

A Study on the Impact of Cultural, Social, Personal & Psychological Factors on the Buying Behavior of Car Buyers

Dr. S.K Sharma, Associate Professor
Faculty of Commerce and Business Administration
D.N. (PG) College Meerut (U.P.) India.

Mis. Sonam Agrawal (Research Scholar)
D.N. (PG) College Meerut (U.P.) India.

Abstract

Every marketing activity starts with the consumer and ends with the consumer. It is very important to know who are the people who consume the product or service or play a role in the purchase decision and why they do it? This study is an attempt to understand the impact of different factors on buying behavior of car buyers in. The study starts with the existing literature review available on car buyer's behavior. The objective of the study is to find out the impact of cultural, social, personal & psychological factors on buying behavior of car buyers. The study covers 50 respondents from various showrooms of Meerut city. Survey is conducted through well-structured questionnaire. Findings show that every factor has very powerful impact on buying decisions. In the concluding part suggestions are provided.

Keyword- Consumer buying behavior, Car Buyers, Car Industry in India, Cultural Factors

Introduction

“Purchasing behavior refers to the purchasing behavior of final consumers— individual households buying goods and services for personal consumption.”—**Kotler and Armstrong**

Consumer Buying Behavior-

“Blackwell, Milliard & Engel have defined consumer behavior as the actions that people take when receiving, consuming and rejecting products and services.” Consumer buying behavior refers to the behavior that consumers display when searching for, evaluating and marketing products and services that they expect to meet their needs. Consumer behavior research is the study of how people make decisions about allocating available resources (time, money, effort) to products. This includes looking at what they buy, when they buy, where they buy, how often they buy and how often they use it. The answer to these questions can be found in consumers and provide traders with

important information about product design, design modifications and promotion strategy.

Before entering the market, it becomes crucial for company to understand those factors which affect the purchase patterns of consumers. Market is dynamic in nature therefore there are many aspects that can affect the buying decision of consumers such as political factors, social factors, cultural factors, psychological factors and personal factors. In that condition deep knowledge of consumer behavior theories and concepts helps manufacturers and researchers to analyze and anticipate the pattern of consumer buying behavior to some extent.

Car Industry in India

It was in 1898 when the first car drove on the roads of India from then till now car industry is growing day by day. The development of the automotive industry can be understood from the following tables.

Table 1 : Production Trend (No. of Vehicles)

Category	2011-12	2012-13	2013-14	2014-15	2015-16
Passenger Vehicles	3,146,064	3,231,058	3,087,973	3,087,973	3,464,045
Commercial Vehicles	929,136	832,649	699,035	698,298	786,692
Three Wheelers	879,289	839,748	830,108	949,019	934,104
Two Wheelers	15,427,532	15,744,156	16,883,049	18,489,311	18,830,227
G. Total	20,382,026	20,647,611	21,500,165	23,358,047	24,016,068
Category	2016-17	2017-18	2018-19	2019-20	
Passenger Vehicles	3,801,670	4,020,267	4,028,471	3,424,564	
Commercial Vehicles	810,253	895,448	1,112,405	756,725	
Three Wheelers	783,721	1,022,181	1,268,833	1,32,982	
Two Wheelers	19,933,739	23,154,838	24,499,777	21,032,927	
G. Total	25,329,383	29,092,734	30,909,486	26,347,198	

Table 4.2 Sale Trend (No. of Vehicles)

Category	2011-12	2012-13	2013-14	2014-15	2015-16
Passenger Vehicles	2,629,839	2,665,015	2,503,509	2,601,236	2,789,208
Commercial Vehicles	809,499	793,211	632,581	614,948	685,704
Three Wheelers	513,281	538,290	480,085	532,626	538,208
Two Wheelers	13,409,150	13,797,185	14,806,778	15,975,561	16,455,851
G. Total	17,361,769	17,793,701	18,423,223	19,724,371	20,468,971
Category	2016-17	2017-18	2018-19	2019-20	2020-21
Passenger Vehicles	3,047,582	3,288,581	3,377,389	2,773,519	2,711,457
Commercial Vehicles	714,082	856,916	10,07,311	717,593	568,559
Three Wheelers	511,082	635,698	7,01,005	637,065	216,197
Two Wheelers	17,589,73	20,200,117	21,179,847	17,416,432	15,119,387
G. Total	21,863,281	24,981,312	26,265,552	18,844,609	18,615,600

Table 3: Export Trend (No. of Vehicles)

Category	2011-12	2012-13	2013-14	2014-15	2015-16
Passenger Vehicles	508,783	559,414	598,142	621,341	6,53,053
Commercial Vehicles	92,258	80,027	77,050	86,939	1,03,124
Three Wheelers	361,753	303,088	353,392	407,600	4,04,441
Two Wheelers	1,975,111	1,956,378	2,084,000	2,457,466	24,82876
G. Total	2,937,905	2,898,907	3,110,584	3,573,346	36,43,494
Category	2016-17	2017-18	2018-19	2019-20	
Passenger Vehicles	7,58,727	7,48,366	6,76,192	662,118	
Commercial Vehicles	1,08,271	96,865	99,933	30,379	
Three Wheelers	4,04,441	3,81,002	5,67,683	5,01,651	
Two Wheelers	24,82,876	28,15,003	32,80,841	3,519,405	
G. Total	34,79,169	40,41,236	46,24,649	47,43,553	

Based on the above tables, it can be stated that the growth rate of the automotive industry in India is very high.

Car Manufacturers in India

The reason for the huge growth of the Indian car industry may be due to the availability of

car loans, affordable interest rates, smooth repayment options and discounts offered to customers by retailers. In India, car manufacturers produce different types of vehicles, such as small, medium, premium, luxury and sports cars, are as follows—

1. Ford
2. Fiat India
3. Hindustan Motors
4. Maruti Udyog
5. Tata Motors
6. Sun Motors
7. Honda
8. Hyundai
9. Mahindra & Mahindra

Factors Affecting Buying Behavior of Car Buyers

Cultural Factors

These factors have the widest and deepest impact on consumer Behavior. They include—

(a) Culture- Culture is an important factor in determining human behavior in society. Culture is understood as "common customs, beliefs, values and objects of people (homes, works of art, etc.), which are passed down from generation to generation."

(b) Subculture- Subcultures include ethnicity, racial groups and geographical areas. Many subcultures are important market segments and marketers often design products and marketing programs based on their needs. They affect food preferences, clothing choices, leisure conditions, etc.

(c) Social class- It is defined as a relatively stable and homogeneous group of people with certain recognizable characteristics. According to P. Kotler, "social classes are relatively homogeneous and stable subdivisions in society, which are hierarchically organized and whose members share similar values, interests and behaviors."

Social Factors

(a) Reference Groups

A reference group is a relatively small social group to which an individual belongs or aspires to belong and which provides guidance in accepted beliefs, values, attitudes and behaviors.

(b) Family

The common family is the most common form of family system in India. From the merchants' point of view, the oldest member of the family has a role to play in making decisions in a cooperative family system.

(c) Opinion Leaders

In addition to family, consumers are influenced by the advice they receive from friends, neighbors, relatives and colleagues about what products and services they should buy. This process of influencing a purchasing decision is known as opinion leadership.

(d) Role and Status

The person participates in many groups throughout life. The position of a person in each group can be defined in terms of roles and status. A role consists of actions that a person must perform in accordance with the people around him. Each role has a status. The manager has more status than the seller.

Personal Factors**(a) Age and Stage of Life Cycle**

People buy various goods and services during their life time. There are nine stages in the family life cycle and in these stages the individual behaves differently.

(b) Occupation

A person's buying patterns also depend on their profession. For example, the president of a company will buy expensive suits, credit card subscriptions and so on.

(c) Economic Determinants

Economic factors are very powerful and influence behavior. Consumer behavior always implies choice. Economic factors that determine consumer behavior—

1. Personal income
2. Family income
3. Expected income
4. Consumer liquid assets
5. Consumer loan
6. The established standard of living

(d) Life Style

A person's way of life is his way of life in the world, which is expressed in his actions, interests and views. Lifestyle shows the way a person exists and acts in the world. The marketer will look for the relationship between their products and the lifestyle of the group.

(e) Personality and Self-esteem

According to Philip Kotler, "Personality refers to a person's discreet psychological characteristics that lead to relatively consistent and consistent responses to his Environment." Personality is usually described in terms of traits such as characteristics such as self-confidence, dominance, protection, adaptability, etc.

Psychological Factors**(a) Incentives**

Incentives are the inner impulse to do something. Why does a person act at all? Market incentives are the reasons a consumer buys a product and the marketing manager is interested in those incentives. The marketing success of a brand depends on its ability to meet many needs at once.

(b) Learning

Learning is about changing a person's behavior and perceptions. Most human responses are based on learning.

(c) Perception

Perception depends not only on physical stimuli but also on stimuli related to people can perceive the same object differently due to three perception processes.

Literature Review

Ministry of Heavy Industries & Public Enterprises, (2006-16), India became the worldwide research and production hub for mid and small size cars the small and mid size car path in India has reached a sustainable level. In the past this sustainability was largely driven by the nature of national demand. However, the Indian government envisions this path growing even stronger by turning India in to a worldwide R&D and production hub. India should capitalize on this expertise and target becoming a manufacturing hub for A/B class vehicles. Now this being supported by other equipment manufacturers like Hyundai motors with Santro Zing, Maruti with Alto and Tata with Indica.”

Shastri, (2005), while the (NATRIP) National Automotive Testing and R&D Implementation Project is envisioned to play a coordinating role, different States have also taken individual initiatives with regard to providing R&D facilities. The government of Maharashtra, for example, provides testing facilities for other

equipment manufacturers and other suppliers & vendors which are called an 'Auto Cluster'.

Venugopal, (2006), instead, there is an increasing small and mid size car R & D focus among some manufacturers, who seek to develop India into their corporate hub for car R&D. A case in point is Maruti-Suzuki that is in the process of developing the Indian operation into a R&D hub for medium and small size cars. Similarly, Tata has invested substantially in small and mid size car R&D in recent years. The Tata's Nano is perhaps the latest and good example of growing local R&D competence in the small and mid size car segment of India.

Liu and Bai (2009), Suggested the 5 main steps of internet marketing purchasing process which helps the marketer in finding out the strengths, weaknesses,

opportunities, and threats in the market, these steps are as follows—Identification of Problem, Search for Information, Estimation of Substitutes, Choice of the Product, Final Result and Post Purchase.

Amit, Sharma (2010), Internet Marketing is also called as Social Marketing or E-Commerce or Online Marketing which is becoming famous day by day and is converting into the common platform for buyers or consumers. Due to the progress in the online industry, every buyer in the country's top cities starts their search on the world-wide web. As per him 3 in every 10 old car buyers, and 4 out of every 10 new car buyer's use online or internet marketing to do primary research, before making the purchase of the product as study done by Google in the market.

Objectives

1. To understand the concept of consumer behavior.
2. To Study the existing car industry in India.
3. To study the influence of social, economic and personal factors that influences the consumer decision-making process.

Research Methodology

Coverage of the study

The study is focused on the impact of the different factors on car buyers. The factors are Cultural, social, personal & psychological.

Sample size

The present study has a sample size of 50 respondents from the different showrooms of Meerut city on the basis of random sampling.

1. Maruti Suzuki Arena
2. Das Hyundai
3. Tata Motors, Shree Vasu
4. Mahindra Shri Shyam Ji Automotive (Llp)
5. Nexa
6. Platinum Honda
7. Renault Meerut
8. Orchid Ford

Data Collection

The study has both primary and secondary data. The primary data is collected through well structured questionnaire comprises of questions related to both, the respondents and the factors. The secondary data is collected from journals, articles, research papers and websites.

Findings

1. Among the respondents a vast majority come from educated, young, male age group. That is age up to 40 years. So we can say more and younger age group is fond of driving car.
2. Most of the car driving population self-employed followed by job doing persons and comes into the income of up to 12 lakh Rs per annum or above.
3. Most of the car users have small family size it clearly indicates small family gives them ability to afford the car.
4. Car use helps an individual to boost its personality. This is the study of our present research. A vast number of respondents believe they feel more confident while using car.
5. From our study it is clear that Indian customers are fond of durability in their product. Most of them prefer that their car should be durable.
6. Promotion offers woo our respondents; it is clear from our study. Most of the customers need certain types of gifts, discounts etc. when purchasing car. It motivates them to purchase the product.
7. Customers agree to the statement that their family plays important role in buying decision. Most of the respondents agree that without consultation of family the purchase is not executed.

8. Design of car and color is something of importance for customers making car purchase decision. Now days the customers are design and color conscious.

9. After sale services is an issue that is given importance by most of the customers. When making purchase decision customers keep in their mind that after sale services should be in efficient supply.

10. An overwhelming majority of customers clearly state that they compare several cars before making the final decision of purchase.

Suggestions & Conclusion

1. Car manufacturing should target the educated young male customers of income group above 12 lakh Rs. per annum. Since young age customers are frequently using the car in comparison to aged population. Car's should be designed and marketed keeping in mind the needs and wants of target customers.

2. As vast majority of customers are self employed. They use car's more frequently and for long distances. So companies should make car's more fuel efficient and durable.

3. As most of the car customers give due importance on car selection and car manufacturing companies should give due importance on branding of their product. Differentiation is required in terms of unique features so that positioning could be achieved in the mind of customer is essential.

4. Car use helps to boost personality. We know all of us have different personality subtypes.

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Car should be manufactured and marketed keeping in mind different Personality types. Some are sportive, some are aggressive and some are cool and calm. Car should also portray their personality.

5. Car manufacturing companies should provide for more durability in their products since this is a feature that is vastly required by customers.

6. Car companies and dealerships should give stress on aggressive marketing. Customers are fond of gifts and prizes on purchase of car. To promote the sales sellers should bring more and more such type of innovative marketing strategies.

7. since family plays important role in purchase decision of the car. So, car companies should manufacture car's keeping in mind the needs of family and appealing to whole of the family.

8. Companies should try for low pricing strategies in market as the customers are price conscious. Value pricing will appeal them for purchase.

9. Stress should be given by car manufacturers to make their product design and color more and more attractive, convenient for the customers as car design and color plays an important role in purchase of car.

10. Car manufacturing companies should provide ample after sale services as this is the feature required by the customer's. For this a vast network of dealerships is required.