between rural and urban respondents with regard to information gathered during their visit for the purchase of four wheelers.

### Objective of The Study

- To find out various factors that influences buying behaviour of consumers towards four-wheelers.
- To analyse the most significant factor which influences buying behaviour of consumers towards four-wheelers.



Figure 1: Conceptual Framework.

### HYPOTHESIS:

Table 1: Survey Instrument.

Factors	Variables	Statements
Y1 Y2 Y3	Purchase Preference	<ul style="list-style-type: none"> <li>• I would prefer to purchase car of this company.</li> <li>• My preference for purchasing the car is towards this company.</li> <li>• I would highly prefer to buy a car from this company.</li> </ul>
X11 X12 X13	Price	<ul style="list-style-type: none"> <li>• I would prefer price while purchasing a car.</li> <li>• Price will highly influence my preference to buy a car.</li> <li>• My preference for buying a car is influenced by price.</li> </ul>
X21 X22 X23	Resale value	<ul style="list-style-type: none"> <li>• I would prefer to check resale value of the car.</li> <li>• I would prefer to purchase car which give some resale value in future.</li> <li>• My preference to buy the car largely depends on resale value of the car.</li> </ul>
X31 X32 X33	Mileage	<ul style="list-style-type: none"> <li>• I would prefer mileage while purchasing car.</li> <li>• Mileage will highly influence my preference to buy a car.</li> <li>• My preference for buying a car is influenced by mileage.</li> </ul>
X41 X42 X43	Easy Financing	<ul style="list-style-type: none"> <li>• I would prefer to buy a car by financing scheme.</li> <li>• Financing through loan will highly influence my preference to buy a car.</li> <li>• My preference for buying a car is influenced by finance facility.</li> </ul>
X51 X52 X53	Comfort & safety	<ul style="list-style-type: none"> <li>• I would prefer comfort level while purchasing car.</li> <li>• Comfort level will highly influence my preference to buy a car.</li> <li>• My preference for buying a car is influenced by comfort.</li> </ul>
X61 X62 X63	Model	<ul style="list-style-type: none"> <li>• I would prefer latest model while purchasing car.</li> <li>• Latest model will highly influence my preference to buy a car.</li> <li>• My preference for buying a car is influenced by model.</li> </ul>

**H<sub>1</sub>: Price has significant influence on purchase preference of consumers for buying four-wheelers.**

Price of the car influences the buying preference of the four-wheelers. Price is the amount of money charged for a product or service, or the sum of the values that consumers exchange for the benefits of having or using the product or service Kotler (2005). In any market, price plays a central role in the exchange process. Thus price reflects the quality of the product. It is generally perceived as higher the price higher will be the quality of the product. Therefore price will influence the purchasing buying preference of the car buyers.

**H<sub>2</sub>: Resale Value has significant influence on purchase preference of consumers for buying four-wheelers.**

Resale value describes the value that a consumer will get by selling the car after using it for certain duration. It has been observed that consumers are more interested in getting higher value at the time of disposal of the product. So Consumer generally prefers to buy Vehicles with higher resale value. Therefore Resale value will influence the buying preference of the car buyers.

**H<sub>3</sub>: Mileage has significant influence on purchase preference of consumers for buying four-wheelers.**

Due to raising inflation rate and unstable international trade policies, consumers have encountered frequent hike in the prices of fuels which affects the consumption pattern consistently. People are now becoming more conscious for mileage of the car. Therefore mileage will influence the buying preference of the car buyers.

**H<sub>4</sub>: Easy financing has significant influence on purchase preference of consumers for buying four-wheelers.**

Earlier buying a car for middle income group consumers was quite difficult, as one is liable to pay whole price of car at the time of purchase. With the introduction of car loans by various financial and non-financial institutions at cheaper rate of interest there is a change in the buying pattern of consumers. Now a consumer can easily purchase a car by simply making the down payment and rest amount in EMI's. The tie-ups between the loan providers and automobile dealers, to provide easy financing, had increased the buyers of the four-wheeler. Therefore easy financing will influence the buying preference of the car buyers.

**H<sub>5</sub>: Comfort and safety has significant influence on purchase preference of consumers for buying Four-wheelers.**

Nowadays, consumers are becoming more comfort conscious. As people wants product which provides all possible convenient features in it. Companies are focussing on providing unique features and facility with the product in the market to face the cut throat competition and to satisfy the consumers. So automobile companies trying hard to introduce innovative and safety features for the consumers. Therefore comfort & safety will influence the buying preference of the car buyers.

**H<sub>6</sub>: Model has significant influence on purchase preference of consumers for buying four-wheelers.**

As there is a frequent change in the needs and behaviour of consumers, they intend to adopt new and innovative design of the product which forces automobile manufacturers to make cars in different designs & varied models. Consumer wants new and unique design in their car which distinguishes their car from others. Therefore model & design of the car will influence the buying preference of the car buyers.

**RESEARCH METHODOLOGY:**

RESEARCH PLAN	
Research Design	Descriptive & Causal
Sources of data	Primary & Secondary
Research instrument	Questionnaire
Sampling method	Convenience Sampling
Sampling area	Bhilai & Raipur City
Sample size	100

**Table 2: Research Plan.**

Descriptive and Causal research design was applied in this study. Through this study we tried to establish the relationship between dependent variable i.e. Purchase preference and several independent variables like price, resale value, model, mileage etc. which shows the cause and effect relationship between these variables.

Data was collected through primary and secondary source. A Survey was conducted among the consumers to know their views and opinions on purchase preference of four-wheeler. For this a questionnaire was designed and distributed among the consumers.

It consist of two sections, In first section demographic information such as age, gender, occupation was collected and second part consists of questions related to purchase preference and its variables. A five point Likert scale from strongly agree to strongly disagree was used in the questionnaire. A total of 100 consumers were surveyed in Bhilai and Raipur city. Convenience sampling method was used to collect the data from the consumer. Further Data was processed using SPSS and analysed by applying multiple regression to know the impact of various variables on purchase preference of consumers.

### Analysis

Factor analysis through principle component matrix was applied to test the variables. Elements X41 & X63 is found to be differently loaded. So these variables are excluded for the calculation. Hence it is taken off from the data analysis. All the other components are

found to be properly loaded and accepted for further analysis. From the table of coefficient we can see the significant value of X3, X4 & X6 are less than .05, i.e. Mileage, mode of finance and model has significant influence on purchase preference of consumers. All other variables are more than .05 which does not significantly influence buying preference of consumers.

Rotated Component Matrix <sup>a</sup>						
	Component					
	1	2	3	4	5	6
Y1	<b>-0.715</b>	0.447	0.052	0.074	-0.011	0.195
Y2	<b>-0.643</b>	0.365	0.322	0.188	-0.035	0.082
Y3	<b>-0.695</b>	0.256	0.293	-0.199	-0.195	0.232
X11	0.187	0.026	-0.307	<b>0.904</b>	0.113	0.041
X12	-0.011	0.175	0.037	<b>0.863</b>	-0.285	-0.036
X13	0.408	0.311	-0.132	<b>0.741</b>	-0.033	0.099
X21	<b>0.827</b>	0.23	0.138	0.263	0.029	0.086
X22	<b>0.799</b>	-0.104	0.014	0.211	-0.132	0.242
X23	<b>0.916</b>	0.11	0.022	0.083	-0.089	0.08
X31	-0.005	<b>0.74</b>	-0.193	0.23	0.014	-0.245
X32	0.088	<b>0.631</b>	-0.438	-0.008	0.418	0.075
X33	-0.111	<b>0.917</b>	-0.002	0.111	-0.101	0.102
X41	-0.119	0.175	-0.127	-0.232	-0.644	0.228
X42	-0.047	-0.057	-0.129	-0.048	-0.149	<b>0.868</b>
X43	0.12	0.15	0.012	0.108	-0.176	<b>0.779</b>
X51	-0.08	0.068	<b>0.909</b>	-0.016	0.134	-0.016
X52	0.058	-0.267	<b>0.805</b>	-0.092	0.201	-0.092
X53	-0.122	-0.087	<b>0.715</b>	-0.36	0.33	-0.033
X61	0	0.047	0.342	-0.198	<b>0.655</b>	-0.184
X62	-0.178	-0.009	0.178	-0.227	<b>0.889</b>	-0.093
X63	-0.13	0.887	0.038	0.068	-0.135	0.153

  

Coefficients <sup>a</sup>								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.678	.818		2.052	.043		
	X1	.092	.090	.097	1.031	.305	.786	1.273
	X3	-.480	.081	-.540	-5.918	<b>.000</b>	.831	1.204
	X4	.317	.118	.230	2.682	<b>.009</b>	.940	1.064
	X5	.071	.095	.070	.748	.456	.787	1.271
	X6	.287	.142	.185	2.027	<b>.045</b>	.827	1.209

a. Dependent Variable: Y

### Conclusion

It can be concluded on the basis of above study that there may be number of factors which are responsible for the changing purchase preference of the consumer in 4-wheelers. Among those variable, *Mileage, Easy mode of financing and model* are found to be pointedly influencing buying preference of the consumers. With the rapid and consistent growth in the price of the fuel consumers are more conscious about the mileage. So they highly prefer

mileage while buying a car. This study found that consumers also prefer easy mode of financing while purchasing a car. With the growing competition in automobile sector, companies are providing easy financing facility to grab maximum of consumers. This allows consumers from a middle Income group to conveniently own a car by giving easy instalments which is also forcing consumers to buy a car. Lastly, it was found that consumers also prefer model while purchasing a car. As we know that there is a

drastic change in the lifestyle of the consumers, people are more conscious about the looks, style and amenities of a car which varies according to the model of the car.

#### **Limitation & Future Scope**

The research has used only some of the product variable to measure the buying preference of consumers, however other variables can be applied and a comparative study can be done in the light of this research. Conclusion drawn on the basis of 100 sample units cannot be generalised for the whole population from different geographical regions; data with large sample will show a different result. Further the study was conducted at specific area of Chhattisgarh. So the present study will assist the retailers of automobile manufacturers for planning the strategies to increase the sale, as mileage which is prime factor for consumer who prefers

to purchase a car from their outlet.

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