
BUYING BEHAVIOUR OF LUXURY CAR OWNERS IN WESTERN MAHARASHTRA

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ABSTRACT

This paper is undertaken to examine the buying behaviour of luxury car owners in Western Maharashtra, India. Thus this study focused on studying the buying behaviour of car owners using a structured questionnaire method. A sample of 308 respondents was selected from total population by using a Stratified Sampling Technique. The scale reliability coefficient was calculated and found to 0.943 (Cronbach's Alpha). The data was analysed using Statistical tools like Chi Square test, ANOVA and Coorelation. It was found that the major drivers of Consumer Behaviour of Luxury Car are Economic Status. The study further found that the Consumers of luxury cars consider brand, latest technology and safety features as more important than economic consideration and fuel efficiency”.

Key Words: Consumer Buying Behaviour, Drivers, Features Luxury Car

1. INTRODUCTION

Having a jewelry, car or any costly product is not only a necessity for consumers in India. It is associated with the status that consumer holds. They want to climb in the social mobility ladder by showing off these 'status associated products'. This has lead to a remarkable increase in the growth rate in sales of luxury branded items.

People would rarely see on Indian roads BMZ, Mercedes car a decade ago are now finding Porsche Cayenne SUV, Audi, Volkswagon, Chevrolet, Volvo etc. being regularly driven on Indian roads with high pride and flaunt. The Indian car market is now one of the most vivacious, widespread, and optimistic market globally. In such a scenario the global luxury car manufactures need to understand the Indian consumer psyche on a much serious note for doing business in India. Hence a research was undertaken to study the buying Behavior of Luxury Car Owners in Western Maharashtra, India.

2. REVIEW OF LITERATURE

A strong element of human involvement, very limited supply and the recognition of value by others are key components (Cornell 2002, p. 47). The word luxury —defines beauty; it is art applied to functional items. Like light, luxury is enlightening. Luxury items provide extra pleasure and flatter all senses at once . . . Luxury is the appendage of the ruling classes (Kapferer 1997, p. 253). Whereas necessities are utilitarian objects that relieve an unpleasant state of discomfort, luxuries are characterized as objects of desire that provide pleasure (Berry 1994), and as —non-essential items or services that contribute to luxurious living; an indulgence or convenience beyond the indispensable minimum (Webster’s Third New International Dictionary 2002).

Parallel social influences on the predisposition to purchase luxuries might be the desire to emulate the lifestyle of the affluent (O’Cass & Frost 2004; Amaldoss & Jain 2005). Consequently, the luxury market may be thought of as a developing mass market, which includes not only members of the richest social class but also those at a more modest socioeconomic level (Nuevo & Quelch 1998; Yeoman & McMahon-Beattie 2006).

Truong et al. (2008) and Gardyn (2002) note that luxury goods have become more accessible and therefore more consumers are willing and able to pay a price premium for status goods.

Indian consumers are motivated to buy luxury products, as these products act as a symbol or marker of status and class that Indian consumers like to display (Chadha & Husband, 2006; Debnam & Svinos, 2006; Thomas, 2007).

In the last seven years the research into customer perception and behaviour in the automobile has been driven by American researchers (Haubl, 1996; Iacobucci, *et al.* 1996; McCarthy *et al.*, 1992; Purohit, 1992; Sullivan, 1998; Rosecky and King, 1996). Very few authors and writings have investigated customer perceptions of luxury cars (Rosecky and King, 1996) and much of this work is focused on consumer loyalty and brand switching ((Iacobucci, *et al.* 1996; Lapersonne *et al.*, 1995; McCarthy *et al.*, 1992; Purohit, 1992). The major research focus has been on low priced segment car ranges rather than the luxury segment in which choice between brand concept image and individual choice of potential buyers play a great role. Therefore, they have neglected customers’ individual differences (especially ‘attitudes’ and ‘specificity’) that provide different perceptions towards the automobiles or their marquees, which are important in purchase decision making (Jahoda, 1966; Festinger, 1964; Rosecky and King, 1996; Markin, 1969). These research carry the beliefs that automobiles’ customers ‘merely’ strive for ‘functional, tangible, visible characteristics’ (Kapferer,1997), or ‘utilitarian needs’ (Havlena and Holbrook, 1986; McClelland, 1951). This agrees in line with Lancaster’s theory (1966) that demanders buy groups of features rather than products, their opinions regarding the similarity of products must also be determined by features. Research into purchasing patterns, however, indicates that it is not the objective features (tangible or technical attributes) themselves, but rather the subjective perception of these that determines consumer choice (Bauer and Herrmann, 1995).

3. OBJECTIVES

This Research was undertaken with the following objectives:

1. To study the key parameters of consumer behavior in buying luxury cars in Western Maharashtra.
2. To find out important sources of information used by the consumers for purchasing luxury cars.

4. HYPOTHESES

The following hypotheses were formulated for the study:

1. The major drivers of consumer behavior of luxury cars are economic status, lifestyle and social status.
2. Consumers of luxury cars consider brand, latest technology and safety features as more important than economic considerations and fuel efficiency

5. METHODOLOGY

5.1 Research Design

The study attempts to focus on the various dimensions associated with consumer behavior in buying luxury car. Hence a descriptive and analytical research design has been adopted. This way the consumer's views related to consumer behavior in buying a luxury car are analyzed.

5.2 Sampling

A list of luxury car owners was prepared from various sources. Questionnaires were sent to the car owners through email and personal contacts. A total of 600 questionnaires were sent of which 346 were received back out of which 308 completed questionnaires were analyzed. The minimum price of car in luxury segment was taken to be Rs. 20 lakhs (Rs. 2 million).

Table. No. 1: The sample

Item	Description
Sampling Technique	Stratified Sampling
Population	Owners of Luxury Cars (costing Rs. 20 lakhs and above)
Sampling Frame	List of Luxury Car Owners in West Maharashtra
Type of Population	Finite Population
Size of Population	600
Unit of Analysis	Car Owners
Final Sample Size	308

5.3 Methods and Tools of the Data Collection

Data had been collected from primary sources since it gives first hand information about consumer behavior in buying a luxury car. Researcher has also resorted to questionnaire and interview method for microscopic view of consumer behavior in buying a luxury car.

Data from the owners of luxury cars has been collected with the help a structured mail questionnaire. List of the luxury car owners was prepared from all over western Maharashtra. The method used for selection of sample is stratified random sampling. Details are as under:

5.4 Data Processing and Analysis

The data were coded and were fed into the SPSS package version 20. Some data were found difficult to quantify. And therefore analyzed manually, used in report at appropriate places. Several uni-variate tables, bi-variate tables with Chi Square test, ANOVA, and Correlations were generated with the help of software.

5.5 Reliability of Scale

The scale for measuring the features considered for selecting a car had a reliability of 0.943 (Cronbach's Alpha). A reliability coefficient of ≥ 0.7 is considered to be a good reliability.

Therefore the above scale is a good and reliable scale. The reliability was also calculated with the help of another method called split-half method and it was found that the reliability coefficient were 0.884 by Spearman- Brown formula as well as Guttman’s formula respectively. This also confirms that the above scale is reliable.

Table No. 2: Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.942	.943	26

Table No. 3: Split-half Reliability Statistics

Cronbach's Alpha	Part 1	Value	.906
		N of Items	13(a)
	Part 2	Value	.895
		N of Items	13(b)
	Total N of Items		26
Correlation Between Forms			.793
Spearman-Brown Coefficient	Equal Length		.884
	Unequal Length		.884
Guttman Split-Half Coefficient			.884

6. RESULTS

6.1 Age of Respondents

Table No. 4 gives the Age distribution of Luxury car owners. The respondents are classified in five age groups as given below.

Table No.4: Distribution of Sample by Age

Age	No. of Luxury Car Owners	Percentages
25-30	32	10.4
31-35	60	19.5
36-40	81	26.3
41-45	66	21.4
> 45	69	22.4
Total	308	100.0 %

As seen in the above table, most of the car owners are above the age of 35 years. This is because people having higher positions in their profession and having higher status in the society are generally from this age group.

The main purpose of the study was to study the Buying Behavior of Luxury Car consumers in Western Maharastra. The idea was to get input about the key parameters of luxury car and decision making patterns of luxury car buyers. Thus helping the car companies get perception of luxury car owners and thereby framing strategies for luxury cars in India. Some of the important results obtained in the study are as follows:

6.2 Sources of Information about Luxury Cars

The respondents were asked to rate various sources of information about features of luxury cars in order importance. The respondents were asked to give a rating score between 1 to 5, by considering score one as least important source and score 5 as the most important source of information about features of luxury cars.

Table No 5: ANOVA Table for Importance of Sources of Information by Age

Sources of information	Age	N	Mean	Std. Deviation	Std. Error	F	Sig. (p)
Internet	25-30	32	3.5	1.191	0.211	0.612	0.654
	31-35	60	3.43	1.419	0.183		
	36-40	81	3.28	1.287	0.143		
	41-45	64	3.16	1.158	0.145		
	> 45	69	3.2	1.491	0.179		
Magazines & Newspaper	25-30	32	3.56	0.878	0.155	0.916	0.455
	31-35	58	3.55	1.046	0.137		
	36-40	81	3.42	1.023	0.114		
	41-45	66	3.52	0.769	0.095		
	> 45	69	3.26	1.244	0.15		
Auto Magazines	25-30	32	4.09	1.174	0.208	4.888	0.001 (sig.)
	31-35	60	3.97	0.974	0.126		
	36-40	81	3.59	1.034	0.115		
	41-45	66	3.58	0.86	0.106		
	> 45	68	3.26	1.356	0.164		
Friends & Relatives	25-30	32	3.63	1.04	0.184	1.057	0.378
	31-35	60	3.57	1.125	0.145		
	36-40	81	3.3	0.901	0.1		
	41-45	65	3.54	0.867	0.108		
	> 45	69	3.36	1.317	0.159		
Television Advertisements	25-30	32	3.72	0.813	0.144	3.861	0.004 (sig.)
	31-35	59	3.32	1.105	0.144		
	36-40	78	2.96	0.959	0.109		
	41-45	65	3.48	1.105	0.137		
	> 45	69	3.43	1.206	0.145		
Brochures of Auto Companies	25-30	32	4.19	0.78	0.138	3.222	0.013 (sig.)
	31-35	60	4	1.12	0.145		
	36-40	81	3.62	1.067	0.119		
	41-45	65	3.77	1.057	0.131		
	> 45	69	3.48	1.378	0.166		

In Table 5 shows that the younger age group gives more importance to Auto Magazines as compared to all the other age groups (p=0.001).

The younger age group gives more emphasis to Television Advertisements. (Mean=3.72) as compared to all the other age groups (p=0.004).

The younger age group gives more emphasis to Brochures of Auto Companies (Mean=4.19) as compared to all the other age groups (p=0.013).

The study had identified the importance given to various sources of information. On the whole, highest importance is given to ‘Brochures of Auto Companies’ as compared to other sources. Close to this the next important source is ‘Auto Magazines’ which is very similar to ‘Brochure of Auto Companies’. Least importance is given to ‘Internet’ and ‘TV Advertisements’.

Thus the two most important significant sources of information are: ‘Brochure of Auto Companies’ and ‘Auto Magazines’.

Table No. 6: Mean Importance of considerations for Selecting the Car

Considerations for Selecting the Car	Mean	Rank
Value for money	3.81656	1
Brand and Latest Technology	3.806	2
Size and Aesthetics	3.704775	3
Other miscellaneous factors	3.628671	4
Economic factors	3.25424	5

The study had found that highest importance for selecting the car is given to ' value for money' as compared to other considerations.

6.3 Reasons for Purchasing Luxury Car

Hypothesis 1: The major drivers of consumer behavior of luxury cars are economic status, lifestyle and Social status.

Table No. 7: Reason for Purchasing Car

Reason for Purchasing Car	Mean Rating	Rank
Need for My Status	3.72	1
Status Associated with Brand	3.69	2
Exclusivity	3.69	2
Societal Influence	3.57	4
Dream Car	3.54	5
Hobby	3.33	6

On the whole, highest importance (mean rating=3.72) is given to ‘Need for My Status’ as compared other reasons. Close to this the next two important reasons are ‘Status Associated with Brand’ and ‘Exclusivity’ (mean rating=3.69 each). Least importance is given to ‘Dream Car’ (mean=3.54) and ‘Hobby’ (mean=3.33).

Thus the hypothesis that the major drivers of consumer behavior of luxury cars are economic status, lifestyle and Social status is proved.

6.4 Features Looked While Buying Luxury Car

Hypothesis 2: Consumers of luxury cars consider safety, latest brand, latest technology and value for money features as more important than economic considerations and fuel efficiency.

Table No. 8: Features considered for selecting the Car

Features considered for selecting the cars	Mean
Safety	4.02
Latest Technology	3.96
Price (Value for Money)	3.93
Latest model	3.93
Air Conditioning	3.87
After-sales Service	3.84
Leg Space	3.79
Exclusivity	3.78
Brand Image	3.78
Interiors	3.76
Contemporary design / looks	3.73
Color	3.71
Size	3.67
Fuel Efficiency	3.67
Experience with Luxury Cars	3.67
Boot Space	3.67
Quality of upholstery (Seat etc)	3.66
Pickup	3.61
Delivery Period	3.58
BHP/Engine Capacity	3.58
Convenient Showroom and Service centre	3.55
Loan facility	3.27
Discount	3.25
Used by Celebrities	3.16
Free Registration & Insurance offered	3.14
Exchange Offer	3.08

Five most important features given by the car owners for selecting a car are safety, latest technology and value for money, latest model and air conditioning. The least important factors are exchange offer, free registration and loan facility. Therefore, it is seen that more importance is given to technology rather than economic and other factors.

Thus the hypothesis “Consumers of luxury cars consider brand, latest technology and safety features as more important than economic consideration and fuel efficiency” is proved.

6.5 Objective of Buying Luxury Car

Table No 9: ANOVA Table for Objective of Purchasing Luxury Car by Age

Objective of purchasing Luxury car	Age	N	Mean	Std. Deviation	F	Sig. (p)
Dream Car	25-30	32	3.97	1.062	3.814	0.005 (sig.)
	31-35	60	3.87	1.049		
	36-40	81	3.26	1.222		
	41-45	66	3.58	1.068		
	> 45	69	3.33	1.421		
Hobby	25-30	32	3.66	1.153	1.306	0.268
	31-35	60	3.37	1.134		
	36-40	81	3.16	1.134		
	41-45	66	3.27	0.969		
	> 45	69	3.42	1.218		
Status Associated with Brand	25-30	32	3.88	0.976	1.348	0.252
	31-35	60	3.87	0.999		
	36-40	81	3.65	0.977		
	41-45	66	3.71	0.78		
	> 45	68	3.49	1.387		
Societal Influence	25-30	30	4.03	0.718	2.469	.045 (sig.)
	31-35	56	3.61	0.779		
	36-40	80	3.51	0.968		
	41-45	66	3.56	0.806		
	> 45	69	3.41	1.18		
Exclusivity	25-30	32	4.06	1.216	2.335	0.056
	31-35	58	3.86	0.805		
	36-40	81	3.52	1.119		
	41-45	66	3.7	0.701		
	> 45	69	3.57	1.182		
Need for My Status	25-30	32	4.38	0.751	3.679	0.006 (sig.)
	31-35	60	3.63	1.041		
	36-40	81	3.7	1.042		
	41-45	66	3.7	1.052		
	> 45	67	3.54	1.21		
For entertaining Foreign & important Guests	25-30	32	3.16	1.167	1.983	0.097
	31-35	60	2.93	1.401		
	36-40	79	2.65	1.05		
	41-45	66	3.17	1.032		
	> 45	69	2.96	1.398		

The age group between 25-30 gives more emphasis on dream car (Mean=3.97) as compare to all the other age groups. (p=0.005 significant)

The p-value for ‘Societal Influence’ is significant ($p=0.045$) and the age group between 25-30 gives more emphasis on it (Mean=4.03) as compare to all the other age groups.

The p-value for ‘Need for My Status’ is significant ($p=0.006$) and the age group between 25-30 gives more emphasis on it (Mean=4.38) as compared to all the other age groups.

The research has revealed that majority of the luxury car owners have purchased the car because of importance for ‘Need for My status’, ‘Exclusivity’ and ‘Status associated with Brand’. The least important in this category was found to be for ‘for entertaining foreign & important guest’. Thus, luxury car owners pay maximum emphasis on status while purchasing a car.

6.6 Importance of Consideration for Selecting Luxury Car

An attempt was made to study the importance given by various age groups to the features of the cars during selection. Most of the features were found to have different degree of importance between different age groups.

Table No 10: ANOVA Table Considerations for Selecting the Car by Age

Factor	Age	N	Mean	Std. Deviation	F	Sig.(p)
Brand and Latest Technology	25-30	31	4.0516	0.73388	2.224	0.066
	31-35	60	3.8567	0.88459		
	36-40	78	3.6231	0.90538		
	41-45	63	3.9651	0.72782		
	> 45	68	3.7118	1.00944		
Value for money	25-30	32	4.1125	0.68521	5.11	0.001 (sig.)
	31-35	58	4.0759	0.67935		
	36-40	80	3.6025	0.89471		
	41-45	65	3.8769	0.7086		
	> 45	67	3.6478	0.83127		
Economic factors	25-30	31	3.471	1.03479	2.689	0.031 (sig.)
	31-35	57	3.407	0.87991		
	36-40	79	3.1949	0.87763		
	41-45	62	3.3484	0.6558		
	> 45	66	3.003	0.85897		
Size and Aesthetics	25-30	32	3.9141	0.89038	3.234	0.013 (sig.)
	31-35	59	3.8347	0.88767		
	36-40	81	3.5185	0.82327		
	41-45	65	3.8962	0.75116		
	> 45	67	3.5299	0.97071		
Other miscellaneous factors	25-30	32	3.8616	0.79951	6.191	0.000 (sig.)
	31-35	60	3.8429	0.67402		
	36-40	80	3.4321	0.80041		
	41-45	62	3.8111	0.5993		
	> 45	63	3.3764	0.82117		

Compared to older age groups the younger age group gives more importance to ‘value for money’, ‘size and aesthetics’, ‘economic factors’ and ‘various other miscellaneous factors’.

The feature ‘Brand and Latest Technology’ was given equal importance by all age groups. From the analysis of data, some important factors while selecting the car had come into forefront.

While 26 factors were laid down in the questionnaire, the analysis had revealed the top five considerations for selecting the car (from highest to lowest order) as follows: Safety, Latest Technology, Price, Latest Model and Air Conditioning.

Thus, Luxury Car Owners gave maximum emphasis to safety and latest technology while selecting the car. Luxury Car Owners had given lowest importance to Exchange offer.

7. CONCLUSION

Consumer is the king in today's market. The market is filled up with millions of products. Consumer prefers products which have quality and are termed as luxurious products. Luxury as a concept is an obsession of today's society; luxury apartments, food and cars are flooding the market across the world.

The Indian market doesn't remain untouched with such a transition. Flexible payment options, loans etc. have given convenience to consumers to buy luxury goods.

The Indian car sector also has been affected by such a change. A sight of a luxury car on Indian roads was a rare sight some years ago. But time has changed and so has the thinking of the car owners. A luxury car is now associated with a symbol of status and pride.

The study has tried to bring some facts about luxury cars. This exploratory study helps in understanding concept of luxury cars as symbols of personal and social identity. The findings have brought into forefront some of the important parameters that are considered very crucial while purchasing a luxury car. It has also tried to bring out an insight into the changing paradigm of luxury cars in India and the changing mindset of Indian Car owners.

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