

Study to see the Impact of Marketing Mix elements on Consumer Buying Brand Preference for Sports Utility Vehicles (SUVs) in New Delhi

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Abstract- *The Automobile segment in India particularly Sports utility Vehicle (SUVS) segment witnessed many changes since its inception with the entry of foreign manufacturers. The manufacturers of SUVs have captured the grip on the hearts of Indian consumers due to their high technology and trendy looks. Though the hatchbacks have a greater dominance in the Indian market, but future may unfold in favour of SUVs as potential customers of sedans moving over to buy the SUV's. However, with multiple choices available, a Indian car consumer has shown a immense change in car purchasing behaviour. Hence it is essential for the marketers to plan their marketing mix keeping pace with customer tilted orientation. This paper attempts to study the effect of marketing mix on car purchasing preference pertaining to the brand preference. Also investigates the underlying buying motives of SUVs car buying consumers. The study is conducted using a convenience sampling technique. A total of 180 respondents were included among which 164 met the target group criteria set for the study. The data collection was made through direct interaction and customer intercepts survey using printed questionnaires. Descriptive Analysis was used to transform data into understandable format. The factor analysis was used to understand the marketing mix influence and percentage analysis was used to analyse underlying buying motives of car consumers. The result indicate a strong relationship between product features, price and brand preference. Also the emotional buying motive plays a vital loyal behind any purchase that is brand loyalty.*

Key Words: Consumer SUVs preferences, Marketing Mix elements, Underlying Buying motives, Sports Utility Vehicle (SUVs)

Introduction

With the advent of consumerism in India, the customers have various alternatives which have increased the customers bargaining power. Customer satisfaction is the key for any business to reach the heights of success as it is believed to be the vital determinant of the customer vulnerability and plays a crucial role in the transision of satisfaction into loyalty. Moreover, customer satisfaction is considered to be one of the tools to acquire competitive advantage and Influence Company's profit earning ability. In the evolving marketplace, several strategies are being adopted by the companies to attract and retain customers. Marketing mix is that magical tool which is used by the companies to remain in global competitive environment. Marketing mix refers to the four major areas of decision making (4P"s) in the marketing process which are blended and mixed to reach the desired goals of the company by

aligning it with the goal of satisfying the needs and wants of customers. It is the set of controllable and tactical marketing tools of product, price, place and promotion (4P's) these are the variables that marketing manager's command in order to best satisfy customers' needs (Shankar and Chin, 2011). For any business to be successful in today's increasingly competitive marketplace, it must provide a quality product that satisfies customer needs, offer affordable price, and provide wider distribution and complement it up with brilliant promotional strategy.

The Automobile Industry of India: A Brief Profile

The equation of the Indian automobile industry has changed drastically over a period of time specially the utility vehicles segment. Auto makers have taken help of various programs to

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attract buyers' attention, including introducing new models or upgrades of existing models. Several of them have cut prices of their cars, while offering customized financing schemes. Amongst the major players Mahindra & Mahindra, Tata have neck to neck competition with Mahindra Scorpio & Tata Safari. Amongst the foreign players who entered Indian automobile industry it is just Toyota who had a felt impact in the SUV segment with hot selling models like Innova & Fortuner. While other players like Hyundai Motors India limited, Maruti Suzuki, Ford, Mitsubishi are not able to grab substantial market share. Since the launch of Scorpio it is Mahindra who dominates the SUV segment. Mahindra XUV 500 which is developed indigenously by M&M again turn out to be a success because of the customer loyalty towards Scorpio as a brand. The automobile industry in India happens to be the ninth largest in the world. Following Japan, South Korea and Thailand, in 2009, India has come as the fourth largest exporter of automobiles. The domestic sales trend in auto industry reveals a growth in every segment in the period 2010-11 over 2009-10.

Automobile market is considered to be one of the highly flourished and volatile Industry especially SUVs segment Utility vehicles are rapidly capturing the market due to its multifarious use. Utility vehicles are found in two kinds: - Sport Utility Vehicle or Sports Utility Vehicles (SUV) and Multi Utility Vehicles (MUV). SUV in India has a large market base, and the demand is growing drastically in double digit with time.

As per the finance ministry classification, SUVs are defined as vehicles that have an engine capacity of over 1500cc, are over four metres in length and have a ground clearance of 170 mm. Vehicles meeting all three conditions are classified as SUVs. (Economic Times, March 2013). Sports Utility Vehicle (SUVs) inspite of their giant size, are considered to be very powerful, safe and economical. Contrary to the historical belief of customers about SUVs as having a vibrating engine and jumpy ride or super-exorbitant prices the mindset has changed and sale is picking. With SUVs now available at

low price of Rs 6 lakh, the demand is supported by even middle segment. SUVs as a category have performed well in the last one year. As per SIAM (Society of Indian Automotive Manufacturers) data, car sales fell 1.8% during April 2012 to January 2013 to about 1.56 million units; while sales of SUVs surged 57% to 451,935 times

SUV is a multi use vehicle, used to accommodate many passengers in one vehicle and that is the reason of its preference over other vehicles while going on a long fun filled family or friends trip. Go through any sport utility review, and it will say the road performance and mileage of a sport utility wagon or a sport utility trailer is surely one the best amongst all vehicle categories. As per the SUVs reviews, the all time best sport utility vehicles of India are Tata Safari, Mahindra Scorpio, Maruti Suzuki Grand Vitara, Chevrolet Captiva, Ford Endeavour, and Mitsubishi Outlander. Porsche Cayenne, Mitsubishi Pajero, Honda CR-V, and Audi Q7 are few of the versatile new SUV vehicles that are also strongly favoured by Indian car lovers. (Economic Times, March 8, 2013)

It is always a question in the mind of consumers as why to choose SUVs over sedans? The reasons are very obvious and

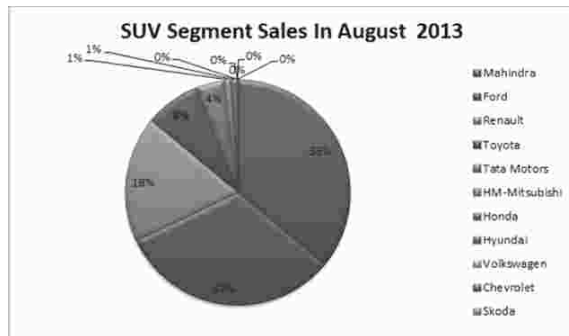
common for buyers all over the world: such vehicles are rugged, have machismo, have a four-wheel drive, which make them perfect for off-road driving, are perceived to be safe, and are spacious enough to fit in the entire family, an SUV is one way to zip ahead of the Joneses and the neighbours. (Economic Times, 16 Sep 2013)

Reasons of flourishing of SUVs market

- Emerging Indian economy
- Decreased price of diesel as compare to petrol
- Lucrative financing options
- Life style change of consumers
- Dream to achieve
- Increase in disposable income
- Status demand
- Brand conscious
- Trendy looks
- High performance and powerful engine
- Low production cost due to localized

manufacturing.

Figure 1: Sales figure showing various brand of SUVs (Aug. 13)



Several product decisions have to be made which in turn makes an impact on other variables of the marketing mix. For example – If one wishes to launch a car of highest quality. Thus the pricing, promotions and placing would have to be altered accordingly. But as long as one doesn't know the product, other variables of the marketing mix cannot be decided. But, if the product features are not adjusting in the marketing mix, one can alter the product to make a place for itself in the marketing mix. (4Ps business & Marketing)

Literature Review

As per studies conducted by Dr. Vinit Dani & Mrs. Vanishree Pabalkar, titled "Drivers of brand preference in SUV car segments in India" they investigated the attributes affecting brand preference using Kano's model and highlighted the importance of differentiating product features in terms of Threshold, Performance and Excitement features like antilock brakes, anti skid system, roll stability control, four wheel drive, side impact curtains etc.

As per studies by Dr. M. Prasanna Mohan Raj, Jishnu Sasikumar and S. Sriram, titled "A study on customers brand preference in SUVs and MUVs: Effect of Marketing mix variables" they investigated the influencing brand preference of economy segment SUVs and MUVs in the economy segment of SUVs and MUVs.,

credibility of information and associated emotions with brands. They highlighted the preference of a brand is effected by six factors namely product reliability, monetary factor, trendy appeal, frequency of non-price promotions offered, trustworthiness and customer feeling or association towards brand.

As per Tudor Edu, Iliuta Costel Negricea, Cristina Popa, titled "Buying and non-buying motives for Citroen cars: an approach from the perspective of the Romanian dealerships". The brand is popular for its technology and fine touches and. On the other hand, the downsides are the high purchase price and maintenance costs, the perception that the French cars are less reliable and, probably connected to that, the low interest in Citroen second hand cars.

As per Chua, W. Y., Lee, A and Sadeque, S (2010), "Why Do People Buy Hybrid Cars?", Individuals consider facts and emotions while weighing car alternatives. Technical specifications, size, purchase price, maintenance costs, aesthetics, image, social influences and environmental reasons (Griskevicius et al., 2010; Chua, Lee and Sadeque, 2010) are the factors which attracts serious scrutiny in the purchasing-decision process.

Li and Houston (1999) employed a sample of 1200 consumers in Taiwan to determine factors underlying preference of market innovations. Price level, product variety and marketing communications factors were identified as promoters of brand preference.

Research Objectives

The objectives of this research are

1. To study the influence of marketing mix elements on consumer buying brand preference of SUV (Sports Utility Vehicle) segment.
2. To investigate the underlying motives of consumer buying a specific brand towards SUVs

Conceptual Framework



Research Methodology

On the basis of definitions in the secondary data (literature), factors were identified that can be affected by marketing mix elements and generated a pool of sample measures. Items were measured on a 5-point Likert scale, of 1-5 (1=Strongly disagree, 2=Agree, 3=Neutral, 4=Agree, 5=Strongly agree). More specifically, samples were chosen from the consumers who meet the criteria i.e the last car purchased should be an SUV or of the cost above 6 lakh rupees within the last two years and the last vehicle purchased should not be a 2-wheeler or a second hand car. The descriptive analysis was used and the sampling method used was convenience sampling. The respondents were chosen from nearby malls of New Delhi. Out of 180 respondents only 164 respondents met the target criteria. A structured questionnaire was prepared to record the responses from the respondents. First section of the questionnaire was to collect the demographic profile of the respondents. Second section deals with the marketing mix variables and the third section was designed to record data about underlying buying motives. Factor analysis was performed to identify the influencing marketing mix elements and percentage analysis was used to find out underlying buying motives. Percentage Analysis Method: Simple percentage analysis method refers to special kind of ratio. With the help of absolute figures, it will be difficult to interpret any meaning from the collected data, but when

percentages are found out, and then it becomes easy to find the relative difference between two or more attributes. $\text{Percentage} = \frac{\text{No. of Respondents}}{\text{Total No. of Respondents}} \times 100$

Data Analysis & Interpretation

Reliability Coefficient

Reliability coefficient is tested using Cronbach's alpha (α) analysis. In order to measure the reliability for a set of two or more constructs, Cronbach alpha is a commonly used method where alpha coefficient values range between 0 and 1 with higher values indicating higher reliability among the indicators (Hair, et al., 1992). It is carried out in order to remove any cross-loading of items that were present in the questionnaires, with the objective of ensuring the internal consistency of the questionnaire. The results of the two tests are assembled and presented in table 1.

Factor Analysis

The data collected through questionnaire was analysed, using SPSS 19.0 and the factor analysis was carried out to reduce the density of the total questionnaire, on top of minimizing the occurrence of shared variance of measured variables used and to summarise 20 variables into smaller sets of linear composites that preserved most of the information in the original data set. The data was subjected to the Principal Component Analysis, a method categorised under the broad area of factor analysis. 20 variables were reduced to 2 principal components through Varimax rotation. The items with loadings of 0.40 or higher were clustered together to form separate constructs, as proposed by Hair, et al. (2006). The factors with Eigen values greater than one were considered to be significant. With regard to the pre-analysis testing for the suitability of the entire sample for the factor analysis, the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was found to be 0.938 and the Barlett's test of sphericity 8270.969,

significant at $p < 0.001$. Thus the sample was suitable for the factor analysis. (Hair, et al. 2006). The chi square test statistics of 8270.969 and p-value 0.000 implied that variables were correlated with each other. (G.P. Dang & Amit Adlakha).

Table 1: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.938
Bartlett's Test of Sphericity	Approx. Chi-Square	8270.969
	Degree of Freedom	190
	Significance	0.000

Findings & Interpretations

The questionnaire was used to collect data on demographic profile of the respondents as shown in Table 2. The data on demographic features are important in designing a marketing strategy pertaining to marketing mix.

Table 2 : Demographic Profile of Respondents

S.No	Demographic Variables	Respondents	
		Number	%
1	Gender		
	Male	110	67.07
	Female	54	32.92
2	Age (Yrs)		
	Below 25	39	23.78
	26-35	88	53.65
	Above 45	37	22.56
3	Marital Status		
	Married	85	51.82
	Unmarried	79	48.17
4	Education		
	Graduation	45	27.43
	Post Graduation	74	45.12
	Others	45	27.43
5	Employment Status		
	Self-employed	77	46.95
	Professionals	49	29.87
	Others	38	23.17
6	Monthly Income		
	Below 50,000	16	9.75
	50001-70000	28	17.07
	70001-90000	82	50
	Above 90001	38	23.17

Table 3, labelled Total Variance Explained lists the eigen values associated with each factor before extraction, after extraction and after rotation. Before extraction, it has identified 20 linear components within the data set. The eigen values associated with each factor represent the variance explained by that particular linear component and the table also displays the eigen value in terms of the percentage of variance explained (factor 1 explains 82.74 % of total variance). It should be clear that the first few factors explain relatively large amounts of variance (especially factor 1) whereas subsequent factors explain only small amount of variance. The table extracts all factors with eigen values greater than 1, which leaves us with nine factors. In the final part of the table, the eigen values of the factors after rotation are displayed. Rotation has the effect of optimizing the factor structure and one consequence for these data is that the relative importance of the nine factors is equalize. Before rotation, factor 1 accounted for considerably more variance than the remaining (82.74% and 91.29%) however after extraction it accounts for only 61.911% and 30.054% respectively).

Table 3: Total Variance Explained

Component	Initial Eigenvalues			Extraction Loadings			Rotation Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	18.349	82.746	82.746	18.349	82.746	82.746	12.382	61.911	61.911
2	1.844	9.219	91.964	1.844	91.219	91.964	6.011	30.054	91.964
3	0.591	2.856	94.82						
4	0.208	1.039	95.96						
5	0.165	0.813	96.784						
6	0.122	0.604	97.382						
7	0.098	0.491	97.883						
8	0.079	0.397	98.28						
9	0.075	0.377	98.657						
10	0.058	0.291	98.944						
11	0.343	0.215	99.164						
12	0.209	0.103	99.269						
13	0.081	0.134	99.512						
14	0.022	0.111	99.623						
15	0.021	0.103	99.726						
16	0.018	0.076	99.802						
17	0.012	0.062	99.867						
18	0.011	0.053	99.922						
19	0.008	0.041	99.963						
20	0.007	0.037	100						

Extraction Method: Principal Component Analysis.

Table 4, labelled Rotated Component Matrix, as above, contains the same information as the component matrix is calculated after rotation. Factor loadings less than 0.4 have not been

	Component	
	1	2
Powerful engine	0.465	0.775
Trendy look	0.887	
Fuel efficiency & Mileage	0.405	0.84
Country of origin	0.85	0.44
After Sales Service	0.785	0.586
Uniqueness of the product	0.835	0.508
Maintenance	0.687	0.593
Comparative price	0.802	0.547
Resale value	0.792	0.555
Value for money	0.905	
Discount offered	0.939	
Access to dealers	0.866	0.436
Boutique showrooms/exclusive showrooms	0.919	
Car parking facility at dealers place		0.916
Test driving opportunity at home	0.965	
Brand Image	0.921	
Promotional scheme	0.845	
Advertisement frequency	0.906	
Celebrity endorsement		0.926
Word of Mouth	0.85	0.471

displayed because below that that loading to be suppressed.

Extraction Method: Principal Component Analysis.
 Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations. The factor loading of 20 variables was then observed, and the variables were clubbed into two factors.

Component 1: Product differentiating attributes and value for the promotional offer: The rotated matrix has revealed that respondents have perceived these factors to be the most important

factors with the highest explained variance of 61.91%. Eighteen out of 20 variables load on significantly to this component, which includes Powerful engine, Trendy look, Fuel efficiency & Mileage, Country of origin, After Sales Service, Uniqueness of the product, Maintenance, Comparative price, Resale value, Value for money, Discount offered, Access to dealers, Boutique showrooms/exclusive showrooms, Test driving opportunity at home, Brand Image, Promotional scheme, Advertisement frequency and Word of Mouth.

Component 2: Efficiency & Source influence:

The rotated matrix has revealed that respondents have perceived these factors to be the most important factors with the highest explained variance of 91.96%. In the second part of the study, percentage analysis was used to find the most important underlying motive of consumer buying brand preference which is utmost important to the consumer apart from the marketing mix elements. Table 6 indicates the response of respondents towards consumer buying brand preference emotionally and rationally. It clearly shows that a majority (29.87%) of the respondents have preferred the brand loyalty as main reason of brand preference emotionally; second highest majority (13.41%) goes to innovative technology as rational decision. Also, concurrent with self image(10.36%) is emerged as third main reason of emotional brand preference.

Table 6 : Underlying Buying Motives

Emotional	Number	%age
Status symbol	15	9.14
Brand loyalty	49	29.87
concurrent with self image	17	10.36
Company cares for environment	5	3.04
Makes u want a vehicle	11	6.7
Safe	14	8.53
Rational		
Innovative technology	22	13.41
Low Maintenance	8	4.87
Bundle offer	7	4.26
High performance	12	7.31
Corporate scheme	4	2.43

Conclusion

This study was carried out to with a aim to identify the influence of marketing mix elements

on SUV brand preference. In light of study findings, the preference of a given brand can be explained in terms of two factors namely Product differentiating parameters & value for promotional offer and Efficiency & source influence. Hence it required on the part of marketers to consider these factors when deciding on the marketing strategy viz a viz marketing mix elements in the SUV segment of Automobile market. Hence the marketers should bring the result of this study to create a strategic marketing plan to focus on target segments who are susceptible to promotional effects. Also marketing manager should reduce the down payment and interest rate in order for the target consumers to be

able to afford it and make the offer lucrative in comparison to other manufacturers. Since the findings revealed that the brand preference in terms of price was only medium, there should be a need to reduce the price or make it easy for consumers to pay. The other part of the study indicated the presence of brand loyalty as one strong emotional buying motive behind a brand preference of SUVs. Also, innovative technology is 2nd most important rational buying motive as per the study. The marketers must make sure to keep their current buyers satisfied so that they can replicate into more future customers.

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