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PRODUCT CHARACTERISTICS THAT INFLUENCE CONSUMER PURCHASING DECISIONS OF SMALL CARS

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Abstract

There are multiple factors, specificities, characteristics, circumstances, environment that affect the buying pattern of an individual. A purchase decision is the result of multiple aspects and factors. A motivated person is ready to act according to the perception of the situation (product or services).There are number of product characteristics which should be consider by consumer before purchase .The present paper seeks to identify the factors that influence the consumer behavior with to small cars. The finding of the study can be helpful to marketers in dealing with the customers in a better way.

Keywords: Consumer Motives; Psychological Factors; Consumer Behavior; Passenger Car Segment.

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1. Introduction

Consumer behavior might be the following: The mental, emotional and physical activities that people engage in when selecting, purchasing, using and disposing of products and services so as to satisfy needs and desires (Priest, Carter, & Stat, 2013). It is believed that consumer behaviors to be driven by needs and consumer products could be defined in terms of the needs they fulfilled (Bayton, 1958).

Consumer is the one who consumes the goods and services produced. As such, consumers play a vital role in the economic system of a nation because in the absence of the effective demand that emanates from them, the economy virtually collapses. Customer is a person, company, or other entity which buys goods and services produced by another person, company, or other entity (Durmaz & Jablonski, 2012).

Consumers with higher social needs may value more prestigious products or services or brand(Solomon, 1983); therefore, recognizing consumer esteem and belongingness needs is an important tool for marketers during the development stage(O'Cass & Frost, 2002).

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2. Review of Literature

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).

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).

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 liberalization and India's new industrial policy not only had a strong impact on the supply side for the production of small cars; equally important was the impact the liberalization had on the demand side for small cars in India.

In the early 21st century, Indian small car segment continued to develop and grow stronger. In 2004, India became "the fastest growing large market for passenger cars in the world" (The Economist Intelligence Unit, 2006). It was the highly price sensitive, lower market segments (especially the Mini (A1) and Compact (A2) Segment that benefited strongly from the reform driven economic growth and particularly fiscal and monetary reforms. Also, the reform of the banking system, low interest rates and the continued reduction of excise duty rendered vehicle financing easier and stimulated entry level demand (Nair, 2006).

3. Influence of Various Product Characteristics on Purchase

Based on literature review, following list of car attributes are formulated that may influence the small car purchase.

Table 3.1: Product Characteristics

Factors	**Variable name**
Fuel efficiency	Fuel efficiency
Pick up	Pick up
Compact size	Size
Price (on-road)	Price
Vehicle lifespan (life)	Lifespan
Resale Value	Resale
Safety Features	Safety
Environmental friendliness	Environment friendly
Personal assistance services (on call/ emergency)	Service Assistance
Use of alternative fuel technologies such as electric power, solar	Alt. fuel

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power	
Vehicle styling/exterior	Exterior
	Interior
	Plug in
Payment option / Interest Rates	Payment
Spare part availability	Spare part
Discount and exchange offers	Offers
Brand Image	Brand image
Advertising and sales promotion activities	Advt. promotion
Dealer / service center location	Dealer location
Number of model available	Model
Dealer Reputation	Dealer reputation
Dealer after sales service	After sale

These product characteristics are important to help in decision making of buying a car.

These features of cars are considered in our research. A structured questionnaire is used to collect data on above mentioned factors in a 5-point importance scale, where 5=’very important’ to 1=’Least important’. To test the influence we formulated following hypothesis.

4. 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”.

Hypothesis: All identified product characteristics are important for the small car purchase

5. 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.

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Table 5.1: 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
.793	22

Item-Total Statistics				
	Scale Mean if Item Deleted	**Scale Variance if Item Deleted**	**Corrected Item-Total Correlation**	**Cronbach's Alpha if Item Deleted**
Fuel_eff	79.3583	104.381	.159	.794
Pick_up	79.8100	99.483	.414	.782
Size	80.3417	99.945	.284	.789
Price	79.9783	99.430	.344	.785
Lifespan	79.6850	102.447	.248	.790
Resale	80.0367	102.386	.206	.792
Safety	79.5550	98.882	.442	.781
Env_friend	79.8033	100.429	.315	.787
Srv_Assistance	80.3333	96.767	.512	.776
Alt_fuel	80.8583	96.699	.369	.784
Exterior	80.0583	99.457	.319	.786
Interior	79.8533	98.760	.356	.784
Plug_in	80.3083	98.838	.313	.787
Payment	80.3133	99.224	.345	.785
Spare_part	79.7467	100.477	.303	.787
Offers	80.1350	98.661	.378	.783
B_image	79.8850	99.434	.372	.784
Avt_prmtion	80.5433	96.142	.392	.782
Dealer_loc	80.2867	98.669	.341	.785
Num_Model	80.4467	98.391	.313	.787
Dealer_reput	80.1883	97.726	.391	.782
After_sale	79.8500	96.912	.424	.780

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 the 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. Your dependent variable should be measured at

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the interval or ratio level (i.e., continuous). Examples of variables that meet this criterion include revision time (measured in hours), intelligence (measured using IQ score), exam performance (measured from 0 to 100), weight (measured in kg), and so forth.

The data should be **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. There should be **no significant outliers**. Outliers are data points within your data that do not follow the usual pattern. The problem with outliers is that they can have a negative effect on the one-sample t-test, reducing the accuracy of your results.

By default, SPSS uses 95% confidence intervals (Labeled as the Confidence Interval Percentage in SPSS). This equates to declaring statistical significance at the $p < .05$ level. For this research, keep the default 95% confidence intervals.

Table 5.2: One-Sample Result

One-Sample Statistics				
	N	**Mean**	**Std. Deviation**	**Std. Error Mean**
Fuel_eff	600	4.5167	.85104	.03474
Pick_up	600	4.0650	.91406	.03732
Size	600	3.5333	1.15807	.04728
Price	600	3.8967	1.06515	.04348
Lifespan	600	4.1900	.91394	.03731
Resale	600	3.8383	1.05073	.04290
Safety	600	4.3200	.92504	.03776
Env_friend	600	4.0717	1.01402	.04140
Srv_Assistance	600	3.5417	1.00163	.04089
Alt_fuel	600	3.0167	1.30354	.05322
Exterior	600	3.8167	1.12331	.04586
Interior	600	4.0217	1.11202	.04540
Plug_in	600	3.5667	1.21299	.04952
Payment	600	3.5617	1.08543	.04431
Spare_part	600	4.1283	1.03778	.04237
Offers	600	3.7400	1.07284	.04380
B_image	600	3.9900	1.00078	.04086
Avt_prmtion	600	3.3317	1.30429	.05325
Dealer_loc	600	3.5883	1.15950	.04734
Num_Model	600	3.4283	1.26657	.05171
Dealer_reput	600	3.6867	1.14193	.04662
After_sale	600	4.0250	1.15322	.04708
One-Sample Test				

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	Test Value = 4					
					95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)	Mean Difference	Lower	Upper
Fuel_eff	14.871	599	.000	.51667	.4484	.5849
Pick_up	1.742	599	.082	.06500	-.0083	.1383
Size	-9.871	599	.000	-.46667	-.5595	-.3738
Price	-2.376	599	.018	-.10333	-.1887	-.0179
Lifespan	5.092	599	.000	.19000	.1167	.2633
Resale	-3.769	599	.000	-.16167	-.2459	-.0774
Safety	8.474	599	.000	.32000	.2458	.3942
Env_friend	1.731	599	.084	.07167	-.0096	.1530
Srv_Assistance	-11.209	599	.000	-.45833	-.5386	-.3780
Alt_fuel	-18.478	599	.000	-.98333	-1.0878	-.8788
Exterior	-3.998	599	.000	-.18333	-.2734	-.0933
Interior	.477	599	.633	.02167	-.0675	.1108
Plug_in	-8.751	599	.000	-.43333	-.5306	-.3361
Payment	-9.892	599	.000	-.43833	-.5254	-.3513
Spare_part	3.029	599	.003	.12833	.0451	.2115
Offers	-5.936	599	.000	-.26000	-.3460	-.1740
B_image	-.245	599	.807	-.01000	-.0902	.0702
Avt_prmtion	-12.551	599	.000	-.66833	-.7729	-.5638
Dealer_loc	-8.697	599	.000	-.41167	-.5046	-.3187
Num_Model	-11.056	599	.000	-.57167	-.6732	-.4701
Dealer_reput	-6.721	599	.000	-.31333	-.4049	-.2218
After_sale	.531	599	.596	.02500	-.0675	.1175

6. 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 $p < .05$ for dimensions like Fuel efficiency, Vehicle Life span, on road Safety, Availability of spare. 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 car life value, its fuel efficiency, safety features and ease of the availability of spare parts.

7. Conclusion

From the above study it is found out that the hypothesis taken reject in the study on the sample of population. Small car customers give importance to car life value, its fuel efficiency, safety features and ease of the availability of spare parts. According to our hypothesis we identified product characteristics are important for the small car purchase. But small car customers give importance to some factors.

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