



CUSTOMERS' INTERPRETATION ABOUT THE PRICING OF CARS, BANGALORE

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Abstract: The automobile industry of India is one of the largest in the world and growing steadily each year. With the ease of availability of automobile loans, the rise in salary structures and higher buying capacity of the middle income class, there has been a spurt in cars plying on roads. The present paper indulges in studying the buying behavior of cars in India. In the modern society brands not only represent the product or company but also have a strong association with perceived quality, price, consumers' life style, social class, taste etc. Indian Automobile car business is influenced by the presence of many national and multinational manufacturers. All segments in Indian Car industry were studied and found that buyer has different priority of behaviors in each segment, whereas main driver for car purchase is disposable income. Value for money, safety and driving comforts top the rank in terms of customer requirement whereas perceived quality by customers mainly depends on brand image.

The purpose of this paper is to create a deeper consideration of what is the influence a brand name and price, when people go for purchasing, choose the products between different brands, especially private vehicles like cars. Moreover, this paper also tries to explore the relation between brands, price and the consumer decision making process.

Keywords : Automobile Industry, Pricing, Consumer perception

1. INTRODUCTION

Automobile Industry is one of the industries showing a fastest growing trend in our modern industrial world. In automobile industry production, distribution and designing of auto car plays a vital role. By studying the customer interpretation we can identify the customer's different interpretation and attitudes.

Price is the fiscal value of a product, it is one of the important factors determines the purchase decision. Price influences the sales volume, so in a competitive market a manufacture makes the price decisions with due care. The price has a special relation to promotions, so by identifying the customer interpretation about pricing is very important. A favorable perception towards the value of the product can be created through familiar advertisement.

2. REVIEW OF LITERATURE

Menon Balkrishnan & Dr.Jegathy Raj V.P, (Maym, 2012) — Show improvement and approval for contemplating shopper inclinations of auto proprietors, highlighted on various consumer purchase behavior. Their discoveries show that client center is a noteworthy differentiator in the traveler auto industry, wherein the client searches for customized watch over his after deals benefit with the maker. The review additionally uncovers that for the young people, peer gathering is the best affecting component, of their auto buying choice.

Manmohan N & Dr. Ganapathi R, (May 2012) - The creators expressed that Maruti 800, Omni, Zen and Wagon R are prominent models of Maruti Suzuki. The creators proposed that Maruti Suzuki ought to focus and upgrade their administrations like convenience, conveyance, after deals benefit, taking care of customer enquiries etc. They also proposed that the organization ought to dispatch its auto with some additional components and with aggressive costing.

Suganya R, (Jan 2012) - paper highlights the impact of brand value on customer obtaining conduct on auto. The paper talks that brand assumes crucial part in auto deals, to draw in as well as to hold clients. The author concluded that brand awareness and perceived quality proved to influence the brand loyalty. Also brand loyalty and brand association affect customers' attitudes toward brand.

Dr P. SathyPriya (2011) India is turning into a center point of significant assembling enterprises and the vehicle business (in particular for traveler auto fragment) gains fast ground in the nation. After de-authorizing of the business in 1991, various worldwide players have opened their plant in India. The players of auto industry are becoming new systems to build their piece of the pie.

3. RESEARCH METHODOLOGY

3.1. Theoretical Background of the Study

All the car manufacturers focus on the needs of customers and also they are trying for new models launches every other day. In this modern market the customer interpretations have much more importance because, these interpretations are the base for the attitudes of customers. This project is conducted to identify the customer interpretations about the pricing of Cars with a special reference to Authorized car dealers in Bangalore. Study found out the influence of price on purchase decisions. For collecting data by primary and secondary data, questionnaire is used for primary data collection. For analyzing the collected data percentage analysis chi square test is used.

3.2. Importance of the Topic

This topic helps to know about the interpretation of pricing of cars, price is the main part of purchase decision, and we know about price and price related policies provided by the companies. If the price of the car is worth full or not.

3.3. Need of the Study

Four -wheeler become an un-avoidable part of human life. People consider several factors for purchasing a car. Someone gave importance to price and some others may consider the safety and security measures most important. Therefore it will be much advantageous for the sellers in the competitive market, if they are able to know the customers' interpretation about the product well in advance. In this present situation the study of the customer interpretation about pricing of cars is very significant. This study helps to get awareness about the customer's interpretation of the pricing of Cars.

3.5. Scope of the Study

This investigation serves to get awareness about the customer's interpretation about the pricing of Cars. So in future it helps to identify wrong perceptions considered by the customers in choosing right decision.

3.6. Objectives of the Study

- To find out customer interpretation about pricing of Cars.
- To find out influence of price on purchase decision.
- To find out whether the customers are aware of the price and price related policies.
- To find out effectiveness of advertising in justifying the price.

- To check whether selection of accessories determines variation in price for same models.
- To check whether the customers' purchase time is affected by the price related offers.
- To find out whether the customers get any price discounts at the time of purchase.
- To know the customers' interpretations toward features of their car and the price of the car.

3.7. Hypothesis

H0: The price and qualities of cars are independent

H1: The price and qualities of cars are inter dependent

3.8. Sampling

- Sample Unit - Sample unit taken for this study are the customers of car showrooms, Bangalore.
- Sample Size - The specimen measure utilized for this examination is 100.
- Sample Procedure - A sampling is a system or the strategy the examination would receive in choosing things for sample. The testing method utilized for this study is convenience sampling. Convenience sampling procedure is a method of non-probability sampling and it includes methodical choice of units of the universe for constituting specimen which speak to the universe. It is slightest costly and minimum tedious of all inspecting methods. For this study the data are collected by conducting interviews. Due to non-availability of the complete list of the customers, convenience sampling is selected.

3.9. Tools for Data Collection – Questionnaire and Interview method

3.10. Limitations of Study

- a. There is some sampling error due to the convenience sampling procedure,
- b. The time period for the project work was limited to collect more details.
- c. Some of the respondents were not willing to be very open,
- d. Financial constrains for coverage of more samples piling is selected.

4. DATA ANALYSIS & INTERPRETATION

Table 4.1: Model Selected by Respondents

Models	Frequency	Percentage[%]
Maruti 800	19	19
Alto	25	25
Omni	10	10
Zen	11	11
Wagon R	13	13
Esteem	4	4
Swift	8	8
Total	100	100

In this study 25% of the customers use 'Maruti Alto' and 8% customers use 'Maruti Swift'.

Table 4.2: Level of Influence

Level of Influence	Frequency	Percentage [%]
Very high	4	4
High	22	22
Moderate	66	66
Low	8	8
Very low	0	0
Total	100	100

The intention of asking this question is to get the opinion about price demanded by the car companies and value provided by them.

4.3. Selection of Accessories is one of the factors influencing the variation in price for same model

The objective of asking this question is to get opinion of customers about the selection of accessories and its influence on the variation in the price for same model.

Table 4.3: Factors are Important in Selection of Cars

Choice	Frequency	Percentage[%]
Strongly Agree	9	9
Agree	74	74
Disagree	5	5
Strongly Disagree	4	4
No Comment	8	8
Total	100	100

Most of the respondents agree that selection of accessories is one of the factors determining the variation in the price for same models.

Table 4.4: Selection of color influences the price of the same model

Choice	Frequency	Percentage[%]
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Strongly Agree	9	9
Agree	81	81
Disagree	3	3
Strongly Disagree	0	0
No Comment	7	7
Total	100	100

Most of respondents agree that selection of color is one of the factors determining the variation in the price for same models.

Table 4.5: Car Companies offers wide variety of models of cars which are affordable to different income groups

Choice	Frequency	Percentage[%]
Strongly Agree	34	34
Agree	56	56
Disagree	8	8
Strongly Disagree	0	0
No Comment	2	2
Total	100	100

Most of the respondents agree that companies offer wide variety of models of cars which are affordable to different income groups and also a good majority strongly agrees with the same.

Table 4.6: Customers Purchase Time is affected by any Price Related Offers

Choice	Frequency	Percentage[%]
Strongly Agree	7	7
Agree	33	33
Disagree	44	44
Strongly Disagree	2	2
No Comment	14	14
Total	100	100

Nearly half of the respondents responded that the price related offers do not affect their purchase time, and some others agreed that their purchase time is affected by the price related offers.

Table 4.7: Advertising and Price Justification

Choice	Frequency	Percentage[%]
Strongly Agree	8	8
Agree	53	53
Disagree	26	26
Strongly Disagree	0	0
No Comment	13	13

Total	100	100
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More than half of the respondents agree that the advertising is enough to justify the price

Table 4.8: Time the Respondents chose to Buy the Car

Choice	Frequency	Percentage[%]
Seasonal	16	16
Off seasonal	61	61
Festival	23	23
Total	100	100

More than half of the respondents choose off seasonal time to buy the cars

Table 4.9: Price Discounting Offers and other Offers at the Time of Purchase

Choice	Frequency	Percentage[%]
Strongly Agree	14	14
Agree	62	62
Disagree	21	21
Strongly Disagree	0	0
No Comment	3	3
Total	100	100

More than half of the respondents agree that showroom outlets provide price discounting offers and other offers at the time of purchase

Table 4.10: The Range of Price Discounts

Range	Frequency	Percentage [%]
Below 10000	5	16
10000-15000	20	64.5
15000-20000	5	16
Above 20000	1	3.5
Total	31	100

Most of them have enjoyed the price discount ranging from 10,000 – 15,000

Table 4.11: Pricing of Maruti is Attractive Compared to other Cars

Choice	Frequency	Percentage [%]
Strongly agree	7	7
Agree	84	84
Disagree	4	4
Strongly disagree	0	0
No comments	5	5
Total	100	100

Most of the customers agree that the pricing of Maruti car is attractive compared to other cars.

Your awareness about the terms and conditions of financing at the time of purchase

The objective of asking this question is to find out the level of awareness of customers about the terms and conditions of financing at the time of purchase.

Table 4.12: Awareness about Financing at the Time of Purchase

Choice	Frequency	Percentage [%]
Very Good	9	9
Good	83	83
Average	18	8
Poor	0	0
Very Poor	0	0
Total	100	100

Almost all of the respondents have a good awareness about the terms and conditions of financing at the time of purchase.

Table 4.13: Respondent has Availed any Loan Facilities

Choice	Frequency	Percentage [%]
Yes	62	62
No	38	38
Total	100	100

Majority of the respondents prefer loan facilities to buy their car.

Table 4.14: The mode of Repayment

Choice	Frequency	Percentage [%]
EMI	48	77.5
Diminishing Installments	14	22.5
Total	100	100

Most of the respondents prefer EMI mode of installment for repaying the loan amount.

Table 4.15: The Resale Price

Choice	Frequency	Percentage [%]
Strongly agree	8	8
Agree	73	73
Disagree	6	6
Strongly disagree	2	2
No comments	11	11
Total	100	100

Most of customers agree that the resale price of cars are satisfactory

Table 4.16: Comparison of Safety and Security with Price

Choice	Frequency	Percentage [%]
Highly Satisfied	14	14
Satisfied	69	69
Dissatisfied	13	13
Highly dissatisfied	4	4
No comments	0	0
Total	100	100

This study shows that most of respondents are satisfied with the safety and security of their car in association with the price of the car

Table 4.17: Comparison of Comfort and Convenience with Price

Choice	Frequency	Percentage [%]
Highly Satisfied	19	19
Satisfied	69	69
Dissatisfied	7	7
Highly dissatisfied	2	2
No comments	3	3
Total	100	100

This study shows that more than half of the respondents are satisfied with the comfort and convenience of their car in association with the price of the car

Table 4.18: Comparison of Fuel Efficiency with Price

Choice	Frequency	Percentage [%]
Highly Satisfied	16	16
Satisfied	57	57
Dissatisfied	18	18
Highly dissatisfied	2	2
No comments	7	7
Total	100	100

This study shows that majority of respondents are satisfied with the fuel efficiency of their car

4.19: Chi-square test of independence:

H₀: The price of cars and qualities of cars are independent

H₁: The price of cars and qualities of cars are dependent

Chi-square calculated value = 15.497

Table value of at 5% level of significance and (3-1) (5-1) degree of freedom is 15.507
calculated value > table value

Null hypothesis is rejected, that the price of cars and qualities of cars are independent. Hence the price of cars and quality of cars are dependent.

5. FINDINGS

1. Price influences moderately on majority of customers at the time of selecting model of their car.
2. Selection of accessories is one of the factors influencing the price of a car.
3. It can be observed that color of the car is one of the factors causing the variation in the price for same models.
4. In this study it is observed that the number of customers who prefer off seasonal time is higher than that of those who prefer seasonal time and festival seasons. But in reality the sales increases at seasonal times.
5. This study shows that companies are offering wide variety of models which is affordable to different income groups.
6. Customers strongly agree that price discounting offers at the time of purchase affects the purchase time of some customers.
7. In this study it shows that many of the customers avail price discounts at the time of purchase.
8. The customers have a good awareness about the terms and conditions of financing at the time of purchase.
9. The customers who prefer loan facilities to buy their car are more than those who prefer ready payment.
10. It is found that car customers are satisfied with the safety, security, comfort and convenience provided by their car.
11. It is found that customers are satisfied with the fuel efficiency of their car when they compared it with the price of their car.
12. From Chi-Square test of independence it is found that the price of cars and quality of cars are dependent.

CONCLUSION

In the modern world the demand for four wheelers will never end because they are an unquestionable part of pure lifestyle. From this study the above mentioned points were observed, price is one of the important factors influence purchase decision and to some extent

price related offers affect the buying decision. In brief, customers have a good opinion about the pricing of cars offered by companies in association with its model, safety, convenience etc.

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