EXPLORING THE FACTORS INFLUENCING THE CHOICE OF YOUNG GENERATION WHILE BUYING CARS: A FACTOR ANALYSIS APPROACH

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ABSTRACT

The purpose of this paper is to find the factors affecting the choice of young generation toward buying a car in price range up to 8 lakhs in Ahmadabad city. The primary research is done through questionnaires using judgmental sampling. Data is collected from 225 respondents who are over 18 years old, well educated, well informed of latest trends and currently using a car. The factor analysis has been used to identify factors affecting choice of young generation while buying the car. The result indicated that young generation is influenced by product and services related features, strength of car, economy, riding experience, reference group appeal and promotion of the car.

Keywords: Young Generation, Consumer Buying Behavior, Four-Wheeler, Factor Analysis.

Introduction:

Small is really big for the Indian car market. Overall Indian Automobile Industry has shown marginal growth in FY 2012-13 compare to last FY 2011-12. Continuing the trend in the last few years, small cars are set to rule Indian roads in 2014 too. With every car manufacturer posting record sales figures even post-Diwali, normally considered a dull period, the Indian car industry seems to have got over the worst for now. According to Society of Indian Automobile Manufacturers (SIAM), the small car segment saw a 20 per cent growth in the domestic market in the year 2013.

Increasing competition has made it quite meaningful to study the attitude of young generation toward buying car in Ahmadabad city. This study contributes to automobile markers to know buying behavior of young generation in Ahmedabad city.

Literature Review:

Mirzaei and Ruzdar found that Reference groups do not affect purchase of the car while social status affects the purchase of the car.

Yee, San, Khoon (2011) found that When customers want to purchase a car, they look for reliability and durability of the cars. Perceived value has positive association with purchase decision.

Menon and Jagathyraj (2010) argued that, for the youth, who is on the move, peer group is the greatest influencing factor, of their car purchase decision. Engine, performance and power are more important than comfort in driving, interior and exterior design.

Johson and Chang (2000) found that reliance on reference groups, especially friends and family; seem to differentiate American and Chinese consumers. Chinese consumers were more likely to consult a reference group member prior to purchasing an automobile. Finally, although both groups were value-conscious, the Chinese group appeared to be more concerned with price than did the American group.

Joshi (2013) reveals that purchasing of car is strongly influenced by the advertisements and secondly by family and friend's recommendations. For mid-size segment customer focus is for safety, driving & seating comfort, brand. Also this segment requires value for money, best features and customer friendly vehicles.

Nezakati, Kok, & Asgari (2011) found that majority respondents give Weightage to the quality of the car before they made decision to purchase. Consumers seem to purchase car based on the experience from the past.

Table No 2: Total Variance

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.301	18.340	18.340	3.301	18.340	18.340	2.434	13.523	13.523
2	2.228	12.379	30.720	2.228	12.379	30.720	2.036	11.310	24.832
3	1.931	10.726	41.446	1.931	10.726	41.446	1.800	9.998	34.830
4	1.613	8.960	50.406	1.613	8.960	50.406	1.787	9.930	44.761
5	1.321	7.339	57.745	1.321	7.339	57.745	1.781	9.893	54.654
6	1.182	6.568	64.313	1.182	6.568	64.313	1.739	9.659	64.313
7	.983	5.464	69.776						
8	.866	4.813	74.590						
9	.774	4.298	78.888						
10	.652	3.621	82.509						
11	.586	3.253	85.762						
12	.553	3.070	88.832						
13	.465	2.582	91.415						
14	.387	2.149	93.564						
15	.369	2.052	95.616						
16	.280	1.556	97.171						
17	.261	1.450	98.621						
18	.248	1.379	100.000						

Extraction Method: Principal Component Analysis.

Table No 3: Rotated component matrix

Rotated Component Matrix						
	Component					
	1	2	3	4	5	6
Power Break and Steering	.749					
Exterior	.706					
Variety of Colors	.670					
Interior	.621					
After Sales Service	.518					
Pickup		.753				
Powerful Engine		.719				
Durability		.706				
Maintenance Cost			.810			
Resale Value			.805			
Fuel efficiency			.424			
Recommendation from Users				.833		
Social Acceptance				.817		
Comfortable Riding					.864	
Safety					.806	
Cooling Capacity					.470	
Promotional Schemes						.636
Celebrity Endorsement						.596

The table of rotated component matrix shows all the components having factor loading of more than 0.4. Rest of the factor loading has been suppressed. The following table shows the six factors with their components.

After doing rigorous literature review, it is found that there are many studies which have been done on car industries but nobody done a research on attitude of young generation toward buying a car in price range up to 8 lakhs (luxury Segment). Research done on Electric Vehicle segment, feature of car, preferences in the form of attributes and confront.

Research Methodology:

The main of the study is to know the factors considered by consumer while purchasing the car in Ahmadabad City. The research design is exploratory in nature. The sample consists of Young people staying in Ahmadabad city meeting qualifications: over 18 years old, well educated, well informed of

latest trends & currently using a car. Non-probability, judgmental sampling technique, is used in this research paper. The sample size was 196 consumers living in Ahmedabad and meeting the above mentioned criteria. All the respondents were contacted personally either at their home or office/college. The research was conducted in the month of February, 2014.

The structured questionnaire was used to collect the primary data. It contained three parts; the first part contained the preliminary questions, second part contained factors affecting purchase and third part contained demographic information of the respondents. The factor analysis approach has been used to identify the factors important to buyer while purchasing the car.

Data Analysis and Interpretation:

As shown in table 1, KMO and Bartlett's test has value of 0.608. While the KMO ranges from 0 to 1, the world-over accepted index is over 0.6. Also, the Bartlett's Test of Sphericity relates to the significance of the study and thereby shows the construct validity and suitability of the responses collected to the problem being addressed through the study. For Factor Analysis to be recommended suitable, the Bartlett's Test of Sphericity must be less than 0.05 (Malhotra and Dash 2009).

Table No 1: KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.608
Bartlett's Test of Sphericity	Chi Square	558.653
	df	153
	Sig.	.000

The above analysis shows that factor analysis is valid and applicable to the study undertaken.

The above table no 2 labeled as Total Variance Explained lists the Eigen values associated with each factor before extraction, after extraction and after rotation. Before extraction, it has identified 18 linear components within the data set. The Eigen values associated with each factor represent the variance explained by that particular linear component and the table also displays the Eigen value in terms of the percentage of variance explained. After rotation, it has identified six liner components which have Eigen value of more than 1. It explains 64.31% variance to explain the choice of young generation while buying cars

Table No: 4 Factor Labelling

Power Break and Steering	Product and Service related features
Exterior	
Variety of Colors	
Interior	
After Sales Service	
Pickup	Strength of Car
Powerful Engine	
Durability	
Maintenance Cost	Economy
Resale Value	
Fuel efficiency	
Recommendation from Users	Reference Group Appeal
Social Acceptance	
Comfortable Riding	Riding Experience
Safety	
Cooling Capacity	
Promotional Schemes	Promotion
Celebrity Endorsement	

The Factor 1, which is Product and Service Related feature, explained the highest variance of 18.340%. It contains five variables as shown in table no.4 it is one of the most important factors considered by buyers while purchasing the car. The Factor 2, which is strength, explained second highest variance of 12.379%. It contains three variables. It is second most important factors considered by buyers while purchasing the car. The third most important factor is Economy which contains 10.726% of variance. It contains three variables as shown in Table no.4.The fourth most important factor is Reference Group Appeal which contains 8.960 % of variance. It contains two variables as shown in Table no.4 the next two important factors are Riding experience and promotion which contains 7.339% and 6.568% of variance.

Discussions:

As per the study, buyers look for best interior and exterior of the car. Even, variety of the colors is also very much important to young generation as they want some unique and exciting colors rather than tradition colours. The youth prefers power break and steering for smoother driving experience. Most of the models in Rs. 5 lakhs to Rs. 8 lakhs category provide the power break and steering. Buyers considers after sale service as one of the most important variable of purchasing decision. The manufactures must maintain service centres and provide quick, qualitative and economical services to the buyers. The buyers do not give much importance to price but resale value, maintenance cost and fuel efficiency is very much important to them. Youth prefers high pick up and powerful engine as they are inclined to speed. For buyers, recommendation from relatives and friends

matters a lot. Also, social acceptance is very important as buying the car is not merely a functional task but it is style statement and matter of the status. Comfortable riding experience and promotion schemes like festival offers or value added services are also important to buyers. The car manufacturers must provide bet riding experience and constantly come out with innovative promotional strategies to attract young buyers.

The result of the study matches with study undertaken by Menon and Jagathyraj (2012) who found that peer group is the greatest influencing factor, of their car purchase decision. Engine, performance and power are more important than comfort in driving, interior and exterior design. It also supports the finding of Joshi (2013) who found that purchasing of car is strongly influenced by the advertisements and secondly by family and friend's recommendations. For mid-size segment customer focus is for safety, driving & seating comfort, brand. Also this segment requires value for money, best features and customer friendly vehicles.

Conclusion:

According to study, young people look for best interior and exterior of the car. Even, variety of the colours is also very much important to young buyers of Ahmadabad city. The youth prefers power break and steering for smoother driving experience. Most of the models in Rs. 5 lakhs to Rs. 8 lakhs category provide the power break and steering so, most of buyers are satisfied with this attributes. Young buyers considers after sale service as one of the most important variable of purchasing decision so, the manufactures must maintain service centres and provide quick service to the young buyers. The young buyers do not give much preference to price but resale value, maintenance cost and fuel efficiency is very much important to them. For speed young buyers prefer high pick up and powerful engine. Relatives and friends are influence more to the young buyers. Young buyers focus on style of care because of status. Promotion schemes or value added services are also important to young buyers.

Product and Service Related features are most important factor considered by buyers. Strength of Car is second most important factor considered by buyers while purchasing the car. Promotional is last important factor considered by buyers while purchasing the car.

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