

Influence of various factors affecting the purchase intention of cars in Bangalore

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Abstract: This paper focus on the factors which influence the purchase decision of the individual in buying the automobiles in Bangalore. The study is conducted by analysing the 200 responses in the Bangalore city which puts light on purchase intention of individuals while buying the automobile. The research shows the gap between the occupation and income level of individuals in buying decision of automobiles. The key factors like occupation and income are major players in determining the purchase intention of cars. The statistical tool like descriptive analysis and SPSS are used to understand the findings of factors like occupation and income in purchase decision of automobiles.

Keywords: Purchase Intention, Occupation, Income, decision making.

Introduction

In modern world economy, the possession or ownership of car could be a status symbol in the modern society to highlight the symbolic relationship between your income level and economic status. In this modern era of development purchasing a car adds to country GDP growth. According to Janson (1989) and Pendyala et. al. (1995) car is modeled as a function of socio-economic variables. Academic scholars and market researchers use and focus on consumer occupation and demographics to study the target market segment for conducting the study. The study uses demographic factor to explore the correlation of consumers' intention to purchase a new automobile, because demographic factors can describe in more detail what individual consumers need and want. Age is continually utilized with other segment factors, for example, economic status, income level and occupation when directing exploration on buyer conduct. Age is an important factor which establishes a correlation with the income level of consumers for purchase intention of cars. Demographic factors act as a crucial element in the purchase intention of a product or service. Similarly, occupation, income level and family size play an essential and important role in the purchase of cars. Purchase Intention refers to a customer's willingness to purchase a particular good or service. Purchase Intention is therefore a dependent variable that depends on various internal and external factors. This paper is an attempt to examine the influence of occupation on the purchase intention of cars.

Literature Review

Conventionally the demographic factors can be divided into gender, age, income, educational background, race and marital status. The demographic factors chosen by them in their study were- gender, income and race. In the olden days these factors were considered majorly in influencing the purchasing decision **Kotler, Keller (2006)**. The research study done by **Kaushal (2013)** explores and conceptualizes various factors and develops a model, which influence the purchase patterns of cars. Data for the study was collected from 400 car users' sample from four cities in Uttar Pradesh through a structured questionnaire with 39 items on five-point scale. The study identified five important factors that influence the buyer behavior to purchase a car, viz., safety & security, esteem, operational convenience, economy and quality.

Purchase Intention of Individuals

According to **Eze et. al. (2012)** the factors affecting the purchase intention of cars are product, price, brand name, advertising. This research shows the purchase intention of cars in Pakistan. The survey was done in two cities of Pakistan- Islamabad and Lahore. A sample size of 200 was chosen and the research was done with the help of questionnaire. According to the research the factors influencing the purchase intention of cars in Pakistan are- Product intrinsic and extrinsic characteristics, Value added features (such as spare part availability, warranty, and technical support), Price, Word of Mouth communication, Social and media Influences, and relationship with dealers. However, three predictors of auto purchase intentions stand out as the most significant factors, i.e. Product, Price, and After Sales Services. **Altaf, Hashim, (2016)**

Psychological Factors

1. According to the study done by them in India they found that the factors affecting the purchase of cars in Africa were- the brand awareness, specification of a car, emotional connection, accessibility and the external influences **Narteh et. al. (2012)**. Culture consists of unique characteristics that influence the attitudes and beliefs

of consumers, which in turn affects the consumers' purchase intention and purchase behavior **Prasitphol, Serhateri (2002)**

Income

Dias did a research on 4 different variables for the consumer purchase behavior. These are automobiles, electronics, clothing and household goods. The research sample consisted of 561 respondents by online survey and adopted the snowball sampling method to collect data. After the survey he found that the income of the consumer affected the purchase of automobiles and clothing, whereas there was no effect of the income of the consumer on the purchase of household goods and electronics. **Dias (2004)**

This study adopted the Theory of Reasoned Action model to explore the correlation between demographic factors of consumers and their intention to purchase an automobile in Los Angeles, the United States. The demographic factors included in this research were gender, age, race, and income of consumers. The study concludes that the demographic factors that affected the purchase intention most was the race of the consumers and the income of the consumers had no impact. The objective of this study is to explore the purchase intention of consumers for an automobile in a multiracial society, after moderating for income, as it relates to the gender, age, race of consumers by utilizing the Theory of Reasoned Action model. Furthermore, the study emphasized the correlation between race of consumers and their purchase intention in a multiracial and multicultural society. **Fab et. al. (2012)** The research found that higher income consumers were more likely to have passenger cars, SUVs and minivans and they also stated that the presence of children had a significant effect on consumers' purchase decisions, because parents tend to have SUVs and minivans for safety and comfort. Gender and employment status were also found as statistically significant influencers **Bhat and Sen (2006)**

Buying Decision –

This research is related to studying those factors that are responsible for influencing the purchase decision of a brand and to determine the most important factor among them, which a car buyer thinks, would influence his/her car brand decision. The research concluded that there is a very strong positive brand influence between the car brands with income, occupation and family size. **Thiripurasundari (2016)**.

Occupation-

The analysis in this study is restricted to understanding multiday travel behavior and activity allocation for working adults 18 years and over, in recognition of the structural differences that may exist between workers and non-workers in how they allocate activities and time across weekdays and weekend days. **Bhat and Sen (2006)**

Brand Awareness

The survey was done with the help of a questionnaire to explore the relations between branding and consumers' decision-making process. The results were analyzed based on the key terms: brand equity, brand loyalty, brand awareness, pricing strategy, consumer behavior, and purchase decision. The results showed that the consumers have a strong preference towards branded cars, which are associated with good quality and superior performance. Branded cars also have a positive effect on a consumers' status in the society. **Letchumanan et. al. (2016)**. The purchase intention and buying decision of individual in buying automobile is majorly affected by occupation and income level. The study clearly defines the role of income and occupation in buying of automobile.

Methodology

STATEMENT OF PROBLEM

The studies conducted have mainly focused on only age, gender and income in the demographic factors. They have therefore neglected the other demographic factors such as family size, marital status and occupation. Also, only few studies have been conducted in India in relation to this topic.

OBJECTIVE

- To analyze the most important factors that affects the purchase decision of the consumers.
- To understand the occupation and income of individual in buying behavior of automobile .

VARIABLES

Independent variable

- Income Level
- Type of Occupation
- Level of occupation

Dependent variable

- Purchase Intention

CONCEPTUAL FRAMEWORK

Demographic factor are the factors that are used to define the characteristics of a person or a population. Some commonly used demographic factors include race, age, gender, income, marital status, job, religion and educational achievement. The demographic factor used in this research study is Occupation.

Purchase Intention refers to a customer's willingness to purchase a particular good or service. Purchase Intention is therefore a dependent variable that depends on various internal and external factors. For the current study the different types of cars that will be included are: SUV, Sedan, Hatchback, Extended Hatchback.

HYPOTHESES

H1: The level of occupation will have a positive influence in the purchase intention of cars

H2: Income has a positive influence in the purchase intention of cars

H3: Occupation of the consumer will have a positive influence in the purchase intention of cars

RESEARCH METHODOLOGY

- Data Collection- Primary data has been used to collect the data with the help of questionnaires. The type of data used is qualitative and quantitative.
- Data Analysis- The data has been analyzed by using two methods descriptive analysis and inference tools correlation and regression.
- Sample Size- Based on the research done by various authors the sample size used is 200.
- Sampling method: Convenience sampling.

Analysis and Results

CORRELATION ANALYSIS

Table 1: Correlation table between Purchase Intention and Occupation
Correlations

		P.I. total	Occupation
P.I. total	Pearson Correlation	1	.097
	Sig. (2-tailed)		.173
	N	200	200
Occupation	Pearson Correlation	.097	1
	Sig. (2-tailed)	.173	
	N	200	200

The Pearson's correlation between purchase intention and occupation shows the value of 0.097. This shows that there is a weak positive relation between the two variables but the significance level shows the value of 0.173, which is greater than 0.05 and thus this correlation is not significant or there is no significant relationship between the two variables.

Table 2: Correlation table between Purchase Intention and Income
Correlations

		P.I. total	INCOME
P.I. total	Pearson Correlation	1	.150*
	Sig. (2-tailed)		.034
	N	200	200
INCOME	Pearson Correlation	.150*	1

Sig. (2-tailed)	.034	
N	200	200

*. Correlation is significant at the 0.05 level (2-tailed).

The Pearson's correlation between purchase intention and income shows the value of 0.150. This shows that there is a positive relation between the two variables. Also, the significance level shows the value of 0.034, which is less than 0.05 and thus this correlation is significant or there is a significant relationship between the two variables. Therefore increase in income will have a proportionate increase in the purchase intention.

Table 3: Correlation table between Purchase Intention and Occupation Level

		Correlations	
		P.I. total	OCCUPATION LEVEL
P.I. total	Pearson Correlation	1	-.064
	Sig. (2-tailed)		.365
	N	200	200
OCCUPATION LEVEL	Pearson Correlation	-.064	1
	Sig. (2-tailed)	.365	
	N	200	200

The Pearson's correlation between purchase intention and occupation level shows the value of -0.064. This shows that there is a weak negative relation between the two variables but the significance level shows the value of 0.365, which is greater than 0.05 and thus this correlation is not significant or there is no significant relationship between the two variables.

REGRESSION ANALYSIS

Table 4: Regression analysis

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.218 ^a	.048	.033	3.382

a. Predictors: (Constant), OCCUPATION LEVEL, Occupation, INCOME

The R square value shows 0.048. This shows that independent variable cannot explain the dependent variable. The change in independent variable will have a minimal change in the dependent variable.

HYPOTHESES TESTING

H₁: The null hypotheses get accepted, as the significance level shows the value of 0.365 which is more than 0.05. This shows that the level of occupation will not have a positive influence on the purchase intention of cars.

H₂: The null hypotheses gets rejected as the significance level shows the value of 0.034 which is less than 0.05 which means that income will have a positive influence on the purchase intention of cars.

H₃: The null hypotheses in this case gets accepted as the significance level shows the value of 0.097 which is more than 0.05 which means that occupation will not have a positive influence on the purchase intention of cars.

HYPOTHESES	STATEMENT	RESULT
H ₁ :	The level of occupation will have a positive influence in the purchase intention of cars.	REJECTED
H ₂ :	Income has a positive influence in the purchase intention of cars	ACCEPTED
H ₃ :	Occupation of the consumer will have a positive influence in the purchase intention of cars	REJECTED

FINDINGS

- 59% respondents belong to the age group of 20-40, which shows the youth of India. As there is high population of youth in India most of the respondents belong to this age bracket.
- 31.5% respondents have an income of above 30,00,000 p.a. which also shows that their disposable income. From the data collected it can also be inferred that most of the respondents believe that their purchase intention of car is influenced by the change in their income.
- From the data collected it can be inferred that 51% respondents believe that their purchase intention of car is not influenced by their occupation.
- Most of the respondents prefer to purchase cars which cost less than Rs.20,00,000 i.e. 52% respondents prefer cars which cost less than 20,00,000.
- Safety, seat comfort and mileage are the most important features that the respondents look for in a car.
- There is a weak positive correlation between the purchase intention of cars and the occupation, but it is not significant. The correlation shows the value of 0.097, which is positive.
- There is a significant positive correlation between the purchase intention of cars and income, which means that a change in the independent variable (income) will have a proportionate change in the dependent variable (purchase intention). The correlation shows the value of 0.150, which is positive.
- There is a weak negative correlation between the purchase intention of car and the level of occupation, and it is not significant. The correlation shows the value of -0.064, which is negative.
- The regression analysis also shows that there a weak relation between the dependent variable and independent variable as R square shows the value 0.048.

Conclusion

The research conducted shows that income plays a very important role in the purchase intention of cars and occupation has a very weak relation with the purchase intention of cars. On the basis of the correlation analysis the level of occupation had a weak negative relation with the purchase intention of cars. The literature review also showed various demographic factors, which influenced the purchase intention of car in various different countries around the world. The researchers had mainly focused on age, income, gender and the neglected other demographic factors such as family size, marital status and occupation. Therefore, future studies can be based on these factors and can study the purchase intention of consumers around India, as there have been very few studies that have been conducted in India.

LIMITATIONS

Possibility of bias responses from the respondents.

As the research cannot be conducted on every single person the conclusion will be drawn from the people who have been chosen for the research

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