

# WHEELS of CHANGE in the OWNERSHIP of CARS in GEN Y in PUNE

Prof. Simon Thomas<sup>1</sup>, Prof. Dr. Asha Nagendra<sup>2</sup>

<sup>1</sup>Faculty, St. Vincents College of Commerce, Pune. (India), <sup>2</sup>Professor, Symbiosis Institute of Management Studies  
<sup>1</sup>Research Scholar, Tilak Maharashtra Vidyapeeth, Pune. (India), <sup>2</sup>Symbiosis International University, Pune. (India)

<sup>1</sup>Email: simonindia@hotmail.com

<sup>2</sup>Email: asha.nagendra@sims.edu

## Abstract

The auto industry of India is one among the key players of the world, hence this industry represents 7.1 % of the nation's gross domestic product. A middle class with a young growing population has contributed to the advancement of this industry. The growth in personal residual earnings and the entry of fully loaded featured cars which meets the desire of youths have generated more first-time consumers. Their demands have been rising every day as they don't mind increasing their budget if it adds value to their social status in the society. The car industry today is catering to the demands of the youngsters and hence entry level SUV's with features are being launched in the market. So, it's time for every business to start looking for and nurturing lasting association with their consumers, an association that goes far past the initial sale. This has motivated the researcher to investigate the customer age group that own more cars in Pune region. A study was undertaken for Pune and Pimpri Chinchwad of Pune region. A total of 225 respondents residing in Pune and Pimpri Chinchwad forms the sample. SPSS 21 was used for the statistical analysis of the study.

**Keywords - Age group, Youth, Consumer buying behaviour, Car, Disposable income.**

## I. INTRODUCTION

India is definitely becoming younger and if we consider the figures, we can see the average age at which a consumer enters a car market has drastically come down over the years. This is because there has been a brand awareness in the youth at a very early age due to the media and this translates into a sale.

India's car business is growing, and Millennials (under 29 years) are at the frontline of its brisk spurt in the value chain. In June 2017, the frontrunner in the market place namely Maruti Suzuki offered and sold one in two cars to a first-time consumer generally a Millennial. And the statistics wouldn't be much diverse for the rivals of Maruti Suzuki.

The GenY would like to enjoy the first-class lifestyle, and are not ready to wait unlike Gen X for their first car. They are not interested in entry level cars unlike their parents but instead are interested in purchasing fully feature loaded cars. Hence, we can see all major brands like Maruti, Hyundai, Honda, Tata, Ford etc. are launching feature packed cars in their latest launches.

The growth in personal salaries and the launch of feature-rich cars that fulfill the ambitions of youths have added first-time buyers in the market. Hence, now car manufacturers are targeting more on the youth for their future sales which can be seen from the statistics presented by various car manufacturers wherein there has been a jump in the under 29 years consumers consumption from 22 % to 27 % in the last 5 years.

A Maruti Suzuki spokesman has stated in the Economic times of August 22<sup>nd</sup>, 2017 that buyers in the age group below 35 years has increased by 40 % in the last 3 years. This is further substantiated by a data which indicates that the customer share below the age of 35 years has gone up by 45 % at the premium Nexa channel.

## II. NEED OF THE STUDY

The Indian automobile market is growing and moreover there is hardly any research done in detail in Pune on this topic. The study is vital for both marketers and car manufacturers to understand the consumer buying behaviour in the ownership of cars in various age groups.

## III. REVIEW OF LITERATURE

Pasricha (2007) states that customers no longer reply to mass marketplace requests; they have more specific tastes and they are looking for a more specific style. When faced with similar products they may select the brand towards which they have an emotional bonding and which accomplishes their emotional needs.

First-Time Buyers for Maruti Suzuki are shown in figure 1.

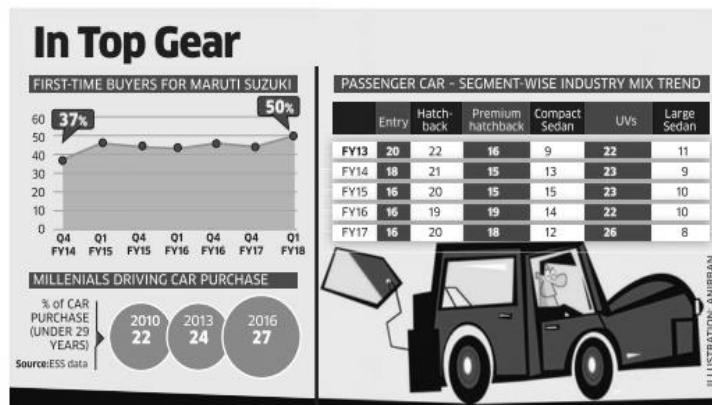


Figure 1 shows First-Time Buyers for Maruti Suzuki  
 Source: The Economic Times (Delhi) Aug 22, 2017

Cuza (2011) in her research article on issues prompting passenger car customer behaviour and their usage in the ecological community policy concluded that the car is a vital symbol of status to the customer and does not stand for a solitary norm of fulfilment for conveyance need. The auto fits into the character of the purchaser and hence portrays the purchaser and also fits into a particular group of users who buy that product. In most of the cases the purchaser has to fit into the trend of the product rather than tailoring the product for their need. In the present case the product has to cater to the environmental needs of the era, in addition to resolving the problem of CO2 discharges to meet the current requirements. Other than the organizational difficulties where the key part remains with the civic establishments, the automotive manufacturers will have to distinguish the environmental car through design, so that it could be recognized easily on the streets, but also build a novel image for the owner of the environmental car, diverse from the present distinctive car possessor, so that it makes a desire amidst the consumers. In this mode, it would be thinkable for the modification of the powerful, big and stylishly decorated car categorized with the new environmental car which should not be modest nor should it be a compromise to the consumer. In devising the selling policy, it is vital to properly segment the marketplace in order to find the initial adopters, but there is a necessity for additional research concerning the consumer in order to learn the behavioural model and ethics which need to be encouraged in selling the message to the initial adopters. In the Romanian consumer studies, it was decided to find his / her level of apprehension to the environment, which could measure the acceptance level for the environment in the automobile field on distinct consumer sections and to find the affective and representative issues significant to the Romanian customer when it comes to his / her car. Carmakers’ market share in India (FY 2017-18) are depicted in figure 2.

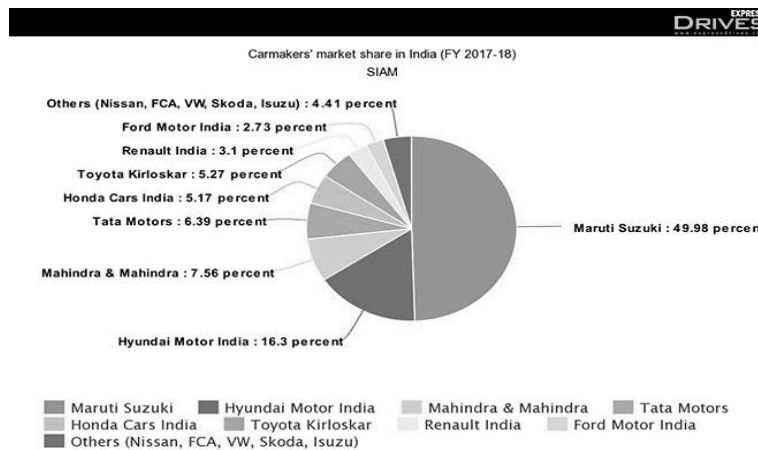


Figure 2 depicts Carmakers’ market share in India (FY 2017-18)  
 Source: <https://www.google.co.in/imgres?imgurl=https://images.financialexpress.com>

Vyas (2013) researched on the effect of profession over buying behaviour towards cars. The need of the study was to determine the consequence of the profession on purchasing behaviour of make and model towards cars, to analyse the effect of country of origin on buying behaviour towards cars within different professions. A questionnaire was made to collect the data from 100 respondents who were employed in academics, law, chartered accountancy firms, hospitals and clinics as doctors and media fraternity from the area of Jamnagar and Rajkot. It was resolved that in the booming automobile industry in India, consumers had the luxury to choose the best. Many MNC’s and domestic players in the automobile field were competing fiercely with each other to acquire a larger market share. Hence in this situation research might give an idea to the companies to establish a particular niche for particular consumers and cater to their individual and professional needs which will help the consumers in getting exactly what they want and also the organization to gain a larger market share. India is known for its diversity and tapping this market is a challenge for every company. We cannot comprehend the mentality of the Indian consumers that easily, hence in such circumstances research plays a big role.

Total Industry Volumes between April 2015 and March 2016 for top 10 cities in India are shown in figure 3.

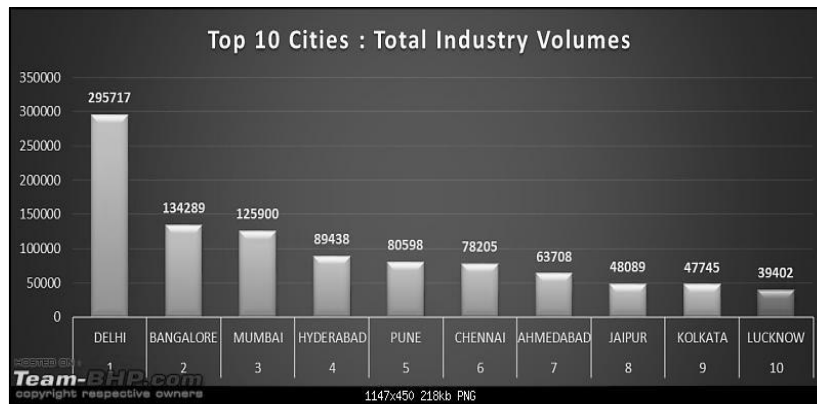


Figure 3 shows Total Industry Volumes between April 2015 and March 2016 for top 10 cities in India  
 Source: <https://www.team-bhp.com/forum/indian-car-scene/178868-city-wise-car-sales-india-april-2015-march-2016-a.html>

A review on features inducing customer preference for procuring a car with respect to Maruti Suzuki in Bhalai-Durg, India was brought out by Sahu (2017) to analyse the main issues which are accountable for inducing the preference of customers to acquire the car. Primary data was collected through a questionnaire from 90 respondents in Bhalai Durg district. He found that most of the customers were servicemen, non-service class and students. Most of them 55 % looked for comfort and mileage in a car of their preference. The researcher suggests that self-esteem and social status are the major factors for the customers, the company should work on the external and internal looks of the cars in various models. They should also work on the fuel consumption of their cars, as the fuel prices are increasing and they should also increase free servicing for their customers and come up with new models. The author concludes saying that market is very competitive and hence the complex understanding of the consumer behaviour is very vital for marketing success and taking the right decisions. The customers are satisfied by the performance and promotions of Maruti Suzuki cars and feel they can increase the market share if they act on the other factors discussed above.

IV. OBJECTIVE OF THE STUDY

To study the customer age group that own more cars in Pune region.

V. RESEARCH QUESTION

Are cars owned mostly by people in the age group of 26 to 35 years?

VI. RESEARCH METHODOLOGY

The data for the purpose of the present study have been collected through primary and secondary data.

1. Primary data collection

Structured questionnaires were used to collect primary data. The study was undertaken for Pune and Pimpri Chinchwad of Pune region. A total of 225 respondents residing in Pune and Pimpri Chinchwad were considered for the study. Convenience sampling technique was followed for collecting responses from the respondents.

2. Secondary data collection

The sources of secondary data include published data such as data from books, journals, periodicals, reports, etc.

3. Tools for Analysis

1. The statistical tools used for the purpose of this study are simple percentages.
2. Chi-Square Test was done using SPSS version 21 to prove the hypothesis.
- 3.

VII. DATA ANALYSIS AND INTERPRETATION

Table I

SNo	Age of respondents	N = 225	Percentage
1)	Less than 25 years	9	4
2)	26 to 35 years	105	46.66
3)	36 to 50 years	58	25.78
4)	More than 50 years	53	23.56

Majority (47 %) of the respondents were in the age group of 26 to 35 years. A large section (26 %) were in the age group of 36 to 50 years. Only 4 % were below 25 years.

Table II

SNo	Number of cars owned by the respondents in the family	N = 225	Percentage
1)	1	210	93.33
2)	2	9	4.00
3)	3	5	2.22
4)	More than 3	1	0.45

Majority (93 %) of the respondents' owned one car in the family, whereas 4 % had 2 cars. Only 0.44 % persons had more than 3 cars in the family.

VIII. VARIABLES AND MEASUREMENT

Age of the respondents is measured using an ordinal scale (1 = Less than 25 years, 2 = 26 to 35 years, 3 = 36 to 50 years and 4 = more than 50 years) and number of vehicles owned in the family is measured using an ordinal scale (1 = one car, 2 = two cars, 3 = three cars and 4 = more than three cars)

IX. HYPOTHESIS TESTING

**H<sub>0</sub>**: Number of cars owned is independent of the age group.

**H<sub>1</sub>**: Number of cars owned depends on the age group.

Level of significance  $\alpha = 0.05$

Table III Shows Test Statistics Derived from SPSS

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	52.156	9	.000*
Likelihood Ratio	47.066	9	.000*
Linear-by-Linear Association	30.186	1	.000*
N of Valid Cases	225		

\* = 3 decimal places are reported since significance value is < 0.1 %

X. INFERENCE

Since the Chi-Square test is significant P value is < 0.05. The null hypothesis is rejected as it is concluded that cars are owned mostly by people in the age group of 26 to 35 years. Hence the alternative hypothesis is proved / accepted.

Table IV Shows Cross Tabulation Table Derived from SPSS

			Number of vehicles owned in the family			
			one	Two	Three	More than three
Age	Less than 25	Count	9	0	0	0
		% within age	100.0%	0.0%	0.0%	0.0%
26 to 35	Count	Count	105	0	0	0
		% within age	100.0%	0.0%	0.0%	0.0%
36 to 50 years	Count	Count	58	0	0	0
		% within age	100.0%	0.0%	0.0%	0.0%
More than 50 years	Count	Count	38	9	5	1
		% within age	71.7%	17.0%	9.4%	1.9%
Total	Count	Count	210	9	5	1
		% within age	93.3%	4.0%	2.2%	0.4%
Age	Less than 25	Count				9
		% within age				100.0%
26 to 35	Count	Count				105
		% within age				100.0%
36 to 50 years	Count	Count				58
		% within age				100.0%
More than 50 years	Count	Count				53
		% within age				100.0%
Total	Count	Count				225
		% within age				100.0%

The cross-tabulation table shows that all 9 respondents who were less than 25 years of age owned one vehicle in the family. All 105 respondents who were in the age group of 26 to 35 years owned one vehicle in the family. All 58 respondents who were in the age group of 36 to 50 years owned one vehicle in the family. Out of 53 respondents who were more than 50 years of age 71.7 % owned one vehicle in the family, whereas 17 % owned two vehicles in the family, 9.4 % owned 3 vehicles in the family and only 1.9 % had more than three vehicles in the family.

Characteristics of a Car Buyer is shown in figure 4.

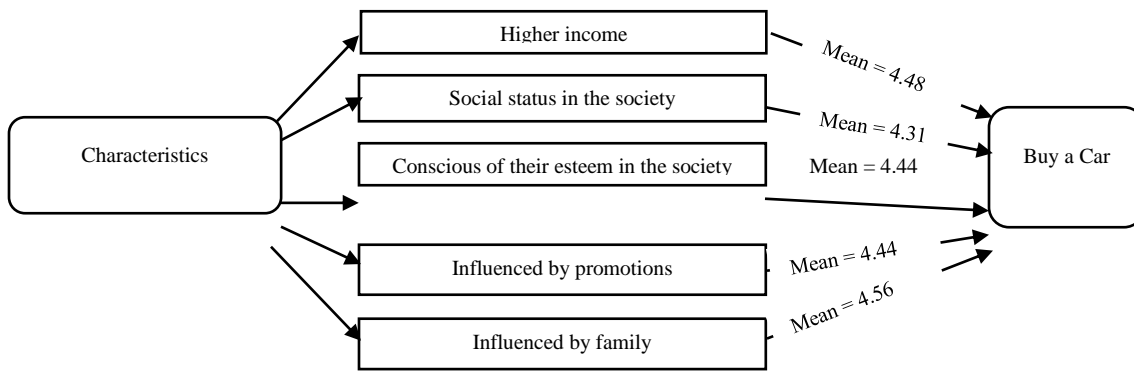


Figure 4 shows Characteristics of a Car Buyer  
 (Source: Created by the researcher for this specific study.)

XI. CONCLUSIONS

Cars are owned mostly by people in the age group of 26 to 35 years. This validates that this consumer segment has become very important for all car manufacturers as there is a lot of disposable income in this age group and the propensity to spend is very high.

XII. RECOMMENDATION

The automobile manufacturers, dealers and financing institutions should come up with innovative financing schemes for the consumers between the age group of 26 to 35 years namely youths. Youths get carried away very easily by fully feature loaded cars and hence the manufacturers should keep that in mind while designing the product. Moreover, if they convince these consumers with better service before and after the sales they can be converted into a loyal customer of that particular brand. It is easier for financing companies to disburse loans to this category of consumers as their income will be growing and repayment of loans can be assured.

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