Chapter – II
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REVIEW OF LITERATURE

Shende (2014) in the article titled “Analysis of research in consumer behavior of automobile passenger car customer” has explored the consumer behavior in case automobile industry. The author studied the purchase decision process and its interaction with behavior patterns across segments of passenger car such as hatch back, Sports utility vehicles and Multi utility vehicles.

Sayani, et al., (2013) in the article titled “Determinants of bank selection in the United Arab Emirates” has investigated the determinants of bank selection in the United Arab Emirates. The authors collected data from 246 respondents and focused on characteristics of the bank such as bank products, service quality of the banks were analyzed and it was found that bank’s reputations and return on deposits were not the preferences of the bank customers in case of United Arab Emirates rather the religious preference is considered as the most important factor in selection of banks.

Monga (2012) in the article titled “Car market and buying behavior – A study on customer perception” analyzed the gap between expectations of the customer and the market offerings in the passenger car segment. The author finally concluded that the passenger car industry is growing in double digit and the car industries has an enormous opportunity to convince their customers about passenger car personality and how it suits the customers personality traits.

Li et al., (2012) analyzed the loan level data of national mortgage lender in China and investigated the probability of prepayment in case of mortgage borrowers. The researchers used logit model for analyzing the data and concluded that borrowers have heterogeneous prepayment behavior and the repayment behavior is less sensitive to loan to value ratio.
Kumar et al., (2010) in the article titled “Comparative evaluation of critical factors in delivering service quality of banks” analyzed the difference in service quality of conventional and Islamic banks. A sample size of 308 bank customers consisting of Islamic banks and conventional banks were used in the research study, the results revealed four critical dimension of service quality such as tangibility, reliability, competence and convenience. The competence and convenience were found to contribute 72 percent of the service quality gap both in case of Islamic banks and conventional banks.

Priyadarshini et al., (2009) analyzed the service quality expectations and perception among the Generation Y customers in Business schools. The study was carried out in Coimbatore district of Tamil Nadu. The authors performed a gap analysis on expected service quality and found that the expectations of the Gen Y customers are generally high when compared to the actual service delivery in the Business schools. The author also concluded that the students were partially satisfied with the service delivery of the B Schools and has suggested some important insights to overcome the quality gaps identified.

Rhian Silvestro (2005) in the article titled “Applying Gap analysis in health service to inform the service improvement agenda” has investigated the need to understand patients to provide them better care. The research article provided the tools that can be used to quantify the gap between the expected patient priorities and perception of health service performance. The author has also developed a research tool that can be used to measure the staff perception on patients, the priorities and perception of the patients on the staff who can best understand them.

Jessica Hwang et al., (2003) interrogated the expected and perceived service quality in meal service of hospital in United Kingdom. The authors also performed a gap analysis in National Health Services (NHS) and provided various insights about the
expected and perceived performance of the health service industry. A seven point Likert Scale of modified SERVQUAL instrument was carried out in the study. The authors employed factor analysis and identified three distinct factors that had high reliability, namely food properties, environmental presentation, and interpersonal services. The authors concluded that the food properties were found to be the predominant factor in predicting the customers’ satisfaction.

Howcroft *et al.*, (2003) reconnoitered the attitudes and motivations of the customers while purchasing the financial products. The authors identified that the customers’ choice criteria of financial products varies according to the nature of financial products, the authors also found that the customers level of knowledge, understanding and confidence will differ based on the type of financial product.

Devlin (2002) analyzed the customer choice criteria in home loan market in the home loan market with respect to United Kingdom. The research study examined the relative importance of the choice criteria with respect to demographic variables of the sample respondents. 4200 participants were involved in the research study and the results revealed that professional advice from financial consultants was considered to be the most important choice criteria. The interest rate offered by banks is considered to be the second important choice criteria for selecting the home loans.

Söderlund, *et al.*, (2001) in the article titled “Predicting purchasing behavior on business-to-business markets” measured the customers repurchase intentions of the customers. The research article concluded that past behavior of the organization is a better predictor of organizational repurchases intentions.

Bennett *et al.*, (2001) has investigated the propensity to refinance home loans. The authors analyzed the intrinsic benefit to trigger refinancing has been reduced due to combination of technology and structural changes. The technological innovation has made
the mortgage business more competitive. The authors concluded that the credit ratings have a significant influence on the need for refinancing.

Beckett et al., (2000) proposed a model to demonstrate the consumer behavior while buying financial products. The theoretical insight generated by the proposed model was then used in qualitative research. A focus group discussion on the consumers' attitudes to their financial providers was then conducted to explore the insights on the financial behavior. The authors identified four different financial behavior with respect to involvement and confidence of the customers namely, repeat-passive, rational-active, no purchase and relational-dependent.

Kristensen et al., (1999) measured the impact of buying behavior on customer satisfaction. The authors have suggested several suggestions to improve customer satisfaction, customer value. The authors have discussed several expectations of the customers such as predictive contra normative expectation, expectations hierarchy, time for measuring expectations, etc., the research article concluded that the buying behavior has a significant impact on customer satisfaction.

Mawson and Fearne (1997) investigated the organizational buying behavior in restaurant chains. The authors used buy grid model and presented the results of six different case studies. The authors finally concluded that the factors influencing the organizational buying behavior of chain of restaurants are volume, quality, consistency and competitive prices.

Johnson et al., (1996) in the article titled “Expectation, perceived performance and customer satisfaction for a complex service: The case of bank loans” analyzed the data collected from Swedish customer satisfaction barometers. The authors compared the predictive power of the customers with respect to services, non-services and bank loans. The authors concluded that the predictive power of customers vary from services to non-
services and bank loans and added that the predictive power of the expectations are greater in case of non-services than for other services. The authors also added that the predictive powers of bank loans are less when compared to predictive power of services and predictive power of non-services.

*Johnson et al., (1996)* investigated the satisfaction barometers of Swedish customers. The authors compared the services and non-services bank loan with respect to the predictive power of the customers. It was finally concluded in the research article that the predictive power of the customers is different in case of loans and non-services.

*Boyd et al., (1994)* explored the preferences of the customers in financial services in United States of America. The characteristics of the banks such as reputation, interest on savings account, quick service, location in the city, friendliness of employees, etc., were taken into consideration for analysis. Weighted average score was used to rank order the preferences. The authors concluded that reputation of the bank and interest on savings account was considered to be the most important factor of preference by customers of USA.

*Archer (1993)* in the research article titled “Integrating Optimal Call and Empirical Models of Prepayment” has investigated the prepayment behavior of residential mortgage borrowers. The article has analyzed the empirical results of integrated pricing model and compared the simulated prices of the theoretical model.

*Denton and Chan (1991)* in the article titled “Bank selection criteria of multiple bank users in Hong Kong”, has investigated the multiple banking behavior among the retail banking customers of Hong Kong. The authors used questionnaire survey method and analyzed different types of services used in each bank and the factors that influenced the consumer behavior. The authors also investigated the importance of discriminators like sex, age, marital status, income and education on the bank selection process. The statistical
significance was found while evaluating the relative importance of the discriminators. The authors concluded that risk reduction and convenience are the major factors in determining the selection criteria of the banks.

Carman (1990) tested the service quality dimensions in retail outlets. The authors employed certain variation in the service quality model and used them in different service settings. The author used the service quality dimensions in tire stores, placement centers and dental clinic with little modifications in the dimensions of service quality. In case of tire store the author used security, courtesy and access as modified dimension, in case of placement center the author used security and personal attention as dimension, where as in case of dental clinic the author used convenience and cost as dimensions of service quality.

Zorn et al., (1989) in the article titled “Mortgage borrower repayment behavior: a microeconomic analysis with Canadian adjustable rate mortgage data” has analyzed the probability of default with mortgage borrower repayment behavior. The authors concluded that the default rate of adjustable rate mortgage borrowers have more chance to prepay when compared to the fixed rate mortgage borrowers.

Kohli (1989) in the article titled “Determinants of influence in organizational buying: A contingency approach” analyzed the purchase decision in the organizations. The individual influence in a purchase decision has been investigated by the author and the research article proposed and validated the different types of power and influence in group settings.

Wind (1978) in the article titled “On the interface between organizational and consumer buying behavior” investigated the relevance of organizational buying behavior and customer buying behavior. The contributions of the research article include the differences and commonalities between the consumer behavior and organizational behavior in the context of buying center, decision stages and roles in buying center.
Webster et al., (1972) in the research article titled “A general model for understanding organizational buying behavior” has suggested a model for organizational buyers and organizational decision making process. The dimensions of the model are defined in the research article and implications on the marketing strategy were developed.

2.2 RESEARCH GAP

After analyzing extant literature it was found that the previous researchers has analyzed the financial behavior of various customers ranging from retail banking to home loan, it was felt that a research study is required to analyze the financial behavior of vehicle finance customers. As the motive and the intentions of the business customers are different, this research will have a significant impact on understanding about vehicle finance customers.

The recent data on non-performing assets of banks has revealed the fact that vehicle finance customers has the lowest range of non-performing assets as low as one percent, hence the lenders can make use of this research to analyze the major factors that determine the choice criteria of vehicle finance customers and design their products according to their needs and priority of the vehicle finance customers. This will not only reduce the total non-performing assets of the lenders and but also helps them in increasing their profitability.