

DESIGNING VALUE PROPOSITION FOR PASSENGER CARS BASED ON CUSTOMER'S PREFERRED ATTRIBUTES: AN EMERGING MARKET PERSPECTIVE

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Abstract

With enormous economic growth in emerging markets, many business leaders want to identify the consumer insights. This study in automobile industry is an attempt to design the value proposition based on customers' preferred attributes. By understanding the preferences of customer attributes for passenger cars, new product can be designed which are more suitable towards respective markets. In this study mainly rural and semi urban customers preferences were examined, through mix method approach. Depth interviews and focus groups were conducted followed by structured questionnaires. List of attributes was scientifically prepared and 879 responses were analyzed using univariate method. Five main constructs were studied, namely basic attributes, added attributes, dealer and network, pricing and finance, and brand related attributes. Within these main constructs 31 items were listed which were rated on a five point scale by customers. Finally value proposition has been deliberated reflecting customer's preferences of these attributes in passenger cars. Customized strategies have been developed in the paper keeping in mind various demographic factors. This work shall fulfil the void in the literature regarding studies related to crafting value proposition. It would also benefit automobile managers by giving them more insights about consumer's preferences and developing vehicles based on customers' expectations and needs.

1. INTRODUCTION

Rapid economic growth particularly in emerging markets has led to fundamental shifts in consumer spending patterns. This move has far reaching implications for manufacturer, marketers and retailers of consumer products and services. Multinationals face strategic challenges to position their products in the mind of consumers. India has been facing a sea of alteration in every sphere. With changing income levels, demographics, modification in family structure, it is apparent that consumer's aspirations are changing. According to Gordon (2010) a new middle class is developing in emerging markets which resides in semi urban and rural areas. The challenge ahead is to critically assess the

needs of this market as 63% of India's population will continue to live in the rural areas even till 2025.

With a market size of 23.37 million vehicles, a growth of 8.68 per cent and 7.1% contribution towards GDP, it can be articulated that automobile industry in India has evolved enormously since the last decade (Automobile Industry, 2016). All major global automobile players are now targeting India as a Manufacturing Hub. The immense growth of the Indian car industry can be attributed to the improving road infrastructures, affordable rates of interest, easy availability of car loans and smooth repayment facilities and. Semi urban and rural markets have been significantly contributing to sales growth of Automobile Industry in FY 2013-14 (Marketing white book, 2013). Thus it is imperative for any automobile company to position itself strongly in order to get traction in the market. To compete successfully in this dynamic business environment, it has become important to understand the needs of this rising market segment and develop products which fulfil their demand.

Customers always prefer products which suit their needs and meet their expectations. In terms of passenger cars, many new products have entered market with latest technologies, newer designs, and better quality at competitive prices. With rising competition between market participants and increasing variety of vehicles available for customers, it is now a challenge for companies to synchronize marketing strategy with customer expectations. Thus a value proposition should be designed keeping in mind customer's perspective; it should be credible, unique to a brand and durable over time. A value proposition is an explicit promise made by a company to its customers that it will deliver a particular bundle of value creating benefits (Buttle, 2009). The ability of a company to provide a superior value for its customers is regarded as one of the most successful competitive strategies (Kar, 2006).

The main contribution of this paper is that it clearly demonstrates the approach of designing value proposition based on customer preferred attributes. It is one of the first few studies which take into account the Indian semi urban and rural customer's perspective. Along with customer perspective, this study entails managerial perspective by involving executives from top automobile company- Maruti Suzuki India Limited. The paper also attempts to show the choices made by customers between various attributes and thereafter develop strategies based on the insights. It should fulfil the void in the literature regarding studies related to designing value proposition. This work would benefit automobile managers by giving them more insights about consumer's preferences and developing vehicles based on customers' expectations and needs.

In the next section we explain the concept of value proposition and positioning typology. Thereafter we prepare a list of the customer preferred attributes from previous studies followed by methodology section. We use sequential mix method approach. In phase one we explain qualitative methodology which involves interviews and focus group discussion. After refining the list of attributes we prepare a questionnaire and test the same in phase two of quantitative survey research. In the last section detailed analysis is provided along with the value proposed for passenger cars based on the rural and semi urban customer preferences.

2. LITERATURE REVIEW

The middle class in emerging markets is growing and targeting such customers does not mean simply distributing existing products in new markets. Success in emerging markets requires a deep understanding of consumers' cultural context and needs. To cater to the eclectic demand pattern in the emerging middle class markets, it is important to understand the needs, wants, aspirations, and desires of these customers. Accordingly, when targeting Indian semi urban & rural customers, it is imperative to analyze consumer's preferred attributes to design a value proposition.

A value proposition is a statement which clearly identifies benefits consumers get when buying a particular product or service (Kaplan & Norton, 1996). Creating and delivering value proposition are

critical issues that marketing planners should consider in planning strategies. Value propositions vary across industries and across different market segments within an industry (Kaplan and Norton, 1996). Value proposition not only identifies benefits a customer will receive but also emphasizes on solutions provided by a product/service and how is the product/service distinctly better than the alternatives (Buttle, 2009).

In order to create value companies should focus on customer insights to identify features preferred by the customers (Walker, 2008). Steven (2009) believes that the entire purpose of the value proposition is to focus on the sole benefit of the client. When designing a value proposition, it is important to consider the target market's aspirations (Anderson *et al.*, 2006). It is necessary to know what points of difference can be offered as well as knowing what a target may consider worthwhile (Walker, 2008). A well-defined value proposition can improve the efficiency and effectiveness of the product or service provided by the company, which would then result in positive beliefs for the brand, consumer loyalty and increases in market share (Holttinen, 2014). As products become more complex and the marketplace more crowded, consumers rely more on products attributes than on its actual functions in making purchase decision (Blankson & Kalafatis, 2004). Superior value proposition would be able to meet customer expectations with more precision and distinguish the product from competitors. It must be sharply defined, clearly communicated and well understood by employees, customers, owners and investors (Hardy, 2005).

Value proposition is at the heart of positioning (Skok, 2013, Forbes). "Positioning refers to the development of a distinct image for the product or service in the mind of the consumer, an image that will differentiate the offering from competing ones and faithfully communicate to the target audience that the particular product or service will fulfil their needs better than competing brands" (Schiffman & Kanauk, 2010). The term positioning has long been acknowledged as a core branding activity (Aaker & Shansby, 1982; Ries & Trout, 2003).

It is a crucial marketing decision for a company or brand because the position can be central to a customer's perception and choice decisions (Lawler-Wilson & Fenwick, 1978).

Marketers of different brands in the same category can effectively differentiate their offerings only if they stress the benefits that their brands provide rather than the products physical features (Kotler & Keller, 2006). The benefits featured in a products positioning must reflect attributes that are important to and congruent with the perception of the targeted consumer segment. All elements of a marketing program can potentially affect the positioning of a brand, thus it is important to develop a strong value proposition which ensures that all the elements are consistent and supportive (Aaker & Shansby, 1982).

Anderson *et al.* (2006) caution that delivering a "customer's" (or target's) value proposition requires not only answering that target's value question (what value can be generated) but also requires knowledge of that target's aspirations. It is necessary to know what points of difference can be offered above that of the next best choice as well as knowing what a target may consider worthwhile. Thus, while researchers may be offering what they believe to be super b value, the target may feel that benefit to be of marginal value.

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Walker (2008) listed five questions that an organization should clarify when establishing its value proposition. These questions are concerning who the customers are, what they are being sold, how products are differentiated from competitors' and potential for improvement. The challenge is to define the offerings mix capable of leveraging the target markets value experience.

Customers perceive the value provided by organizations differently. One reason of difficulty in understanding customer value is that the term 'value' has different meanings for different people, and it is not easy to define and quantify. Some customers seek quality, others prefer a high level of service, and some prefer price as significant attribute while making choice (Holtinen, 2014). Buying behaviours and motivations are extremely different between segments of customers. This variation occurs due to the different needs for each customer. Fifield (2009) points out that customer understand value intuitively, which makes it challenging for marketers to measure it analytically. Osterwalder and Pigneur (2003) stated that modelling and mapping value proposition helps in better understanding the value a company wants to offer its customers and makes it communicable between various stakeholders.

In this study the objective is to identify the value proposition for passenger cars based on customer preferred attributes. For this purpose we studied papers in the area of automobile positioning strategies and identified customers' preferred attributes in passenger cars. Aaker and Shansby, (1982), figured out various approaches for positioning strategies but most frequently used positioning strategy is attribute based positioning especially in automobile market (See Appendix 1 for the list of attributes identified based on the literature). Johansson and Thorelli (1985) suggested that the customer's perception of benefit generating attributes matters more than the actual attributes.

3. METHODOLOGY

In order to design the value proposition based on customer's preferred attributes in 4 wheeler vehicles among rural and semi-urban customers, we use mix method approach. This approach overcomes the limitations of a single design and the research question can be addressed at different levels. It helps to position the work in transformative framework. Thus we use sequential exploratory framework (Creswell, 2003). It is characterized by an initial phase of qualitative data collection and analysis followed by a phase of quantitative data collection. In the qualitative phase, technique of interviewing and focus group were used. In order to understand the consumer's behaviour qualitative research has become essential (Mason & Slack, 2003; Teddlie & Tashakkori, 2003; Miles & Huberman, 1994). These techniques help in understanding consumers better, as they uncover myriad experiences and multifaceted motives. Qualitative research helps in forming a strong base for quantitative research.

For the purpose of data collection in phase one, which includes expert opinions and interviews, we could manage to collaborate with executives from Maruti Suzuki India Limited (MSIL). MSIL was chosen as it has a market share of 37% of the Indian passenger car market as of November 2012

(Maruti, 2013) and has been a leader for years in automobile industry. It is engaged in the manufacturing and distribution of Maruti passenger cars and spare parts.

Past research has shown that understanding consumers' underlying motivations for product consumption is important to developing marketing strategies (Mehta, 1999; Hong & Zinkhan, 1995). The complexity of understanding consumers' underlying preferences for purchase of a car highlights both the opportunity and challenge for marketers in developing meaningful value propositions. As the purpose for the study is to explore customers preferred attribute we began with interviews with the resident dealers via structured questionnaires and then rural and semi urban consumers are examined through focus groups.

We conducted in-depth interviews with 3 Maruti's Resident Dealer Sales Executives as they are the first point of contact on behalf of the company. They interact with the customers on regular basis. They are aware of the needs, demands and aspirations of the customers. After a detailed interview of 90 min approximately with each of them we made a list of attributes. Then we conducted 3 focus groups each with 10 customers from semi urban and rural areas to understand their needs and wants in a four wheeler passenger car. This lasted for two hours each. Some additional attributes were also suggested during these discussions. These two exercises scaled down the important attributes. After identifying customer preferred attributes and dealers perspective we merged this list with the previous list from the literature (Appendix 1). Common attributes were identified and the two experts (managerial level) from MSIL scrutinized the same. Thus we finally got the list of 31 consumers' preferred attributes of passenger cars which had to be tested quantitatively (See appendix 2 for the final list of attributes).

In the next step exploratory factor analysis was conducted. Factor analysis attempts to identify a small set of factors that represents the underlying relationships among a group of related variables (Pallant, 2005). All the assumptions for factor analysis were met regarding sample size, inspection of correlation matrix for coefficients of .3 and above and calculating the Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) and Barlett's Test of Sphericity (Appendix 3). This proved that the data was appropriate for factor analysis. All the five factors were rotated separately. On using principal component factor analysis, result stated that all items in each of the factors shall be retained and no item was deleted, thus all the five factors were processed further.

After this stage final questionnaire was designed keeping all the 31 attributes under five main constructs namely basic attributes, added attributes, dealer and service network related, pricing and finance, brand and promotion related attributes. Further 9 demographic questions were asked to provide a profile of the respondents and validate the sample at the end of the study to make comparisons (See appendix 4 for questionnaire). Content validity was checked by experts for all the survey questions. The assessment ensured that it included everything important to fulfil the objective of the study. In the next step reliability of the constructs was checked using Cronbach's alpha coefficient (Pallant, 2005). Cronbach's alpha result for all the constructs were found to be above 0.7. Hence it was considered to have good reliability (Appendix 5).

All the attributes were first measured on a five point likert scale and then in the next part respondents were asked to make a choice among few attributes within the construct. Thus by making this choice, consumers further conceptualized the profile of ideal attributes in a passenger car. An ideal brand would be a combination of all the customer's preferred attributes. Further the attributes were compared using ANOVA across their mean scores based on different demographics. This helped in further refining the value proposition. For this research SPSS software is used for data analysis, results were conclusive and findings were used as input into decision making (Malhotra & Dash, 2009). Single cross sectional design was exercised where one sample of respondents is drawn from the target population and information is obtained from this sample once only (Malhotra & Dash, 2009). For collecting data, convenience sampling technique was used.

The survey was administered all across India in order to cover all the demographic regions. It was conducted online with the support of MSIL's customer relationship management department (CRM). An email of online questionnaire was sent from MSIL CRM department to a total of approximately 20,000 customers. These customers had bought a Maruti car, thus they were familiar with the brand. This target group was preferred as they could clearly give insights about the attributes in a passenger car. Generally 3~4 % of the customers respond to online surveys (Malhotra & Dash, 2009). In this study a total of 879 responses were received from all across India which qualified as usable responses.

3.1. Analysis and implications

The demographic analysis revealed that 94% respondents were male and 6% were females clearly reflecting the inclination of male members while responding about the preferred attributes in a vehicle. Mostly male members are the key decision makers when a product like car is to be purchased. Majority people buying cars from MSIL brand are in the age of 30-40. The age group of respondents varied, with 27% belonging to less than 30 years of age, 42% between 30-40; 18% in the age band of 41-50 and 13% respondents of more than 50 years of age. Place of residence of customers were qualified as rural, semi urban and urban according to SEC classification. 55% respondents belong to semi urban areas, 32% were from rural areas and 13% from urban areas. In terms of education, 51% of respondents were post graduate and 44% graduate (see Appendix 6 for detail).

Further demographic analysis explained that 45% of the sample had monthly family income between INR 50,000 – 100,000 followed by 33% sample having monthly income of less than INR 50,000. On asking the question that, which type of vehicle you prefer to buy in future, 37% sample indicated Sedan followed by 35% choosing utility vehicles like SUVs. The range of price band in which the maximum respondents would plan to buy their next car was INR 5-8 lac. This indicates that companies should concentrate on sedan as the preferred segment and manufacture vehicles within the range of Rs.5-8 lac. For the option of fuel, 57% responses indicated petrol as a preference followed by diesel. For the question of kilometers being driven every month, 27% people drove below 500 km, 37% respondents drove 500-1000 km monthly and 22% people drove between 1000-2000 km monthly.

After analyzing the results of rating questions, consumers had clearly listed their preferences of the attributes on a five point likert scale. It turned out that each of the five constructs had its standalone attributes which reflected the importance. For each of the construct detailed explanation has been given to craft appropriate value proposition.

Construct 1: Basic attributes

Basic features were listed most important among all the five constructs. Within the 10 listed attributes in the basic category, safety and driving comfort were the most important with weighted average score of 4.48. This was closely followed by fuel efficiency as the second most preferred attribute with a score of 4.46 (Appendix 7). Our qualitative analysis also confirmed that fuel efficiency and driving comfort are the most preferred attribute, though safety was not mentioned by any respondent in the qualitative research. On further analysis of mean score with demographics (ANOVA Test) it was figured out that the result of basic attributes were found to be significantly related to the choice of vehicle for future, which means that customers who intend to purchase SUV, basic attributes are an important consideration in comparison to customers intending to purchase hatchback or sedans (Appendix 12). There is undoubtedly a shift in the consumer attitude towards contemporary features, but this does not undermine the importance of basic features. Automobile companies should definitely focus on these key attributes while communicating & designing the new product.

Construct 2: Added attributes

For the preferences in case of added attributes customers clearly prefer security of the vehicle (weighted average score 4.43) and low noise (4.36) over all other added features (Appendix 8). Security was also highlighted in the study by [Arnott \(1992\)](#) as a significant attribute while purchasing vehicles. ANOVA results suggest that added features are essential for those consumers who tend to use their vehicle for longer distances (Appendix 12). They understand their vehicle better and would prefer security, low noise, and better size apart from preferred fuel option. This indicates that car manufacturers need to give importance to value added and modern features (air bags, emergency brakes, anti-lock etc.) along with basic features, while conceptualizing the idea for a new car so that they can position themselves strongly in the market.

Construct 3: Dealer & service network related attributes

Among various attributes comprised by the factor, the equal importance was given to after sale services and spare parts availability followed by dealer network (Appendix 9). This indicates that people are much concerned about the after sale services while purchasing a car and therefore companies can emphasize this feature in order to gain advantage over their competitors. After sales service was significant factor in previous research like [Panda \(2005\)](#).

Construct 4: Price & financing related attributes

Buying a car is a high involvement decision for most Indian customers. Thus pricing becomes a very important feature for companies when deciding to position their product. Most important attribute for customers was value for money followed by low maintenance cost (Appendix 10). It was also figured out that people, who are less than 30 years of age or residing in rural areas, prefer diesel variant. Education level indicated that less educated people (Graduates) gave more importance to pricing option as compared to (post graduates). Thus such customers can be targeted by giving lucrative financing options or offering low maintenance cost. The results of the study are in conjunction with the literature especially the pricing and finance factor which definitely stands as most important in high involvement purchases ([Panda, 2005](#)). Indian consumer being price conscious prefer 'Value for money'. Thus this should be boldly communicated by companies in their promotional efforts.

Construct 5: Brand & promotion related attributes

It is suggested that car manufacturing companies cannot neglect the use of promotional campaigns as buyer behaviour is influenced by such efforts. The customers want reliable information in advertisements and that is why this item has been rated highest. Reputation and brand name are also amongst the most preferred attributes (Appendix 11). It was also observed that people with less than 30 years of age gave significant importance brand and promotion attributes. From the ANOVA results it was also figured out that people with income (less than 50,000) consider brand & promotion related attribute as most important and people within higher income bracket do not consider brand attributes significant (Appendix 12). Reliability in ads was also confirmed as a significant consideration by [Blankson and Kalafatis \(2004\)](#). So the automobile companies should consider these while designing the communication strategy.

Next level of analysis was done for the questions where customers were asked to make a choice amongst the given attributes. Based on the choice of each attribute in a construct, we further analyzed the customer preference in order to design the value proposition for the product. Amongst the list of basic attributes, safety and fuel efficiency were most preferred (See Figure below). In case of added attributes security and low noise in the vehicle were most important for the respondents. In the category of dealer and service network, after sales service was most important attribute; which was also overall most preferred. In the pricing and finance option maintenance cost and value for money were equally preferred. In terms of brand and promotion category, reliability in ads and brand name were chosen by the respondents. These chosen attributes are important for companies to take into consideration while designing the value proposition for their brand in the market.

Table 1: Most preferred attributes

Attributes (Factors)	Most preferred attributes (Items)
Basic	Safety and Fuel efficiency
Added	Security and Low noise
Dealer & service network	After sales service
Price & financing	Maintenance cost and Value for money
Brand & promotion	Reliability in ads and Brand name

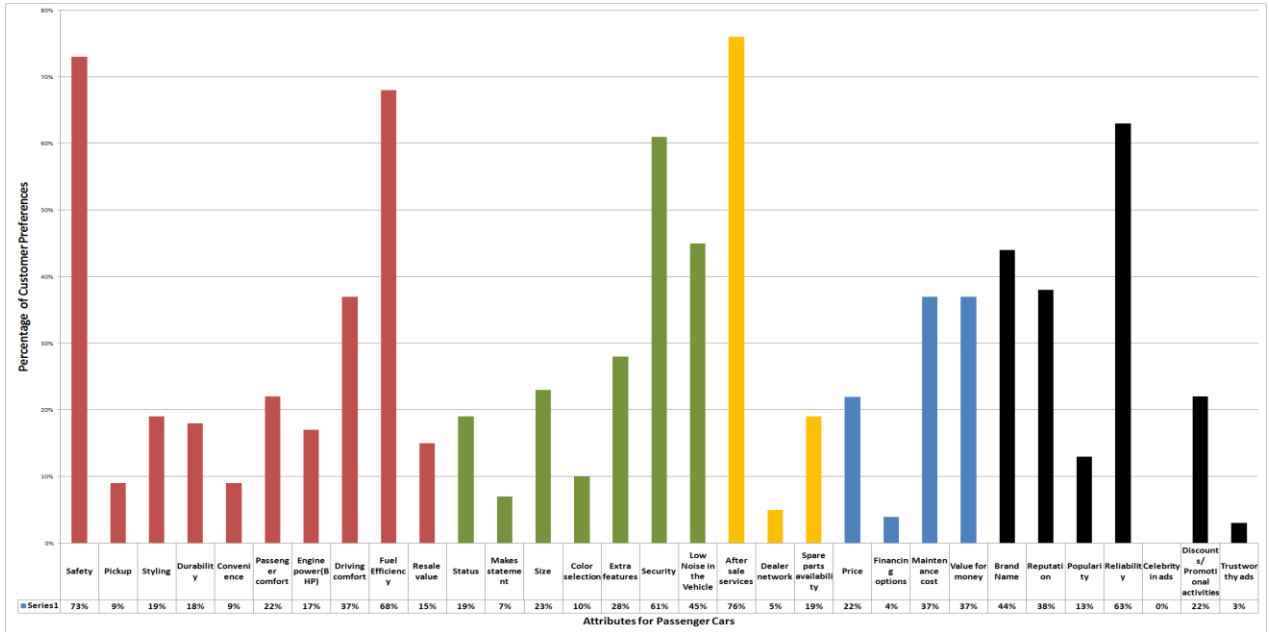


Figure 1: Attributes based on customer preferences

Some more inferences were made using ANOVA which helped in refining the value proposition. ‘Pricing and finance attribute’ and ‘Added attribute’ show significant difference when compared across fuel option (Appendix 12). People preferring diesel option give more importance to pricing and added attributes as compared to people with petrol variant for their vehicle. Thus companies launching diesel variant in rural and semi urban areas need to emphasize not only on price but also added features like security and low noise. An important finding which turned up in analysis was people driving more than 1000 km/month (35km and above daily) give more importance to added attributes like size of the car, security, noise. This signifies that those who drive more tends to understand the vehicle more. Also people driving more than 500km monthly showed a significant preference towards diesel as a fuel option. Thus companies targeting people who drive more should always keep diesel variant for their vehicles with added attributes. Respondents who preferred buying SUV in near future gave importance to basic attributes.

From the ANOVA results while comparing the mean scores of place of residence with 5 constructs it was concluded that consumers have varied preferences for a four wheeler passenger car. The table below illustrates the value companies should propose in their passenger cars for targeting semi urban and rural customers separately. Fuel efficiency and safety are important attributes among all customers. Rural customers prefer status and size over low noise and security in added attributes as compared to the semi urban counterparts. Rural customer wants easy accessibility to showrooms apart from after sales service which is equally important for both sets of customers. In case of price and financing option both sets of customers want value for money and low maintenance cost but semi urban looks for price of the vehicle. Rural customers prefer established brand name whereas

semi urban customers would prefer reliability in advertisements. Thus all these components together holistically form an important value proposition for traction in these markets.

Table 2: Attributes of preference among semi urban and rural customers

Attributes (Factors)	Semi urban	Rural
Basic	Fuel efficiency (Petrol) and safety	Fuel efficiency (Diesel) and safety
Added	Low noise, security	Status, size
Dealer & service network	After sales service	After sales service, easy accessibility to showrooms
Price & financing	Price, maintenance cost, value for money	maintenance cost, value for money
Brand & promotion	Reliability in ads	Brand name

Status, easy accessibility to showrooms and low noise are factors which have stood out only in Indian market in comparison to western literature. Semi urban & rural consumer customers’ prefers vehicles which are more reliable & durable as the infrastructure is not much developed in these areas. Also for this set of customers, automobile is high involvement product, where-in the consumer considers his status upgradation after buying the car. Therefore car is more of an aspirational product rather than functional product. Brand name plays a huge role and easy accessibility to showrooms further accelerates purchase possibility in rural areas. The use of celebrities in car advertisements obtained a relatively lower loading which undermines its importance in positioning cars. Companies should plan to communicate in the semi-urban & rural markets differently by using both symbolic and emotional appeals. Promotional activities need to be planned keeping harvest season in mind and pre-promotion should start much before the cash arrives in the hands of the farmers. Special events can be planned during festivals and melas. And companies should involve opinion leaders such as village sarpanch, government employees, etc. who play a key role in decision making.

On the basis of this study, it is recommended that passenger car companies should consider adding Utility vehicles & Sedans in its current product portfolio. The main reason is increasing disposable income in semi urban and rural areas. Both fuel efficiency & safety are key parameters to be considered. Product should be priced between Rs.5-8 lacs range, with attributes directly benefitting the customer. Product should be a unique combination of value & aspirations. Dealer network plays an important role for automobile manufacturer in any segment. It is important to have a wide sales & service network to penetrate in rural and semi urban markets. Considering the after sales service to be a key preference of consumers, the vehicle should have minimum service & changeover requirements, with extended warranties & free pick-up of vehicles for service related issues. The communication strategy should be focused on enhancing the mind share of customers. Reliability, quality and durability of the brand should be emphasized. Communication strategy should be designed in such a way that it enhances value for customers.

Further, the results of this study are based on a perceptual survey of respondents and these perceptions might change over a period of time on account of the paradigm shifts in marketing strategies caused by mounting competition in the automobile industry. However, the applicability of the results is limited to the effective operationalization of these strategies.

4. CONCLUSION

In the view of increasing growth rates and the changing lifestyles of Indian consumers, new markets are opening up for automobile manufacturers in the rural and semi urban areas. In this highly competitive marketplace, a distinctive product image is very difficult to create and maintain. It has become an underlying notion for companies to clearly articulate what it does, why it’s relevant and how it’s different in order to assist the customers make better and faster buying decisions. A good

brand name combined with strong and clearly defined positioning leads to excellent market performance and hence increased market share and profits. Indeed innovation works effectively if a clear customer value proposition is at the base of strategy. In this study we have tried to develop a value proposition based on customer's preferred attributes in passenger car market. This study shall give new insights to automobile companies in India for developing vehicles which are more suitable to the target market.

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Appendix 1: List of Attributes from the literature

Summary of attributes related with automobile literature at a glance	
Author	Attributes
Nagashima (1970)	Heavy product, light product, mass produced, worldwide distribution, mostly domestic distribution, inventive, imitative, large choice of size and model, limited choice of size and model
Alpert (1971)	Formal, informal
Cullwick (1975)	New products, me-too products, liberal credit, tight credit, extensive outlets, controlled outlets, segmented outlets
Huber and Holbrook (1979)	Fast, slow, contemporary, traditional, masculine, feminine
Wind (1982)	Benefits
Dillon <i>et al.</i> (1984)	Forgettable, memorable, weak, strong, imitative, Original
Erickson <i>et al.</i> (1984)	Attitude
Doyle and Saunders (1985)	Range, reputation, competitive strength
Crawford (1985)	Brand, company, person, design, end use, Demographic, psychographic, behavioral, Endorsements: expert, emulative
Johansson and Thorelli (1985)	Handling, horsepower, acceleration, gas mileage, safety, driving comfort, passenger comfort, reliability, durability, styling, colour selection, country of origin, fast, performance, conomy, price, status
Easingwood and Mahajan (1989)	Augmentation of product offering, product augmentation, extra service, people advantage, accessibility
Arnott (1992)	Promotions, incentives, social awareness, security
Horsky and Nelson (1992)	Prestige, exterior styling, youthfulness, warranty, engine displacement, luggage volume, rear leg room
Kim and Chung (1997)	Size, economy
Bhat and Reddy (1998)	Elegant, distinctive, makes statements, expresses personality, symbolic
Keller <i>et al.</i> (1998)	Ease of use, speed, special design
Sheinin (1998)	Expensive, fashionable, good fit, lightweight
Kalafatis <i>et al.</i> (2000)	Differentiation
Blankson and Kalafatis (2004)	Eye catching ads, personal recommendations, superior, trustworthy ads, variety, well known, youth market, wide range
Knox (2004)	Networks, fit for purpose
Netemeyer <i>et al.</i> (2004)	Uniqueness, popularity, brand purchase intent, organizational associations, image
Hartmann <i>et al.</i> (2005)	High quality, environmentally sound, modern, family car, freedom, powerful, sporty, high class, exclusive, high tech, low fuel efficiency
Panda (2005)	Financing period, value for money, luxurious, space, convenience,

	interest for finance, waiting period, maintenance, interiors, after sale services, specifications for the model
Rekom <i>et al.</i> (2006)	Features, innovative, availability, committed
Blankson and Kalafatis (2007)	Top of the range, posh, impressive service, personal attention, consider people as important, friendly, affordability, good aesthetics, attractive, patriotism, leaders in the market, extra features, choice, selective, high principles

Appendix 2: List of all attributes selected for this study

Attributes (Factors)	All Attributes (Items)
Basic	Safety, Pick Up, Styling, Durability, Convenience, Passenger Comfort, Engine Power (BHP), Driving Comfort, Fuel efficiency, Resale Value
Added	Status, Makes statement, Size, Colour Selection, Extra Features, Security, Low noise in the vehicle
Dealer & service network	After sales service, Dealer Network, Spare parts availability
Price & financing	Price, Financing Options, Maintenance cost, value for money
Brand & promotion	Brand name, Reputation, Popularity, Reliability, Celebrity in ads, Discounts/promotional activities, trustworthy ads

Appendix 3: Results of Factor Analysis

Table 3 Result of KMO and Barlett's Test of Sphericity

	Construct				
	1	2	3	4	5
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.945	0.837	0.711	0.780	0.817
Bartlett's Test of Sphericity Sig	0.000	0.000	0.000	0.000	0.000

Table 4 Results of Principal Component Factor analysis

Total	Extraction Sums of Squared Loadings	
	% of Variance	Cumulative %
6.693	66.931	66.931
3.915	55.926	55.926
2.496	83.195	83.195
2.843	71.070	71.070
1.298	18.547	69.618

Appendix 4: Questionnaire

We are conducting research for finding out the attributes of an automobile which Indian consumer prefers. Kindly fill the questionnaire considering your preference for the mentioned attributes from *very important to very unimportant*, also preference for one attribute over others. This questionnaire is purely for academic purpose. Confidentiality will be strictly maintained.

Your present place of residence
Which type of vehicle do you prefer to buy in future
Small car (Hatch back) <input type="checkbox"/> Sedan Utility vehicles <input type="checkbox"/> (SUV/MUV/Pick-up/Vans) <input type="checkbox"/>
In what range of price band you plan to buy a new vehicle
Less than 5 Lacs <input type="checkbox"/> 5-8 lacs <input type="checkbox"/> more than 8 lacs <input type="checkbox"/>

When buying a car how important are these <i>basic attributes</i> for you					
	Very Unimportant	Unimportant	Neutral	Important	Very Important
Safety					
Pickup					
Styling					
Durability					
Convenience					
Passenger comfort					
Engine power(BHP)					
Driving comfort					
Fuel Efficiency					
Resale value					
Given a choice while buying a car which basic attributes you will choose over others (choose any three)					
Safety <input type="checkbox"/> Pickup <input type="checkbox"/> Styling <input type="checkbox"/> Durability <input type="checkbox"/> Convenience <input type="checkbox"/> Passenger comfort <input type="checkbox"/> Engine power(BHP) <input type="checkbox"/> Driving comfort <input type="checkbox"/> Fuel Efficiency <input type="checkbox"/> Resale value <input type="checkbox"/>					
When buying a car how important are these <i>added attributes</i> for you					
	Very Unimportant	Unimportant	Neutral	Important	Very Important
Status					
Makes statement					
Size					
Color selection					
Extra features					
Security					
Low Noise in the Vehicle					
Given a choice while buying a car which of these added attributes you will choose over others (choose any two)					
Status <input type="checkbox"/> Makes statement <input type="checkbox"/> Size <input type="checkbox"/> Color selection <input type="checkbox"/> Extra features <input type="checkbox"/> Security <input type="checkbox"/> Low Noise in the Vehicle <input type="checkbox"/>					
When buying a car how important are attributes related to <i>Dealer & service network</i>					
	Very Unimportant	Unimportant	Neutral	Important	Very Important
After sale services					
Dealer network					
Spare parts availability					
Given a choice while buying a car which of these Dealer & service network related attribute you will choose over others (choose any one)					
After sale services <input type="checkbox"/> Dealer network <input type="checkbox"/> Spare parts availability <input type="checkbox"/>					
When buying a car how important are <i>Pricing & financing attributes</i>					
	Very Unimportant	Unimportant	Neutral	Important	Very Important

Price					
Financing options					
Maintenance cost					
Value for money					
Given a choice while buying a car which <i>Pricing & financing</i> attributes you will choose over others (choose any one)					
Price <input type="checkbox"/> Financing options <input type="checkbox"/> Maintenance cost <input type="checkbox"/> Value for money <input type="checkbox"/>					
When buying a car how important are <i>Brand & promotion related</i> attributes					
	Very Unimportant	Unimportant	Neutral	Important	Very Important
Brand Name					
Reputation					
Popularity					
Reliability					
Celebrity in ads					
Discounts/ Promotional activities					
Trustworthy ads					
Given a choice while buying a car which <i>Brand & promotion related</i> attributes you will choose over others (choose any two)					
Brand Name <input type="checkbox"/> Reputation <input type="checkbox"/> Popularity <input type="checkbox"/> Reliability <input type="checkbox"/> Celebrity in ads <input type="checkbox"/> Discounts/ Promotional activities <input type="checkbox"/> Trustworthy ads <input type="checkbox"/>					
Age [in Years] Less than 30 <input type="checkbox"/> 31~40 <input type="checkbox"/> 41~ 50 <input type="checkbox"/> More than 50 <input type="checkbox"/>					
Gender [Male / Female] Male <input type="checkbox"/> Female <input type="checkbox"/>					
Education High School <input type="checkbox"/> Graduate <input type="checkbox"/> Post Graduate & above <input type="checkbox"/> Any other <input type="checkbox"/>					
Fuel option you prefer Diesel <input type="checkbox"/> Petrol <input type="checkbox"/> CNG/LPG <input type="checkbox"/>					
Approximately how many kilometer (KM) you drive in a month					
below 500 (15 km daily) <input type="checkbox"/> 500~1000 (20-30 km daily) <input type="checkbox"/> 1001~2000 (35-45 km daily) <input type="checkbox"/> More than 2000 (>45 km daily) <input type="checkbox"/>					
Income [Monthly in Rs] Less than 50,000 <input type="checkbox"/> 50,000 ~ 100,000 <input type="checkbox"/> More than 100,000 <input type="checkbox"/>					

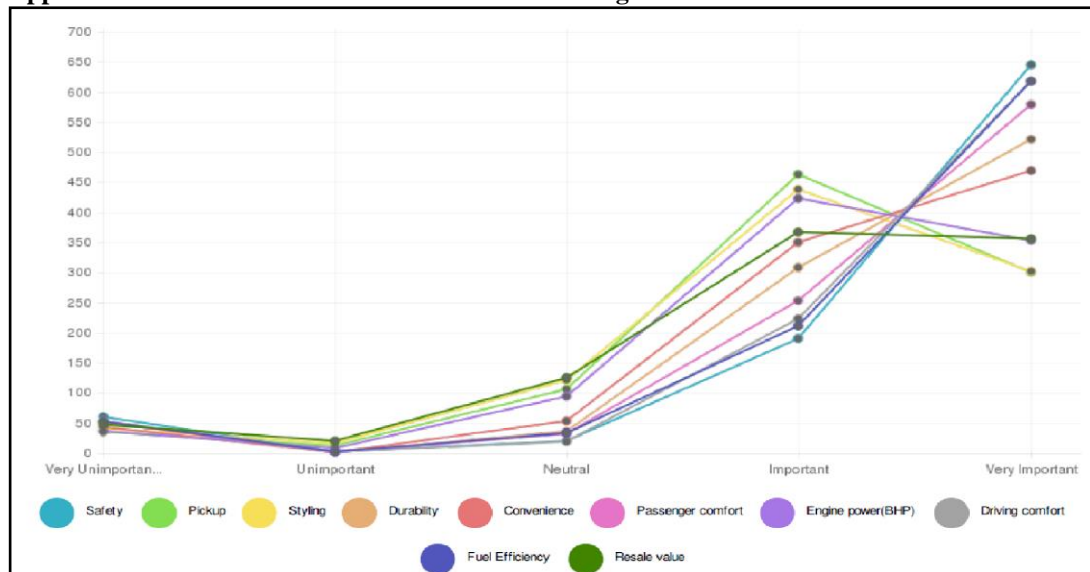
Appendix 5: Results of reliability

S.No.	Construct	Cronbach's Alpha	N of Items
1	Basic Attributes	.937	10
2	Added Attributes	.866	7
3	Dealer and service network	.897	3
4	Price and financing option	.856	4
5	Brand and Promotion attributes	.828	7

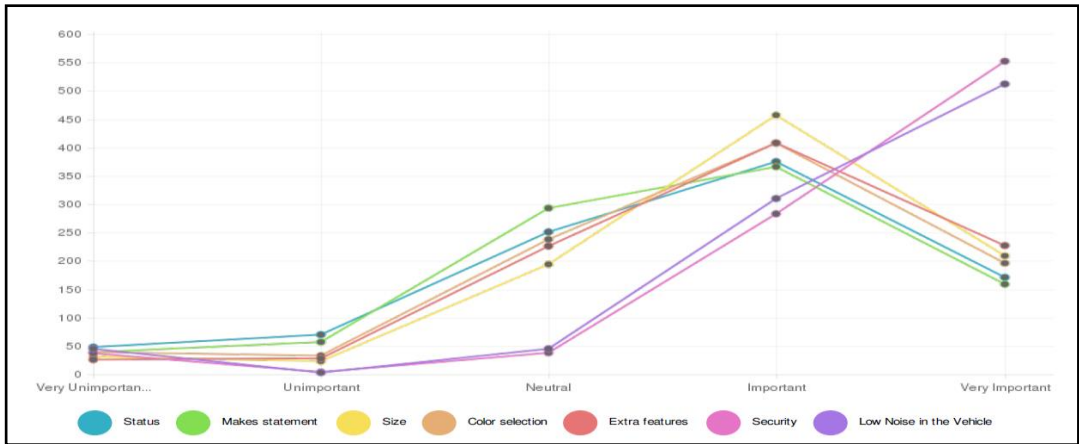
Appendix 6: Demographic results

Variable	Category	%
Age	Less than 30	27%
	30~40	42%
	41~ 50	18%
	More than 50	13%
Gender	Male	94%
	Female	6%
Education	High School	2%
	Graduate	44%
	Post Graduate & above	51%
	Any other	3%
Place of Residence	Rural	32%
	Semi Urban	55%
	Urban	13%
Type of Vehicle for future	Small car (Hatch back)	28%
	Sedan	37%
	Utility vehicles (SUV/MUV/Pick-up/Vans)	35%
Price band for new Vehicle	Less than 5 Lacs	18%
	5-8 lacs	54%
	more than 8 lacs	32%
Fuel Option	Diesel	31%
	Petrol	57%
	CNG/LPG	12%
Km/month	below 500 (15 km daily)	27%
	500~1000 (20-30 km daily)	37%
	1001~2000 (35-45 km daily)	22%
	More than 2000 (>45 km daily)	14%
Income	Less than 50,000	33%
	50,000 ~ 100,000	45%
	More than 100,000	22%

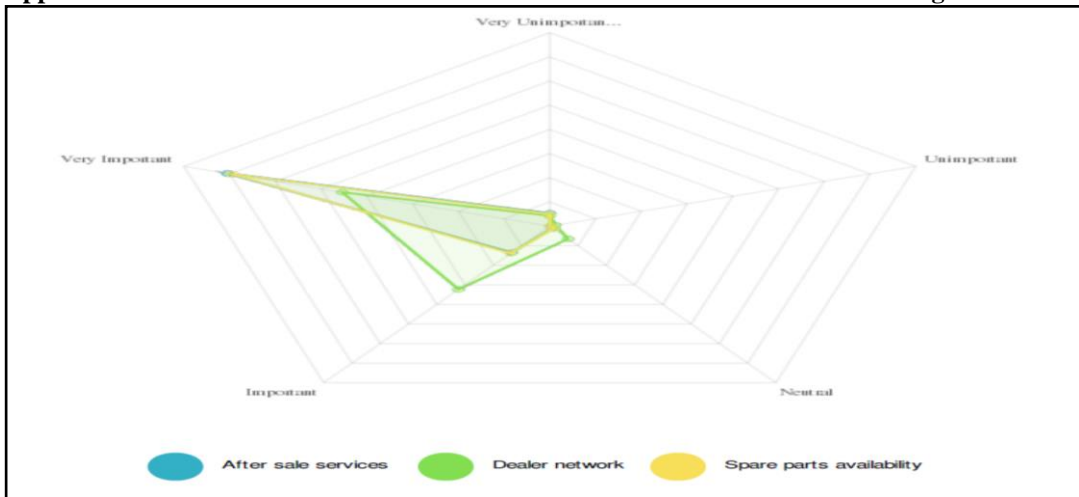
Appendix 7: Preferences of basic attributes on a rating scale



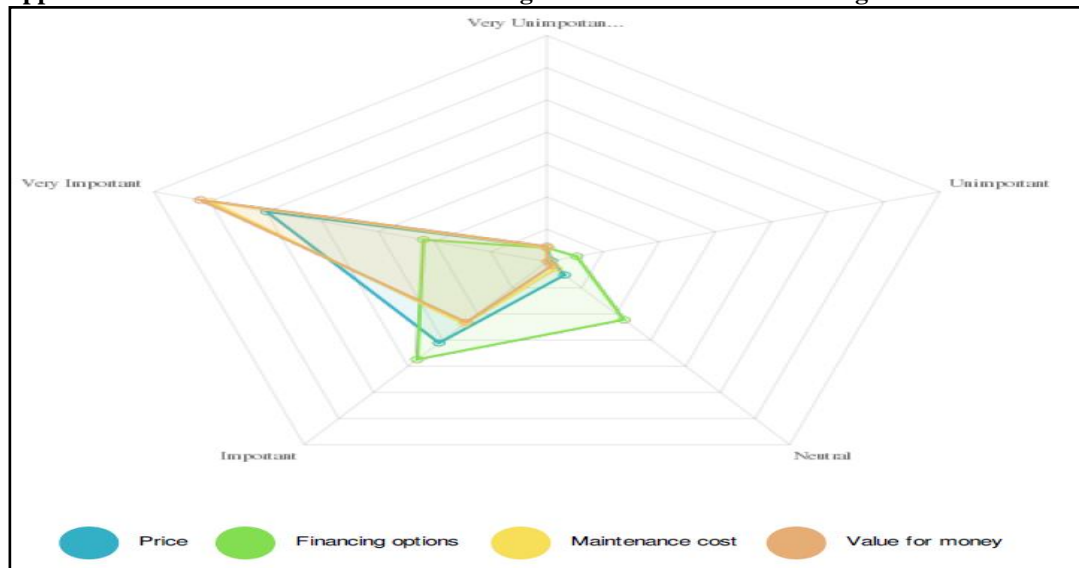
Appendix 8: Preferences of Added attributes on a rating scale



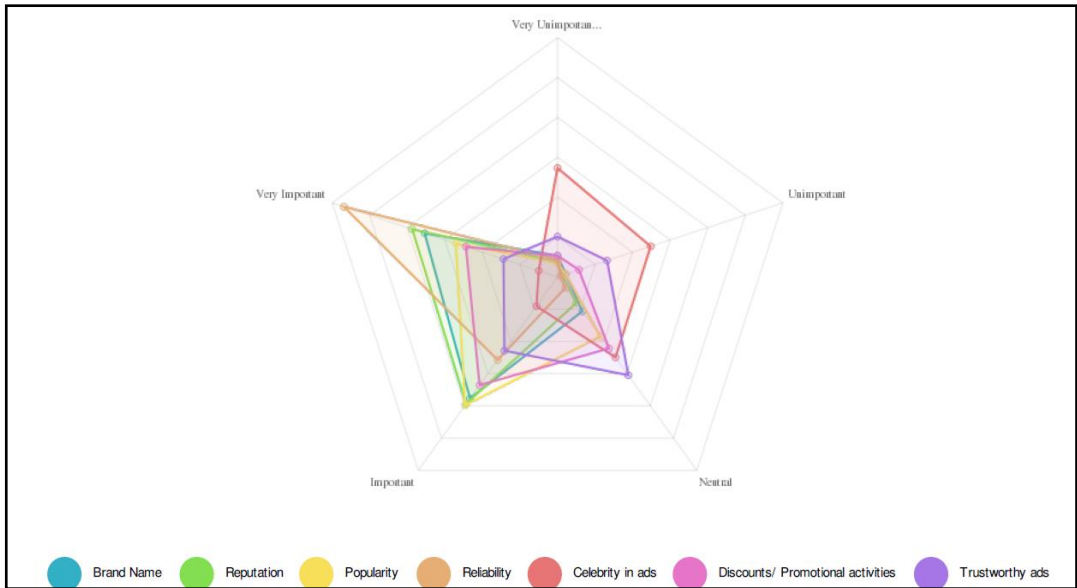
Appendix 9: Preferences of Dealer & service network related attributes on a rating scale



Appendix 10: Preferences of Price & financing related attributes on a rating scale



Appendix 11: Preferences of Brand & promotion related attributes on a rating scale



Appendix 12: Reporting Significant results of ANOVA between various demographics and attributes

Attributes (Factors)	Most preferred attributes (Items)	Education (Graduates)	Fuel option (Diesel option)	Distance Travelled (1000km/month)	Income (less than 50000)	Vehicle for future
Basic	Fuel efficiency and safety					●
Added	Security, Low noise		●	●		
Dealer & service network	After sales service					
Price & financing	Maintenance cost, value for money	●	●			
Brand & promotion	Reliability in ads, brand name				●	