

Effects of Demographic Factors on Satisfaction Level of Car Users in Nepal

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Abstract: *Consumer is the nerve center of business organization. In recent days consumerism is witnessing a very much change in Nepal. A consumer takes decision to buy a product or service is the result of different factors. Different factors, events and people influence the pre-purchase behavior, purchase decision, brand choice as well as satisfaction level of consumer. The purpose of this study is to come up with the identification of demographic information of car consumer and know the impact of demographic variables on satisfaction level of consumers. Nepal was selected for the study, which is progressive and growing market for cars. The primary data were collected through questionnaire from 400 sample respondents using simple random sampling technique. For the data analysis different statistical tools such as percentage analysis, factor analysis, ANOVA, t-test and f-test were used. The researcher found that majority of respondents were male and married, majority have bachelors degree education and involved in business as well as most of car consumers earned more than 95000 per month. Technical, product quality, appearance and cost & service were identified as 4 satisfaction factors from 39 variables by using factor analysis.*

Keywords: *Consumer, consumer behavior, demographic factors, satisfaction factor*

I. Introduction

After liberalization, privatization and globalization the automobile sector is booming in Nepal. The automobile industry is having a strong multiplier effect on the growth of a country and hence is capable of being the driver of economic growth, so marketers understand the factors for the consumer's expectation and satisfaction. Understanding consumer behavior is one of the more perplexing tasks confronting every business organization. The difficulty arises from the heterogeneity of consumers/buyers, from their being group of individuals who differs from one another. "Consumer/ buyer behavior refers to the buying behavior of final consumers- individuals and households who buy goods and services for personal consumption. Consumers around the world vary tremendously in age, income, education level and tastes". (Gary Armstrong, 2009, p. 167). "Buying habits/ shopping behavior vary depending on the types of goods. Consumer's goods have been classified in to three types; Convenience goods, shopping goods and Speciality goods." (V S Ramaswamy, 2009, p. 259) "Consumer behavior as the behavior that consumers display in searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs." (Leon G. Shiffman, 2010, p. 5) "Buyer's purchase decisions are highly influenced by the buyer's unique set of cultural, social, personal, and sociological factors (Kotler, 1991, p. 175)" "The firms marketing activities are a direct attempt to reach, inform, and persuade consumers to buy and use its products. These inputs to the consumer's decision making process take the form of specific marketing mix strategies." (Leon G. Shiffman, 2010, p. 435) . A study highlighted that various socio demographic factors like high GDP growth, rising income levels, booming knowledge sector and growing urbanization have contributed towards tremendous growth of passenger car industry in India, where it also concluded that the Indian consumer is extremely price sensitive. (Sumantran, 2007). An empirical study of consumer buying behavior regarding home appliances with special reference to Jaipur city was concluded that consumer behaviour depends on a no. of variables such as demographic variables, personality, needs and buying motives, family life cycle stage, family buying roles and the factors included in the choice criteria (e.g. technology, brand image, price, style and after sales services). The buyer behavior in about durable goods is powerfully full of some economic, social, cultural associated psychological factors. (Sharm, 2013, pp. 42-56). An empirical study on small size passenger cars in India revealed that product performance significantly influencing the consumers' future Purchase decision. The product attributes such as pollution, ignition, battery performance and Pickup for passenger car is highly influencing the consumers' future purchase decision. (Mahapatra & Kumar, 2010, pp. 97-108)

The present study will contribute a deeper understanding of the impact of different factors on consumer/buyer buying behavior. The purpose of the study is to know the demographic profile of car users in Nepal as well as effects of selected demographic factors (age, education, income and occupation) on satisfaction factors(technical, product quality, appearance and cost & service).

II. Methods

This study was based on the descriptive and exploratory research design. Total 400 respondents were selected through simple random sampling technique. Questionnaire were administered for collecting data. For the data analysis different statistical tools such as percentage analysis, factor analysis, ANOVA, t-test and f-test were used. Factor Analysis is focused on the satisfaction of respondents after purchase of car. In order to analyze the level of satisfaction, 39 product attributes were identified and listed. First the correlation matrix is applied, secondly the KMO and Bartlett's tests are applied to test whether the data can be applied to factor analysis or not, thirdly principal component analysis was employed for extracting the factors, the PCA extracts 4 factors namely; technical/ accessories, Product quality, appearance/ external, cost/service from 39 variables. At last the varimax rotation was applied to extract meaningful factors. And ANOVA was applied for the satisfaction factor and selected demographic variables to calculate F value to know the significant difference between selected demographic factors (age, education, income and occupation) and satisfaction factors(technical, product quality, appearance and cost & service).

III. Results and discussion

Assessing consume needs, search for information, purchase of car and satisfaction level of consumer may influence by the demographic factors such as age, income, education, and occupation. For the study technical, product quality, appearance and cost & service were identified as 4 satisfaction factors from 39 variables by using factor analysis. The demographic factors (age, education, income and occupation) were selected and the significant difference between these demographic factors and satisfaction factors were tested through application of F-test.

Demographic profile of respondents

The key demographic characteristics included age of the respondents, respondents' monthly income, level of education, gender of respondents, marital status and respondents' occupations. Table 1 brings out the results of the demographic information of the respondents.

Table 1 Demographic profile of respondents

Variables	Group	Frequency	Percent
Gender	Male	365	91.2
	Female	35	8.8
Age	Minimum	20 (Year)	-
	Maximum	72 (Year)	-
	Mean	40.895 (Year)	-
Education	General literate	5	1.3
	SLC	28	7
	+2	55	13.8
	Technical diploma	9	2.3
	Bachelors	151	37.8
	Masters	128	32
	MPhil	10	2.5
	PhD	14	3.5
Occupation	Agriculture	6	1.5
	Business	229	57.3
	Govt. Job	49	12.3
	Private Job	55	13.8
	Self-employed	35	8.8
	Abroad Job	4	1
	Retired	13	3.3
	Student/ Unemployed	5	1.3
	Other	4	1
Marital status	Married	364	91
	Unmarried	32	8
	Widow/Single	4	1
Monthly income	Below 35000	31	7.8
	35001-50000	74	18.5
	50001-65000	50	12.5
	65001-80000	47	11.8
	80001-95000	44	11
	Above 95000	154	38.5

Source: Primary data

Above table shows that the average age of the respondents was 41 years where minimum age was 20 years and maximum age was 72 years, 365 respondents were male which constitute 91.2 per cent and the remaining 35 were female which was 8.8 per cent of the sample respondents, 91 per cent of the respondents were married, 8 per cent of the respondents were unmarried and 1 per cent under other category, the average family size of the respondents was 5.41, where minimum family number in the family was 1 and maximum number of family member was 18. 1.3 percent of respondents were general literate, 7 percent of the respondents have school level of education and other 13.8 percent of them have +2 degree, 2.3 percent have technical diploma degree, 37.8 percent have bachelors degree and 32 percent have masters degree, 2.5 percent have MPhil degree and 3.5 percent possessed PhD, 57.3 per cent of the respondents were businessmen, 13.8 per cent private employees, 12.3 per cent government employees, 8.8 per cent self employed/professionals, 1.5 per cent were agriculturist, 1.3 per cent were students/unemployed, 3.3 per cent retired from their work, 1 per cent have job in abroad and remaining 1 per cent under other category, 7.8 per cent of the respondents in the sample whose monthly family income was less than 35000, 18.5 per cent belong to Rs.350,001 to Rs.5,0000, 12.5 per cent belong to the income bracket of Rs.5,0001 to Rs.65,000, 11.8 per cent fall between the income group of Rs.65,001 to Rs.80,000, 11 per cent fall between the income group of Rs.80,001 to Rs.95,000 and the remaining 38.5 per cent belong to more than Rs.95,000. It is inferred from the study that marketers should focus those young businessman whose monthly income is higher than normal people and can buy car easily. So that large numbers of car can be sold in Nepal.

Age of respondents and satisfaction factors

Generally age factor refers to the maturity of consumer. Generally elderly consumers are expected to possess greater knowledge and responsibility than younger ones. Table 2 brings out the results of the ANOVA conducted to test for significant difference if any, between the respondents of the different age and various satisfaction factors.

Table 2 Age and satisfaction factors

ANOVA						
Factors		Sum of Squares	df	Mean Square	F	Sig.
Technical /accessories	Between Groups	3834.301	45	85.207	2.784	.000
	Within Groups	10773.873	352	30.608		
	Total	14608.173	397			
Product quality	Between Groups	467.298	45	10.384	1.518	.022
	Within Groups	2421.140	354	6.839		
	Total	2888.438	399			
Appearance/external	Between Groups	581.998	45	12.933	1.979	.000
	Within Groups	2314.000	354	6.537		
	Total	2895.998	399			
Cost /service	Between Groups	179.796	45	3.995	2.121	.000
	Within Groups	666.881	354	1.884		
	Total	846.678	399			

Source: Primary data

The above table highlights the results of the ANOVA for different age of respondents on the satisfaction factors. The calculated F values of 2.784, 1.518, 1.979 and 2.121 for the technical, product quality, appearances and cost & service factors at 95 percent confidence interval which found the p value .000, .022, .000 and .000 respectively. It is concluded that there is significant difference between satisfaction factors and respondents of different age group at 5 percent level of significance.

Education level of respondents and satisfaction factors

Education strengthens the knowledge of people and plays a vital role in the consumer decision making process. Education adds confidence and skill to purchase and use of goods & services. Table 3 brings out the results of the ANOVA conducted to test for significant difference if any, between the respondents of the different educational background and various satisfaction factors.

Table 3 Education and satisfaction factors

ANOVA						
Factors		Sum of Squares	df	Mean Square	F	Sig.
Technical / accessories	Between Groups	656.108	7	93.730	2.620	.012
	Within Groups	13952.066	390	35.775		
	Total	14608.173	397			
Product / quality	Between Groups	58.150	7	8.307	1.151	.331
	Within Groups	2830.287	392	7.220		
	Total	2888.438	399			

Appearance	Between Groups	90.508	7	12.930	1.807	.085
	Within Groups	2805.490	392	7.157		
	Total	2895.998	399			
Cost / service	Between Groups	62.987	7	8.998	4.501	.000
	Within Groups	783.691	392	1.999		
	Total	846.678	399			

Source: Primary data

The above table highlights the results of the ANOVA for different educational background of respondents on the satisfaction factors. The calculated F values of 2.620 and 4.501 for the technical and cost & service factors with p value .012 and .000 respectively are differs significantly at 5 percent level of significance among the respondents of different education level and The calculated F values of 1.515 and 1.807 for product quality and appearance with p value .331 and .085 respectively do not differs significantly at 5 percent level of significance among respondents of different education level.

Level of income of respondents and satisfaction factors

The level of income of the people largely determines living standard and status. People expect for having luxury goods like car in the family when there is higher level of income. Table 4 brings out the results of the ANOVA conducted to test for significant difference if any, between the respondents of the different level of income and various satisfaction factors.

Table 4 Income and satisfaction factors

ANOVA						
Factors		Sum of Squares	df	Mean Square	F	Sig.
Technical / accessories	Between Groups	631.131	5	126.226	3.540	.004
	Within Groups	13977.042	392	35.656		
	Total	14608.173	397			
Product quality	Between Groups	47.766	5	9.553	1.325	.253
	Within Groups	2840.672	394	7.210		
	Total	2888.437	399			
Appearance/external	Between Groups	113.949	5	22.790	3.228	.007
	Within Groups	2782.049	394	7.061		
	Total	2895.998	399			
Cost / service	Between Groups	27.755	5	5.551	2.671	.022
	Within Groups	818.923	394	2.078		
	Total	846.677	399			

Source: Primary data

It is found that the F value of 1.325 with respect to product quality factors which found p value .252 differs insignificantly at 5 percent level of significance among the respondents of different level of income. The F values of the other three technical, appearances, and cost/service factors of 3.540, 3.228 and 2.671 with p value .004, .007 and .022 respectively differs significantly at 5 percent level of significance among respondents of different level of income.

Occupation status of respondents and satisfaction factors

Consumers' source of income is determined by their occupation. Occupational status of the respondents largely influenced the buying behavior and satisfaction level of the consumer. Table 5 brings out the results of the ANOVA conducted to test for significant difference if any, between the respondents of the different occupation and various satisfaction factors.

Table 5 Occupation and satisfaction factors

ANOVA						
Factors		Sum of Squares	df	Mean Square	F	Sig.
Technical /accessories	Between Groups	458.121	8	57.265	1.574	.131
	Within Groups	14150.052	389	36.375		
	Total	14608.173	397			
Product quality	Between Groups	107.435	8	13.429	1.888	.060
	Within Groups	2781.002	391	7.113		
	Total	2888.438	399			
Appearance/external	Between Groups	84.488	8	10.561	1.469	.167
	Within Groups	2811.509	391	7.191		
	Total	2895.997	399			
Cost / service	Between Groups	10.627	8	1.328	.621	.760
	Within Groups	836.050	391	2.138		
	Total	846.678	399			

Source: Primary data

Above table represents the ANOVA for significant difference between different occupational groups of respondents with respect to satisfaction factors. It is found that the F value of 1.574,1.88,1.469,0.621 with respect to technical , product quality , appearances /external and cost/ service factors with p value .131,.060,.167 and .760 differs insignificantly at 5 percent level of significance.

IV. Conclusion

Marketers need to understand the consumer behavior to take important marketing decisions related to consumer needs. There are different factors which influence the consumer buying behaviour, namely, socio-economic,cultural,psychological and personal. The socio-economic factors greatly influence the car consumers expectations and satisfaction level.Realizing the importance of socio-economic factors on car market in Nepal, the researcher analysed and concluded that the average age of car users in Nepal is 41 years where majority of the respondents are male and married. Average number of family member is 5.41, there is variation in educational status/academic qualification of the respondents of Car owners. It is understood that the majority of the respondents have bachelors' degree. The occupation of the majority respondents is business; people who have monthly income more than Rs.95, 000 are the major buyers of cars in Nepal. Also the study reported that technical, product quality, appearances and cost and service factors are differs at 5 percent level of significance among respondents of different age group. For different educational background of respondents on the satisfaction factors, technical and cost & service factors are differs at 5 percent level of significant among respondents and product quality and appearances are do not differs .For the income product quality factors differs significantly at 5 percent level of significance and other three technical, appearances, and cost/service factors differs insignificantly with satisfaction factors. For different occupational group of respondents with respect to satisfaction factors; technical, product quality , appearances /external and cost/ service factors differs insignificantly at 5 percent level of significance and there is a no significant difference between different occupational groups and satisfaction factors.

The economic and social status of the people in Nepal is changing significantly. The dealer should study the behavior of the people and should bring a car which is suitable for the market. In order to maximize the customer base it is recommended that marketer should target other members also like spouse, friends and children etc. in order to increase sales.

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