CHAPTER - I

INTRODUCTION
INTRODUCTION

The study of buyer behaviour has assumed paramount importance in the car industry in general and in the small car market in particular. It has thrown open several challenges to the car manufacturers and car dealers in formulating effective and competitive promotional strategies for growth and market acceptance. It fosters the process of understanding why a customer or a buyer makes a car purchase. Without such an understanding the car industry will find it very difficult to respond to the needs and wants of the customers. It is challenging to understand how customers respond to the plethora of promotional tools used by marketers in the marketing of cars. If car manufacturers and car dealers could understand these customer preferences and perceptions better than their competitors then it is potentially a significant source of competitive advantage for the car makers. Hence car makers spend considerable time, money and effort to learn consumer behaviour. The term consumer behaviour is defined as the behaviour that consumers display in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs.\(^1\) Thus consumer behaviour focuses on how individuals make decisions to spend their available resources like time, money and effort on consumption related items. That includes what they buy, why they buy it, when they buy it, where they buy it from, how often they buy it, how often they use it, how they evaluate after the purchase and the impact of
such evaluations on future purchases, and how they dispose of the products and services.

The wave of globalization which has swept across the country since 1991 has paved way to witness an unprecedented growth and competition in all the sectors of our economy. The deregulation of the licensing regime, delicensing of several industries, tariff cuts, abolition of import and export restrictions, removal of trade barriers have made tremendous impact on the industrial growth of the nation in terms of increased capacity of utilization, easy access to state of the art technology and free flow of foreign capital to India. All these measures have solved the supply side of the problem of our economy to a great extent. But the demand side of the problem is still looming large. In the current market scenario where cut throat competition among business houses prevail, a marketer has to chalk out effective promotional strategies to rule the roost. In today’s competitive world where miniaturization is the buzzword, Shumacher’s wisdom of ‘small is beautiful’ stands in good stead in the car market of Kerala where car makers are trying to bring out tailor-made small cars that suit the needs of the buyers appropriately, both in terms of economy and size of the car.

SCOPE AND IMPORTANCE OF THE STUDY

The study of the buyer behaviour and the promotional strategies in the small car market is geographically limited to the state of Kerala and the coverage of the study is limited to small cars only. The mid segment cars and the large segment cars (premium cars) do not fall under the purview of the study. The models of the cars that have been studied are Maruti 800,
Maruti Alto, Maruti Zen, Maruti WagonR, Maruti Swift, Maruti Zen Estilo, Hyundai Santro and Tata Indica.

The promotional tools have been confined to advertising, sales promotion, direct marketing, personal selling, publicity, public relations and word of mouth.

The study is very important from the angle of the car manufacturers, car dealers, car owners and the potential car buyers in the small car market in Kerala. The study throws light on the important factors on which consumers base their car purchase decisions. The different promotional tools have been ranked according to the preferences, tastes and perceptions of the car buyers in Kerala. This will help car manufacturers and car dealers to evaluate and reformulate their promotional strategies, which in turn will churn out better sales and profit and subsequently will lead to better market acceptance.

The ultimate beneficiaries of the study are the potential car buyers and the society at large. It will offer several opportunities and challenges for other car manufacturers to deliver quality cars at affordable prices which will throw open several employment opportunities in Kerala and in turn will augur better standard of living and portend a great place to live in.

The study provides a theoretical framework under which the manufacturers and dealers of small cars can formulate appropriate promotional strategies for their cars which will give a fillip to their market performance and growth, and ultimately bring customer satisfaction for the car buyers.
So far no serious attempt has been made to analyse the promotional activities undertaken by the manufacturers and dealers of small cars in Kerala. This study has a wide scope in serving as an eye opener to many researchers and marketers to explore the promotional aspects of the car industry and come out with better research findings.

The study also helps in understanding the perception of consumers towards small cars and the factors that are responsible for the purchase decision of cars. This will help the car manufacturers and dealers in formulating appropriate promotional strategies and in turn pass on the benefits of promotion to the consumers.

**OBJECTIVES OF THE STUDY**

**Primary Objective**

To study the buyer behaviour in the small car market in Kerala and to identify the various promotional tools that influence the car purchase decision and to recommend the most effective promotional strategy in the small car market in Kerala.

**Secondary Objectives**

1. To identify various promotional strategies those influence the car purchase decision in Kerala.

2. To identify the social factors those influence the car purchase decision in Kerala.
3. To analyse the importance of various factors like safety, economy, comfort, performance, design and style in the small car market in Kerala.

4. To identify the reasons why car owners in Kerala replace their previous cars and choose another car.

5. To identify the reasons why people shift from two-wheelers to cars in the small car market in Kerala.

6. To study the customer satisfaction of car owners with regard to after sales service of the car dealers in Kerala.

7. To identify the economic factors those influence the car purchase decision in Kerala.

**HYPOTHESES**

The following is the main hypothesis constructed by the researcher for the study.

There is no significant difference in the purchase behaviour of the sample units and the various promotional tools used by the small car manufacturers and dealers with respect to the region, area, gender, age and the income groups.

In order to validate the main hypothesis it may be tested with the help of the following sub hypotheses.

1. The car purchase decision is independent of the promotional strategies used by car marketers among the region, gender, age and income groups in the small car market in Kerala.
2. There is no significant difference in the social factors and the car purchase decision among the region, gender, age and income groups in the small car market in Kerala.

3. There is no relationship between the importance of factors like safety, economy, comfort, performance, design and style, and the car purchase decision among the region, gender, age and income groups in the small car market in Kerala.

4. There is no significant difference in the reasons why car owners in Kerala replace their previous cars and choose another car among the region, gender, age and income groups in the small car market in Kerala.

5. There is no significant difference in the reasons why people switch from two-wheelers to cars among the region, gender, age and income groups in the small car market in Kerala.

6. Customer satisfaction of the car owners is independent of after sales service of the car dealers among the region, gender, age and income groups in the small car market in Kerala.

7. There is no significant difference in the economic factors those influence the car purchase decision among the region, gender, age and income groups in the small car market in Kerala.

These hypotheses were tested using Chi-square test.
DEFINITION OF CONCEPTS

Promotion

Promotion is the means by which firms attempt to inform, persuade, and remind consumers – directly or indirectly – about the products and brands that they sell. In a sense, promotion represents the ‘voice’ of the brand and is a means by which it can establish a dialogue and build relationships with consumers. Promotion performs many functions for consumers. Consumers can be told or shown how and why a product is used, by what kind of person, and where and when; consumers can learn about who makes the product and what the company and brand stand for; and consumers can be given an incentive or reward for trial or usage. Promotion allows companies to link their brands to other people, places, events, brands, experiences, feelings, and things.²

Strategy

Michael Porter defines strategy as “the creation of a unique and valuable position involving a different set of activities”. A company can claim that it has a strategy when it “performs different activities from rivals or performs similar activities in different ways”. Strategy is a game plan for achieving the goals of an organization.³

Strategy can be seen as a normative matter concerning what an organization would like to achieve. As such it:

- Guides the organization in its relationship with its environment;
- Affects the internal structure and processes of the organization;
- Centrally affects the organisation’s performance.
Small Car

A small car means a car of length not exceeding 4000 mm and whose width is less than 1600 mm and whose height should not be more than 1600 mm. A small car can have a maximum engine capacity of 1500 cc for diesel cars and 1200 cc for petrol cars. The pricing of small car will range from 1 lakh to 4.5 lakhs.

Buyer Behaviour

Buyer behaviour is defined as the behaviour that buyers display in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs.

BUYER DECISION MAKING - AN OVERVIEW

The process of buyer decision making can be viewed as three distinct but interlocking stages viz., the input stage, the process stage and the output stage. The input stage influences the buyer’s recognition of a product need and consists of two major sources of information viz., the firm’s marketing efforts (the product itself, its price, its promotion and where it is sold i.e. place) and the external sociological influences on the buyer (family, friends, neighbours, other informal and noncommercial sources, social class, cultural and subcultural memberships). The cumulative impact of each firm’s marketing efforts, the influence of family, friends, neighbours and society’s existing code of behaviour, are all inputs that are likely to affect what buyer’s purchase and how they use what they buy.

The process stage focuses on how buyers make decisions. The psychological factors inherent in each individual (motivation, perception,
The output stage of the buyer decision-making model consists of two closely related post-decision activities: purchase behaviour and post-purchase evaluation. Purchase behaviour for a low-cost, nondurable product may be influenced by a manufacturer's coupon and may actually be a trial purchase; if the buyer is satisfied, he or she may repeat the purchase. The trial is the exploratory phase of purchase behaviour in which the buyer evaluates the product through direct use. A repeat purchase usually signifies product adoption. For a relatively durable product, the purchase is more likely to signify adoption.

**Buyer Behaviour in Making Purchase Decision**

It is very important for any marketer to study how individuals and organization make purchase decisions and the influence of various factors in their buying decisions. Buyer decision making is influenced by both external and internal factors. The external factors that influence the purchase decisions are social factors, cultural factors, demographic factors, social class and family. The internal factors that influence the purchase decision are the psychological characteristics like motivation, learning, personality, attitudes and perception. The external factors which influence the buyer decision making are social factors, cultural factors, demographic factors, social class and family.
Social Factor

The social factors are family members, friends, relatives, neighbours, social class and social status. There are other social groups like contactual groups, aspirational groups and disclaimant groups. The comments of a friend, an editorial in the newspaper, usage by family member, an article in a journal, the views of experienced consumers participating in a special interest discussion groups on the internet are all noncommercial sources of information which form part of social factor. The influences of social class, culture and subculture, although less tangible are important input factors that are internalized and affect how consumers evaluate and ultimately adopt products. The cumulative impact of each firms marketing efforts; the influence of family, friends and neighbours; and society’s existing code of behaviour are all social factors that are likely to affect what consumers purchase and how they use what they buy.

Cultures and Sub-cultures

The sum of learned beliefs, values and customs that regulate the behaviour of members of a particular society is called culture. The three components of culture are beliefs, values and customs. Belief is proposition that reflects a person, particular knowledge and assessment of something. Values are general statements that guide behaviour and influence beliefs and attitudes. It has been stated that the function of a value system is to help a person to choose between alternatives in everyday life. Marketers have a special interest in values, because values are influenced shaping one’s behaviour. Practical consideration force the marketer to be more interested in cultural values than personal values. If a culture begins to
value family and personal health and relaxation over achievement and material success, this cultural trend would be of interest to many marketers.

Customs are overt modes of behaviour that constitute culturally approved ways of behaving in specific situations. Customs do vary from region to region, from country to country and even from family to family.

The emergence of sub-cultures is a natural evolution that occurs in any culture. Although, the core values in culture are held by virtually the entire population, secondary values are not. Sub-culture refers to a subgroup of the people who share a set of secondary values. According to Philip Cateora, the factors that can place an individual in one sub-culture are material culture, social institutions, belief systems, aesthetics and language.

**Demographic Factor**

Demographic traits such as age, sex and income obviously mould values and behaviour. Changes are occurring constantly in the demographic make up of the people of every country. These changes are often dramatic and the adjustments they require are far reaching. The demographic environment with important implications for promotion include the baby boomers (born between 1946 and 1964 in USA), senior citizen, migration patterns, education and occupation, the employed women, distribution of income and ethnic surge. Most of these elements are easily monitored and should be watched by promotion managers. Promoters have to design advertising campaigns, discounts, off season reductions, contests, free test drives, exchange melas/loan melas for different segments of the population.

The demographic environment of every country is subject to change. The promoters have to watch constantly the changes occurring in the
demographic environment of the country and to formulate promotional strategies in accordance with these changes. For example a baby boom occurred during the period from 1946 to 1964 in the United States of America. Seventy six million babies were born during this period. 70 million of them are still alive. They are now between 45 and 63 years of age and make up about one third of the total population. The point is that this largest group in the American population will go through predictable stages, and wise managers will be sensitive to these patterns.

High mobility and migration rates also suggests problems for the promotion managers. For example, a car dealer or a car manufacturer may customize its promotional campaigns or promotional offers for different regions. People who move from one region to another may become confused when they see different promotion messages. Likewise, direct marketing is extremely difficult to maintain accurate mailing lists.

Continually rising level of education is another change of considerable significance to marketers. The educational gap between men and women is narrowing. While the share of young men with four or more years of college has dropped since 1980, the share of young women with four or more years of college has grown.

The prevalence of working women has been one of the key economic and social development of our times. The overall percentage of working women will continue to increase, with 61% expected to be in the workforce by 2010. In USA, women now head 28% of America’s 91 million households. For the promotion manager, the increase in working women offers problems as well as opportunities. Sales promotion tools like
discounts, free insurance, free road tax, free accessories are found appealing to working women.

Distribution of income and wealth is another factor to be considered by marketers while formulating promotional strategies. For example, a few years ago, middle income consumers could be counted on to go for lower end models of cars which are priced low for their car purchase. However, as they have become more astute in their purchase decisions, they are more likely to purchase higher end models of car of high price, without compromising on the quality of the car.

Nowadays consumers are seen to be more demanding. They need qualitative improvement in the case of every product they use. Producers and marketers should try to understand the demands of the consumers so that necessary changes and improvements can be made by them on their products.

The emergence of credit loving consumers is another problem faced by the marketers. Consumers prefer purchasing cars on loans and repay the amount in installments. The middle income and the lower income people are reluctant to pay the price in full at the time of purchase of a car. This problem is tackled by having tie up with banks and such other financial institutions like State Bank of India, Mahindra & Mahindra, Kotak Mahindra, Canara Bank, HDFC bank, ICICI bank, Magma Finance, Axis bank, Sriram Finance and Sundaram Finance.

Above all these, the spurt of several car dealers and foreign car manufacturers in Kerala has made the consumers more selective and
choosy. Hence, every marketer, in order to have an edge over his competitors has to be very meticulous in the formation of promotional strategies and also in the quality of the product.

**Marketing of Small Cars**

Marketing, as defined by Philip Kotler, is a social and managerial process by which individuals and groups obtain what they need and want through creating offering and freely exchanging goods and services of value with others.\(^9\)

In the small car market, the aim of marketing is to make selling superfluous. The aim of marketing is to know and understand the customer so well that the car or service suits him appropriately and sells itself. Ideally, marketing of a car should result in a customer who is ready to buy one. All that should be needed then is to make the product or service available.\(^{10}\)

The American Marketing Association offers the following definition:

Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods, services to create exchanges that satisfy individual and organizational goals.\(^{11}\)

In the marketing of small cars, the marketer should take competition into consideration. With several domestic and foreign players in the car market, marketing of small cars can pose a great challenge to marketers because competition includes all the actual and potential rival offerings and substitutes that a buyer of a small car might consider. We can broaden the marketing picture of small cars by distinguishing four levels of competition, based on the degree of car substitutability.
Brand Competition

A company sees its competitors as other companies offering a similar product or service to the same customers at similar prices. Maruti Udyog Ltd. might see its major competitors in the small car segment as Hyundai Motors, Tata Motors and other manufacturers of small cars. It would not see itself as competing with Mercedes or Audi.

Industry Competition

A company sees its competitors as all companies making the same product or class of products. Maruti Udyog Ltd. would see itself as competing against all other automobile manufacturers.

Form Competition

A company sees its competitors as all companies manufacturing products that supply the same service. Maruti Udyog Ltd. would see itself competing against not only other automobile manufacturers but also against manufacturers of motorcycles, bicycles and trucks.

Generic Competition

A company sees its competitors as all companies that compete for the same consumer rupees (currency). Maruti Udyog Ltd. would see itself competing with companies that sell major consumer durables, foreign vacations and new homes.\(^{12}\)

Promotion of Small Cars

Promotion is concerned with effectively communicating the results of the marketing strategy to the largest audience.
In the small car market, promotion plays a very important role in communicating the product features, quality, design, style, brand name, services, warranties, credit terms, discounts and price of the car to the target audience. Thus promotion is an active and explicit form of marketing communication. Promotion highlights the marketing elements in order to increase the odds that consumers will buy and become committed to the product. It is the marketing function concerned with persuasively communicating to target audiences the components of the marketing programme in order to facilitate exchange between the car manufacturers/car dealers and the potential customers to help them satisfy the objectives of both.  

The promotion mix consists of six major modes of communication which provide the key tools to attain the goals of promotion.

**Advertising**

It is any paid form of non-personal communication and promotion of ideas, goods or services by an identified sponsor. Although some advertising is directed at specified individual, most advertising messages are tailored to a group and use mass media such as radio, television, newspapers, magazines, booklets, brochures, billboards and other outdoor displays.

**Personal Selling**

Face to face interaction with one or more prospective purchasers for the purpose of making presentations, answering questions and procuring orders. It is the interpersonal communication with one or more prospective purchases for the sake of making sales. Examples include sales calls to
business organizations by a field representative, in-store assistance of a salesman and representative calling at homes (door to door selling).

**Sales Promotion**

A variety of short-term incentives to encourage trial purchase or purchase of a product or service is called sales promotion. Sales promotion consists of marketing activities that add to the basic value of the product or service for a limited period and directly stimulate consumer purchasing, for example, coupons, contests, sales meetings, discounts, free accessories, free insurance, free road tax and free test drives.

**Public Relation and Publicity**

A variety of programmes designed to promote or protect a company’s image or its individual products. It is a co-ordinated attempt to create a favourable product image in the minds of the public by supporting certain activities or programmes, publishing commercially significant news in a widely circulated medium or obtaining favourable publicity, that is, favourable presentations on radio, television or stage that are not paid by the sponsor.

**Direct Marketing**

Use of mail, telephone, fax, e-mail or internet to communicate directly with or solicit a direct response from specific customers and prospects is called direct marketing.
Word of Mouth

The image of a product, the benefits, the positive or negative aspects of a product can be promoted by word of mouth by way of passing on the message of a product from one person to another and subsequently percolating to the target audiences. The word of mouth promotion has a tremendous impact in brand building and market acceptance of a product.

The above six modes of promotion mix are the most common active forms of marketing communication. Clearly, both productive and reactive forms of communication are crucial. Thus promotion brings the consumer to the threshold of the car showroom who is completely equipped with brand awareness, product knowledge, a positive attitude and an extra incentive to buy.

METHODOLOGY

This is a descriptive study of the buyer behaviour and promotional strategies in the small car market in Kerala. The study is based on both primary and secondary data which are analysed using appropriate statistical tools to draw conclusions.

Sources of Primary Data

Since most of the information necessary to fulfil the objectives of the study were not available from secondary sources, the researcher mainly based his study on relevant primary data which were collected by conducting a field survey from the selected sample units in Kerala.
Sources of Secondary Data

The secondary data necessary for the study were compiled from published and unpublished sources.

Accounting Records

The ‘Sales Invoice’ of the car dealers and manufacturers is sought. The sales invoice includes the name of the customer, address, accessories and other items ordered, quantities, discounts and date of sale.

Sales Force Reports

The Sales Force Reports represent a rich source of marketing information. This is given by the sales personnel of car dealers and manufacturers.

Miscellaneous Reports

The previous marketing research studies and special audits form the miscellaneous reports.

Internal Experts

An internal expert is any one employed by the firm who has special knowledge related to the question in hand. This knowledge is stored in the individual’s mind rather than on paper or computer disk.

The researcher used the following external sources of secondary data:
Computerized Database

A computerized database is a collection of numeric data or textual information about the car industry and promotion strategies that were made available in the internet.

Bibliographic Database

A number of bibliographic databases were available for a wide variety of marketing strategies including the promotional strategies of cars which the researcher used. Marketing and Advertising Reference Service (MARS) was used as secondary data.

Numeric Databases

The Census-based numeric database provided by the Census of India especially on population figures was a good source of secondary data which was used by the researcher.

Syndicated Services

Syndicated services collect data by conducting periodic market surveys and sell them on a subscription basis. A.C. Nielsen Market Survey is a syndicated service, which the researcher used in the study.

Associations

There are several associations that frequently publish detailed information on the car industry or the automobile industry. Society for Indian Automobile Manufacturers (SIAM) publishes several reports on the car industry. Automotive Car Manufacturers Association (ACMA), Federation of Automobile Dealers Association (FADA) also publishes information on car
industry. The reports of these associations were used by the researcher as secondary data.

**Government Agencies**

The different departments of the government, the DIC (District Industries Centre), Census of India and NSSO (National Sample Survey Organisation) serve as reliable sources of secondary data which the researcher used.

**Stock Exchange**

Stock Exchanges provide data on the financial characteristics, product line sales, joint ventures and competitor analysis, which the researcher used as source of secondary data.

**Directories**

Industry directories, trade show directories and telephone directories were useful in collecting secondary data by the researcher.

**External Experts**

External experts were individuals outside the organization who provided expertise knowledge on the car industry and the study undertaken. Central and State government officials associated with the study, trade association officials, editors, writers for trade and business publications, university researchers were all reliable and good sources of secondary data.

The following sources of secondary data were also used by the researcher:
1. The published records from the Ministry of Industries, Government of India.


3. Journal of Marketing Research

4. Journal of Advertising Research

5. Journal Consumer Research

6. Journal of Marketing

7. Data published by Marketing Research Organisations like MARG, ORG, AC Nielsen and TNI.

8. Gartner Report

9. Harvard Business Review

10. Economic and Political Weekly

11. Indian Journal of Marketing

12. IIMB Management Review

13. Vikalpa

14. Published records from SIAM, FADA and ACMA

15. THE HINDU Survey of India.


_Unpublished sources of secondary data include:

1. Ph.D. Theses

2. M. Phil Dissertations
Research Problem

A car purchase decision is based on several external and internal factors. The external factors that influence the car purchase decision are social factors (like family, friends, neighbours, other informal and noncommercial sources and social class), cultural factors and demographic factors.

The cultural factors that influence the car purchase decision are the psychological characteristics like motivation, learning, personality, attitudes and perception.

The research problem is to investigate into those factors that are responsible for the influence of a car purchase decision and to determine the most important factor among them, which a car buyer thinks would influence his or her car purchase decision.

Furthermore, there are several promotional strategies used by car manufacturers and car dealers who use them as promotional tools to influence the car purchase decision in the small car market in Kerala. The various promotional tools used by car manufacturers and dealers are advertising, sales promotion, personal selling, direct marketing, word of mouth, public relation and publicity.

Thus the researcher would further like to investigate into those promotional tools that are crucial in the influencing of a car purchase decision in the small car market in Kerala and to study if there is significant difference in the promotional strategies used and the influence of socio-
cultural factors among the different income levels, gender and the three regions of Kerala viz., northern, central and southern.

Sample Frame

The present study pertains to car manufacturers, car dealers and the car owners in Kerala. There are altogether three car manufacturers viz. Maruti Udyog Ltd, Hyundai Motors Ltd and Tata Motors Ltd operating at their regional levels in Kerala. There are eighteen company authorized dealers in Kerala, out of which nine are of Maruti Udyog Ltd, five are of Hyundai Motors Ltd and four are of Tata Motors Ltd. As it was not possible to cover all the dealers in Kerala due to the constraints of time and money, it was decided to conduct a sample study on the basis of a cross section of the dealers in Kerala. It was decided to select a representative sample of 50 per cent of the dealers from each region. Three dealers from each region viz., northern, central and southern regions of Kerala were selected. Thus nine dealers were selected from all the three regions of Kerala. It was decided to select a sample of 675 car owners from the 3 regions of Kerala viz., northern, central and southern. Out of the 675 car owners selected, 225 car owners were decided to be selected from the northern region, 225 car owners from the central region and 225 car owners from the southern region. After scrutiny, it was observed that out of the 675 car owners selected, only 602 car owners were subject to statistical analysis. This was because there were partial responses and inconsistencies observed in the responses given by 73 car owners. Thus, response rate was only 89.19 per cent in the survey conducted by the researcher. Table 1.1 reveals the region-wise break-up of the sample car owners selected.
Table 1.1
The Region-Wise Break-up of the Sample Car Owners

<table>
<thead>
<tr>
<th>Region</th>
<th>Number of car owners</th>
<th></th>
<th></th>
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<tbody>
<tr>
<td></td>
<td>Urban</td>
<td>Rural</td>
<td>Total</td>
</tr>
<tr>
<td>Northern</td>
<td>100</td>
<td>103</td>
<td>203</td>
</tr>
<tr>
<td>Central</td>
<td>99</td>
<td>100</td>
<td>199</td>
</tr>
<tr>
<td>Southern</td>
<td>100</td>
<td>100</td>
<td>200</td>
</tr>
<tr>
<td>Total</td>
<td>299</td>
<td>303</td>
<td>602</td>
</tr>
</tbody>
</table>

Thus, a sample comprising 3 car manufacturers, 9 car dealers and 602 car owners was selected from the sample frame of the study.

Sample Design

The study adopts a multistage stratified random sampling method for sample selection.

First Stage

The state was divided into three regions for the purpose of the study viz., northern, central and southern. The northern region comprises five districts viz., Kasargode, Kannur, Kozhikode, Wyanad and Malappuram. The central region consists of Palakkad, Trichur, Ernakulam and Idukki districts and the southern region covers the remaining districts in the state viz., Kottayam, Alappuzha, Kollam, Pathanamthitta and Thiruvananthapuram.

Second Stage

From each region one district each was selected at random by way of simple random sampling method. From the northern region the researcher selected Kozhikode district, from the central region, Ernakulam district was
selected and from the southern region, Thiruvananthapuram district was selected.

**Third Stage**

Having selected one district each from the three zones of Kerala the researcher divides each district thus selected into two categories. The areas of jurisdiction of corporations and municipalities will be categorized as urban and the area of jurisdiction of panchayaths will be categorized as rural. Then using simple random sampling technique the researcher selected 100 small car owners from the population living within the corporation and another 100 small car owners from the population living within the panchayaths. From Thiruvananthapuram district, Thiruvananthapuram corporation and Pangode panchayath were selected. From Ernakulam district, Kochi corporation and Thevara panchayath were selected. From Kozhikode district, Kozhikode corporation and Mukkom panchayath were selected.

In this way there are 3 corporations and 3 panchayaths selected for the study. Thus the researcher altogether selected 675 sample units (car owners) from the three corporations and three panchayaths in Kerala. Thus altogether, 602 sample units (car owners) were selected for the study.

In the case of car dealers and car manufacturers which form part of the sample frame, 9 company authorised car dealers were selected at random from 18 company authorised car dealers (which were established before 2004) spread across the three regions of Kerala viz., northern, central and southern regions. From the southern region, 3 dealers were selected viz., Popular Automobiles of Maruti Udyog Ltd., Kulathingal Motors of Tata Motors and Hilton Hyundai of Hyundai Motors Ltd. From the central
region, 3 dealers were selected viz., Indus Motors of Maruti Udyog Ltd., RF Motors of Tata Motors and MGF Hyundai of Hyundai Motors Ltd. From the northern region, 3 dealers were selected viz., Indus Motors of Maruti Udyog Ltd., Koyenco of Tata Motors and KTC Hyundai of Hyundai Motors Ltd.

Altogether, 9 company authorised car dealers (which were established before 2004) were selected for the study. In the case of the three car manufacturers viz., Maruti Udyog Ltd., Tata Motors Ltd. and Hyundai Motors Ltd., the regional offices of the car manufacturing companies situated in Kerala were visited by the researcher and the regional managers were interviewed about their opinions of the study.

Thus altogether, the study comprised a sample of 602 car owners, 9 car dealers and 3 car manufacturers to study the buyer behaviour and promotional strategies in the small car market in Kerala.

**Type of Study**

The type of study undertaken by the researcher is a descriptive study. The researcher studied the buyer behaviour and the various promotional strategies in the small car market in Kerala.

**Area of the Study**

The state of Kerala has been chosen by the researcher as his area of the study. The state of Kerala comprising 14 districts has been classified into three zones viz., northern zone, central zone and southern zone. The northern zone comprises the following five districts viz., Malappuram, Kozhikode, Wayanad, Kannur and Kasaragode. The central zone comprises four districts viz., Ernakulam, Thrissur, Palakkad and Idukki. The remaining
five districts viz., Thiruvananthapuram, Kollam, Pathanamthitta, Alleppey and Kottayam would come under southern zone.

**Period of Study**

The study covered a period of six accounting years from 2002 to 2008.

**Period of Survey**

The survey was conducted during the six months period from July, 2008 and continued up to December, 2008. The 203 car owners in the district of Calicut were surveyed first, next 199 car owners in the district of Ernakulam, and finally the 200 car owners in the district of Thiruvananthapuram were surveyed for information. The car dealers of Maruti Udyog Ltd., Tata Motors and Hyundai Motors of Thiruvananthapuram, Ernakulam and Calicut were also surveyed for obtaining information about the buyer behaviour and the promotional strategies in the small car market in Kerala.

**Tools for Collection of Primary Data**

The primary data were collected from 602 car owners through an interview schedule. The schedule had 80 questions divided into two broad sections viz., information regarding the purchase behaviour and promotional strategies in the small car market in Kerala, and the personal information of the respondents. The questions on purchase behaviour and the influence of promotional tools were asked to the car owners, car dealers and the car manufacturers.
The schedule was pre-tested on 60 car owners in Calicut district and based on the pre-test information, 10 irrelevant questions were dropped from the total of 100 questions.

Ernakulam is situated in the centre of Kerala, Thiruvananthapuram the southern part of Kerala and Calicut is situated in the northern part of Kerala and hence they ensure a fairly geographically scattered sample.

**Pre-testing of Interview Schedule**

Keeping in mind the objectives of the study, an interview schedule covering all aspects of the study was developed taking into account the valuable suggestions of experts in this field. It was pre-tested on a small trial group, consisting of 60 sample units from the district of Kozhikode, to check the variability in the perception of the car owners and to ensure the validity and reliability of the questions in the interview schedule. On the basis of response to the pilot study, necessary modifications were made in the interview schedule and the modified interview schedule was used for the collection of primary data. The interview schedule contained 90 questions in two sections A and B. Section A deals with the questions relating to the factors influencing the car purchase behaviour and the influence of promotional strategies in the car purchase decisions in the small car market in Kerala. Section B deals with the personal profile of the respondents. Each part of the interview schedule contained many questions and sub-questions. A copy of the interview schedule is appended.
Tools used for Analysis

The primary data collected were finally analyzed by classifying, tabulating and applying statistical tools such as percentage analysis, Chi-square test, ANOVA and Factor analysis. Chi-square test was used for testing of hypotheses. Chi-square is used as a test for independence and also to know the significant difference among the variables used in the study.

Variables Used for the Study

To fulfil the objectives of the study, the researcher has used 90 variables in the study. Ten variables pertain to the personal profile of the respondents and the rest 80 variables pertain to the buyer behaviour and promotional strategies in the small car market in Kerala.

LIMITATIONS OF THE STUDY

This study is not free from limitations. The following are the limitations that the researcher could find in his study.

1. The study could not unearth the inner psychological characteristics that determined the cause for the opinions given by the respondents with regard to the influence of promotional tools in the car purchase decision.

2. The Likert scale used by the researcher could not precisely examine by what degree the respondents agreed or disagreed to a particular statement or remark made by the researcher with regard to the car purchase decision. The study could not quantify the responses or opinions made by the respondents.
3. A few car owners hesitated in giving accurate information regarding their income, and the car dealers hesitated in revealing their sales figures from their sales outlets. However, effort had been taken to verify the income of car owners and sales figures of car dealers by cross checking with other related variables.

SCOPE FOR FURTHER RESEARCH

The study brings out a number of behavioural characteristics of car owners and the promotional tools used by dealers and manufacturers in the state of Kerala. However, the following areas need further research.

1. To study the problems in the society and examine how far corporate social responsibility of the car dealers and car manufacturers is effective in solving these problems.

2. Cars have now become a necessity more than a luxury. Therefore, research should be conducted to know to what extent government measures like subsidies and cut in excise duty for cars can help a common man afford a small car.

3. To study the effectiveness of using environment friendly and economical fuels to reduce pollution in Kerala.

CHAPTER SCHEME

The study is presented in five chapters. The first chapter highlights the introduction to the study, scope and importance of the study, objectives of the study, research problem, methodology of the study, limitations of the study and scope for further study.
The second chapter throws light on the review of literature of the study.

The third chapter presents an overview of the automobile industry - Global and Indian, and is devoted to the historical perspective of the automobile industry.

The fourth chapter illustrates the analysis and interpretation of the buyer behaviour and promotional strategies in the small car market in Kerala.

The fifth chapter highlights the findings, conclusions and recommendations and puts forth suggestions for further research.

REFERENCES


