PROFILE OF PRE OWNED CAR CONSUMERS OF KERALA

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ABSTRACT

This paper is about the pre owned car market and how the pre owned car consumers can be profiled. In early days the pre owned car market sales happened through word of mouth by friends, agents, relatives etc. But now with the entry of authorized dealers like Maruti True Value, Hyundai Advantage, Toyota U Trust etc pre owned car market became more transparent. This paper attempts to profile the pre owned car consumers buying different category of pre owned cars. The data collected from 750 respondents was analysed using statistical software and specifically the statistical techniques of descriptive analysis and cluster analysis

KEYWORDS: Profile of Pre Owned Car Consumers of Kerala

INTRODUCTION

India's automobile industry is one of the fastest growing in the world and it is already the sixth largest globally. Pre-owned cars are an integral part of the car market. The pre-owned car market in the country has been witnessing a structural shift from word-of-mouth references, auto fairs and newspaper classifieds, into an organized business. Hardly any research study has been undertaken to draw up the profile of consumers of pre owned cars. Marketing decision makers often rely on the buyer behaviour to analyze new car market or durable consumer goods to conceptualize the dynamics of pre owned car market. For evolving marketing strategies it is imperative that marketers have a proper understanding of the profile of consumers. The present study is an attempt to draw up the profile of pre owned car consumers.

Consumer behaviour includes the study of what, where, when, why and how often consumers buy products, services and ideas as well as how often they use them. Schiffman and Kanuk (2004)[1] describe consumer behaviour as the behaviour that consumers display in searching for, purchasing, using, evaluating, and disposing of products, services and ideas. Various factors influence consumer behaviour, for instance demographic characteristics, social factors like peer groups, friends, economic factors etc. People buy only those products which they think will satisfy their needs. In the field of automobiles, many researchers have investigated consumer behaviour in relation to new cars. They can find out or classify the different market segments by analyzing the consumer behavior. Better understanding of market segment is necessary for a marketing manager to design strategies for different segments. Market segments are often represented by consumer profiles which can be used to analyze and forecast consumer behaviour. This also allows in checking whether the actual buyers of a product match with the envisaged target audience.

Customer profiles are 'customer types', which are generated to represent the typical users of a product or service, and are used to help the marketers make customer centered decisions. Also known as "personas", customer profiles are created from an understanding of the typical audience generated from customer research, and focus on the different goals and scenarios the customers might find themselves in, when interacting with a specific touch-point [2]. So a customer profile is an outline of the characteristics of customers of a particular product. Businesses constantly update the profile of their

customers. A customer profile may vary from one product to another and is an essential analytical tool. This will allow marketers to concentrate on real potential customers rather than on a wide range of people[3].

Background of the Study

Customer profiles can be considered as the secret weapon which allows marketers to push out more personalized experiences and messages by mapping out consumer target segments[4]. Establishing a customer profile can give marketer the information they need to generate business from new and existing customers. Profiling customers not only help marketers of new products but also useful for those marketers who are into the business of second hand or pre owned products. For second hand products like cars profiling those customers who purchase second hand cars is very important since the market is wide spread and market involves a lot of unorganized players. At this juncture it is important for the authorized dealers of second hand cars to have a customer profile which help them to identify the trend, preference and interests of customers.

For any business that deals with consumers as their main resources for profit, it is important to identify their customers. It is not possible for marketers to completely grasp the very essence of each target market and categorize them into proper groups. But in real market situation there are certain patterns common for all products which a group of consumers will follow in general and understanding that pattern provide a lot of inputs to marketers to satisfy the needs of consumers[5]. The customer profile provides a more static depiction of those individuals that the marketing effort of the company is trying to reach. So to create a profile of consumers it is important to analyze their behaviour which adds a new layer to getting to know the company's target customer. In short, customer profile can describe a customer categorically so that they can be grouped for marketing and advertising purposes.

Statement of the Problem

As India's pre owned car market, whose forecast is based on new car sales, is now booming in India, car dealers in Kerala have seen a great opportunity for growth. All models from sleek design small cars to luxury cars are available for sale. Pre-owned car market is rapidly growing with untapped potential for growth in Kerala. Kerala stands unique among the Indian states. Commercial and consumerist tendencies have overtaken the rationale of the consumers. With latest technology and class appearance, new car models are being introduced by the car manufacturers every month[6].

A customer profiling can provide an understanding of those individuals that the marketing efforts of the dealer is trying to reach. Consumers can be segregated based on similar behaviors and patterns. Customer profiling is identification of relevant information regarding all the existing customers. It is a description of a customer or set of customers that includes demographic, geographic, and psychographic characteristics as well as buying patterns, creditworthiness, and purchase history. The pre owned car market is seeing a huge growth in the country. The organized players have to formulate marketing strategies and respond accordingly to capture more of the market share. But it was found that they do not have proper understanding of consumers' buying behaviour in the pre-owned car market. Hence the study aims to profile pre owned cars consumers.

Objective of the Study

- To draw up the consumer profile of pre-owned car consumers in Kerala.

REVIEW OF LITERATURE

Schrader (2013)[7] in a study titled "Price Discrimination in Online Airline Tickets based on Customer Profiling?" attempted to analyse whether customer profiling as a practice of price discrimination enabled through new technologies, such as "Cookies", and is referred to as behavioural tracking. A month-long experiment analyzing the ticket prices of four European carriers (two Full Service Carriers and two Low Cost Carriers) on four different routes found no evidence of price discrimination based on customer profiling. Therefore, in this particular case the usage of personal data of consumers for ticket pricing purposes is not confirmed. However, significant price differences during the observation period of one month show that price discrimination in general is used by airlines. Full Service Carriers are found to be the airlines applying more price discrimination than Low Cost Carriers.

Mintz (2011)[8] in a descriptive study on profiling green consumers attempted to segment and profile different types of green consumers, as well as to predict consumer reactions to environmentally-friendly products, eco-labels, and cause-related campaigns. This research identified clear difference in attitudes, behaviour, and psychographics between the different green consumer segments.

Ahmad Jamal et al. (2005)[9] in their paper titled "Profiling consumers: A study of Qatari consumers' shopping motivations" investigates reasons behind shopping in Doha, Qatar. Using both exploratory (EFA) and confirmatory (CFA) factor analysis and cluster analysis, the paper identifies and discusses six homogeneous groups with different emphasis on specific reasons for shopping. The paper profiles clusters on demographics and ethnic group membership to examine similarities and differences among cluster members.

In an exploratory study on profile of olive oil consumers in Durban, KwaZulu Natal (KZN) by Adhestra Munian (2003)[10] the most popular reason for purchasing olive oil is its health benefits and taste. The study also showed that the KZN market felt that insufficient exposure is given to olive oil. The typical olive oil consumer in Durban is likely to be aged between 45 to 54 years old, a female with a tertiary education and an income level between R7429 - R13 787.

Rowlands et.al; (2003)[11] in their article on "Consumers and green electricity: profiling potential purchasers" revealed that attitudinal characteristics like ecological concern, liberalism and altruism can identify the potential purchasers of green electricity.

An analysis of consumer behaviour in the Turkish domestic Tourism market by Koc (2003)[12] pointed out that the main motives for domestic holidays were rest and relaxation, followed by the need for safe and secure entertaining environment for children.

Research Methodology

The study is confined to consumers who own and use pre owned cars purchased from authorized dealers in Kerala. Sampling strategy used for the study is multi-stage sampling method. The study is based on field research and made use of both primary and secondary data. Primary data is collected from 750 respondents distributed in five districts of Kerala. Questionnaire method is used for data collection. A semi structured questionnaire is developed for collecting data. The statistical package SPSS 16.0 is used for data editing, coding and basic analysis.

Analysis and Interpretation

The study of socioeconomic characteristics is very significant because the socio economic profile and consumer

behaviour are closely associated. The districts selected were Thiruvananthapuram, Kottayam, Ernakulam, Thrissur and Kozhikode. Demographic features play a vital role in determining the consumer behaviour. From the analysis it is clear that in the sample of 750 pre owned car consumers that males outnumber females in all districts.

Profile Based on Age

From the Table 1.1 it can be inferred that 31.66 percent, out of 398 respondents' in mini category of pre owned cars like Maruti 800, Alto, Wagon R, Santro etc belong to the age group of 41-50. Compact cars like Ritz, Indica Vista etc (38.60 percent) and pre owned cars belonging to C1 category like DZire, Accent, Ikon etc. are purchased by respondents (50 percent) belonging to the age group of less than 30. Out of 78 respondents who purchased pre owned cars in C2 category like Tata Indigo, Manza, Fiesta etc. 34.62 percent of respondents belonged to the age group of 31-40.

Table 1.1: Table Showing Age and Category of Pre Owned Car Purchased by the Respondents

Age	Mini		Compact		C1		C2	
	N	%	N	%	N	%	N	%
Less than 30	119	29.90	88	38.60	23	50.00	16	20.51
31-40	110	27.64	61	26.75	6	13.04	27	34.62
41-50	126	31.66	36	15.79	0	0.00	11	14.10
51-60	18	4.52	22	9.65	17	36.96	24	30.77
61 and above	25	6.28	21	9.21	0	0.00	0	0.00

Profile Based on Education

Out of 750 respondents 46.9 percent are postgraduates, 36.93 percent have educational qualification of Degree, 8.80 percent and 7.33 percent of respondents have only qualified SSLC and Pre degree respectively. It can be inferred from Table 1.2 that respondents with higher educational qualification purchased pre owned cars more. Mini and Compact Cars are mostly purchased by post graduates. Pre owned cars belonging to C2 category are largely purchased by graduates.

Table 1.2: Table Showing Education and Category of Pre Owned Cars

Education	Mini		Compact		C1		C2	
	N	%	N	%	N	%	N	%
SSLC	55	13.82	11	4.82	0	0.00	0	0.00
Pre-degree	0	0.00	55	24.12	0	0.00	0	0.00
Degree	138	34.67	72	31.58	23	50.00	44	56.41
Post Graduation	205	51.51	90	39.47	23	50.00	34	43.59

1.3 Profile Based on Occupation

Occupation also influences consumption patterns. From the analysis it can be inferred that pre owned cars are purchased more by salaried respondents other than professionals when compared to businessmen, professionals and retired respondents. From the Table 1.3 it can be inferred that salaried other than professionals 198 (49.75 percent) purchased pre owned cars belonging to the category of mini car like Maruti 800, Alto, Wagon R, Santro etc. Compact cars like Ritz, Indica Vista etc are purchased by businessmen. Out of 46 respondents who purchased C1 category pre owned cars like Dezire, Accent, Ikon etc (50 percent) and pre owned cars belonging to C2 category like Tata Indigo, Manza, Fiesta (43.59 percent) are purchased by salaried other than professionals.

Table 1.3: Table Showing Occupation and Category of Pre Owned Cars

Occupation	Mini N=398 53.07)		Compact N=228 (30.4)		C1 N=46 (6.13)		C2 N=78 (10.40)	
	N	%	N	%	N	%	N	%
Salaried other than Professionals	198	49.75	45	19.74	23	50	34	43.59
Businessmen	98	24.62	142	62.28	6	13.04	26	33.33
Professional	57	14.32	41	17.98	12	26.09	11	14.1
Retired	45	11.31	0	0	5	10.87	7	8.97

1.4 Profile Based on Income

From the analysis it can be inferred that as income increases the consumers purchasing pre owned cars is decreasing. From the table 1.4 it can be inferred that respondents having income less than Rs. 25000, have found it attractive to purchase pre owned cars belonging to mini, compact and C1 category. Pre owned cars like Indigo Manza, Linea, Verna etc that belong to C2 category are purchased by respondents having income between Rs. 25001-40000. Among the various categories of pre owned cars mini cars like Maruti 800, Alto, Wagon R, Santro etc are most preferred category of pre owned cars purchased by all income groups except higher income group. None of the consumers with a monthly income greater than Rs.70001 purchased mini cars.

Table 1.4: Distribution Based on Monthly Income across Category of Pre Owned Cars

Income	Mini N=398 (53.07)		Compact N=228 (30.4)		C1 N=46 (6.13)		C2n=78 (10.40)	
	N	%	N	%	N	%	N	%
Less than 25000	182	45.73	102	44.74	22	47.83	11	14.1
25001-40000	133	33.42	74	32.46	18	39.13	29	37.18
40001-55000	73	18.34	41	17.98	6	13.04	21	26.92
55001-70000	10	2.51	6	2.63	0	0	0	0
70001 & Above	0	0	5	2.19	0	0	17	21.79

Cluster Analysis

The two-step cluster analysis showed a three cluster solution based on the 750 respondents. A brief profile of three of the clusters with the characteristics differentiating each segment from the other groups is outlined below.

Cluster 1

This is the smallest cluster, comprising 25.7% of the total respondents. The members of this group are males except 3.1 percent females. They owned pre owned cars such as Ritz, Indica Vista etc which belonged to Compact Segment. The average age of the members of this cluster is (40.9 years). They had income levels ranging between Rs 25001and 40000. Nearly all of them are businessmen with graduation as their educational qualification.

Cluster 2

This cluster comprises 33.3% of the total respondents. The members of this group are males who belonged to the age group of 31-40. They owned pre owned cars like Maruti 800, Alto, Wagon R, Santro etc belonging to Mini Segment. They belonged to income levels ranging between Rs 25001and 40000. Nearly all of them are post graduates who are salaried other than professionals.

Cluster 3

This is the largest cluster, comprising 40.9 % of the total respondents. All members of this group are males. They owned pre owned cars like Maruti 800, Alto, Wagon R, Santro etc belonging to Mini Segment next to Cluster 2. The members of this cluster belonged to the age group of 51-60. They had income levels less than Rs 25001. 65.8 percent of them are graduates who are salaried other than professionals.

Findings

- From the analysis it is clear that mini cars are purchased by consumers belonging to the age group of less than 30. Compact cars like Ritz, Indica Vista etc and C1 category pre owned cars like DZire, Accent, Ikon etc are purchased by consumers belonging to age group of 31-40. Pre owned cars belonging to C2 category like Tata Indigo, Manza, Fiesta etc is purchased by those belonging to age group of 41-50.

- Pre owned cars belonging to mini and compact are purchased by highly educated consumers. C1 category is purchased equally by graduates and post graduates. C2 category is purchased by graduates.

- Mini, C1 and C2 category pre owned cars are purchased mostly by respondents who are salaried other than professionals.

- Respondents having income less than Rs. 25000 have found it attractive to purchase pre owned cars belonging to mini, compact and C1 category.

- Pre owned cars like Indigo Manza, Linea, Verna etc that belong to C2 category are purchased by respondents having income between Rs. 25001-40000.

CONCLUSIONS

This paper attempted to identify the demographic characteristics of the consumers who purchase and pre owned cars from authorized dealers. Pre owned car market is becoming more organized with the entry of authorized dealers. So the marketers can make use of this profile to identify the potential customers and to develop marketing strategies accordingly.

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