CHAPTER 1

INTRODUCTION & RESEARCH DESIGN
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INTRODUCTION

People are living bundles of needs. They need life-giving substances, transportation and thousands of other items. Every person in the world is a consumer some way or the other. The consumer or buyer is a complex entity and he constantly tries to achieve a better standard of living by acquisition of goods and services. The consumers’ needs and desires are often at different stages of emergence and satisfaction. Some are hidden, others are manifest and still others are highly dominant. Some of these needs are within their means and hence they can easily meet them. On the other hand some others may be beyond satisfaction. There seem to be peculiarities and inconsistencies in consumer behavior that makes it difficult to predict and understand. Consumer realizes that needs can be ever-growing and yesterday’s luxuries are today’s necessities, and strives to increase income to meet growing needs. He exercises options, dictates creation of goods and services. All these constitute uninhibited consumer behavior.

Consumer behavior can be complex especially when a buyer intends to purchase expensive durables like automobiles (cars). Complex and expensive purchases are likely to involve more buyer deliberation and more participants. A consumer goes through complex buying behavior when they are highly involved in a purchase and aware of significant differences among brands.1 Consumers are highly involved in a purchase when it is expensive, bought infrequently, risky and highly self expressive. Typically the consumer does not know much about the product category and has much to learn. Thus buyer will pass through a learning process characterized by first developing beliefs about the product, then attributes and then making a thoughtful purchase choice.2

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products involve a decision making unit consisting of more than one person, viz., of
initiator, influencer, decider, buyer and user.

The behaviors of consumers are dependent on number of factors like geographic
factors, demographic factors, psychological factors, psychographic factors, economic
factors and socio-cultural factors. These factors influence the buying decision making
process of consumers in a major way. A particular buyer on a particular occasion facing a
particular product class, might be a conjunctive buyer or a disjunctive buyer. A
conjunctive buyer will evaluate alternatives by establishing minimum attribute levels that
acceptable brands must possess. They will consider only those brands that exhibit a
conjunction to all the minimum requirements. A consumer can be a disjunctive buyer
where he also establishes a separate, minimally acceptable level as the cut off point for
each attribute.

STATEMENT OF THE PROBLEM

Understanding consumer behavior and knowing consumers is never simple. Often
consumer behavior is unstable, quite varied and complex over time and across space. The
product attributes that arouse interest, desire and finally action are sometimes entirely
different among customers who dwell in different parts of the same country. While some
give preference to durability and quality of the product some others may give priority to
maintenance cost and after-sales service. It can be concluded without doubt that behavior
of car buyers in the district is different as compared to the customers in other parts of the
country/world, as they differ in their attitudes, beliefs, preferences, education, level of
understanding, awareness level, lifestyle, financial status, methods used for pre-
purchase evaluation and in terms of post purchase satisfaction.

It is important for marketers to recognize why and how individuals make their
consumption decisions, so that they can make better strategic marketing decisions. Understanding buying behavior of the target market is an essential task of marketing
managers under the marketing concept. If marketers understand consumer behavior, they
are able to predict how consumers are likely to react to various informational and
environmental cues, and are able to shape their marketing strategies accordingly. Without
doubt, marketers who understand consumer behavior have great competitive advantage in
the market place and this study may help them.

Apart from marketers it also help customers as they benefit from insights into
their own consumption-related decisions, what they buy, why they buy, how they buy
and the promotional influences that persuade them to buy. The study of consumer
behavior enables them to become better wiser consumers. Hence this study “Buying
Behavior of Passenger Car Customers – A study with reference to Dakshina Kannada
District”.

NEED FOR THE PRESENT STUDY

Consumer behavior is of central interest to both researchers and practitioners. The
question of why, when, where & how consumers buy has been debated for ages. As
consumers vary tremendously in age, income, educational level, mobility pattern and
taste, marketers find it useful to know more about the consumer decision making
process, which in turn helps them to distinguish different consumer groups or segments to
develop products and services tailored to their needs. Global competition, pressure on
market share, shrinking profit margins, increasing customer demand towards product and
service quality, has augmented the importance of consumer behavior in the recent times.

Based on an extensive review of literature, it could be stated that several
demographic and dispositional characteristics of individuals and many other factors tend
to influence the purchase behavior of car customers, and are quite varied and complex
over time and across space.

It is evident that considerable work remains in investigating the personal, social,
economic, demographic and psychological factors motivating the people to purchase cars.
Thus there exists a strong need to offer conceptually sound, operationally feasible
strategies to bring about a change by empirically studying the attitude and behavior of car
purchasers. No published studies are known which discuss the purchase behavior of
passenger car customers in Dakshina Kannada district.
REVIEW OF LITERATURE

James F. Engel\textsuperscript{3} suggests that those who are most easily persuaded will be highly dissonant after the purchase. Those who have been talked into deals may begin to realize they bought cars they did not like, for prices they did not want to pay.

Gerald D. Bell\textsuperscript{4} studies how a new car buyer feels about his purchase and what factors determine his reactions when he begins living with his new car. The study was conducted in a large urban area in the United States. One Chevrolet dealership was chosen as the source for finding customers who had just purchased new cars. 234 persons were interviewed from one to 8 days after the purchase. The finding of this investigation suggests the effect of a customer's self confidence, his personality, and the quality of service he receives upon his cognitive dissonance. The type of personality an individual brings to the dealership and the experiences he has while purchasing his new car determine the extent of his dissatisfaction with the metallic object sitting in his driveway.

Gerald D. Bell\textsuperscript{5} suggests that a consumer's self-confidence has an unusual effect on his persuasibility. Those most confident and those least confident in their car-buying ability are most difficult to persuade. However those moderately confident are most easily persuaded.

Joyce Timothy\textsuperscript{6} has observed that although many consumer durables commonly involved joint buying decisions by husband and wife, this did not extend to car buying which remained essentially man's province. However there has been some evidence in the intervening period after the study was made that women are beginning to influence car buying, at least in the choice of color or the nature of upholstery.

Edward L. Grubb & Gregg Hupp\textsuperscript{7} tests a methodology for measurement of self-concept and consumer behavior in comparable terms and, therefore, to further substantiate the relationship of self theory to consumer behavior. The authors suggests

\begin{itemize}
\item \textsuperscript{3} James F. Engel, "Are Automobile Purchasers Dissonant Consumers?", Journal of Marketing, Vol. 27, April 1963, pp. 55-58.
\item \textsuperscript{4} Gerald D. Bell, "The Automobile Buyer after the Purchase", Journal of Marketing, Vol. 31, July 1967, pp.12-16.
\item \textsuperscript{5} Gerald D. Bell, "Self-confidence and Persuasibility Among Car Buyers", Journal of Marketing Research, February 1967, pp. 46-52.
\item \textsuperscript{6} Joyce Timothy, "The New House Wife - A Comprehensive Social Study", Esamar Congress 1967, Chisnall in Peter Marketing A behavioral Analysis, Mergaw Hill UK, p.46
\item \textsuperscript{7} Edward L. Grubb & Gregg Hupp, "Perception of Self, Generalized Stereotypes and Brand Selection", Vol-5, February 1968, pp.58-63
\end{itemize}
that the owners of a specific make of automobiles perceive themselves as having self-concepts similar to those of others who own that make of automobile, and significantly different from owners of competing brands.

Atkin and Block\(^8\) in their research study comparing the impact of advertisement with and without celebrity endorses found that those featuring celebrities were rated more positively.

Darlin Doman\(^9\) in the article has mentioned that satisfied new car buyers discuss their experiences with eight people dissatisfied buyers complain to an average of 22 people.

Monroe Friedman\(^10\) empirically assess the usefulness & predictive validity of the information which consists of aggregate frequency data yielded by Consumers Reports' annual surveys of problems experienced by owners of used cars. Bivariate and multivariate co-relational techniques were used to analyze the data of this annual survey for 62 makes and models of 1979 cars. The data reports owner problems experienced in 17 individual categories as well as an overall category. The findings indicate that each year's reported frequencies of problems are highly predictive of next year's both for the overall and individual categories. Predictability was found to differ significantly by individual problem category and by the regency of the survey data.

Ramakrishna Rao, Rama Raju and Ram Prasad\(^11\) in their article have observed that husbands, who are young, highly educated and belong to high income group are

\(^11\) Ramakrishna Rao, Rama Raju and Ram Prasad, "Husband-Wife Involvement in Buying Decision Making", The Economic Times Bombay, Oct 1, 1987, p.8
relatively less dominated than their older less educated and low income group counterparts.

Carmine\textsuperscript{12} observed that in the absence of other information about a new brand, people may use the amount of advertising as a signal of quality. Even products that are not new but are heavily advertised are often perceived as higher in quality than non-advertised brands.

William B Dodds\textsuperscript{13} investigated the effects of the extrinsic cues of price, brand and store information on consumer perception of product quality. They found that price had a positive effect on perceived quality but a negative effect on perceived value and respondents' willingness to buy.

Samson Itamer\textsuperscript{14} has observed that purchase decisions are determined on the basis of both absolute attributes of the alternatives and their relative positions within the particular choice set under consideration. He has further suggested that consumers are less likely to choose alternatives that were selected by other consumers for reasons that do not apply to them and that consumers are less likely to choose alternatives that are offered with unneeded features or premium even when these features do not reduce the value of the product in any way.

Glen L. Urban, John S. Hulland & Bruce D. Weinberg\textsuperscript{15} proposes a model and measurement methodology to pre-market forecasting of a new automobile (car). They describe empirical data collection, parameter estimation, managerial implications etc. The model generates new managerial insights into positioning and marketing effectiveness &

\textsuperscript{14} Samson Itamer, "Get Closer To Your Customers By Understanding How They Make Choices", Working paper, Hass School of Business, University of California Berkeley, 1992. PP.
can be used to stimulate the effects of changes in positioning strategy on consideration and choice and provide detailed information about why consider or reject a new brand. The author also explores the relevance's of the categorization extension for other new product models that condition choice on a consideration set.

Yigang Pan & Donald R. Lehman\textsuperscript{16} explores the impact of a new brand entry on consumer's subjective brand judgment. Three specific effects namely range, frequency and categorization were tested. Forty-five MBA students from a major business school participated in the experiment. The product categories used were cars, TV sets and apartments. Results from two experiments demonstrate that the new entrants have a significant impact in subjective brand judgment, brand preferences and choice.

Vicki G. Morwitz, Eric Johnson & David Schmittlein\textsuperscript{17} explores the impact of merely measuring intent behavior & specific questions concerns the impact of measuring intent to subsequent purchase behavior; Two product classes considered are cars & personal computers. More than 40,000 house holds were used for analyzing each of the 2 product categories. The results reveal that the effect of merely asking intent to buy once is an increase in the subsequent purchase rate. The effect of repeatedly asking intent for those with low levels of intent is a decreased propensity to buy with repeated measurements. These two effects are reducing given prior experience with the product.

Barbara Khan and Alice M Sen\textsuperscript{18} with three different experiments carried on personal computers opined that the positive effect induction wouldn't increase the prefer ability of any brand but rather would increase the perceived distinctiveness of each item visa viz the other item. If each of the item of the choice set were perceived to be more differentiated then positive effect consumers would be more likely to exhibit movement or interchange the brands-more variety seeking.

\textsuperscript{16} Yigang Pan & Donald R. Lehman, "The Influence of New Brand Entry on Subjective Brand Judgments", Journal of Consumer Research, Vol.20, June 1993, pp.76-86
Sarah Fisher Gardial, D. Scott Chemour, T. Robert b. Woodruff, David W. Schumann & Mary Jane Burns\textsuperscript{19} explores the phenomenon of post purchase product evaluations primarily by comparing consumer's recalled post purchase evaluation experience with recalled pre-purchase evaluation experiences. Personal interviews and retrospective verbalization was employed so that respondents could describe the phenomenon in their own experiences and words. The pre/post purchase of the interview was replicated across two product categories automobiles (cars) and shoes. 27 adults from a large local church were recruited for the study representing various occupations, educational background, age and sex. A secondary comparison was also made between consumer’s post-purchase evaluation experiences in general versus the specifically cued by the terms ‘satisfaction’ and ‘dissatisfaction’. While some similarities exist, the result how important differences between respondents post purchase thoughts versus from both pre-purchase and satisfaction.

Aradhana Krishna\textsuperscript{20} viewed that buyers purchase behavior can be influenced not only by current price of a product but also by what price they expect in future.

C W Park, David L Motherbaugh & Lawrence Feick\textsuperscript{21} assessing the consumer knowledge have observed that consumer knowledge is an important construct in understanding consumer behavior such as information search and information processing. Increase in self assessed knowledge was associated with decrease in the utilization of sales persons recommendations. The study was done on consumer durable (CD player). Results indicate that knowledge assessment is based more on product-related experience memory in the form of information search, product usage, and/or ownership than on the memory for product-class information.

Dhrav Grewal & Howard Marmorstein\textsuperscript{22} proposes and tests two possible explanations for why consumers’ willingness to engage in price search does not increase concomitantly with the price variation of durable goods, as previous studies have consistently found that most consumers undertake relatively little pre-purchase search for durable goods and do even less price-comparison shopping despite the reported importance of price to consumer’s purchase decisions. The first potential explanation, that consumers simply underestimate the market price variation, was not supported. The second possible explanation, which builds upon Weber’s law of psychophysics and Thaler’s transaction utility theory, was supported. The data indicate that the psychological utility that a consumer derives from saving a fixed amount of money is inversely related to the price of the item. In this case, even if consumers believe that the price variation of more expensive items tends to be greater, their motivation to spend time in price comparison shopping for these items may not increase as much as expected.

Seth\textsuperscript{23} while refining the concept of brand equity and focusing on the importance of managing it, views that merely incenterising the trade one cannot push a brand the customer does not want. Brand equity is the reputation and more importantly the relationship that the brand enjoys among its users and in some cases non-users. This reputation and relationship is a reflection that the key benefits and the value addition that the consumer derives.

Andrew A. Mitchell & Peter A. Dacin\textsuperscript{24} assesses no. of different measures of consumer expertise by examining their ability to predict correct choices in three stimulus based choice tasks. The study was done taking motorcycles as the product class. 24 subjects were recruited for the study. Subjects participated individually in the 1\textsuperscript{st} session and in groups of 3-5 in the 2\textsuperscript{nd} and 3\textsuperscript{rd} session. Two of the factors “subjective/objective knowledge” and friends owning motorcycles” predict the number of correct choices in


the stimulus based choice tasks, while the subjective/objective knowledge factors support almost all the hypothesized relationships for the content and organization of knowledge and reasons for choice. The third factor "magazines read/motorcycles owned" also supports many of the relationships concerning general knowledge.

Sridhar Moorthy, Brian T. Tatchford & Debabrata Taludar\(^{25}\) attempts through a model to identify factors that affect consumer search behavior and how these factors interact with each other. The model emphasizes the effect to prior brand perceptions on the search process. The theory is tested for new automobiles (cars) using data collected contemporaneously with consumer’s actual decision process from 260 respondents.

M.A. Desmet, P. Hekkert & J.J. Jacobs\(^ {26}\) introduces the product emotion measure (prEmo), an instrument to assess emotions elicited by product appearance. The non-verbal self-report instrument is based on a set of 18 product emotions. The paper discusses the development of prEmo in the context of existing instruments. Furthermore, an illustrative study is reported, in which emotions elicited by car models are measured. In the study, PrEmo is used to assess the emotional reactions elicited by 13 different small Japanese car models. Subjects were 15 undergraduates (8 female, 7 male). None of the subjects possessed a car at the time of the experiment. The results of the study show that car models elicit mixed emotions in two fashions, i.e., within and between subjects. First, when looking at a car, subjects experience combinations of distinct emotions. In the use of PrEmo, all subjects chose more than one emotion to express what they felt. As product is often complex objects, different aspects of their design will elicit different emotions. Second, the data show a wide distribution of felt emotions between subjects. Emotional reactions are personal; different people experience different emotions.


Molesworth M & Smartti J.P\textsuperscript{27} explores the adoption of the Web throughout the buying process within high-involvement product categories (car sector). The research is exploratory, based on eight qualitative, semi-structured individual interviews with potential car buyers. Findings indicate that there is resistance to adopting online car purchase overall, but relative advantage is recognized at the early, information seeking stages. Consumers use the Web to improve the balance of power between themselves and car salespeople. Innovation resistance during later stages, result from the need for personal experience of the product prior to purchase, as well as the uncertainty regarding after-sales support. Further resistance comes from a reluctance to give up the social aspects of car buying and a perceived inability to negotiate with websites.

D.P.S Verma and Sheetal Kapoor\textsuperscript{28} in their article have argued that knowledge about buyer behavior is necessary for the development of effective marketing strategies. The members of the family influence the decision making process in the purchase of different products. Therefore the real target for the marketer is not an individual member but the family as a whole. The authors maintain that the market has to compete not only with other brands in his product category but also with different product category. This becomes even more significant when the family is considered as a unit where the needs of several members have to be met from the limited funds. It is important for the marketer to understand the intra family dynamics and inter personal relationships at play in the purchase of consumer durable products in order to decide the optimal marketing mix.

Pavleen Soni and Ragbir Singh\textsuperscript{29} in their article have perceived that the family as a reference group has one of the strongest, most immediate and pervasive effects on a consumer's personality motivation and attitudes. The author have affirmed that from the marketing point of view investigating the family as a consumption unit becomes crucial.

since attitudes towards saving and spending, and even towards brands and products, are often moulded by the family.

Richard F. Beltramini & Partica S. Chapman\(^{30}\) in their large-scale, national study investigates the influences of monthly payment incentives (rebates and low interest rates) on the decision process of both car and truck owners and lessees. Results suggest that incentives were found rated significantly more important among lessees than among buyers. While evidence suggests that incentives obviously should not be used on a wholesale basis, there appears to be a niche among which incentives may be successful. Authors suggest that lessees would be more open to choosing a vehicle that has an attractive monthly payment via rebates and other incentives.

Brian T. Ratchford, Myung-Soo Lee & Debabrata Talukdar\(^{31}\) using data from surveys of automobile buyers collected in 1990 and 2000 in a natural experiment setting, studies the determinants of use of Internet as a source of information on automobiles, its impact on the use of other sources, and its impact on total search effort. The results indicate that the Internet draws attention in approximately the same proportion from other sources. The results also show that those who use the Internet to search for automobiles are younger and more educated and search more in general. However, the analysis also indicates that they would have searched even more if the internet has not been present.

Chenting SU, Edward F. Fern, and Keying Y.E\(^{32}\) examine family purchase decision dynamics to shed light on enhancing marketing communication effectiveness. In particular, the authors are interested in understanding the temporal nature of spousal behavioral interaction in family decision making to help marketers target communication messages, shape brand choice, and guide personal selling activities. The authors calibrate a dynamic simultaneous equations model to investigate spousal family purchase –


decision behavior, what are spousal behavioral interactions in a discrete purchase decision, and what are the temporal aspects of spousal decision behavior across decisions. The results indicate that spouses tend both not to reciprocate coercion in a discrete decision and to adjust influence strategies over time. The authors also investigate the effectiveness of influence strategies and spousal satisfaction with decisions and their impacts on spousal subsequent decisions behavior from a post decision perspective as a mechanism to explain why spouses revise decision behaviors across purchase decisions. The authors discuss marketing implications of their finding and present ideas about how to use these findings creatively to target advertising and sales messages to influential spouses in specific decision contexts.

Rajdeep Grewal, Raj Metha and Frank R. Kardes\(^3\) in an attempt to bring consumer psychology theories into research on the timing of repurchase of consumer durable, suggest that attitude functions (knowledge, value expressive, social adjustive and utilitarian) can help explain and predict interpurchase intervals. Adopting an interactionist perspective, the authors propose that the effect of the attitude functions is contingent on contextual factors, which they theorize as the nature of the product (along public - private and luxury - necessity dimensions) and the nature of the decision (forced or unforced purchase decision). Hypothesis testing is facilitated by survey data on actual purchase decisions and hazard models that incorporate individual heterogeneity. The research says that the interpurchase interval decreases as the importance of the knowledge function or the social - adjustive function increases, and it increases as the importance of the value - expressive functions increases. 774 responses were received by researchers from 3600 mailers. The product category selected were cameras, cars, vacuum cleaners, wrist watches, DVD players, TV's and refrigerators.

Maria J. Louro, Rik Pieters & Marcel Zeelenberg argues that, quite contrary to the common assumption that positive emotions generally lead to favorable behavioral intentions, feelings of pride can decrease consumers' repurchase intentions. The impact of pride on repurchase intentions is contingent on consumers' self-regulatory goals but that this is so only among consumers with high levels of pride. Specifically, consumers with high prevention pride are less likely to repurchase than those with high promotion pride, whereas no difference arises between consumers with low promotion pride and those with low prevention pride. These effects generalize across situational and chronic differences in self-regulatory goals and are accompanied by differences in consumers' information requirements.

Andrea C. Morales argues that consumers reward firms for extra effort. When firms exert extra effort in making or displaying their products, consumers reward them by increasing their willingness to pay, store choice, and overall evaluations, even if the actual quality of the products is not improved. This rewarding process is defined broadly as general reciprocity. Consistent with attribution theory, the rewarding of generally directed effort is mediated by feelings of gratitude. When consumers infer that effort is motivated by persuasion, however, they no longer feel gratitude and do not reward high-effort firms.

Kristin Diehl & Gal Zauberman suggests that consumers often search for and choose from ordered sets, commonly from options listed from best to worst. Normatively, such declining orderings maximize expected value from search and should lead to more positive evaluations of the experience compared to searching improving orderings. According to authors amount of search moderates consumers' evaluations of declining versus improving orderings. Search from different orderings exposes consumers to sequences of options characterized by different key psychological moments (trend and end) as well as to different levels of average quality. Greater search can lead to more

positive evaluations for improving versus declining orderings because consumers experience more positive moments on which to base their evaluation. Overall evaluations are influenced by differences in these key moments over and above quality changes of the set.

Ranganathan\(^{37}\) in his article have studied buyer behavior of cars covering a sample of 135 respondent car owners in Chennai. Based on their finding the author has suggested to build rapport with the customers by creating good will and satisfying them. The study has convinced the author that car is considered as a necessity rather than a symbol of status. Car manufacturers should give greater attention to fuel efficiency as the respondents have been found to focus on this aspect. The authors have suggested to increase brand image by advertisements.

Alice M. Tybout, Brian Sterntthal, Prashant Malaviya, Georgios A. Bakamitsos & Se-Bum Park\(^{38}\) hypothesize that the accessibility of task-relevant knowledge determines whether judgements reflect the substance of the information that is brought to mind or the ease of generating and retrieving such information. Owners of BMW, Hyundai & Saab cars were used for the study. Their research indicate that when relevant knowledge is highly accessible or not at all accessible, judgments are based on the content of the information considered. Between these extremes in knowledge accessibility, judgments are based on the perceived ease with which information can be retrieved. This perceived ease is a function of both the number of reasons requested and the wording of the retrieval request.

J Clement Sudhakar and R Venkatapathy\(^{39}\) in their article have observed that urbanization and metropolitan culture have necessitated the need for the fast foods, designers cloths, luxury cars, etc. Further the authors have mentioned that the change in


the family and in the earning pattern, especially the emergence of double income group families have resulted in significant changes in the buying behavior of individuals. The authors conducted a study covering a sample of 429 respondents in Coimbatore district. The study has revealed that ‘Friends’ are the most influencing peer group in the purchase of cars. Further brand image, publicity and dealer’s network, after-sales services and vehicle performance were found to be significant factors influencing purchase of car.

Debora Viana Thomson, Rebecca W. Hamilton & Roland T Trust⁴⁰ in their article states that as technology advances, it becomes more feasible to load products with a large number of features, each of which individually might be perceived as useful. However, too many features can make a product overwhelming for consumers and difficult to use. Three studies on consumer durables examine how consumer balance their desires for capability and usability when they evaluate products and how these desires shift over time. Because consumers give more weight to capability and less weight to usability before use than after use, they tend to choose overly complex products that do not maximize their satisfaction when they use them, resulting in “feature fatigue”. An analytical model prepared by authors shows that choosing the number of features that maximizes initial choice results in the inclusion of too many features, potentially decreasing customer life time value. As the emphasis on future sales increases, the optimal number of features decreases. The result suggests that firms should consider having a large number of more specialized products, each with a limited number of features, rather than loading all possible features into one product.

Andrew D. Gershoff & Gita Venkataramani Johar⁴¹ observes that a consumer’s decision to rely on a friend to act as an agent depends, in part, on beliefs about the friend’s knowledge. When the role of motivational and cognitive biases in estimating friends’ personalized knowledge is examined, results show that estimates of close friends’ knowledge are less accurate than those of less close friends for personalized but not for

impersonal knowledge. Specifically, the studies show more overestimation of personalized knowledge and more bias in integrating new information for close as opposed to less close friends, supporting a motivational explanation for miscalibration of personalized knowledge.

Florian Zettelmeyer, Fiona Scott Morton & Jorge Silva Risso\textsuperscript{42} addresses how the use of internet lower prices for the automobile retailing industry, with matched survey and transaction data on 1500 car purchase in California. They states that internet lowers prices for two distinct reasons. First the internet informs consumers about dealer’s invoice prices. Second the referral process on online buying services helps consumers obtain lower prices. The author also find that the benefits of gathering information differ by consumer type. Buyers who have a high disutility of bargaining, but who have collected information on the specific car they eventually purchase pay 1.5% less than they otherwise would. In contrast, buyers who like the bargaining process do not benefit from such information. The authors use direct measures of search behaviour and consumer characteristic in the car industry to investigate how the internet affects negotiated prices in car retailing.

Sucharita Chandran & Vicki G. Morwitz\textsuperscript{43} points out that free promotions are more focal and salient than monetary promotions because monetary promotions (e.g., discounts) are more likely to be processed relative to and integrated with the original product price than are free promotions. The authors demonstrate that this salience results in free promotions being less susceptible than equivalent monetary discounts to negative contextual information on quality that can potentially lower purchase intentions and shows that this effect can be reversed when respondents focus on other pieces of information that diminish the salience of the free promotion.


Davy Lerouge & Luk Warlop in their article proposes that many buying decisions require predictions of another person’s product attitudes. Yet, consumers are often inaccurate predictors, even for familiar others. The authors provide strong evidence that target familiarity can even hurt accuracy in the presence of attitude feedback. Although over projection and lack of product-specific attitude information have been identified as possible reasons for prediction inaccuracy the results suggest a retrieval explanation. When presented with product-specific attitude feedback, predictors adapted their level of projection and encoded the attitude information, but they did not use this information. Instead, they retrieved less diagnostic, pre-stored information about the familiar targets to predict their product attitudes.

It is clear most of the research work relating to the study of consumer behavior of automobiles (cars) is carried out in developed countries where the consumers are highly educated, economically sound and likely to take rational decisions. Indian car customers are ignorant, ill informed because of which there are likely to take decisions less rational decisions. Marketers of cars in this country cannot depend on search work done in developed countries as the consumers needs and wants in India are different. Moreover the buying behavior of cars differs from country to country and from region within the same country. Hence, the present study tries to fill the gap in the research on the study of the behavior of passenger car consumers as there is no study carried out so far covering the customers of Dakshina Kannada district.

Though car is a consumer durable; it is unlike other durables like television, washing machine, refrigerator etc. Car is expensive, bought infrequently and highly self expressive, thus there is a need for the study of buying behavior of cars separately.

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OBJECTIVES

The objectives of the present study are,

1. To analyze and describe the socio-economic, demographic and psychographic profile of car customers in Dakshina Kannada district.
2. To assess the buying motive of the consumers and to study the total elapsed time between need recognition and actual purchase.
3. To analyze the total number of brands considered by the consumers and the importance of the attributes of the car that they associated in brand purchase decision.
4. To identify and analyze the various factors influencing consumers in the purchase of a particular car & to investigate the role of family and friends in the buying behavior of passenger car customers in Dakshina Kannada district.
5. To measure and assess the level of post purchase satisfaction of passenger car customers in Dakshina Kannada district.
6. To identify the major information sources and to analyze the extent of use & importance of these sources in the purchase decision of passenger car customers in Dakshina Kannada district.
7. To analyze the impact of loan finance in car purchase, in Dakshina Kannada District.
8. To make suggestions in the light of the findings of the study.

RESEARCH METHODOLOGY

1. Sources of Data

- **Primary Data:** The researcher has collected primary data through a comprehensive, structured questionnaire, from 525 passenger car owners in Dakshina Kannada District. The researcher prepared draft questionnaire and pre-tested the same with a group of 25 respondents to iron out fundamental problems in the instructions and questionnaire design. As a result, some irrelevant questions were dropped and some other questions relevant to the study was incorporated.
• **Secondary Data:** Secondary data was obtained from various sources like books, published articles, journals, government reports etc. Additionally, the researcher visited the departments of Statistics and Regional Transport, car dealers & finance companies to collect data relevant to the research.

2. **Respondents**

The respondents included professionals, employees of public and private sector, businessmen and agriculturist in Dakshina Kannada district. The researcher has collected data from a sample size of 525 customers who have purchased cars during 2002 – 2005.

3. **Statistical Tools**

Stratified random sampling technique was adopted to select the respondents. Statistical tools like chi-square & percentage analysis are used, besides graphical representations, for easy analysis and interpretation of data.

**HYPOTHESES**

1. There is an association between availability of finance (loan) facility and purchase of cars.

2. There is an association between competitive interest rate offered by finance companies and purchase of cars.

3. There is an association between exchange schemes and purchase of cars.

4. There is an association between purchase of car and absence of exchange schemes.

5. There is an association between influencing factors such as fascination about the cars owned by neighbours, friends and relatives, during their childhood, teenage, youth etc., and purchase of cars.
6. There is an association between the use of advertisement as an information source and purchase of cars.

7. There is an association between purchase of car & the extent of pre-purchase information search.

8. There is an association between purchase of car and time gap in decision to purchase and actual purchase of car.

9. There is an association between purchase of car and post-purchase behaviour like reading articles, watching advertisements or discussing with friends with interest about their cars after the purchase to reduce cognitive dissonance.

10. There is an association between ability to fix the problem of the car at the first visit itself, by the authorized service station, and customer satisfaction.

SCOPE AND LIMITATIONS

This study concentrates on passenger car customers of Dakshina Kannada district. All customers who purchase cars for commercial use as well as industrial buyers are excluded from the scope of this study with a view of making an in depth study about passenger car customers. The study is also confined to customers who have purchased cars during 2002 - 2005. To that extent this will be a 'micro' study. It should be noted that the inferences and conclusions of this research study may not be fully in conformity with the findings in respect to behavior of buyers of passenger cars customers of other states in India or abroad because of regional and cross cultural differences and hence cannot be generalized. Nevertheless, a general picture of the buyer behavior and the key determinants of such behavior can be had from this study. In addition to this, the study also presents a thorough study of the market and the research student hopes that the findings will be good indicators for future planning.
CHAPTER SCHEME

The thesis has been presented in 6 chapters.

I. “Introduction & Research Design”: Introduction & Research Design provides a brief idea of the subject matter of the thesis, statement of the problem, need for the study, review of literature, hypothesis, objectives, research methodology, scope and limitations & the chapter scheme.

II. “Consumer Behaviour & Consumer Durables- Theoretical & Conceptual Dimensions”: This chapter provides conceptual and theoretical dimensions of consumer behaviour, and it covers the major factors influencing consumer behaviour, models of consumer behaviour/buyer behaviour, stages of buying decision process, economic and marketing implications of consumer durables, distinction between consumer durable and non-durable goods & major characteristics of consumer durables.

III. “Profile of Dakshina Kannada District”: This chapter provides the geographical, socio-economic, cultural, political, educational and administrative profile of Dakshina Kannada district.

IV. “Profile of Passenger Car Customers in Dakshina Kannada District” gives a brief description of the socio-economic, demographic and psychographic characteristics of the passenger car customers in Dakshina Kannada district. Important variables like religion, family structure, family size, family earning status, sex, marital status, age, education, occupation, monthly income, leisure-time activities, personal habits of respondents has been considered for this purpose.

V. “Buying Behaviour of Passenger Car Customers in Dakshina Kannada District – An Analysis” is devoted to project the beliefs, attitudes and behavior of passenger car customers. The important issues discussed in this chapter includes factors that influence purchase decision, sources of information, decision makers in purchase, reason for purchasing a particular brand, pre-purchase information gathering,
belief and feeling before, during & after purchase, impact of finance facility in car purchase etc.

VI. "Summary of Findings and Suggestions" gives a capsule summary of the major results and discussions presented in the earlier chapters. Suggestions and recommendations are also presented in this chapter.