
The Impact of Price on Consumer Preference in Low Segment Cars

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ABSTRACT

The small car market in India is soon going to be one of the biggest in the world, as major automakers are investing here in this segment. The process through which we buy products and services is different for every one of us and for every category of the product. Today's market is driven and dominated by consumers and that is the reason he is considered the King. Consumer behaviour considers the many reasons

Some of the factors results in a temporary influence and others are long lasting. The objective of this paper is to investigate whether price plays important role or not to influence the consumer buying decision or consumer preference towards low segment cars within the city of Allahabad. For collecting primary data, structured questionnaire has been used. The convenience sampling method was used to collect the responses from 100 car users. The study found that price discounts based on the amount of money could arouse more willingness to buy. Our study revealed an important boundary condition of our findings price level. The results of this study suggest that when the product is in a high price level, the price promotion form based on the amount of money plays a significant role.

Key Words – *Price, Buying Decision, Consumer behaviour, Promotional Offers, Consumer.*

I. INTRODUCTION

Price is the value that is put to a product or service and is the result of a complex set of calculation, research and understanding and risk taking ability. The small car market in India is soon going to be one of the biggest in the world, as major automakers are investing here in this segment. There is increasing competition with the entry of many new foreign as well as Indian players in the market. The war has begun and the fate of these firms will be decided by the consumers in the market.

The process through which we buy products and services is different for every one of us and for every category of the product. Today's market is driven and dominated by consumers and that is the reason he is considered the King. Thus, the decision of —to be or not to be of a preferred brand or product depends solely on the choice of consumers.

Understanding the buying behaviour of the target market is the essential task of marketing manager under modern marketing (kotler, 2009) [1]. It is not easy to predict the complex mind of the consumers as each individual is a unique product of genetics, environment and experience. If this riddle is solved then that may yield vast fortunes and if solved inaccurately may lend up in the situation of loss and that to of millions of rupees. For this reason, the buyer's mind has been categorised as a black box, which should be opened by the seller in his

favour to be a successful marketer. Consumer behaviour considers the many reasons—personal, situational, psychological, and social—why people shop for products, buy and use them, sometimes become loyal customers, and then dispose of them. Businesses often try to influence a consumer's behaviour with things they can control such as the layout of a store, music, grouping and availability of products, pricing, and advertising. Some of the factors results in a temporary influence and others are long lasting.

The objective of this paper is to investigate whether price plays important role or not to influence the consumer buying decision or consumer preference towards low segment cars within the city of Allahabad.

II. REVIEW OF LITERATURE

The study of consumer behaviour elaborates as how people construct their buying preferences to utilize their resources like time, money, effort on consumption-related things (**Schiffman and Kanuk, 1997**) [1]. Consumer behaviour is a study of the process concerned when people choose, purchase, use, or eliminate products, services, ideas, or experiences to satisfy wants and needs.

Dr S. Subadra, Dr K. M. Murugesan, Dr R. Ganapathi,(2010)[2] —Consumer Perceptions and Behaviour: a Study with Special Reference to Car Owners in Namakkal District. This study concludes that consumer behaviour plays a vital role in marketing cars and that there is more scope for extensive research in this area.

The study by White (2004) [3] , discussed the factors those plays a vital role in choice of car buyers and observed that consumer negotiate with dealers over price and pursue them to every extent to avail incentives as well as low-interest payment plans. He concluded that with an increasing trend of multi-car households, car dealers and advertisers should target the right audience, taking into consideration the power of children and the impact of life stage. Even after the fact that women are the primary buyers of most new cars, study concluded, the motor trade has traditionally been contemptuous of women's role in the car-buying process.

III. OBJECTIVES OF RESEARCH

1. To examine the effect of Price on consumer buying decision of a small car.

IV. RESEARCH METHODOLOGY

The study has focused the small car owners in Allahabad city. For collecting primary data, structured questionnaire has been used. The convenience sampling method was used to collect the responses from 100 car users. For all the questions . Personal interviewing method was used because the sample size was comparatively small and interviewer can request more questions and errors could be reduced. A total of 120 questionnaires were distributed, out of this, only 100 questionnaires were filled up and completed in all respect.

V.DATA ANALYSIS AND INTERPRETATION

The data collected is tabulated in Table 1 on demographic characteristics of the respondents.

Demographic Variables		
	No. of Respondents	%
Gender		
Male	83	83
Female	17	17
Education		
10+2 or below	2	2
Graduate	36	36
Post graduate &above	64	64
Age		
Below 30 years	33	33
30 to 50 years	54	54
Above 50 years	13	13
Occupation		
Service class	64	64
Students	1	1
Self employed	33	33
Taxi owner	2	2
Monthly income		
0 -15000	0	0
15001-30000	13	13
30001-45000	66	66
45001-60000	15	15
Above 60000	6	6

The data in Table 1 shows the presence of males (83%) as majority of respondents with more than respondents falling in the age category of below 30 years. The major occupation of the respondents found to be service class (64%). The Monthly income of the majority of respondents was found to be between 300001- 45000 per month (66%).

Table 2

Most Preferred small Car Brand keeping Price aside

Brand Name	Respondents	
	Numbers	%
Maruti suzuki	29	29
Hyundai Santro	20	20
Chevrolet Spark	9	9
Tata Indica	11	11
Honda Brio	5	5
Ford Figo	12	12
Nissan Micra	1	1
Toyota Liva	5	5
Volkswagen Polo	8	8

From Table 2, it is evident that the buyers' preference for Maruti suzuki (29%) is the highest. The second most preferred car brand was Hyundai (20%). The least preferred brands included Nissan micra (1%).

Table 3

Promotional Offers Usage Frequency

Schemes	Frequency	%
Free gifts	23	23
Price-off	53	53
Free Insurance	21	21
Other Schemes	3	3
Total	100	100

To gain customers attention, small car manufacturers use promotional schemes to reduce overall significance of price to the buyers buying decision. A question regarding the usage of promotional schemes utilized while buying was investigated from the respondents. Table 3 clearly indicating the importance of promotional offers to the customers. It is also evident that 52.8% used the price off schemes while 23.5% used free gifts as a scheme in purchasing the small car, followed by free insurance (21.3%).

V.CONCLUSION

My research eventually reached the following conclusions:

Consumer behavior consists of all human behavior that goes in making before and post purchase decisions. While purchasing small segment car though customer is highly cost conscious but this segment is also upgrading their requirements.

Price plays important role in consumer's buying decision of low segment cars. Specially in lower middle class and middle class. In study it has been found that consumers having age group 30 to 50 years with income 30000 to 450000 are keener in buying low segment cars.

The study found that price discounts based on the amount of money could arouse more willingness to buy. Our study revealed an important boundary condition of our findings price level. The results of this study suggest that when the product is in a high price level, the price promotion form based on the amount of money plays a significant role.

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