

ANALYZING CONSUMER PREFERENCES FOR SMALL CARS: A STUDY OF INFLUENCING FACTORS AND BRAND CHOICES- HYUNDAI MOTORS

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ABSTRACT

The small car segment plays a significant role in the automobile industry, particularly in emerging economies where affordability, fuel efficiency, and ease of maintenance are major considerations for consumers. Understanding consumer preferences in this segment is essential for automobile manufacturers to develop effective marketing strategies and enhance customer satisfaction. This study examines the various factors influencing consumer preferences for small cars and analyzes the brand choices made by customers.

The research focuses on key determinants such as price, fuel efficiency, safety features, comfort, design, brand image, after-sales service, resale value, and technological advancements. It also investigates the impact of demographic variables such as age, income, occupation, and family size on purchasing decisions. Consumer perceptions regarding leading small car brands are evaluated to identify the factors that contribute to brand loyalty and customer satisfaction.

The study adopts a descriptive research approach using primary and secondary data sources. Data collected from consumers are analyzed to understand purchasing behavior, preferences, and attitudes toward different small car brands. The findings reveal that fuel economy, affordability, reliability, and maintenance costs are the most influential factors in the selection of small cars. Brand reputation and customer service also significantly affect consumer choice and repeat purchases.

The study concludes that automobile manufacturers must continuously innovate and align their products with changing consumer expectations to remain competitive in the small car

market. The insights provided by this research can assist marketers, manufacturers, and policymakers in understanding consumer behavior and formulating strategies to improve market penetration and customer satisfaction in the small car segment.

I. INTRODUCTION

The automobile industry is one of the most dynamic and competitive sectors in the global economy. Among the various vehicle categories, small cars have gained significant popularity due to their affordability, fuel efficiency, compact size, and suitability for urban transportation. In developing countries such as India, small cars represent a major share of automobile sales because they cater to the needs of middle-income consumers seeking economical and reliable transportation solutions.

Consumer preferences in the small car segment are influenced by a variety of factors, including price, fuel economy, safety features, comfort, performance, design, brand reputation, maintenance costs, and resale value. With increasing competition among automobile manufacturers, understanding these preferences has become essential for developing products and marketing strategies that meet customer expectations. The rapid advancement of technology and changing consumer lifestyles have further transformed buying behavior, making the study of consumer preferences increasingly important.

Brand choice is another critical aspect of consumer decision-making in the automobile market. Consumers often evaluate different brands based on quality, trust, service support, and previous experiences before making a purchase decision.

Companies such as Maruti Suzuki, Hyundai, Tata Motors, and others compete aggressively to attract customers by offering innovative features, attractive pricing, and superior after-sales services. This study aims to analyze the factors influencing consumer preferences for small cars and to examine the reasons behind the selection of specific automobile brands. By identifying the key determinants of consumer behavior, the study provides valuable insights for manufacturers, marketers, and policymakers to formulate effective strategies, improve customer satisfaction, and strengthen their position in the competitive small car market.

Definition:

Consumer Preference

Consumer preference refers to the tendency of consumers to choose one product, brand, or service over another based on their needs, wants, perceptions, and satisfaction levels. It reflects the factors that influence purchasing decisions and product selection.

Small Car

A small car is a compact passenger vehicle designed to provide economical transportation, characterized by lower purchase cost, better fuel efficiency, ease of parking, and lower maintenance expenses compared to larger vehicles.

Consumer Behavior

Consumer behavior is the study of how individuals, groups, or organizations select, purchase, use, and dispose of products and services to satisfy their needs and desires.

Purchase decision

A **purchase decision** is the process through which a consumer selects and buys a product or service after evaluating various alternatives. It represents the final stage of the consumer buying process, where the consumer chooses a particular product or brand that best satisfies their needs, preferences, and budget.

In the context of small cars, the purchase decision is influenced by several factors such as price, fuel efficiency, safety features, brand reputation, design, comfort, maintenance cost, after-sales service, and resale value. Consumers gather

information, compare different brands and models, assess their benefits, and then make a decision based on the option that offers the greatest value.

Factors influencing the behavior of buyers.

Buyer behavior is influenced by a combination of cultural, social, personal, psychological, and economic factors that shape consumer purchasing decisions. Cultural factors such as traditions, values, and societal norms affect consumer preferences and buying patterns. Social influences, including family members, friends, colleagues, and reference groups, play an important role in guiding purchase decisions. Personal factors such as age, occupation, income level, education, lifestyle, and personality significantly impact the type of products consumers choose. Psychological factors, including motivation, perception, attitudes, beliefs, and learning experiences, determine how consumers evaluate products and make decisions. Economic conditions, such as purchasing power, savings, credit availability, and product prices, directly influence buying behavior. In addition, product-related factors such as quality, design, features, brand image, and after-sales service affect consumer preferences. Marketing activities, including advertising, sales promotions, and digital marketing, also influence consumers by creating awareness and interest in products. In the automobile industry, particularly in the small car segment, factors such as affordability, fuel efficiency, safety features, maintenance costs, and brand reputation are major determinants of consumer buying behavior and purchase decisions. Understanding these factors helps businesses develop effective marketing strategies and better satisfy customer needs.

Maslow's Hierarchy of Needs

Maslow's Hierarchy of Needs is a psychological theory proposed by Abraham Maslow that explains human motivation through a series of needs arranged in a hierarchical order. According to the theory, individuals seek to satisfy their basic physiological needs, such as food, water, shelter, and rest, before focusing on higher-level needs. Once these basic needs are fulfilled, people strive for safety and security, including financial

stability, health, and protection from risks. The next level consists of social needs, which involve love, friendship, belongingness, and acceptance within groups. After satisfying social needs, individuals pursue esteem needs, such as recognition, status, achievement, and self-respect. At the highest level is self-actualization, where people seek personal growth, self-fulfillment, and the realization of their full potential. In the context of consumer behavior, Maslow's theory helps explain why consumers purchase different products and services. For example, when buying a small car, consumers may prioritize safety features to satisfy security needs, while others may prefer a prestigious brand to enhance their social status and self-esteem. Therefore, Maslow's Hierarchy of Needs provides valuable insights into consumer motivations and purchasing decisions, enabling marketers to develop products and promotional strategies that effectively meet customer needs and expectations.

NEED FOR THE STUDY:

The automobile industry is experiencing rapid growth and intense competition, particularly in the small car segment. Consumer preferences and buying behavior are continuously changing due to factors such as technological advancements, economic conditions, lifestyle changes, and increasing awareness of vehicle features and benefits. Understanding the factors that influence consumer preferences for small cars has become essential for automobile manufacturers and marketers to remain competitive in the market.

This study is needed to identify the key factors that affect consumers' purchase decisions and brand choices in the small car segment. Factors such as price, fuel efficiency, safety, comfort, design, maintenance cost, resale value, and after-sales service play a significant role in influencing consumer behavior. Analyzing these factors helps manufacturers understand customer expectations and develop products that better meet market demands.

The study also helps in evaluating consumer perceptions toward different automobile brands and understanding the reasons behind brand

loyalty and customer satisfaction. The findings can assist automobile companies in formulating effective marketing strategies, improving product quality, enhancing customer service, and increasing market share. Furthermore, the study provides valuable insights for researchers, policymakers, and business organizations interested in understanding consumer behavior in the automobile industry. Therefore, analyzing consumer preferences for small cars is important for improving customer satisfaction and achieving sustainable business growth in a competitive market environment.

SCOPE OF THE STUDY

The present study focuses on analyzing consumer preferences for small cars and identifying the factors that influence their purchase decisions and brand choices. It examines the various aspects that consumers consider while purchasing a small car, such as price, fuel efficiency, safety features, comfort, design, performance, maintenance cost, resale value, and after-sales service. The study also explores the impact of demographic factors such as age, income, occupation, education, and family size on consumer buying behavior.

The scope of the study includes evaluating consumer perceptions of leading small car brands and understanding the reasons behind brand preference and loyalty. It aims to assess customer satisfaction levels and determine how different product attributes influence purchasing decisions. The study further investigates the role of marketing activities, advertisements, promotional offers, and technological advancements in shaping consumer preferences.

The findings of the study are expected to provide valuable insights to automobile manufacturers, dealers, marketers, and researchers regarding consumer expectations and market trends in the small car segment. The study is limited to the analysis of consumer behavior related to small cars and does not cover other categories of automobiles such as luxury cars, commercial vehicles, or two-wheelers. Overall, the research contributes to a better understanding of the factors driving

consumer choices in the competitive small car market.

OBJECTIVE OF THE STUDY:

1. To analyze consumer preferences for small cars and identify the factors influencing their purchase decisions and brand choices.
2. To study the buying behavior of consumers in the small car segment.
3. To identify the key factors influencing the purchase of small cars, such as price, fuel efficiency, safety, comfort, and maintenance cost.
4. To examine the impact of brand image and reputation on consumer preferences.
5. To evaluate consumer perceptions toward different small car brands.
6. To analyze the role of after-sales service in influencing customer satisfaction and brand loyalty.
7. To study the influence of demographic factors such as age, income, occupation, and education on purchase decisions.
8. To assess the importance of technological features and innovations in consumer brand choice.
9. To understand the effect of advertisements, promotions, and marketing strategies on consumer preferences.
10. To measure customer satisfaction levels with their chosen small car brands.
11. To provide suggestions and recommendations for automobile manufacturers and marketers to improve customer satisfaction and market performance.

II. RESEARCH METHODOLOGY

SOURCES OF DATA:

PRIMARY METHOD:

Primary data are those, which are collected fresh and for the first time and this happen to be

original in character. In this study primary data was collected by interview schedule method.

SECONDARY METHOD:

Secondary data are those, which are collected from existing data. Secondary data for this study include appropriate material from newspaper, Magazines, Broachers, Company Reports, Standard Text Books, and information from Internet has also been acquired wherever necessary.

DATA COLLECTION INSTRUMENTS:

The instrument used for this study is an interview schedule. Questions related to objectives of the study from the major portion of the interview schedule. It mainly consists of multiple-choice questions so that the respondents can mark one or more of the several choice of answers. Secondary data has been gathered from many published sources such as Newspapers, Journals, Magazines, Company Reports, standard textbooks and information from Internet has also been acquired wherever necessary.

METHODOLOGICAL ASSUMPTIONS:

- The primary data has been collected by an interview schedule.
- The sample for the study was selected on a convenience basis
- All primary data collected is true and reflects the actual actions of the Respondents.
- The data collected has been coded, tabulated and analyzed into logical Statement using simple statistical methods, pie charts, etc.

SAMPLING PROCEDURES:

Sampling is a systematic approach for selecting a few elements from an entire collection of units (population) in order to make some inference about the total population it is a small specimen or a segment of the whole population representing its general qualities as for as possible. The study was undertaken by convenience sampling.

SAMPLE SIZE:

The study is conducted on a sample of 100 respondents.

SAMPLING FRAME:

The population for the study consists of small cars owners in the cities of Hyderabad and secunderabad.

RESEARCH INSTRUMENTS:

An interview schedule was used to conduct the study.

LIMITATIONS:

- The study is limited to consumers in the selected geographical area and may not represent the preferences of consumers in other regions.
- The research focuses only on the small car segment and does not include luxury cars, SUVs, commercial vehicles, or two-wheelers.
- The findings are based on the responses provided by the respondents, which may be influenced by personal opinions, biases, and perceptions.
- The accuracy of the study depends on the honesty and understanding of the respondents while answering the questionnaire.
- Due to time constraints, the sample size may be limited and may not fully represent the entire population of small car buyers.
- Consumer preferences and market trends are dynamic and may change over time due to technological advancements, economic conditions, and changing lifestyles.
- The study considers only selected factors influencing purchase decisions and may not cover all variables affecting consumer behavior.
- Financial and resource limitations may restrict the depth and scope of data collection and analysis.
- The study relies on both primary and secondary data, and any inaccuracies in the available data sources may affect the results.

- The conclusions drawn from the study are applicable only within the scope and period of the research and may not remain valid under different market conditions.

**III. REVIEW OF LITERATURE
CUSTOMER GETTING SMARTER**

Modern customers are becoming increasingly knowledgeable, informed, and selective in their purchasing decisions. With easy access to the internet, social media platforms, online reviews, and comparison websites, consumers can gather detailed information about products, prices, features, and brands before making a purchase. As a result, they are no longer solely dependent on advertisements or salespeople for information.

Customers today carefully evaluate product quality, value for money, safety features, performance, after-sales service, and brand reputation before choosing a product. In the automobile industry, particularly in the small car segment, buyers compare different models, read customer reviews, watch expert evaluations, and analyze specifications to ensure they make the best purchase decision. They are also more aware of their rights, warranty policies, financing options, and service quality.

The rise of digital technology has empowered consumers to demand greater transparency, better customer service, and higher-quality products. Smart customers are more likely to switch brands if their expectations are not met and often share their experiences through social media and online platforms, influencing other potential buyers. Therefore, businesses must continuously improve product quality, offer competitive pricing, maintain strong customer relationships, and provide excellent service to meet the expectations of today's informed and intelligent consumers.

Internal Influences: Knowledge

Knowledge is the sum of all information known by a person. It is the facts of the world as he/she knows it and the depth of knowledge is a function of the breadth of worldly experiences and the strength of an individual's long-term memory. Obviously what exists as knowledge to an individual depends on how an individual's

perceptual filter makes sense of the information it is exposed to.

Internal Influences: Attitude

In simple terms attitude refers to what a person feels or believes about something. Additionally, attitude may be reflected in how an individual acts based on his or her beliefs. Once formed, attitudes can be very difficult to change. Thus, if a consumer has a negative attitude toward a particular issue it will take considerable effort to change what they believe to be true.

Internal Influences: Personality

An individual's personality relates to perceived personal characteristics that are consistently exhibited, especially when one acts in the presence of others. In most, but not all, cases the behaviors one projects in a situation is similar to the behaviors a person exhibits in another situation. In this way personality is the sum of sensory experiences others get from experiencing a person (i.e., how one talks, reacts). While one's personality is often interpreted by those we interact with, the person has their own vision of their personality, called Self Concept, which may or may not be the same as how others view us.

Internal Influences: Life Performance

This influencing factor relates to the way we live through the activities we engage in and interests we express. In simple terms it is what we value out of life. Life Performance is often determined by how we spend our time and money.

Internal Influences: Motivation

Motivation relates to our desire to achieve a certain outcome. Many internal factors we have already discussed can affect a customer's desire to achieve a certain outcome but there are others. For instance, when it comes to making purchase decisions customers' motivation could be affected by such issues as financial position (e.g., *Can I afford the purchase?*), time constraints (e.g., *Do I need to make the purchase quickly?*), overall value (e.g., *Am I getting my money's worth?*), and perceived risk (e.g., *What happens if I make a bad decision?*).

Internal Influences: Roles

Roles represent the position we feel we hold or others feel we should hold when dealing in a group environment. These positions carry certain responsibilities yet it is important to understand that some of these responsibilities may, in fact, be perceived and not spelled out or even accepted by others. In support of their roles, consumers will make product choices that may vary depending on which role they are assuming. As illustration, a person who is responsible for selecting snack food for an office party his boss will attend may choose higher quality products than he would choose when selecting snacks for his family.

External Influences: Culture

Consumer purchasing decisions are often affected by factors that are outside of their control but have direct or indirect impact on how we live and what we consume. One example of this are cultural factors

Culture represents the behavior, beliefs and, in many cases, the way we act learned by interacting or observing other members of society. In this way much of what we do is shared behavior, passed along from one member of society to another. Yet culture is a broad concept that, while of interest to marketers, is not nearly as important as understanding what occurs within smaller groups or Sub-Cultures to which we may also belong. Sub-cultures also have shared values but this occurs within smaller groups. For instance, sub-cultures exist where groups share similar values in terms of ethnicity, religious beliefs, geographic location, special interests and many others.

External Influences: Group Membership

In addition to cultural influences, consumers belong to many other groups with which they share certain characteristics and which may influence purchase decisions. Often these groups contain Opinion Leaders or others who have major influence on what the customer purchases. Some of the basic groups we may belong to include:

- Social Class – represents the social standing one has within a society based on

such factors as income level, education, occupation

- Family – one’s family situation can have a strong effect on how purchase decisions are made
- Reference groups – most consumers simultaneously belong to many other groups with which they associate or, in some cases, feel the need to disassociate

**External Influences: Purchase Situation
Purchase Situation**

A purchase decision can be strongly affected by the situation in which people find themselves. In general, a situation is the

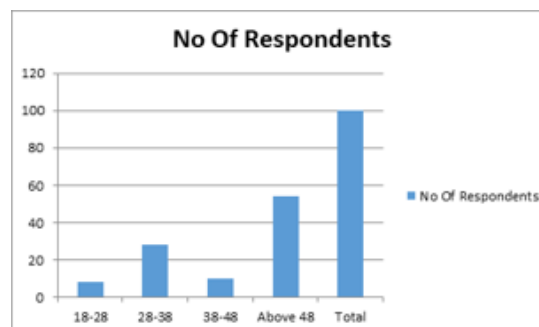
circumstances a person faces when making a purchase decision, such as the nature of their physical environment, their emotional state, or time constraints. Not all situations are controllable, in which case a consumer may not follow their normal process for making a purchase decision. For instance, if a person needs a product quickly and a store does not carry the brand they normally purchase, the customer may choose a competitor’s product.

**IV. DATA ANALYSIS AND INTERPRETATION
AGE GROUP OF THE RESPONDENTS:**

The below table of the respondents

AGE	No Of Respondents
18-28	8
28-38	28
38-48	10
Above 48	54
Total	100

shows the age group surveyed:

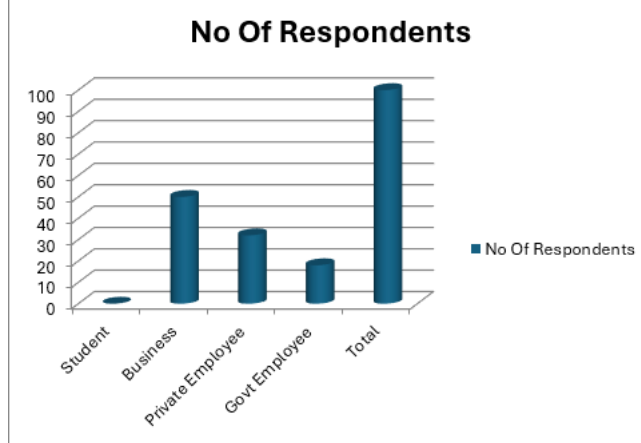


INFERENCE: From the above table, 8% of the respondents belong to the age group of 18-28 years, 28% of the respondents belong to the age group of 28-38 years, 10% of the respondents belong to the age group of 38-48 years, 54% of the respondents belong to the age group of above 48 years.

OCCUPATION OF THE RESPONDENTS:

The below table shows the type of respondents of the respondents surveyed.

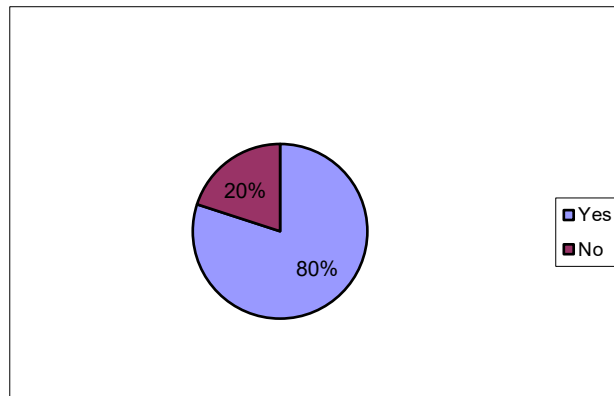
Occupation	No Of Respondents
Student	0
Business	50
Private Employee	32
Govt Employee	18
Total	100



INFERENCE: From the above table 0% of the respondents are students, 50% of the respondents are businessmen, 32% of the respondents are private employee, 18% of the respondents are Govt employee.

The below table shows that whether the respondents is Wanting a A Small car or not

Wanting a bike or not	No of respondents
Yes	80
No	20
Total	100



INFERENCE:

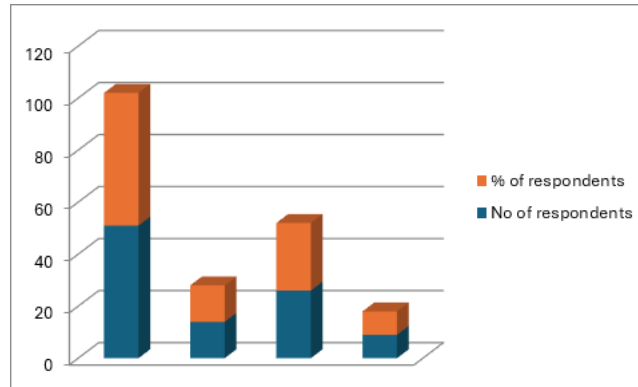
From the above table 80%of people wanting small cars only and 20% want big cars.

TYPE OF BIKE THAT THE RESPONDENT IS WANTING:

The below table shows the type of cars that the respondent is wanting.

Type of BIKE	No of respondents	% of respondents
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1000CC	51	51
1800CC	14	14
1500CC	26	26
2000CC	09	9



INFERENCE:

From the above table 51% of the respondents are wanting HYUNDAI 1000CC cars. 14% of the respondents want 1800CC. 26% of the respondents are wanting 1500CC. 9% of the respondents want 2000CC.

V. FINDINGS

- 50% of the HYUNDAI customers are business people and 32% of the customers are private employees.
- Most of the respondents belong to the age group of 18-50 years.
- HYUNDAI 1500CC (SANTRO) is the most preferred model in the HYUNDAI products.
- Most of the respondents getting information through the Media and friends before purchasing the vehicle.
- Most of the respondents are motivated by their friends and family members.
- Most of the respondents have good satisfaction with the performance of their HYUNDAI small cars strength.
- 64% of the respondents are satisfied with the mileage of their Cars.
- Most of the respondents felt that the price is reasonable.
- Cent percent of the respondents satisfied with the response of the sales executive at first visit.

- 60% of the HYUNDAI users have good satisfaction with the performance given by the company.
- Most of the respondents are satisfied with the response of the company to the complaints given by the customers.
- Most of the respondents are satisfied with the fulfillment of promises by the company.

VI. SUGGESTIONS

- The Cars recently introduced by HYUNDAI are mostly concerned about home base. So, they should also consider commercial people while manufacturing.
- Indian market is a price sensitive market's the Cars should be at Minimum price with maximum quality.
- The standard of pricing should be improved.
- Advertisements in Televisions, offers should be increased to attract the People.
- If HYUNDAI can improve in Performance and brand image it will be the best in all the other competition brands.

VII. CONCLUSIONS

- 45% of the respondents are HYUNDAI customers and hence it is most Preferred Small cars out of various brands.
- Hyundai 1500CC is the most preferred model out of all products
- 60% of the respondents are considering HYUNDAI brand before Purchasing there for use.
- Most of the respondents are getting information through friends before purchasing the HYUNDAI small cars.
- Most of the respondents are wanting good satisfaction with dealer Service comparing to other brands.
- Most of the respondents are giving more preference to mileage.
- 60% of the respondents are affecting by their friends and relatives.

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