

**A Study on Segmentation of Four wheeler brands on pricing Basis in Pune City****Author****Prof. Sudarshan A. Pawar**

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Branding becomes the utmost key to any industry, where segmentation can play an important role in branding. Segmentation process finally arrived in the Indian automobile industry too. With a flurry of new vehicle launches in the country, ranging from basic car models on four wheels to highly modern, stylish, contemporary and expensive sedans, further sub-segments are emerging in the car market. And with people increasingly classifying cars as 'B+', 'C+' and 'imported', the auto industry expects these to become recognized classifications soon.

A 3-million huge industry cannot be devoid of some classical segmentization. India's passenger car industry is broken down into multiple segments. This is done for ease of understanding and improved competition among manufacturers to get bigger pies of particular segments. While there are multiple ways of segmenting this industry like based on size, Length and engine. As Indian customers are price conscious; it impacts on buying behavior of Customers. So it is important to study the classification of car brands on their pricing basis. Some of the agencies and automobile bodies tried to segment the four-wheeler cars on pricing basis but not clearly way.

This study focuses on segmentation of cars on the pricing basis. This study was carried out with the objective like to study on different ways of classification of car brands, to study traditional ways and modern ways of car segmentation, to study the correlation between the segmentation of car brands on size basis and pricing basis. Hypothesis formulated in this survey. On the basis of objectives and hypothesis a structured questionnaire was constructed. Primary and Secondary both type of data was used to conduct the survey. Primary data is collected through questionnaire and interview where as secondary data was collected through magazines, SIAM Reports, Companies websites and News papers. Convenience sampling method was used to collect the data. Total Sample were taken in to consideration were 243 respondents.

After collection of data, it has been analyzed by using statistical tools. After analysis it is found that customers require a segmentation of car brands on pricing basis. Pricing basis segmentation of car brands plays an important role in buying behavior of customers. With certain suggestion and limitation a report was made.

**Key Words:** - Contemporary, Convenience Sampling, Segmentation, Structured Questionnaire

### ❖ Introduction:-

Segmentation of the auto industry is primarily customer driven. It evolves as manufacturers model their products and brand positions according to customer profiles. In the last few years, segmentation based on platforms, features and styling have emerged in India as customer preferences and vehicle applications keep pace with the rest of the world.

Vehicles can be categorized in numerous ways. For example, a government may establish a vehicle classification system for determining a tax amount. In the United Kingdom, a vehicle is taxed according to the vehicle's construction, engine, weight, type of fuel and emissions, as well as the purpose for which it is used. Other jurisdictions may determine vehicle tax based upon environmental principles, such as the user pays principle. In another example, certain countries chose to exempt electric-powered vehicles because it is believed those vehicles did not cause "substantial wear upon the pavements

Governments and private organizations have developed **car classification** schemes that are used for innumerable purposes including regulation, description and categorization, among others. This article details commonly used classification schemes in use worldwide and classification of Car Brands on the Pricing basis.

### ➤ OBJECTIVES:-

This study is carried out with the following Objective:-

- I. To Study the car types on various bases.
- II. To study and analyze customer perception for car and their brands on Pricing basis.
- III. To study the difference between Traditional car classification and modern new car classification.
- IV. To study the importance of car brands segmentation / classification on pricing basis.
- V. To study the correlation between classification of cars on the size basis and pricing basis.

### ➤ Scope

- **To study the car market and Segmentation bases.** The research will analyze the demographic, psychographic, and buying characteristics of the customers while buying the car.
- It includes the detailed study of impact of segmentation bases on buying behavior in buying the different brands of car.
- The research has the **scope in studying importance of the brand, brand Segmentation.**

### ❖ Hypothesis :-

**H<sub>1</sub> :-** Car Segmentation on pricing basis is important in buying behavior of customers.

**H<sub>2</sub> :-** There is a correlation between size/length base segmentation and price base segmentation.

### ➤ Need and significance of the study:-

- Today India becomes a global automotive hub. India is fast integrating itself into the world of economy and open to other foreign companies who are increasingly investing in India.

- Today Brand is regarded as a good will of a firm. So by this study, it is hoped that by finding out the importance of segmentation of brand in association with consumer purchasing behaviour that will provide useful insights for the developments of the Indian automobile (Car) sector.

- The research will identify the Customers needs, Demands, suggestion in terms of car classification bases.

-The research will be significant to the automobile (Car) companies to know the new classification and segmentation basis.

#### ❖ Literature Review:-

- 1) In the United States, the Insurance Institute for Highway Safety uses a scheme it has developed that takes into account a combination of both vehicle size and other vehicle features such as length and wheelbase.

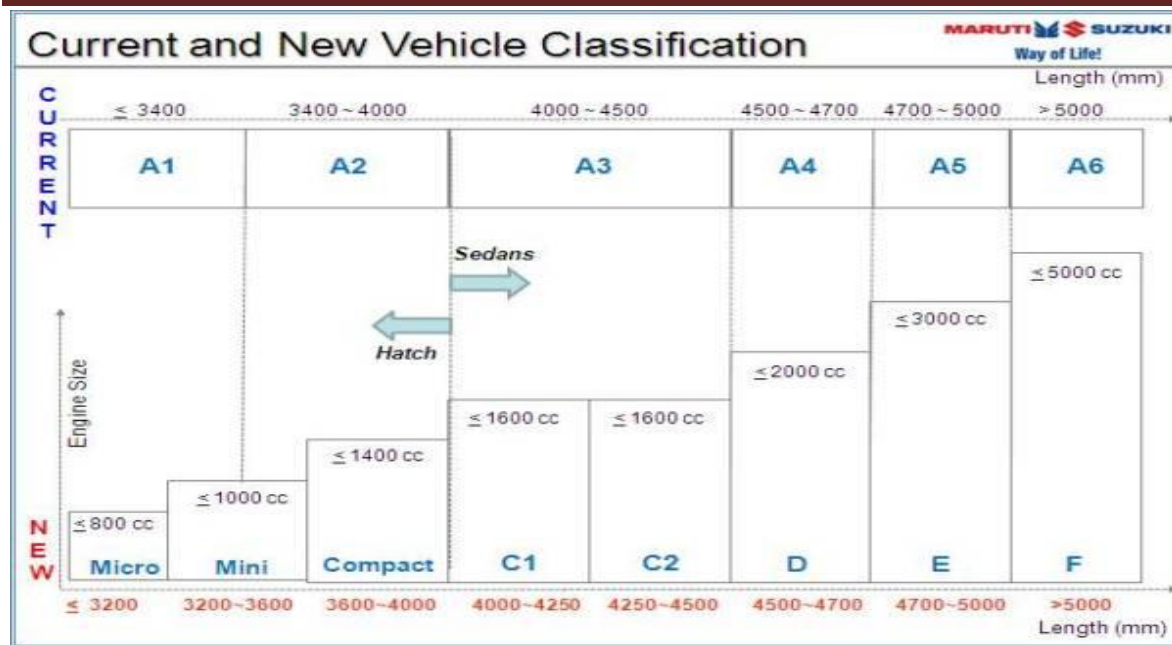
classification	Definition
Sports	Cars with significant high performance features
Luxury	Higher-end cars that are not classified as sports
Large	Length more than 495.3 cm (195 in) and wheelbase more than 279.4 cm (110 in)
Midsized	Length 457.3 to 495.3 cm (180–195 in) and wheelbase 266.8 to 279.4 cm (105–110 in)
Small	Length less than 457.2 cm (180 in) and wheelbase less than 266.7 cm (105 in)

- 2) The United States National Highway Traffic Safety Administration (NHTSA) separates vehicles into classes by the curb weight of the vehicle with standard equipment including the maximum capacity of fuel, oil, coolant, and air conditioning, if so equipped.

NHTSA classification	Code	Curb weight
Passenger cars: mini	PC/Mi	1,500 to 1,999 lb (680–907 kg)
Passenger cars: light	PC/L	2,000 to 2,499 lb (907–1,134 kg)
Passenger cars: compact	PC/C	2,500 to 2,999 lb (1,134–1,360 kg)
Passenger cars: medium	PC/Me	3,000 to 3,499 lb (1,361–1,587 kg)
Passenger cars: heavy	PC/H	3,500 lb (1,588 kg) and over
Sport utility vehicles	SUV	–
Pickup trucks	PU	–
Vans	VAN	–

Source: - [https://en.wikipedia.org/wiki/Car\\_classification](https://en.wikipedia.org/wiki/Car_classification)

- 3) SIAM or the Society of the Indian Automobiles Manufacturers has decided to classify the vehicles sold in India based on a new format. The industry body has classified cars into categories namely Micro, Mini, Compact, C1, C2, D, E and F based on their engine capacities and sizes.



4) Autoenthu BlogSpot which is most sought BlogSpot by auto riders makes the classification as follows. It was published on Sunday, August 12, 2012

**A1 Segment** - Mini – Up to 3400mm (M800, Nano)

**A2 Segment** - Compact – 3401 to 4000mm (Alto, wagon r, Zen,i10,A-star,Swift,i20,palio,indica etc)

**A3 Segment** - Midsize – 4001 to 4500mm (Manza, City, Sx4, Dzire, Logan, Accent, Fiesta, Verna etc)

**A4 Segment** - Executive – 4501 to 4700mm (Corolla, civic, C class, Cruze, Optra, Octavia etc)

**A5 Segment** - Premium – 4701 to 5000mm (Camry, E class, Accord, Sonata, Laura, Superb etc)

**A6 Segment** - Luxury – Above 5000mm (Mercedes S class, 5 series etc)

**B1 Segment** - Van – Omni, Versa, Magic etc

**B2 Segment** - MUV/MPV – Innova, Tavera, Sumo etc

**SUV Segment** - CRV, Vitara etc

**Source :-** (<http://autoenthu.blogspot.in/2012/08/passenger-car-segments-india.html>)

**Interpretation :-** From above all four references it is found that, they done the classification or segmentation of cars on their size,length,shape,engine capacity,Curb weight and Features.Yes these are required while someone buys the cars or sees the various brands during buying process. But as Indian customers are price conscious and here price impacts a lot on buying behaviour of consumer, so it is very necessary that the cars or car brands should segmented on the basis of their prices at each level of car.

**❖ Research Methodology:-**

Research is the addition of knowledge to the existing stock of knowledge.

**Research Methodology:-**

The research studies the new technique of car brand segmentation, which explores new bases for the same. Hence Explorative Research Methodology is used in the study.

**Research Design:** - Research design is the systematic way which arranges all the steps you are going to take during the study. It is the blueprint of the study.

Explorative research design is used in the study.

**Research Area:-** To conduct the survey based research Pune City taken in to consideration.

**Data Collection:-**

To collect the data both the types i.e. Primary Data and Secondary Data was used. Both were collected from different sources.

**Primary Data :-** Primary data is collected from a structured questionnaire of 10 objective questions. As well as interviewing few customers also primary data is collected.

**Secondary Data :-** Secondary data was collected from different sources like

- I. SIAM Reports
- II. The Economic Times News Paper
- III. Philips Kotler Marketing Management Book
- IV. Various Automobiles Company Web Sites etc.

**Sampling:-**

A part of population taken in to consideration during the study is called as a Sample. A Sample should truly represent the characteristics of parent population.

**Sampling Technique:-**

Non-Random Sampling Technique was used for the study. In Non-Random Sampling Convenience Sampling Method was used for this study.

**Sample Size:** - 243 Respondents

- ❖ **DATA ANALYSIS:- Analysis of Questionnaire:-**
- ❖ Awareness of Classification or Segmentation of car brands.

Response	No. Of Respondents
Yes	107
No	89
Not Exactly	47
Total	243

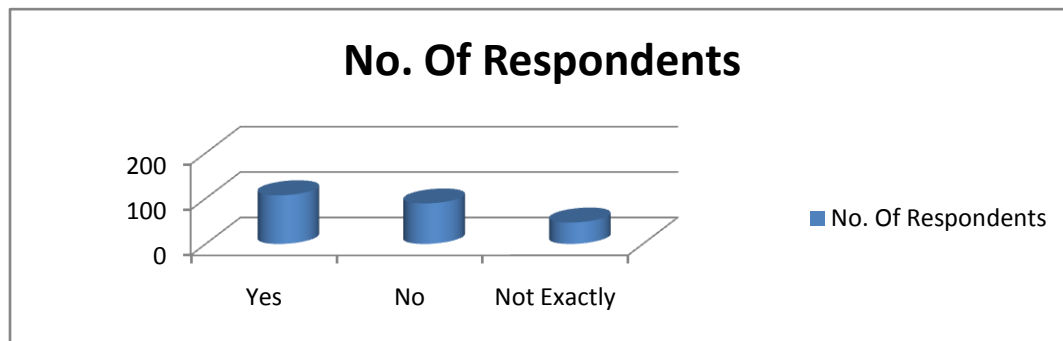


Fig 1.1

- ❖ Classification basis of Car Brands.

Classification Basis	No.of Respondents
Origin of Country	73
On Size and Shape	187
Engine Capacity	172
Length	165
Any Other	19

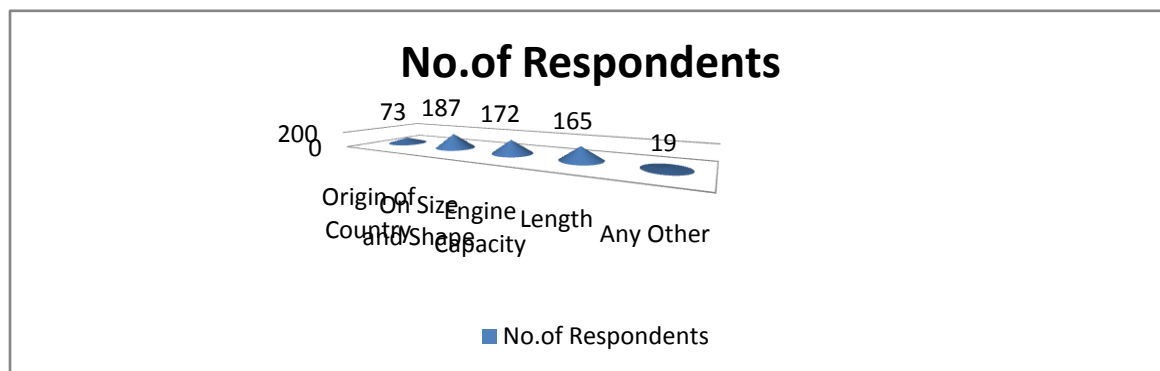


Fig 1.2

## ❖ Importance of Car Classification on the basis of Pricing in buying behavior.

Scale	No.Of Respondent
Extremely Important	146
Very Important	47
Somewhat Important	17
Not Important	19
Not Important at all	14
Total	243

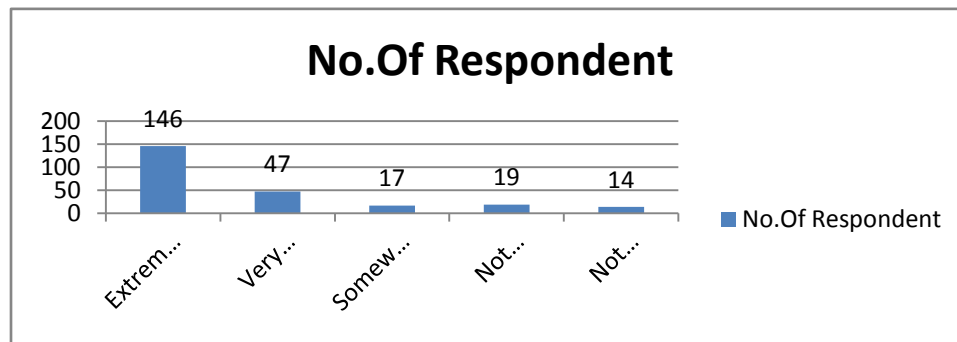
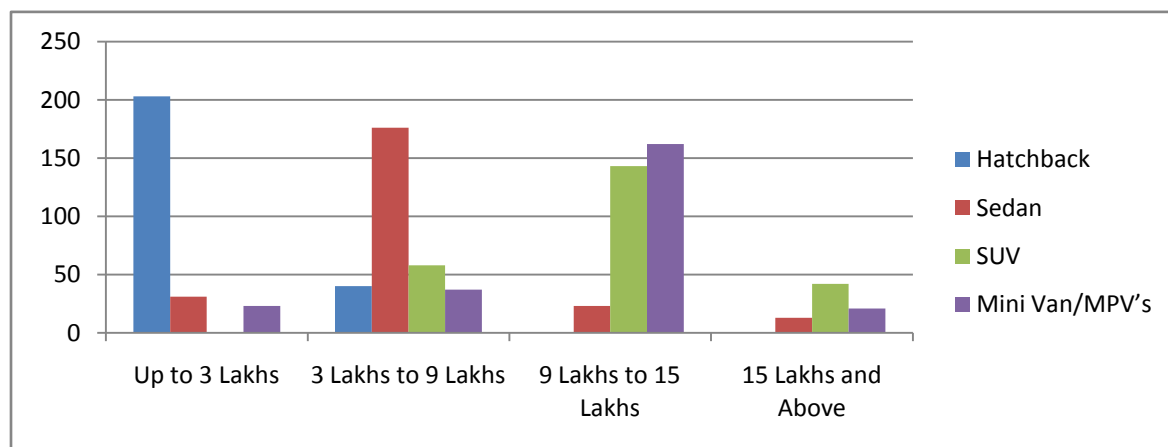


Fig 1.3

## ❖ Price range for affordable Four wheeler brand

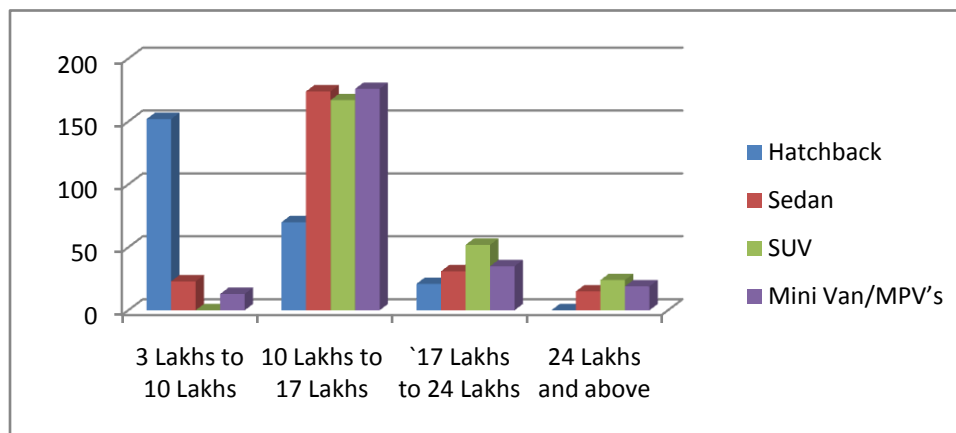
Type/Price range	Up to 3 Lakhs	3 Lakhs to 9 Lakhs	9 Lakhs to 15 Lakhs	15 Lakhs and Above
Hatchback	203	40	0	0
Sedan	31	176	23	13
SUV	0	58	143	42
Mini Van/MPV's	23	37	162	21



**Fig 1.4**

❖ Price range for Mid range Four wheeler brand

Type/Price range	3 Lakhs to 10 Lakhs	10 Lakhs to 17 Lakhs	17 Lakhs to 24 Lakhs	24 Lakhs and above
Hatchback	152	70	21	0
Sedan	23	174	31	15
SUV	0	167	52	24
Mini Van/MPV's	13	176	35	19

**Fig 1.5**

❖ Price range for High range (Premium) Four wheeler brand?

Type/Price range	10 Lakhs to 20 Lakhs	20 Lakhs to 30 Lakhs	30 Lakhs to 40 Lakhs	40 Lakhs and Above
Hatchback	153	56	22	12
Sedan	43	91	74	35
SUV	0	153	64	26
Mini Van/MPV's	39	98	83	23



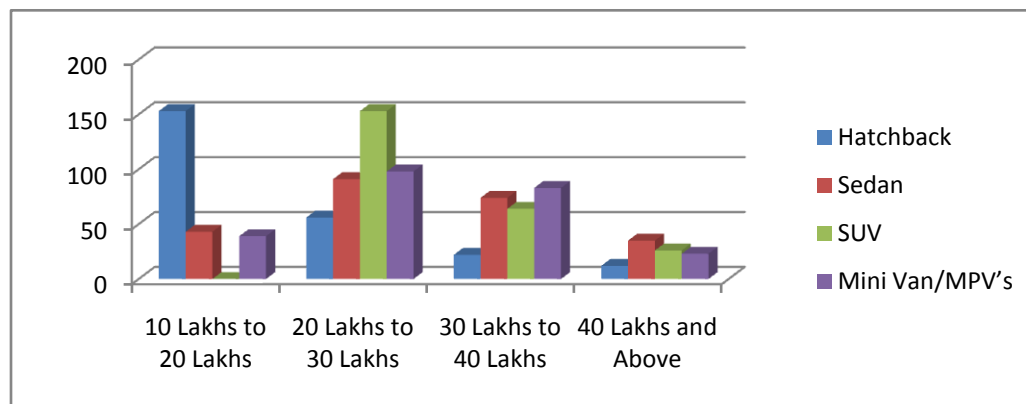


Fig 1.6

### Hypothesis Testing:-

**H<sub>1</sub> :-** Car Segmentation on pricing basis is important in buying behavior of customers.

How important is the classification of four wheeler brands on pricing basis in buying behaviour?

Scale	No.Of Respondent	Percentage
Extremely Important	146	60%
Very Important	47	19%
Somewhat Important	17	7%
Not Important	19	8%
Not Important at all	14	6%
Total	243	100%

### Interpretation:-

From above table it is found that 79% respondents feels that Car segmentation on pricing basis is important in buying behavior. 79% percents is the significant figure to prove the hypothesis. Hence **H<sub>1</sub>** i.e. Car Segmentation on pricing basis is important in buying behavior of customers is accepted.

**H<sub>2</sub>:-** There is a correlation between size/length base segmentation and price base segmentation.

From Fig No. 1.4, 1.5, & Q. no. 1.6 it is found that all respondents have given their opinion about the expected prices of the cars according to the size of the car. Their expectation in terms of prices varies according to size of the car like Hatch Back, Sedan, SUV and Other. So classification of cars and their brands becomes easy on the basis of size of the car.

Hence **H<sub>2</sub>** i.e. There is a correlation between size/length base segmentation and price base segmentation is proved and accepted.

**Findings:-**

- 1) Most of the respondent knows the various bases of segmentation of Four wheeler Brands.
- 2) Customer's uses the segmentation based on size, length and engine capacity during they buy the car. These bases of segmentation are more popular than any other bases.
- 3) 80% of the respondents feels that Segmentation of Four wheeler and their brands should be done on pricing basis during buying process.
- 4) On the basis of prices of four wheeler, brands are classified as Affordable Brands, Midrange brands, Premium or High range brands.
- 5) In affordable brands respondent looks hatchback up to 3 lakhs, sedan in between 3 to 9 lakhs, where as SUV looks between 9 lakhs to 15 lakhs.
- 6) In Mid-Range Brand Segmentation it is found that respondents looks Hatchback between 3 lakhs to 10 lakhs, Sedan looks between 10-17 lakhs and SUV looks between 10 to 24 lakhs.
- 7) In Premium or High Range segmentation, Respondents looks hatchback between 10 to 20 lakhs, Sedan between 20-40 lakhs, and SUV between the same range that is 20 to 40 lakhs.

**Suggestion:-**

- 1) Company should aware the customers regarding this new basis of segmentation of four wheeler on pricing basis.
- 2) With the traditional segmentation basis this pricing basis segmentation should made available to create easiness in buying process.

**Conclusion:-**

- 3) This study focuses on new segmentation of four wheelers which is tested with respondents in Pune city. It focuses on consumer perception & expectation regarding segmentation basis for four wheeler car and their brands. Segmentation based on price carries a huge importance during buying four wheeler for respondents. It will not only helpful for customers but for automobiles companies also.

**Limitation:-**

- 1) The Scope of the study was Pune city only.
- 2) The study was limited to 243 respondents which could have done on more respondents.

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