

# CONSUMER CHOICE TOWARDS PASSENGER CARS OF MARUTI SUZUKI AND HYUNDAI MOTORS IN DELHI : A COMPARATIVE ANALYSIS

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## ABSTRACT

*This research was conducted with the major aim to compare the consumer choice towards passenger cars of Maruti Suzuki and Hyundai Motors in Delhi Region. A convenience sampling technique was adopted with a sample size of 150 respondents. The primary data for the study was collected using a self-designed questionnaire. Independent T-test analysis was used to compare the preferences of consumers towards the passenger vehicles of Maruti Suzuki and Hyundai Motors. The brands were compared on five attributes namely, colour, interior, price, after-sales service and resale value. The key finding of the study was that there is no difference in the consumer preference across these two brands on attributes such as colour, interiors and after-sales service. However, the preferences of the customers varied on factors like resale value and price. The key recommendation of the research is about adopting innovative techniques by both these brands to distinguish themselves in the market and establish higher brand equity.*

**Keywords:** Automobile, Comparative Price, Preference, Re-Sale Value.

## INTRODUCTION

Indian automobile sector is one of the heart industries of Indian economy. Till early 1980s, there were very few players in the Indian automobile sector & was suffering from obsolete & substandard technologies. After 1991 the India government released tedious norms and opened the Indian market for all. Currently the Indian automobile market is crowded with lot of Indian as well as multinational brands like Maruti, Honda, Chevrolet, Skoda, Renault, BMW, Hyundai, Nissan, Audi, Fiat, Toyota & General Motors etc. In India, the automobile industry provides direct employment to about 5 lakh persons. It contributes 4.7 per cent to India's GDP and 19 per cent to India's indirect tax revenue. India's auto market remains dominated by passenger cars in the small segment (segment-A) and compact segment (segment-B), which jointly account about 65 percent of sales. This change and increase in purchase behaviour is directly attributed to the increasing urbanization and women moving into the workforce. The Indian passenger vehicle industry has been progressing continuously since a last decade except the recessionary phase witnessed during FY 2009. Despite the recession in 2009, the Indian automobile market has captured the major market share in domestic as well as in international markets. In recent years the Indian automobile industry has achieved splendid achievement. India is 11<sup>th</sup> largest passenger vehicle market and is largest three wheeler market in world.

## OVERVIEW OF AUTOMOBILE INDUSTRY IN INDIA

Today environment and conditions have been changed in favour of the automobile industry in various ways. Firstly, the

knowledge and technology is easy to share and adopt than any time in the past. Another reason is the ability and autonomy that companies have to apply the knowledge and analysis to devise means to attract new customers and lure them to make purchases.

There has been an unprecedented growth in the sale of passenger cars in the past decade or so, where the sales have increased more than three times. The Indian automobile sector emerges as the destination of choice in the world for design and manufacture of automobiles and auto components with output reaching a level of US\$ 145 billion accounting for more than 10% of the GDP and providing additional employment to 25 millions of people by 2017.

The Government of India takes necessary steps not only to maintain the high rate of growth but also retain the attractive of Indian market for further attractive the competitive strength of Indian companies. The Government setup through the development council on automobile and allied industries, constituted a task force to draw up a decade mission plan for Indian automotive industry, the challenge was to give a shape of innovative plan of action with full participation of stakeholders and to complexity it into a mission mode to remove barrier coming in the way of growth industry. Automobile industry to meet the customer demands and changing business needs, they raise a strategy to accomplish the demands of consumers as well as face the competitor's challenge with the aid of new technology and innovative ideas. The industry service to the society next advance stage introduction of new electric cars in the place of LPG, petrol and diesel cars due to continuous hiking of fuel prices as well

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as to reduce the emission of toxic gases on earth. The focus of the research enhances the passenger car segments and how to develop with sophisticated technologies is used in production of cars; sales of vehicles in the particular segment, revenue generation etc and create millions of employment opportunities both direct as well as indirect nature for rural and urban areas in this sector.

There are various reasons for the growth of the Indian automobile market such as:

- (a) The people have more disposable income as economy is growing.
- (b) Increase in the need of mobility due to urbanization and leisure travel.
- (c) Car insurance options available from financial institutes at reasonable rate of interest and length of repayment.
- (d) Availability of service centres, spare parts across the nation in near locality.
- (e) Improvement in highway infrastructure and reduce cost of service and time.

### **Current Outlook**

There are expectations of increased focus on reforms and ramp up in infrastructure. Thus, government spending on infrastructure in roads and airports and higher GDP growth in the future will benefit the auto sector in general. It is expected that there is going to be a slew of launches both in passenger cars and Utility Vehicles (UVs) given that the competition has intensified.

The multi-year low interest rates and subdued petrol prices augurs well for the Indian auto sector. Historically, the demand for the passenger vehicles has been negatively correlated to the interest rates. Further, the 7<sup>th</sup> pay commission payout will also play out well for the auto Industry in FY17.

Historically, the Indian Passenger car market has been skewed towards small passenger cars. However, there is a structural change taking place in the industry with demand for UVs taking over the passenger car. This shift is paving a way towards new avenues of the growth and will result in a more profitable growth for the sector.

### **LITERATURE REVIEW**

The automobile industry has been a topic of interest amongst researchers across the globe, especially in the recent past. This is because of the unprecedented increase in the demand of automobiles because of a dramatic shift in the demographic profile of the population of the world in general. It has put purchasing of cars as the top most priority for all income groups. It has surely become a highly competitive market.

According to Amita Girdhar, Suman Ghalawat and Kavitha C. (2015), the major factors that affect consumer perception

towards different brands of car can be varied and secondly to develop a model framework for various decision areas of consumers while purchasing a cars imperative. The results of factor analysis reveal five factors named as: product strategies, technology know-how, and level of satisfaction, workshop features and lastly service orientation. Factor analysis discloses that consumers were more influenced by product strategies, technology know-how and level of satisfaction. Hence consumers need USP of a commodity that makes a difference. Further results of discriminant analysis reveals that consumers were more influenced by product strategies, followed by technology know how and up to some extent level of satisfaction and service orientation. On the other hand consumers were least influenced by the factor workshop features.

In a study undertaken by Dr.T.Rajasekar and Dr.S. Rameshkumar (2015), the objective was to analyze the factors influencing the brand preference by the owners of passenger cars in Madurai city. An in-depth discussion and interaction by the researcher with the experts in this field and car dealers in Madurai City was done. The records available with the Regional Transport Office showed that there were 1624 cars registered in 2011. So, the identification and analysis of the factors which were considered by the consumers before making the purchasing decision were essential for the manufacturers or traders for success which in turn ensures survival in the competitive market. For this purpose, the respondents were asked to rank the following factors according to their priority towards a particular brand of car like brand image, maintenance cost, latest technology, fuel efficiency, price, after sales service, resale value etc. The results of the study showed that the price and fuel efficiency were the dominant factors and the pick-up and comfort and the latest technology were the least and last factors that influence the decision of the passenger car owners in the study area.

Dr. Vishal S.Rana and Dr. M.A Lokhande (2015) researched the whole concept and study was based on the opinion of respondents regarding Maruti & Hyundai brands in Marathwada region with respect to after sales service, resale value, fuel efficiency, vehicle satisfaction, opinion about price, source of information. There were many factors which were included in the study which leads to the high level of customer satisfaction: Products and services which were customer focused. It was obvious that satisfied customers, satisfied employees and satisfied shareholders all have one common characteristic– they were positive and enthusiastic about the company they were dealing with. The results showed that the companies should develop an efficient system of receiving complaints and encourage consumers to record their complaints as soon as they occur, and efficiently resolve their complaints. For this constant meeting with customers, dealers, and telephone enquiry was found to be a good option.

In a research undertaken by Kusuma P (2015), the objective was to identify the possible parameters that influence the

consumer buying behaviour patterns of passenger car owners in the State of Karnataka. It was also aimed to develop a theoretical model, which influence the consumer buying patterns of passenger cars. Companies were adopting methods to find out, if smaller families using the two wheelers can be converted into the car buyers. The factors such as size of the car, design, price and resale value were found to be the dominant factors.

In a study by M. Akhila and Ali Ashar T Thayyullathil (2015) customer opinion on cars in Maruti Suzuki, their awareness about various brands and models of Maruti cars, their satisfaction and services provided by Maruti Suzuki showroom in Coimbatore were studied. The results indicated that, Maruti Suzuki cars are the best and fast moving cars. The demand for the cars by customer shows increasing trend, at the same time they expected easy handling, safety and security, higher performance etc. which forces the brands to look for more innovative model.

Arpita Srivastava and Mittu Matta (2014) researched and the objective was to identify different sources of information used by the buyers and their role while making a purchase decision. The scope of the study was limited to certain important behavioural aspects like information search and evaluation, brand preference and brand loyalty and factors of motivation. Consumer behaviour consists of all human behaviour that goes in making purchase decisions. There are four major classes of consumer behaviour determinants and expectations, namely, cultural, socio-economic, personal and psychological. Customer demands are dynamic, but its consideration is necessary for every company to make existence into the market.

Balasubramani S, Suganthi M and Suresh P (2013) took over a research and the objective was to analyze the socio economic status of consumers, level of satisfaction of consumers regarding various models of Hyundai car, investigate the Hyundai brand of car owners preference and behaviour pertaining to purchase and use of cars, the factors influencing the buying decisions of Hyundai brand, identify the switch over brand options. A total of 658 Interview schedules were prepared and the results showed that satisfaction with Hyundai cars was dependent upon the socio economic status of the customers. It was further revealed from the analysis that there was highly significant association between model and source of advertisement. It was also observed that the majority of the respondents prefer the finance mode of purchase (55.84%) rather than cash model. The research concluded that there is a highly significant association between the model and mode of purchase. The majority of the respondents prefer bank finance as a source rather than the private finance was also concluded.

**OBJECTIVE OF THE STUDY**

To compare the preferences of customers while buying Maruti Suzuki and Hyundai brands over five dimensions namely colour, interior/design/features, price, after sales service and resale value.

**HYPOTHESES OF THE STUDY**

**H<sub>1</sub>:** There is a significant difference in preference of customers towards colour for both auto companies i.e. Maruti and Hyundai.

**H<sub>2</sub>:** There is a significant difference in preference of customers towards interior/design/feature for both auto companies i.e. Maruti and Hyundai.

**H<sub>3</sub>:** There is a significant difference in preference of customers towards price for both auto companies i.e. Maruti and Hyundai.

**H<sub>4</sub>:** There is a significant difference in preference of customers towards after sales service for both auto companies i.e. Maruti and Hyundai.

**H<sub>5</sub>:** There is a significant difference in preference of customers towards resale value for both auto companies i.e. Maruti and Hyundai.

**RESEARCH METHODOLOGY**

The data was collected from primary sources. For valid and reliable results, a random sampling method was undertaken in a sample size of 150 respondents. A self-designed questionnaire was used as the tool for collecting primary data. The 5 point Likert Scale questionnaire comprised 21 statements measuring respondents’ preference for purchasing car. The collected data was analyzed using independent T-test.

**Reliability of Questionnaire**

Since, the Cronbach’s Alpha value was 0.613 so the questionnaire was found to be reliable to be used for the study (Table 1).

**Table 1: Reliability Statistics**

Cronbach’s Alpha	Cronbach’s Alpha Based on Standardized Items	No. of Items
0.601	0.613	21

**RESULTS AND DISCUSSION**

**Demographic Profile**

The analysis of the buying preference of customers in the automobile industry becomes more relevant and applicable in the light of the understanding of the demographic parameters which help to understand the causes in the variation of preference and choice across various dimensions and what is the influence of the same on the choice of automobile the customer makes. Here, the attempt is to understand it in the light of the comparative analysis of Hyundai and Maruti, the two leading brands.

Questionnaires were distributed between both male and female having the percentage 53% and 47% as for both the car brands respectively. The respondents belonged to different age brackets. Some of the respondents were single while some were married. The demographic profile of the 150 respondents is summarized as follows (Table 2, 3 and 4).

**Table 2: Demographic profile of the respondents of Maruti Suzuki**

<b>Demographic Profile of the respondents of Maruti Suzuki</b>		
<b>Age</b>	<b>No. of Respondents</b>	<b>Percentage</b>
Below 18 years	0	0%
18 years – 30 years	34	45%
30 years – 50 years	30	40%
Above 50 years	11	15%
<b>Total</b>	<b>75</b>	<b>100%</b>
<b>Gender</b>	<b>No. of Respondents</b>	<b>Percentage</b>
Male	41	55%
Female	34	45%
<b>Total</b>	<b>75</b>	<b>100%</b>
<b>Marital Status</b>	<b>No. of Respondents</b>	<b>Percentage</b>
Married	36	48%
Unmarried	39	52%
<b>Total</b>	<b>75</b>	<b>100%</b>

**Table 3: Demographic profile of the respondents of Hyundai Motors**

<b>Demographic Profile of the respondents of Hyundai Motors</b>		
<b>Age</b>	<b>No. of Respondents</b>	<b>Percentage</b>
Below 18 years	0	0%
18 years – 30 years	53	71%
30 years – 50 years	19	25%
Above 50 years	3	4%
<b>Total</b>	<b>75</b>	<b>100%</b>
<b>Gender</b>	<b>No. of Respondents</b>	<b>Percentage</b>
Male	38	51%
Female	37	49%
<b>Total</b>	<b>75</b>	<b>100%</b>
<b>Marital Status</b>	<b>No. of Respondents</b>	<b>Percentage</b>
Married	28	37%
Unmarried	47	63%
<b>Total</b>	<b>75</b>	<b>100%</b>

**Table 4: Descriptive Statistics**

	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>S.D</b>
<b>Gender</b>	150	1.00	2.00	1.4733	.50096
<b>Marital Status</b>	150	1.00	2.00	1.5733	.49625
<b>Occupation</b>	150	1.00	4.00	1.9667	1.09555
<b>Income</b>	150	1.00	4.00	1.8067	1.13337
<b>Valid N(list wise)</b>	150				

### Demographic Profile Analysis

Majority of the respondents are youth and middle aged individuals. Though the sample chosen was a convenience sample, but it appears that both Maruti and Hyundai has fewer customers in the older age group (above 50 years). The

composition of the sample indicates that the majority of the respondents are male with 53% as against female with 47%. 43% of the total respondents for the study were married and 57% were unmarried as a total for both the brands.

**Table 5: Independent T Test: Preference of customers towards Colour between Maruti and Hyundai.**

	Levene's Test for Equality of Variances		t-test for equality of means						
	F	Sig.	t.	df	Sig (2 - tailed) p value	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Colour									
Equal Variance Assumed	.784	.377	1.144	148	.255	.28000	.24478	20371	.76371
Equal Variance Not assumed			1.144	147.717	.25	.28000	.24478	.20372	.76372

  

	Levene's Test for Equality of Variances		t-test for equality of means						
	F	Sig.	t.	df	Sig (2 - tailed) p value	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Interior									
Equal Variance Assumed	.001	.982	.458	148	.648	.13333	.29101	.44175	.70841
Equal Variance Not assumed			.458	147.895	.648	.13333	.29101	.44175	.70842

**Table 6: Independent T Test: Preference of customers towards Design between Maruti and Hyundai**

	Levene's Test for Equality of Variances		t-test for equality of means						
	F	Sig.	t.	df	Sig (2 - tailed) p value	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Price									
EqualVariance Assumed	0.465	0.496	2.918	148	0.004	0.81333	0.27875	0.26248	1.36418
EqualVariance Not assumed			2.918	144.60	0.004	0.81333	0.27875	0.26238	1.36429

**Table 7:Independent T Test: Preference of customers towards Price between Maruti and Hyundai**

	Levene's Test for Equality of Variances		t-test for equality of means						
	F	Sig.	t.	df	Sig (2 - tailed) p value	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
ASS									
EqualVariance Assumed	5.026	0.026	-0.333	148	0.740	-0.08000	0.24053	0.55532	0.39532
Equal Variance Not assumed			-0.333	147.32	0.740	-0.08000	0.24053	0.55544	0.39544

**Table 8:Independent T Test: Preference of customers towards After Sales Service between Maruti and Hyundai**

	Levene's Test for Equality of Variances		t-test for equality of means						
	F	Sig.	t.	df	Sig (2 - tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
RV									
Equal Variance Assumed	3.234	0.074	3.160	148	0.002	0.88000	0.27844	0.32976	1.43024
Equal Variance Not assumed			3.160	138.35	0.002	0.88000	0.27844	0.32945	1.43055

**Analysis of T-test**

As the p value in Table 5 is 0.255 which is more than 0.05, the null hypothesis (H1) is accepted and alternate hypothesis is rejected. It depicts that there is a no significant difference between the Color (H1) preference for both auto companies i.e Maruti and Hyundai. Similarly, there is no significant difference between the preferences for Interior/Design/Features (H2) and After Sales Service (H4) of both the auto companies, as the p value is more than 0.05 in interior/design/features(0.648) and After Sales Service(0.740) (Table6 & 8) . Hence, null hypotheses (H2 & H4) are also accepted and alternate hypotheses are rejected. Whereas, for Price (H3) and Resale Value (H5), the P Value is 0.004 and 0.002 respectively which is less than 0.05 so the null hypotheses is rejected and alternate hypotheses is accepted and it depicts that there is a significant difference between the price and resale value (Table 7 & 9) of both auto companies.

**CONCLUSION**

The stringent competition in the automobile industry cannot be ignored. More the number of players, greater is the competition. Companies need to be on their toes to devise means by which they can establish their brand equity in the market. The dimensions on which this distinction is possible are few and diminishing because of the augmented level competition amongst the companies. But still, India still a male dominated society and so it's the man who is the bread earner in most of the houses and hence requires automobiles for the same purposes may be .However ,mostly youngsters whether married or unmarried are inclined towards driving the cars with latest technology.

There was no significant difference that was analyzed between the colour, interior/design/features and after sales service

preference factors for both the passenger cars of Maruti and Hyundai; whereas there was a significant difference existing between the price and resale value of both the cars. This showed that both the companies have been successful in catering to the needs of their respective customers. Both give the various specifications in terms of colour, interior/design, price, after sales service. Maruti and Hyundai both give cut-throat competition to each other in the automobile industry and are well established and trusted by their users. So in order to get ahead of their competitor they would have to opt for a marketing strategy that is fresh and innovative enough to lure more customers from the market since the customers that are already using their respective services are well satisfied with each of their performances.

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