

THE IMPACT OF MILEAGE ON CAR PRICE IN LOW SEGMENT CAR

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ABSTRACT: *Mileage means the number of miles a motor vehicle will travel on one gallon of fuel. For most of the people, purchasing a car is the second most important and expensive decision, next to purchase of a house. For the automotive manufacturers, first-time car buyers give them the opportunity to create positive brand image which definitely could be reflected in next coming years because consumers could make repeat car purchasing. Consumer preference cannot be exactly predicted but can be done to a certain extent with the help of consumer research activity. From the study it was concluded that about twenty features and attributes of a small car which were considered by the respondents on the basis of their importance. It was clear from the data that all the features are not equally important for the consumers. Specifically, mileage is found to be extremely important factor as suggested by 56% of the respondents followed by price (44.5%) and powerful engine (40.8%). However, financing scheme (20.9%), re-sale value (26.1%) and internal space (24.6%) are relatively less important factors for respondents in small car segment.*

KEYWORDS: *Mileage, decision, brand image, consumer preference, price, power, finance, sale value, space.*

INTRODUCTION

Mileage means the number of miles a motor vehicle will travel on one gallon of fuel. For most of the people, purchasing a car is the second most important and expensive decision, next to purchase of a house. For the automotive manufacturers, first-time car buyers give them the opportunity to create positive brand image which definitely could be reflected in next coming years because consumers could make repeat car purchasing.

The concept of “buying behaviour” is of prime importance in marketing and has evolved over the years. It is very important to understand consumer buying behavior as it plays a vital role while purchasing products. Day to day human wants are growing, expectation is growing. Car Models are no exception to this behaviour. Consumer behavior is fairly complex as Car Purchase implies a high level of social and psychological involvement. Consumer buying behavior is a blend of Economic, technological, political, cultural, demographic and natural factors as well as Customer’s own characteristics which is reflected by his attitude, motivation, perception, personality, knowledge and lifestyle.

A number of Indian car manufactures entered in foreign collaboration and started car manufacturing facilities in India. This resulted in availability of a number of makes and models of cars, both big and small, in Indian car market. India being the second most populated country in the world and the growth rate of Indian economy is also high as compared to developed countries, which attracts the presence of huge demand in the Automobile Small Car Industry.

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

1. The people have more disposable income as economy is growing.
2. Increase in the need of mobility due to urbanization and leisure travel.

3. Car Finance options available from Financial Institutes at reasonable rate of interest.
4. Availability of service centers and spare parts in near vicinity.
5. Improvement in highway infrastructure.

Customers now search for those differentiating parameters, which may help them to choose among the alternative products available in the market. The purpose of this paper is to find out the impact of mileage on car price in low segment cars of consumer preference within the city of Allahabad.

II. REVIEW OF LITERATURE

Balakrishnan Menon, Jagathy Raj V.P. (2011) [1], study findings shows that due to price difference in Gasoline and Diesel, about one third of the car owners were having diesel vehicles. The research results showed that about one seventh of car for the city drive for family usage, while using the second car for office and business usage. Foreign brand cars show clear preference in the Kerala car market. Also it was observed that in the information gathering and consumer purchase initiation stage, TV commercials on car models and brands, search on internet website of the manufacturer and visit to dealers / distributors were the prime sources where customers gathers information on car models.

Chidambaram and Alfred (2007) [2] proposed that there are certain factors which influence brand preferences of customers. the study revealed that customers give more importance to fuel efficiency than any other factor and believe brand name inform them about product quality, utility, technology .they prefer to purchase passenger cars which offer high fuel efficiency, good quality, technology, durability and reasonable price.

Ranganathan.R 26 (2005)[3] His study "Consumer Markets and Buyer Behaviour of Cars", argued that brand image could be increased by the advertisement which clearly showed the features of the cars. The result of the study was that the necessity was the first factor of choosing the car and mileage was an important factor expected from the car.

OBJECTIVES

- Identify small car preference by male and female consumers in the selected market area.
- Impact of mileage on car price.

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 the entire question 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.

DATA ANALYSIS AND INTERPRETATION

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%).

Weight age assigned to Relative Product Attributes of small cars					
Product Attributes	Strongly Disagree	Disagree	Do Not Know	Agree	Strongly Agree
Price	3	5	16	31	45
Style/Design	2	7	16	39	36
Mileage	2	2	7	33	56
Powerful Engine	2	3	9	45	41
Pick up	1	3	12	47	37
Warranty	2	7	20	31	40
Comfort/Luxury	1	2	11	48	38
Financing Schemes	6	11	27	35	21
Internal Space	12	19	9	36	24
Safety	1	2	11	48	38
After sales service	2	3	12	48	35
Model/Variants	12	15	10	35	28
Brand Image	2	4	16	46	32
Colour	4	6	20	38	32

Availability	2	6	23	43	26
Innovative Technology	1	3	11	45	40
Maintenance Cost	2	7	12	47	32
Durability	2	6	10	44	38
Re-Sale Value	3	10	25	36	26
Insurance Facility	15	10	18	26	31

Above table gives an overview of twenty features and attributes of a small car which are considered by the respondents on the basis of their importance. It is clear from the data that all the features are not equally important for the consumers. Specifically, mileage is found to be extremely important factor as suggested by 56% of the respondents followed by price (44.5%) and powerful engine (40.8%). However, financing scheme (20.9%), re-sale value (26.1%) and internal space (24.6%) are relatively less important factors for respondents in small car segment.

CONCLUSION

The twentieth century has borne witness to remarkable changes in the marketplace caused by sharp changes in the lifestyle patterns of the past and present day consumers due to globalization. Time tested concepts marketing are being turned down as they fail to measure the behavior of new generation customers.

Consumer preference cannot be exactly predicted but can be done to a certain extent with the help of consumer research activity. Globalization has brought along with it competition in the small car segment & the companies have to concentrate in analyzing the consumer preference to satisfy and retaining the consumers in the long run. The income changes and increasing petrol prices is driving demand of small cars in India.

All the 20 features/attributes are considered to be vital by the consumers. Among attributes, the three most important ones are fuel efficiency, price and powerful engine. Small car manufacturers should improve their product in terms of fuel-efficiency and improve technology to improve the mileage in order to attract more customers. Consumers felt that if the price of the small car is ignored, they will prefer premium level, stylish and powerful passenger car. Thus, if manufacturer use the same style for medium and lower end small cars, it will be easy for marketers to attract customer.

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