1.1 Introduction

The overall economic development of a country is determined by the development in the manufacturing sector. Similarly, the quality of life to a great extent depends upon the growth and development in Consumer luxury goods segment. Though the entry of quality luxury goods in India is late, to be precise only after liberalization, still India is competing with top nations in terms of range and quality of such goods. Urbanization and metropolitan culture have necessitated the need of Fast Foods, Designer Clothes, Luxury Cars, Modern Flats and the like. And besides, the change in the family and in the earning pattern, especially the emergence of Double Income Group Families, has resulted in significant changes in the buying behavior of individuals.

The availability of better disposable income and easy finance options have made the purchase decisions of automobiles, once considered as non essential, High Luxury Product, a common phenomenon. The favorable shift in the buying potential, identified by Multi National Concerns (MNCs) have greatly enthused them to make hurried entry into Indian markets. As a result the Indian consumer is presented with the wide range of brands and models of passenger cars. Deciding upon the right car for the family in an over crowded market has become a complex problem for them. On the other hand, the marketers are also left with operating in the market of huge promise, but with slow response. The colossal investments made by the car manufacturers and very long break even periods have made them to seriously think about the Indian passenger car market and the buying behavior of consumers in order to reconsider and redeploy their marketing efforts to consolidate their positions in a volatile, yet potential market. In this context, knowledge on consumer decision making process with regard to the passenger cars and the factors influencing the purchase decisions assume greater importance. The study of buying decisions process and the influencing sources, especially the group influence will help the marketers of passenger cars in segmenting markets,
targeting the right audience, positioning their products and designing suitable promotional strategies. The automobile purchasing decision process, which forms the basic core of this study, is described in the following paragraphs.

The term consumer is often used to describe two different kinds of consuming entities: the personal or final consumer and the organizational consumer. The final consumer buys goods and services for his/her personal use. The second category of consumer, the organizational consumer, encompasses for profit and non-profit entities, companies (private or public) making their purchases for profit or government agencies (Local, State, and National) and institutions (e.g. schools, hospitals, prisons) all of which must buy products, equipment and services to run their organisations.

This project will focus on the individual final consumer, who purchases for his / her own personal use or for household use. End use consumption is perhaps the most pervasive of all types of consumer behaviors, for it involves every individual, of every age background, in the role of either buyer, or user or both.

1.2 Meaning of Consumer Behavior

Marketing is a want-satisfying social process. If a product or service satisfies a particular want of a person, then it is useful and valuable to that person. Utility is the usefulness of a product or service in relation to the user’s wants.

If a person “needs” or “wants” something, it is ‘something of value’ to that person. We could argue that a person only needs food, clothes, and shelter for survival. We also need cars, computers, and fitness centers for us. Distinguishing between needs and wants in a mass consumption society like ours, is inevitably based on value judgments.

1.3 Operational Definition

Belch and Belch (2007, p. 105) defines consumer behavior as ‘the process and activities people engage in when searching for, selecting, purchasing, using, evaluating, and disposing of products and services so as to satisfy their needs and desires.’
Consumer behavior is defined as “the decision process and physical activity of an individual who engages in when evaluating, acquiring, using or disposing of goods and services”.

Consumer behavior is that sub-set of human behavior that is concerned with the decisions of an individual in purchasing and using products. In attempting to explain and predict consumer buying decisions, marketers make extensive use of the social science, including psychology, sociology, social psychology, economics, and cultural anthropology.

In order to achieve better understanding of the consumer behavior, study of these disciplines is required which may provide some explanation as to ‘why people behave as they do’. Economics explains consumer behavior in relation to economic factors. Sociology and cultural anthropology supply explanations concerning the influences of family and group behavior on individual behavior, the diffusion of new products and ideas. Psychology explains the motivation that underlines buying behavior; the perceptions individuals have themselves and the products they buy.

Consumer behavior is not only the study of ‘what’ people consume, but also ‘where’ ‘how often’, and ‘under what conditions’ products are consumed.

The new approach draws a clear distinction between the consumer and purchasing agent. It is the motivation of the purchasing agent which is most directly relevant in marketing. The prospective consumer of a given purchase and the person making the purchase is often two different people. In many cases the purchase is made for a household and the purchasing agent is only one of those who will share in its use.
1.4 Role of Consumer Behaviour

The following table 1.1 depicts the roles of Consumer behaviour.

<table>
<thead>
<tr>
<th>Description</th>
<th>Roles</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) The individual who determines that some need or want is not being met and authorize a purchase to rectify the situation</td>
<td>Initiator</td>
</tr>
<tr>
<td>ii) A person who buy some intentional word with or without action influences the purchase decision. i.e., the actual purchase, or the use of the product or services</td>
<td>Influencer</td>
</tr>
<tr>
<td>iii) The individual who actually makes the purchase transaction</td>
<td>Buyer</td>
</tr>
<tr>
<td>iv) The person most directly involved in the consumption or use of the purchase</td>
<td>User</td>
</tr>
</tbody>
</table>

**Decider:** The decider is a person who ultimately determines any part of the whole of the buying decision, i.e., whether to buy, what to buy, how to buy, when to buy or where to buy.

1.5 Characteristics of Consumer Behavior

It consists of the mental and physical activities, observable physical activities, complex and dynamic, internal factors such as needs, motives, perception and attitudes, as well as by external or environmental influences such as the family, social Groups, culture, economic and business influences.

Consumer behavior is affected by many uncontrollable factors. Just think what influences you before you buy a product or service. Your friends, your upbringing, your culture, the media, a role model or influences from certain groups.
Culture is one factor that influences behavior. Simply culture is defined as our attitudes and beliefs. But how are these attitudes and beliefs developed? As an individual growing up, a child is influenced by parents, brothers, sister and other family member who may teach him or her is wrong or right. They learn about their religion and culture, which helps them develop these opinions, attitudes and beliefs. These factors will influence their purchase behavior. However, other factors like groups of friends, or people they look up to may also influence their choices of purchasing a particular product or service. Reference groups are particular groups of people some people may look up towards to that have an impact on consumer behavior. So they can be simply a band like the Spice Girls or your immediate family members. Opinion leaders are those people that who look up to because they respect their views and judgments and these views may influence consumer decisions. So it maybe a friend who works with the IT trade who may influence your decision on what computer to buy. The economical environment also has an impact on consumer behavior; do consumers have a secure job and a regular income to spend on goods? Marketing and advertising obviously influence consumers in trying to evoke them to purchase a particular product or service.

People’s social status will also impact their behavior. What is their role within society? Are they Actors? Doctors? Office worker? and mothers and fathers also?. Clearly being parents affects your buying habits depending on the age of the children; the type of job may mean you need to purchase formal clothes, the income which is earned has an impact. The lifestyle of someone who earns Rupees 2,50,000 p.m. would clearly be different from someone who earns Rupees 25,000 p.m.. Also characters have an influence on buying decision. Whether the person is extrovert (out going and spends on entertainment) or introvert (keeps to themselves and purchases via online or mail order) again has an impact on the types of purchases made.

Behavioral Choice Theory (Rachlin, 1989) provides a useful theoretical structure for understanding the factors that influence people who make choices. The theory argues that the available alternatives would affect the choice of
behavior. The factors that influence choice included the reinforcing value of the alternatives, the behavioral cost of the alternatives, and the relative delay between choosing and receiving of the benefits. (Tsai & Coleman.2007)

The attitude and social influence (subjective norms) components are unique to the Theory of Planned Behavior (Fusilier & Durlabhji.2005). Also in a less individualistic culture, and social factors, such as being with friends or keeping touch with friends, might be an important factor on the influence of behavior (Hofstede, 2001). The reason such as lack of fun, limited improvement in skill or no success and competitive stress may be classified as negative outcome affecting the active participation in recreation, and the concept of the Theory of Planned Behavior. (Tsai & Coleman.2007)

Imagery is a process by which sensory information and experience from long-term memory are represented in short-term memory. It is possible that user imagery and usage imagery may be related largely to the social class and status. The symbolic function of possession can be explained by ‘social constructionism’, which regards possessions as ‘socially shared symbols of identity. All the individuals share in a process of transmitting, reproducing and transforming the social meaning of objects. Thus, consumers receive the meaning of objects, transmitted by others and which they, in turn transmit to others, but they are also transformers of social meanings.

The fact that BMW (Bavarian Motor Works) is the favored brand in the UK and Mercedes is Thailand’s prestigious choice. It’s then not surprising if one recalls the scenery of Thai Royal Family, politicians, and millionaires sitting in Mercedes Limousines, and those UK Excellencies and billionaires sitting in Roll-Royces. Enhancing these values, Mercedes’ advertising always promotes Mercedes as a very expensive, luxury, and prestigious car and also holds a reputation for reliability (dependability: in terms of ease of maintenance and repair cost) and durability (BBC Top Gear, 1998). Customers’ imageries are then linked to a ‘Cognitive Elaboration Mechanism’ according to which ‘used by’ information and would increase the general level of interest in the product under consideration.
(Hong and Wyer Jr. 1989). They will be regarded as successful persons living a luxurious life in society if they possess such cars. Nevertheless, there are a small segment of Thai customers who are attracted to BMW in terms of its sportiness (performance, handling, appearance/visual impact) despite the traffic congestion indicating a role of attitudes towards brand image and identity.

Although the customers have a lack of frequent opportunities to gain functional and experimental benefits of performance and handling of BMW cars in Thailand, they can still gain these benefits from technology and sporty appearance of the cars. This can be explained by psychometrics (Haubi, 1996: 90) which has proved that foreign (German) production of automobiles is likely to have an impact not only on car buyers’ overall evaluation of a vehicle, but also on their perception of specific product attributes, e.g., various features or the appearance of the car, UK customers, more fortunate than the Thais, have purchasing power and opportunities (full ranges of product and better infrastructures) to more fully experience the functional and experimental benefits from BMW. It is possible to merely metaphorically describe that, at the equivalent degree of enjoyment, ‘UK luxury car customers drive the cars’ but ‘Thai luxury car customers let the cars drive them’. Thai and UK customers may share the same degree of willingness to involve in such a stereotype because they represent different types of customers.

This particular literature is the proof of the social influence on the brands. Consumer decision making process varies with the type of buying decision. There are great differences between buying toothpaste, a tennis racket, a personal computer and a new car. The more complex and expensive decisions are the more likely they involve greater buyer deliberations and more buying participants, Assael distinguished consumer buying behavior based on the degree of buyer involvement in the purchase and the degree of differences among brands.

Consumer goes through complex buying behavior when they are highly involved in the purchase and aware of significant differences existing among brands. A Consumer becomes highly involved in a purchase when it is expensive, bought infrequently, risky and highly expressive. The buyer passes through a
cognitive learning process, that is characterized by first developing beliefs about the product, then moving attitudes towards it, and finally making a deliberate purchase choice.

Many products are purchased under conditions of low consumer involvement and the absence of significant brand differences. They go to store and reach for any brand, having no strong brand loyalty. They have low involvement with the lowest cost, frequently purchased products.

1.6 Consumer Involvement

Some buying situations depict low involvement but significant brand differences. Consumers are often observed to do a lot of brand switching. The concept of Consumer involvement is multifaceted and has several dimensions. These can be classified into four groups. They are:

i) Antecedent
ii) Moderating Factors
iii) Involvement Properties and
iv) Response Factors

Antecedents are the sources of involvement. An understanding of these would enable the consumer to acquaint with his objective situation. They also provide the consumer with clues to what appeals should be used in communicating with the consumer. Knowledge of antecedents is helpful for the marketers to bring about the necessary changes in the levels of Consumer involvement. It can be classified as personal factors, stimulus or object factors and situational factors.

Personal factors include personal needs, values, experiences and interests. Stimulus or object factors are relevant to the consumer’s self concept and influences the consumer’s level of involvement. Every product commands a different level of involvement from the consumer. These are influenced by the nature of the product, perceived risk, pleasure values of the product, product familiarity, brand awareness, type of advertising media used by the company to promote its product. On the basis of their involvement properties products are classified as highly involved products and low involved products.
A high involved product has more complex features and highly priced highly perceived risk and reflects the self-concept of the consumer. On the other hand, a low involved product does not reflect the consumer’s self-concept. Further, in low involved products the alternatives within the same product class are similar and there is a frequent brand switching behavior.

Situational factors play a major role in involving consumer. The factors like occasions, fearful situations are some of the sub-factors in the situation variables which have a bearing consumer involvement. Moderating factors limit the impact of antecedents on consumer’s state of involvement and include factors which provide an opportunity to process and ability to process. Involvement Properties have critical factors like intensity, direction and also level of persistence. Intensity of involvement implies a degree of involvement that the consumer experiences.

The other involvement property is the length of time that the consumer is in the state of involvement. Sometimes consumers are involved for a longer period of time which is called “enduring involvement”. If the consumers are involved for a shorter period of time then it is called “felt involvement” or “situational involvement.” Response factors characterize how a consumer behaves under different involvement conditions. These factors involve both mental, physical activities that consumer engages as results of all the preceding factors of involvement. These include information search, information processing and decision making.

The buying process is the process of decision-making leading to a purchase function. It represents problem solving approach.

1.7 Consumer Buying Process

The following figure 1.1 shows the Consumer buying process.

Figure 1.1
Consumer Buying Process

![Diagram of Consumer Buying Process]
The buying process is composed of a number of stages and influenced by one’s psychological framework comprising the individual’s personality, motivations, perception and attitudes.

It is necessary to understand the relationship between the involvement and the purchase decisions of the consumers. The reason for this increased importance is the strong influence of the involvement on the decision making process of the consumer. The consumer, under higher levels of the involvement begins to process information in more depth. This implies that the consumer thinks more about a decision when he is highly involved. The high involvement circumstances lead to the extended decision making process and hence the consumer moves through each of the decision stages in a more thorough manner.

1.8 Dimensions of Consumer Involvement Moderating Factors

The following figure 1.2 shows the dimensions of Consumer Involvement moderating factors.

**Figure: 1.2**

**Dimensions of Consumer Involvement Moderating Factors**

The decision making process diverges sufficiently in high and low involvement circumstances to warrant discussion of two categories of decision making, viz., limited decision making in low involvement circumstances and extended decision making in high involvement circumstances. Cognition in the high involvement hierarchy refers to the knowledge and belief about the brands that consumer derives from the evaluation information. With the cognition, the
consumer develops the attitude before he purchases the product. This is because of the characteristics of the highly involved products.

1.9 Scope and Importance of the Study

The consumer durable and semi-durable industry in India is dynamic and highly competitive. With more than Rs. 20,000 crores consumer durable segment of this industry has a dominance of multinationals and can be segregated into consumer electronics and consumer appliances. Over the years, the demand for consumer durable has kept pace with rising income levels, double income families, changing life styles, easy availability of credit, increase in the number of nuclear families, increasing consumer awareness and introduction of new models. The consumer durable segment was poised for decent growth in 2004-05 as against the first two quarters of the previous fiscal year because of emerging opportunities and strong fundamentals of the country’s economy, according to a survey by the Federation of Indian Chamber of Commerce and Industry.

Among the consumer durable goods, car plays a greater role nowadays. In a sense, it has become an essential product. It has become a part and parcel of the life of the people, particularly with fixed and regular incomes. Everyday more and more of us find that car has become part of our life. Yesterdays luxuries are today’s necessaries. The potentially large market offered by India has long tantalized both domestic and foreign investors. Over the last decade, per capita income has risen at a faster pace in the country’s history due to higher GDP (Gross Domestic Product) growth and falling birth rates. An attempt is made here to show how changes in income levels and demographics have already led to changes in consumption pattern of Indian households.

India is still a poor country, but over the last decade it has witnessed high GDP growth as well as a decline in population growth. Growth in GDP has averaged 6.2 per cent per annum since 1994 while the population growth rate has declined from about 2.1 per cent in the early nineties to around 1.7 per cent today. These two factors have given rise to the highest increase in per capita income in the country’s history. Between 1994 to 2004, real per capita income rose by 4.2 per cent per annum compared to 2.7 per cent during 1984-94 and 1.8 per cent
during 1974-1984. As a result, real per capita income is now 45 per cent higher than what it was a decade ago.

As already pointed out, the country’s population growth rate has been declining in recent years. The key factor that has allowed this deceleration is a fall in the birth rate.

The increase in per capita income is increasing the level of consumption expenditure and, significantly, changing the consumption basket itself. As one may expect, when households become wealthier they shift away from satisfying basic needs to the non-essentials. However, the Indian experience has often been at variance with that of other Asian countries. First, the importance of food in the Indian Consumption basket has been steadily declining for the last three decades. In 1982, food accounted for 51% of Personal Final Consumption Expenditure (PFCE), 49% in 1993 and then sharply down to 39% by 2003. Second, the share of clothing rose slowly in the eighties to a peak of 5.5% and fell throughout the nineties. It accounts for just over 4% of PFCE. Third, higher income does not seem to have encouraged higher spending on household goods. The share of spending on furniture appears around 3.5% of the consumption basket. Fourth, spending on transport and communications has soared; the pace of an increase is accelerating. This category rose from barely 6.5% in 1983 and further to 10.5% in 1993. However, by 2006 it accounted for 16.3% of consumption spending and is now the second most important category after food. (Source: Survey of Indian Industry –2009).

1.10 Statement of the Problem

In the eighties, India got a whiff of liberalization, which in turn aided her to usher in a new era of consumerism. A whole range of cars started flooding the markets. Cars which were the preserve of upper class during the seventies, have suddenly started thronging the middle-income group households. The focus of everyone’s attention has shifted to owning these gadgets, and the very social status of the family has come to be assessed by the possession of these assets. A
The noteworthy development of the 21\textsuperscript{st} century is that even the low-income group have started acquiring a wide range of cars.

By understanding how the consumer forms a purchasing decision and the product attributes, he will consider as important will help the marketers to predict the consumer may choose, and if there exists homogeneous groups, markets can also be segmented on the basis of the psychological characteristics or product attributes in order to better reach the target market. Therefore it is appropriate to form the following questions that are more relevant to the research:

1. Whether or not the pre-purchase decision on selection of durable products may help to choose a better product?
2. How does post-purchase behaviour help to satisfy consumers regarding service by the supplier?
3. Are the consumers satisfied at the end?

The above questions form the basis of the research.

It is also equally important on the part of providers to retain their customers for a very long period, since the competition level has been soaring. Therefore, supply of quality products, popular brand, reasonable cost and supply in tike area considered as very important for regular customers. Hence, the study would be definitely being helpful both to customer and to dealers in order to identify them each other.

1.1.1 Objectives of the Study

The objectives of the study are to analyze the behavior of owners of the car, before, during and after the purchase. Specific objectives of the study are as follows.

i) To outline the conceptual background with focus on the behavior of consumer and car owners in Krishnagiri District.

ii) To examine the present car market trends in India and Tamil Nadu.

iii) To analyze the consumer’s pre-purchase, during purchase and post-purchase behavior.

iv) To evaluate the factors motivating the consumers for the purchase of car.
v) To measure the consumer’s expectation, perception and satisfaction and analyze the association between the variables.

vi) To offer suggestions for educating car owners on balanced purchase decision-making.

1.12 Hypotheses

To achieve the above objectives the following hypotheses are formulated and tested.

i) Education and Preference of car are the two dependent variables, which have a significant association

ii) There is a significant association between occupation and income of the consumers.

iii) There is a significant association between income and attitude towards change of brand of car.

iv) There is a significant association between income and attitude towards change of brand of a car for the sake of pride.

v) There is a significant association between income and frequency of use of car.

vi) Purchase of car and occupation of a respondent are dependent and there is significant association between them.

vii) There is a significant association between Income and purchase of different brand of cars.

viii) There is a significant association between Occupation and preference for a particular car.

ix) There is no significant association between annul income and financial sources.

x) Occupation has a significant role to play in decision making of the respondents in allowing or not allowing their family members to use their cars.

xi) There is no significant association between the age and satisfaction levels.

xii) Education has a significant role to play on the level of satisfaction of the car performance.
1.13. Profile of Study Area

The entire primary research was done in Krishnagiri District by using protocol. Krishnagiri town is the headquarters of the Krishnagiri District. Krishnagiri District is one of historical places of Tamil Nadu. Now, it is counted as one of the fastest growing district of Tamil Nadu. The geographical area of this district is 5143 sq.kms. The Krishnagiri District has 5 Taluks, 10 Blocks 2 Municipalities, 352 Panchayat villages. As per the 2001 census, Krishnagiri District had a population of 34,77,317. Males constitute 50 percent and females 50 percent of the total population and 13 percent of the population is under six years of age. Krishnagiri’s average literacy rate is 72.4 percent, which is lower than the national average of 74.0 percent. Male literacy is 79.7 percent and female literacy is 64.9 percent. Krishnagiri is emphasizing on education very much, for which in this district there are several famous Schools, colleges of different courses such a Medical, Engineering, Arts and Science Colleges. Krishnagiri is also a growing city due to the urbanization and there is a drastic technological growth in all parts and sectors of Krishnagiri.

1.14 Limitations of the Study

The present study has the following limitations.

i) The study was limited to the car owners in Krishnagiri District.

ii) The present study was confined to the owners of cars used for their own purpose only.

iii) The scope of the study has been limited to certain important demographic factors like age, sex, literacy level, occupational status and the income of car users.

iv) The scope of the study has been limited to certain important behavioral aspects like satisfaction / dissatisfaction, causes that are responsible for dissatisfaction, behavior of the complainers/non-complainers, what person/persons were to blame for the dissatisfaction, and what actions the dissatisfied car users have taken.

v) Though many cars are there in the market only few were taken up for the study.
vi) Source list of respondents received from the Regional Transport Office consists of all owners relating to cars, vans, buses, tracks and lorries, etc. Out of the source list, the researcher had taken names of car owners in these areas. Out of 1402 contact list of car owners, the researcher has sent 400 questionnaires to respondents. All the 350 filled up questionnaires were received from them.

vii) Areas selected are economically backward, people owning cars are less. Sample size 350 seemed to be less, even though more cars are available in these areas. Reason for being small is most of the business people are having business at Chennai and their cars are registered in Chennai itself. The place under study is situated near Karnataka and Andhra Pradesh states; it is also possible for them to get their cars registered at these states. Another reason is that second hand cars purchased in other districts are not registered here. No stringent actions have been taken against the buyers who are using their cars without getting them registered in the Regional Transport offices here.

1.15 Chapterisation of the Study

The report is presented in seven chapters.

Chapter I – This chapter introduces the subject matter and sets out the period and area of this study, problems, objectives, and significance of the study, hypotheses, the importance and the limitations of the study.

Chapter II – This chapter attempts to give Basic Concepts and Review of Literature on studies relating to consumer satisfaction and consumer behavior.

Chapter III – This chapter provides the Profile of Study Area, Krishnagiri District.

Chapter IV – It presents the profile of Car Industry in India and Tamil Nadu.

Chapter V – It relates to the research methodology of the study.
Chapter VI – This chapter presents the results of consumer attitude towards Pre purchase, during the purchase, Post-purchase, the factors motivating the consumers for purchase of car and analyze the consumer’s expectation, perception and satisfaction and the evaluation criteria used in making the final decision for the purchase of car.

Chapter VII - This chapter summarizes the major results, findings of the study and gives recommendations and suggestions for further study.
References and Notes


