ORIGINAL RESEARCH PAPER

Management

A STUDY ON CUSTOMER'S BUYING BEHAVIOUR OF USED CARS IN COIMBATORE CITY

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ABSTRACT

The automobile industry today is the most lucrative industry. Due to increase in disposable income in both rural and urban sector and availability of easy finance are the main drivers of high volume car segments. Second hand car business is influenced by the presence of many factors like reliability, cost etc. Studying these factors will enable a clear understanding of customers. This paper presents analysis of research in the area of Consumer Buying Behavior of used Cars in Coimbatore. Proper understanding of consumer buying behavior will help the marketer to succeed in the market. This research studies the buying behavior of different customers with different tastes and preference. This research also attempts to consolidate findings & suggestions to overcome present scenario of stagnancy in sales and cultivate future demand for used car market.

INTRODUCTION

Consumer behaviour is the study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society. It attempts to understand the decision-making processes of buyers, both individually and in groups such as how emotions affect buying behaviour. It studies characteristics of individual consumers such as demographics and behavioural variables in an attempt to understand people's wants. It also tries to assess influences on the consumer from groups such as family, friends, sports, reference groups, and society in general. A consumer's buying behavior is influenced by cultural, social, personal and psychological factors. Most of these factors are uncontrollable and beyond the hands of marketers but they have to be considered while trying to understand the complex behavior of the consumers. Consumer is the study "of the processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires. Each of these has implications on purchase.

STATEMENT OF THE PROBLEM

This research aims to find the customers buying behaviour and factors affecting customers buying behavior of used cars in Coimbatore. This will help in providing better services to customers of used car market in Coimbatore.

NEED OF THE STUDY

There is growing market for used cars. There are various factors that a customer considers before purchasing a car. This study finds the various factors that affect the buying behavior of used cars. This study will enable the customers who are willing to sell their cars in a better way and will also help them to understand the factors that they should focus before selling the cars. It will also enable dealers to understand consumer behavior and position the cars according. It will enable dealers to maintain the cars to match the requirements of the customer.

SCOPE OF THE STUDY

The study was conducted within the limits of Coimbatore city. The data was collected from people of different locations who have a used car i.e., Pre-owned car. This study mainly focuses on the customers buying behavior while purchasing used car in Coimbatore.

OBJECTIVES OF THE STUDY

To study the various factors affecting customers buying behaviour of used cars in Coimbatore

REVIEW OF LITERATURE

Arpita Srivastava and Mitu Matta in the paper Consumer Behavior towards Passenger Cars –A study in Delhi NCR explore the consumer behavior towards passenger cars in Delhi. The respondents were selected by adopting simple random Sampling technique. A sample size of 100 was collected for the study. The tools used were Chi square and simple percentage. Consumers are influenced with various factors such as culture, age, family, reference, and lifestyle. The most important factors are price of the car, social status and durability. There are four major classes of consumer namely consumer behavior determinants and expectations namely cultural, socio-economic, personal and psychological. Raising income has enhanced the purchasing power and more people are able to afford a car.

Vikram Shende (2014)a research to study consumer behavior in automobile industry. It studied about the purchase decision process and its interaction with behaviour parameters for different car segments. The various parameters for understanding customer behaviour are Economic, Technological, Political, Cultural, Demographic and natural factors. It also considers personal characteristics like attitude, motivation, perception, personality, knowledge and lifestyle. Different car segments were studied and in each segment customers behaviour changed. In the small car segment, price was major parameter. While in the mid size cars safety, seating, comfort, power were considered. In higher segments their looks and exteriors, brand value, performance were considered. In luxury segment, Superior functionality, best in class quality and high end & customized features were the most preferred parameters.

Rajesh Panda and Biranchi Narayan Swar researched to understand factors that influence shopper behaviour in online retailing in Pune. Structured questionnaire was used to collect required data attributes. The study used Exploratory Factor Analysis (EFA) for analyzing data. The study was conducted on 220 shoppers using 20 attributes, with five point Likert scale ranging from 1: Not at all important, to 5: Extremely important in terms of importance of the attributes in online shopping. It also had information regarding the demographics (age, income) and behavior (frequency of purchase, monthly usage) of shoppers. Snowball sampling method was used to select the participants for this research ie. Participants who had tried online shopping. The study helped Online marketers and Web site designers to identify issues requiring special attention when designing and building their online firm or evaluating their existing online venture. The Exploratory factor analysis concluded in four factors namely Anxiety, Ease of Use, Usefulness and Price as the determinants of shopper buying behaviour online

Gunjan Malhotra, Abhishek Nandi, Amitava Mukherjee studied the four broad factors which affect customers when

buying small cars. They are aesthetics of the car, the overall cost to customer, space and trust and reliability of the brand and also word of mouth. The proposed theoretical framework is buying behaviour is influenced by aesthetic of the car , the overall cost to customer, space and trust and reliability of the brand. The null hypothesis (there is no difference in satisfaction level towards dealer service between different brands of cars) was found to be false at 5 % significant level that is, there is significant difference between the dealer services in respect of the 4 cars. Factor analysis is a statistical method used to describe variability among observed variables in terms of a potentially lower number of unobserved variables called factors. Data were collected from 280 respondents through online in which 161 valid samples left for subsequent analysis. The author concluded that word of mouth influences the customers the most while buying a car.

-Sakshi Modi, Tapasya Jhulka researched a paper that sets out the progress made in consumers' research in studying psychological influences, from the qualitative approach of motivation research, through to the quantitative measurement of significant attitudes of consumer groups. The research was qualitative study. Structured questionnaire was used to collect data from 50 consumers from residential areas of Jaipur. The questionnaire had two sections - demographic questions and questions related to following factors - family needs, fuel efficiency, price of the car, better safety on roads and status symbol. Tool used for analysis was Chi square test. The results proved that there is positive relation between the above factors and consumer purchasing behaviour. There has been significant difference in two factors i.e., family needs and status symbol. Therefore, the car purchasing decision is most affected by family needs and least affected by status symbolIt has also been spotlighted that Indian consumers are emotional as family needs come before fuel efficiency or price of the car.

RESEARCH DESIGN
The type of study used to study the factors influencing customers buying behavior of used cars is Descriptive Research. This studies the current situation of used car market ie. Customers buying behaviour and explains it for further success of the market.

METHOD & SOURCE OF DATA COLLECTION
Primary data collection was done with the help of structured questionnaire. The data was obtained from customers of used cars of premium and non - premium car segments.

POPULATION AND SAMPLE SIZE
Population for this study was the customers who have purchased used cars in Coimbatore. We got data from 100 respondents.

SAMPLING METHOD AND TECHNIQUE
Non probability sampling method is used. Convenience sampling technique.

INSTRUMENT FOR DATA COLLECTION
Structured questionnaire was designed and tested to collect data.

TOOLS FOR ANALYSIS
Tool used for data analysis is a PARAMETRC TEST
I. Factor Analysis

RESULTS AND DISCUSSION
FACTOR ANALYSIS
The purpose of this test is to study the latent relationship among the 15 variables/items in the study and to reduce them into common factors that are independent of each other. This will help the used car sellers to better understand the used car buyers.

ELIGIBILITY FOR FACTOR ANALYSIS

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.745
Bartlett's Test of Sphericity	Approx. Chi-Square	485.298
	Df	105
	Sig.	.000

Table 4.19Results of KMO and Bartlett's Test

• The required sample size is 15 items * 5 samples for each item =75 samples. The study uses 100 samples. The result of sampling adequacy is tested through KMO test and value is above 0.5 anxd so the samples are adequate.
• Correlation between the items/variables is tested through Bartlett's Test of Sphercity with alpha level 5%.

H0: There is no statistically significant correlation between the variables/items.
Ha: There is statistically significant correlation between the variables/items.

The bartlett's test is reported through Chi-square value. P value is 0.000 which is less than 0.05. So null hypothesis is rejected. There exists a statistically significant correlation between the variables/items.

FACTOR ANALYSIS TO EXTRACT THE FACTORS

Particulars	Initial	Extraction
Price of the car	1.000	.833
Fuel Efficiency	1.000	.799
Maintenance cost	1.000	.516
Resale value	1.000	.501
Ownership history	1.000	.685
Availability of spare parts	1.000	.463
City of Registration	1.000	.736
Type of Insurance	1.000	.723
Color of car	1.000	.563
Preference for extra fittings & accessories	1.000	.694
Comfort	1.000	.806
Design and appeal	1.000	.626
safety features	1.000	.713

Communalities

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.620	30.799	30.799	4.620	30.799	30.799	2.672	17.811	17.811
2	1.884	12.558	43.357	1.884	12.558	43.357	2.076	13.837	31.648
3	1.310	8.737	52.094	1.310	8.737	52.094	1.962	13.083	44.731
4	1.143	7.619	59.713	1.143	7.619	59.713	1.891	12.604	57.336
5	1.051	7.010	66.723	1.051	7.010	66.723	1.408	9.387	66.723
6	.807	5.382	72.105						
7	.757	5.047	77.152						
9	.583	3.890	85.668						

10	.464	3.094	92.013						
12	.376	2.508	94.521						
13	.332	2.211	96.732						
14	.300	1.998	98.730						
15	.190	1.270	100.000						

Total Variance Explained

- Principal Component analysis is used in the Factor analysis extraction. It is found that the five factors altogether explain 66.723% of the variations in the variables/items. Factor 1 explains 17.811%, factor 2 explains 13.837%, factor 3 explains 13.083%, factor 4 explains 12.604%, factor 5 explains 9.387%.
- The communalities indicate the variation explained by all factors put together in each variable/item. Item 1 has highest communality of 0.833.

ROTATION OF FACTORS, LOADING THE VARIABLES INTO FACTORS

Particulars	Component				
	1	2	3	4	5
Number total & numerology	.864	-.125		.155	
Preference for extra fittings & accessories	.701	.349	.262	-.109	
Color of car	.698	.126	.172	.176	
Type of Insurance	.602	.235	-.118	.442	.310
Fuel Efficiency	-.126	.865			.175
Maintenance cost	.111	.614		.339	
Resale value	.327	.558	.183	.167	-.145
Brand of tyre used	.355	.535	.333		.183
Comfort		.197	.869	-.103	
safety features		.209	.651	.241	.430
Design and appeal	.428		.606	.265	
Ownership history		.119	.103	.812	
City of Registration	.291	.128		.794	
Price of the car					.905
Availability of spare parts	.222	.165	.365	.206	.459

Rotated Component Matrix

The varimax rotation is used to rotate the factors and to get the optimal loading of variables into factors.

Items are loaded into factors as follows:
Factor 1: item 1,2,3,4   Factor 2: item 5,6,7,8   Factor 3: 9,10,11
Factor 4: 12, 13 Factor 5: 14,15

LABELLING THE FACTORS
Factor 1: Customer beliefs - Number total & numerology, Preference for extra fittings & accessories, Color of car, Type of Insurance
Factor 2: Post purchase expense - Fuel Efficiency, Maintenance cost, Resale value, Brand of tyre used
Factor 3: Customer preferences - Comfort, Safety features, Design and appeal
Factor 4: History of the car - Ownership history, City of Registration
Factor 5: Affordability - Price of the car, Availability of spare parts

BUSINESS SIGNIFICANCE
According to the above factor analysis, all the major factors that affect group behavior can be grouped under 5 major factors. This will enable the dealers and sellers of second hand cars to focus on these factors and target customers with different needs according to their most preferred factors. Different customers will have different needs this will enable them to target different customers with different factors.

CONCLUSION
The results of our study ensures that customers buying behavior is well understood so that the used car market satisfies both customers and sellers. Buying behavior was understood by considering various aspects like personal preference, beliefs, history of car, etc. kilometers. Most of the cars were bought from direct owner through word of mouth as information source. The service history from authorised service center was predominantly preferred. Factor analysis was used to group various factors that were used for further analysis. Five major factors - customer beliefs, customer preferences, post purchase expenses, history of car and affordability were identified. Results showed a change in importance level for type of insurance based on kilometers covered by the car, change in price based on brand, change in fuel efficiency and comfort based on segment of car.

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