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CONTENTS

Title

TO STUDY CONSUMER DECISION MAKING PROCESS FOR SECOND HAND CAR AS A REPLACEMENT OF TWO WHEELER (BIKE)

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Abstract:

In the earlier days still the new brand car are the status symbol and upper class of the society had the car but in the present scenario this trend has entirely changed new car is not only status symbol but also is a basis need of the higher and medium class people but all the medium and lower class people cannot buy new car so this study will be highlights all the reason and factor for which customer buy second hand car as a replacement of bike.

This study help in highlighting the brand preference which brand is mostly preferred by the customer. Now number of companies are offering various brands like Tata, Maruti Suzuki, Hyundai, etc. At the time of purchase of second hand car customer not only include price factor but they take care of other factors also like fuel efficiency , look, condition, model also .

This study will help to know the factor which affect customer decision making and customer behavior like people buy second hand car for various purpose like family purpose, saving money, safety purpose for status symbol, some buy second hand car to add new vehicle and due to climate condition. So research is essential for consumer decision making process.

Consumer Behavior

The study of how and why people purchase goods and services is termed *consumerbuying behavior* . The term covers the decision-making processes from those that precede the purchase of goods or services to the final experience of using the product or service. Models of consumer buying behavior draw together the various influences on, and the process of, the buying decision. They attempt to understand the proverbial 'blackbox' of what happens within the consumer between his or her exposure to marketing stimuli and the actual decision to purchase.

In the next reading, Kotler et al. (2004) briefly explain the 'black box' model; however Figure shows the content and process involved much clearer.

STIMULI → TRANSFORMER → RESPONSES

Marketing Mix
Product
Price
Place
Promotion
Other
Demographic
Economic
Situational
Social
Lifestyle

External Factors

Black Box (Buyer's Mind)
Internal Influences
— Beliefs/Attitudes/
— Values
— Learning
— Motives/Needs
— Perception
— Lifestyle

Decision-Making Process
— Problem solving
— Information search
— Alternate evaluation
— Purchase
— Post purchase
— Evaluation

Purchase
- Product
- Brand
- Source
- Amount
- Method of Payment

No Purchase

Figure : Black box model of consumer buying behavior

Source: Keegan et al. (1992, p. 193)

The essence of the model is that it suggests consumers will respond in particular ways to different stimuli after they have 'processed' those stimuli in their minds. In more detail, the model suggests that factors external to the consumer will act as a stimulus for behaviour, but that the consumer's personal characteristics and decision-making process will interact with the stimulus before a particular behavioural response is generated.

It is called the 'black box' model because we still know so little about how the human mind works. We cannot *see* what goes on in the mind and we don't really *know* much about what goes on in there, so it's like a black box. As far as consumer behaviour goes, we know enough to be able to identify major internal influences and the major steps in the decision-making process which consumers use, but we don't really know how consumers transform all these data, together with the stimuli, to generate particular responses.

Consumer Decision making process:

Traditionally, consumer researchers have approached decision making process from a rational perspective. This dominant school of thought views consumers as being cognitive (i.e., problem-solving) and, to some but a lesser degree, emotional. Such a view is reflected in the stage model

of a typical buying process (often called *the consumer information processing model*) depicted in Figure 1.
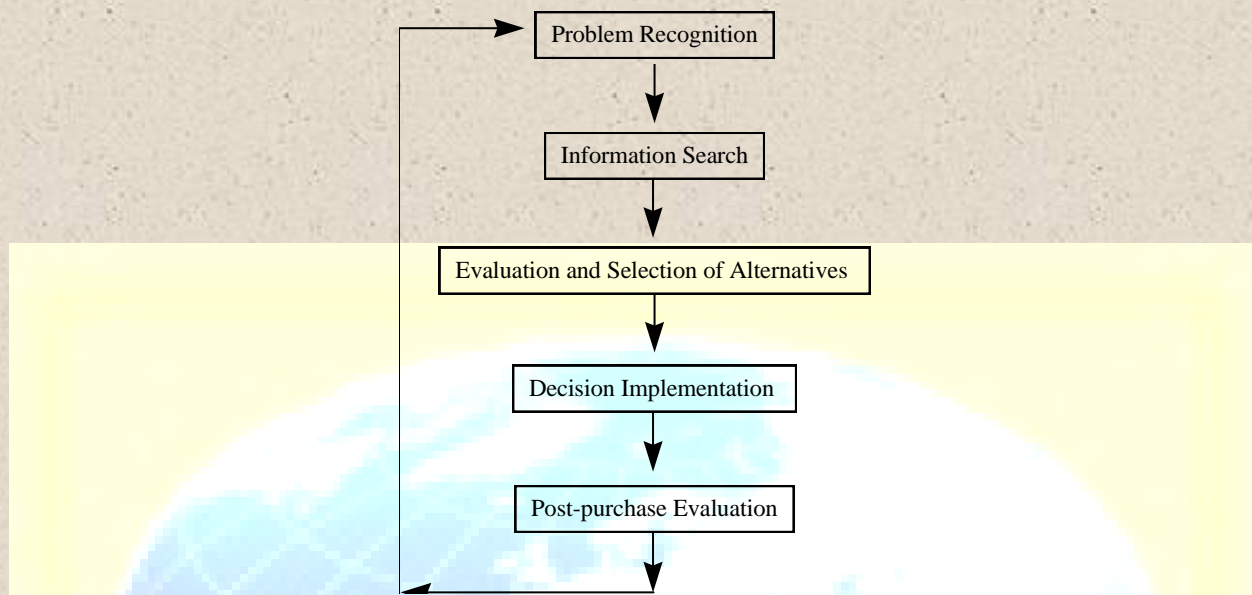
Figure 1   The Consumer Information Processing Model

Source: Adopted from Kotler (1997), Schiffman and Kanuk (1997), Solomon (1996)

In this model, the consumer passes through five stages: problem recognition, information search, evaluation and selection of alternatives, decision implementation, and post-purchase evaluation.

Problem Recognition

In this information processing model, the consumer buying process begins when the buyer recognizes a problem or need. For example, Doug may realize that his best suit doesn't look contemporary any more. Or, Kathleen may recognize that her personal computer is not performing as well as she thought it should. These are the kinds of problem that we as consumers encounter all the time. When we found out a difference between the actual state and a desired state, a problem is recognized. When we find a problem, we usually try to solve the problem. We, in other words, recognize the need to solve the problem. But how?

Information Search

When a consumer discovers a problem, he/she is likely to search for more information. Kathleen may simply pay more attention to product information of a personal computer. She becomes

more attentive to computer ads, computers purchased by her friends, and peer conversations about computers. Or, she may more actively seek information by visiting stores, talking to friends, or reading computer magazines, among others. Through gathering information, the consumer learns more about some brands that compete in the market and their features and characteristics

Evaluation and Selection of Alternatives

How does the consumer process competitive brand information and evaluate the value of the brands? Unfortunately there is no single, simple evaluation process applied by all consumers or by one consumer in all buying situations.One dominant view, however, is to see the evaluation process as being cognitively driven and rational. Under this view, a consumer is trying to solve the problem and ultimately satisfying his/her need. In other words, he/she will look for problem-solving *benefits* from the product. The consumer, then, looks for products with a certain set of attributes that deliver the benefits. Thus, the consumer sees each product as a *bundle of attributes* with different levels of ability of delivering the problem solving benefits to satisfy his/her need. The distinctions among the need, benefits, and attributes are very important. One useful way to organize the relationships among the three is a hierarchical one (Figure 2). Although simplified, Figure 2 is an example of how a bundle of attributes (i.e., a product or, more specifically, personal computer) relates to the benefits and underlying needs of Kathleen.

Decision Implementation

To actually implement the purchase decision, however, a consumer needs to select both specific items (brands) and specific outlets (where to buy) to resolve the problems. There are, in fact, three ways these decisions can be made: 1) simultaneously; 2) item first, outlet second; or 3) outlet first, item second. In many situations, consumers engage in a simultaneous selection process of stores and brands. For example, in our Kathleen's personal computer case, she may select a set of brands based on *both* the product's technical features (attributes) *and* availability of brands in the computer stores and mail-order catalogs she knows well. It is also possible, that she decides where to buy (e.g., CompUSA in her neighborhood) and then chooses one or two brands the store carries. Once the brand and outlet have been decided, the consumer moves on to the transaction ("buying").

Post-purchase Evaluation

Post-purchase evaluation processes are directly influenced by the type of preceding decision-making process. Directly relevant here is the level of *purchase involvement* of the consumer. Purchase involvement is often referred to as "the level of concern for or interest in the purchase" situation, and it determines how extensively the consumer searches information in making a purchase decision. Although purchase involvement is viewed as a continuum (from low to high), it is useful to consider two extreme cases here. Suppose one buys a certain brand of product (e.g., Diet Pepsi) as a matter of habit (*habitual purchase*). For him/her, buying a cola drink is a very low purchase involvement situation, and he/she is not likely to search and evaluate product information extensively. In such a case, the consumer would simply purchase, consume and/or dispose of the product with very limited post-purchase evaluation, and generally maintain a high level of repeat purchase motivation (Figure 3).
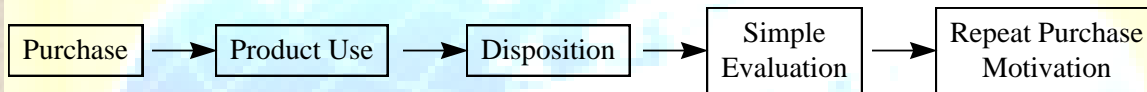
Figure 3   Low Involvement Purchase

Source: Hawkins, Best, and Coney (1983)

However, if the purchase involvement is high and the consumer is involved in extensive purchase decision making (e.g., personal computer), he/she is more likely to be involved in more elaborate post-purchase evaluation – often by questioning the rightness of the decision: "Did I make the right choice? Should I have gone with other brand?" This is a common reaction after making a difficult, complex, relatively permanent decision. This type of doubt and anxiety is referred to as *post-purchase cognitive dissonance* (Figure 4).
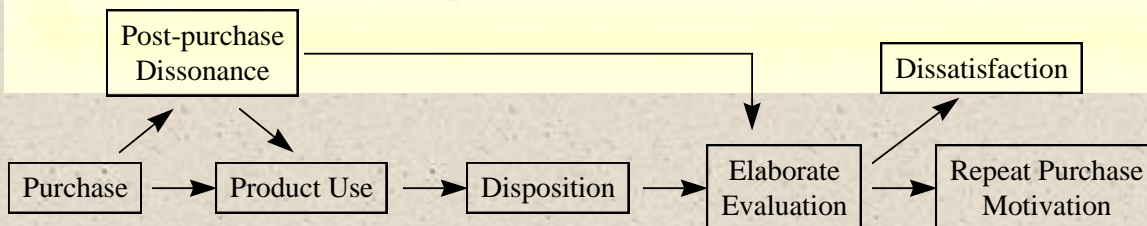
Figure 4   Elaborate Post-purchase Evaluation

Source: Adopted from Hawkins, Best, and Coney (1983)

According to the research, the likelihood of experiencing this kind of dissonance and the magnitude of it is a function of:

- The degree of commitment or irrevocability of the decision,
- The importance of the decision to the consumer,
- The difficulty of choosing among the alternatives, and
- The individual's tendency to experience anxiety.

Because dissonance is uncomfortable, the consumer may use one or more of the following approaches to reduce it:

- Increase the desirability of the brand purchased.
- Decrease the desirability of rejected alternatives.
- Decrease the importance of the purchase decision.
- Reject the negative data on the brand purchased.

If the dissonance about the purchase is not reduced, the anxiety may transform into a dissatisfaction (general or specific). Certainly, this negative experience leads to a new problem recognition (Figure 1), and the consumer will engage in another problem solving process. The difference, however, is that in the next round of process, memory of the previous negative experience and dissatisfaction will be used as part of information. Therefore, the probability for the unsatisfactory brand to be re-selected and repurchased will be significantly lower than before.

INTRODUCTION TO AUTOMOBILE INDUSTRY:

Automobile industry is one of the fastest growing industries of the world. With more than 2 million new automobiles rolling out each year, on roads of India, the industry is set to grow further. Automobile industry made its silent entry in India in the nineteenth century. Since the launch of the first car in 1897, India automobile industry has come a long way. Today India is the largest three wheeler market in the world and is expected to take over China as the second largest automobile Industry in the coming year.

Indian automobile industry; manufacturing cars, buses, three wheelers, two wheelers,

commercial vehicles, heavy vehicles, provides employment to a large number of workforce. The abolition of license raj in 1991opened the doors for international automobile manufacturers. A number of leading global automotive companies entered into joint ventures with domestic manufacturers of India and thus started the large-scale production of automobiles in India. Some of the well-known players of Indian automobile industry include: Hindustan Motors, Maruti Udyog, Fiat India Private Ltd, Ford India Ltd., General Motors India Pvt Ltd, Toyota Kirloskar Motor Ltd among others. The production of automobiles in India is mainly for the domestic customers. Cars with 79% of automobiles in India, dominate the automobile industry in India. Some facts on Automobile industry in India:

- India has the fourth largest car market in the world

- India has the largest three wheeler market in India

- India is the second largest producer of two wheelers in the world

- India ranks fifth in the production of commercial vehicles.

- Hyundai Motors ranks second in car production in the world.

OBJECTIVES OF THE STUDY:

1. To study the brand preference of customer of second hand car.
2. .To study the decision making process of customer to buy a second hand car.
3. To study the factor which compel customer to buy a second hand cars as placement of two wheeler (bike).

Research Methodology includes:

In this study descriptive research design was used to describe the characteristics pattern of the buyers and also the purchase decision of the second hand car. Sample Size is 100 Respondents who wants to buy a second hand car as a replacement of two wheeler(bike) The tool used by researcher for data collection is Questionnaire and Secondary through Journals, Magazines, Websites.The Sampling technique used is Non probability sampling and sampling method is judgment sampling

Q1. Dou you have any vehicle?

Category	Percentage
Yes	100%
No	0
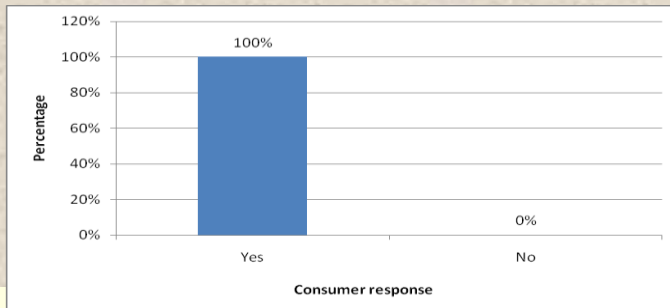
Interpretation :- According the data the above chart shows that 100% respondents have vehicle. Because in this study data is taken only from those people who having the second hand car.

Q 2. If yes which vehicle do you have?

Category	Percentage
Car	100%
Bike	40%
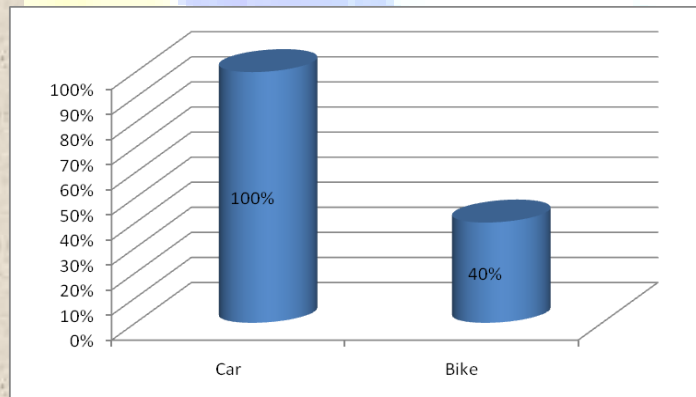
Interpretation:- The above bar chart shows that 100% people have the car because in study   only those respondents have taken who have cars. And some respondents have the bike also with the car

Q 3   What was the condition of your car at the time of purchase?

Category	Percentage
New	20%
Second hand	80%
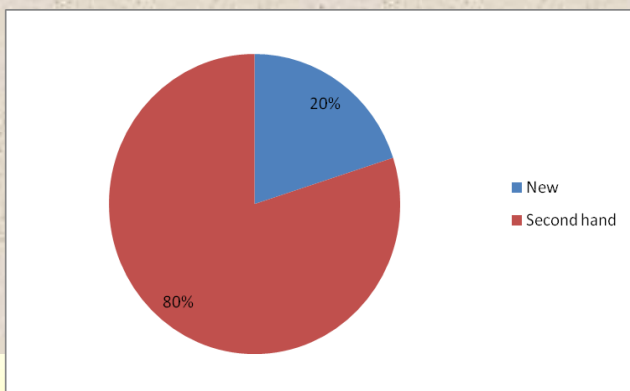
Interpretation :- The above pie chart shows that 80% people say that the condition of

their car is second hand at the time of purchase and 20% respondents say that the condition of the car is new.

Q4 .   What is the brand name of your second hand car?

Category	Percentage
TATA	25
MARUTI SUZUKI	40
HYUNDAI	15
OTHERS	20
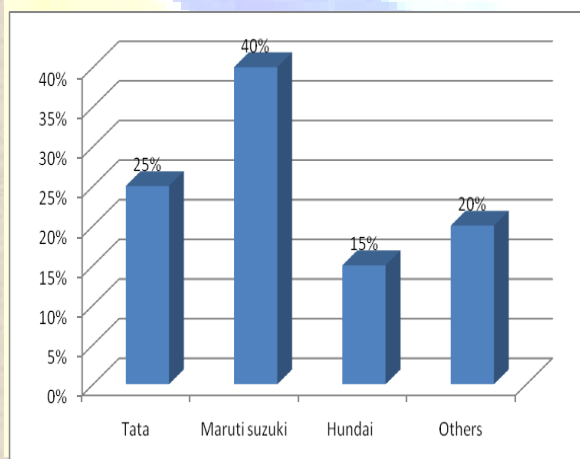
Interpretation: - The above bar chart shows that 40% people prefer Maruti Suzuki brand ,Tata preferred by 25% ,and 15% like Hyundai, and remaining 20% prefer other brand.

Q 5.   What was the need of buying second hand car?

Category	Percentage
Investment	20
Domestic use	40
Business purpose	8
Safety	7
Status	20
Others	5
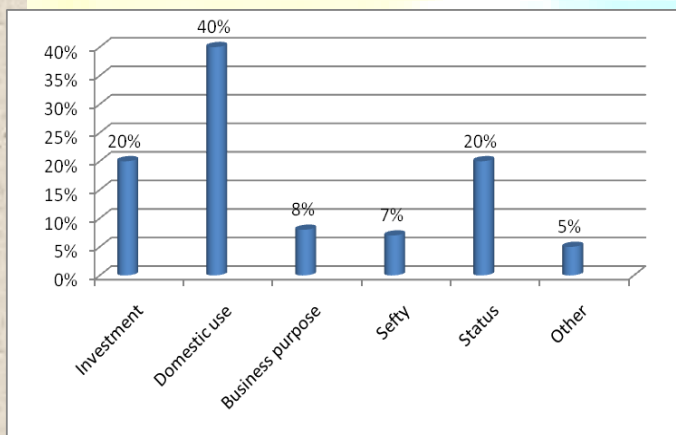
Interpretation: - The above graph shows that 20% people buy second hand cars for investment purpose 40% for domestic use 8% for business purpose 7% for safety 20% for status and 5% buy for another purposes.

Q 6. what factor you will look while going for purchase of second hand car?

Category	Percentage
Mileage	24
Condition	25
Model	12
Brand name	10
Look	5
Price	20
Other	4
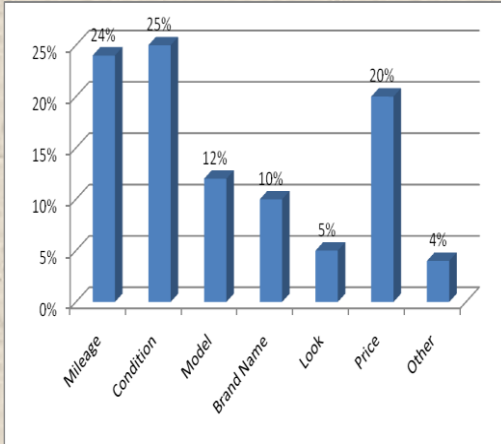
Interpretation: - the above bar chart shows that people look various features while going for purchase for second hand cars 24% look for mileage,25% for condition 12% model 10% brand name 5% look 20% for price and 4% for others.

Q 7.   What were the sources of information about second hand car?

Category	Percentage
Advertisement	15
Relative	20
Local dealer	35
Friends	17
Company Dealer	8
Other	5
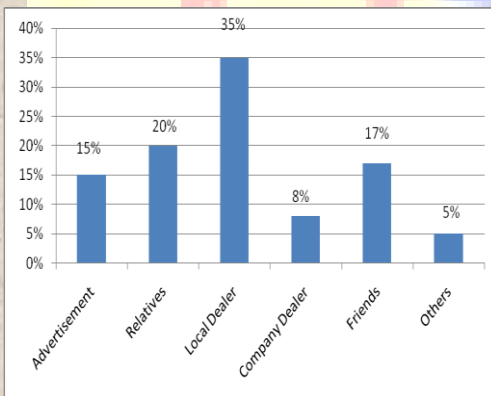
Interpretation:-   From the above diagram shows that people gathered information from various sources like 15% people from Advertising 20% from relative 35% from local dealer 8% from company dealer 17% from friends 5% from other sources.

Q 8. From whom you bought the second hand car?

Category	Percentage
Relative	18

Friends	10
Car mela	12
Local dealer	35
Company dealer	25
Other	0

Interpretation :The above bar chart shows that 18% people bought second hand cars from their relative ,10% from friends ,12% from car mela ,25% from local dealer , 25% bought from company dealer.
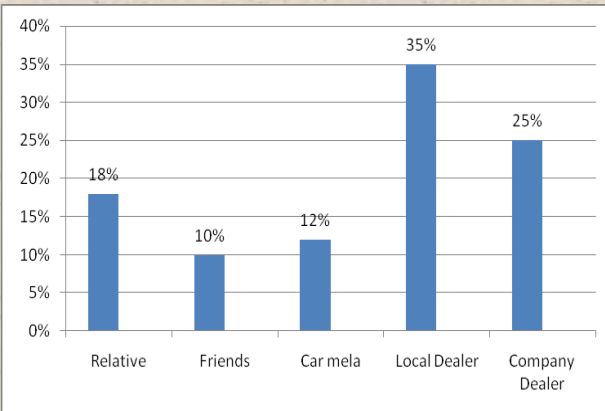
Q 9. After buying second hand car what is your satisfaction level ?

Category	H.S	SATISFIED	N S. N D	DISSATISFIED	H .D
Mileage	15	35	15	15	20
Brand name	35	25	10	20	10
Price	30	40	20	12	8
Condition	15	30	30	13	12
Look	5	35	20	15	25
Model	4	36	24	20	16
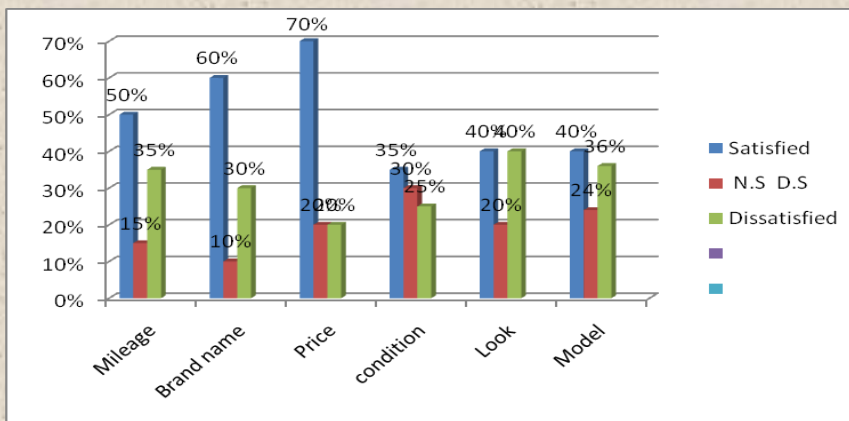
Interpretation:- This bar chart shows the satisfaction level of the customer from various factor like from

mileage 50% satisfied 35% dissatisfied, brand name S. 60%, Dis 30% , price S. 70%, Dis 20%, condition S 35% Dis 25% ,look S. 40% Dis 40% ,model S 40% Dissatisfied 36%

Q 10. Are the warranty, replacement, spare part, repair, service are easily available in the market?

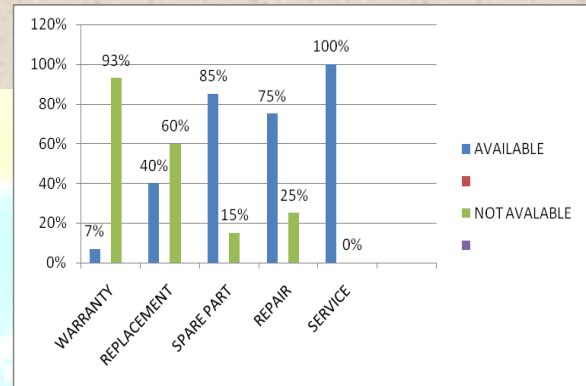| Category	Available	Not Available
Warranty	7	93
Replacement	40	7
Spare part	85	15
Repair	75	25
Service	100	0

Interpretation :-The above bar chart shows that 7% people says that warranty is available in the market 93% says not available 40% people say replacement is available 85% yes for spare part 25% say yes for repair 100% say yes for service available.

FINDINGS

1. **To study the brand preference of second hand car.**

- In the study it was that 100% people have their own vehicle.

- People who have cars are 100% and 40% people have bikes.

- Due to prices Maruti 800 are mostly preferred by the customer instead of new bikes after Maruti Suzuki Tata also preferred by the customer.

2 . To study the decision making process for second hand car.

- Due to status/prestige or domestic use people buy second hand car

- Due to safety and investment people buy second car

- The main sources of information about second hand car are local dealer and company dealer .

- Friends and relative also the sources of information.

- People buy second hand car more from local dealer and company.

- The study shows that with price 70% people are satisfied and with condition 35% people are satisfied and 50% people are satisfied with mileage and 60% people satisfied with brand name and 40% people satisfied with the model.

3. To study the factor affecting the decision making process.

- The study shows that there are various factors which affect the decision making process for buying second hand car.

- Those are mileage, condition, model, brand name, look, price, and other factors like resale value, price of spare parts etc.

CONCLUSION:

The study shows the consumer decision making process for second hand car as a replacement of two wheeler. And also the brand preference of second hand car. The study also explain which factors affect the consumer decision making process. There are so many factor which affect the decision making process.

From the analysis and interpretation it is evident that major part of the people is having their own vehicle with them. As the price of both bike and second hand car is same, but the second car fulfill the more requirement than the bike such as family purpose, economical, climatic condition good reputation ,business requirement, domestic use, or safety. Hence at last we can conclude that car gives more satisfaction level to the customer as compared to new bike.

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