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Understanding Customer Perception Towards the Small Car Segment: A Study at Varun Motors Pvt Ltd

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Abstract: ***Customer perception plays a pivotal role in shaping consumer behavior and influencing purchasing decisions in today's competitive market environment. It encompasses the attitudes, opinions, and impressions that customers form based on their interactions with a brand, product, or service. This study explores the key factors that contribute to customer perception, including brand image, service quality, price, customer experience, and online reviews. It also examines how these perceptions are formed and how they affect customer loyalty and satisfaction. With the rise of digital platforms and social media, customer perception has become more dynamic and susceptible to external influences. Understanding and managing customer perception is essential for businesses aiming to build strong customer relationships, enhance brand equity, and gain a sustainable competitive advantage. The research highlights the importance of aligning marketing strategies with customer expectations to foster positive perceptions and long-term engagement.***

Keywords: Customer Perception, Consumer Behavior, Brand Image, Customer Satisfaction, Purchase Decision, Marketing Strategies.

I. INTRODUCTION

Varun Motors Private Ltd, a leading automobile dealership in Andhra Pradesh and Telangana, plays a key role in catering to the automotive needs of customers in Vijayawada. Specializing in Maruti Suzuki vehicles, Varun Motors has earned a strong brand presence due to its wide network, quality service, and customer-centric approach. However, in the small car segment—comprising models such as Alto, Celerio, and WagonR—it becomes essential to explore how customers perceive factors like design, pricing, mileage, after-sales service, and brand value.

This study aims to investigate customer perception toward the small car segment at Varun Motors in Vijayawada, identifying the key factors that influence purchase decisions and satisfaction levels. By gaining insights into customer attitudes and preferences, the research seeks to provide strategic recommendations to enhance customer experience, improve brand positioning, and support business growth in the small car category.

II. LITERATURE REVIEW

The concept of service quality has been a cornerstone in understanding consumer satisfaction and retention. Parasuraman, Zeithaml, and Berry (1988) introduced the SERVQUAL model, which remains a widely accepted framework for measuring service quality across five dimensions: tangibility, reliability, responsiveness, assurance, and empathy. This model has been particularly useful in service-intensive industries like automobile after-sales services.

Building on this foundation, Kotler and Keller (2016) emphasized that marketing management should prioritize customer satisfaction and long-term relationship building to gain a competitive edge. This aligns with Lovelock and Wirtz (2011), who stressed the importance of integrating technology and human elements in services marketing to meet evolving consumer expectations. Anderson, Fornell, and Lehmann (1994) demonstrated that higher customer satisfaction leads to increased market share and profitability, highlighting its strategic importance. Furthermore, Oliver (1999) explored the psychological underpinnings of consumer loyalty, suggesting that consistent satisfaction fosters emotional commitment and brand allegiance.

In the Indian context, Desai (2018) and Singh & Wadhwa (2019) conducted studies specific to the automobile service industry, finding a strong correlation between perceived service quality and customer satisfaction in dealerships like Maruti Suzuki. These findings support global models and demonstrate their applicability in emerging markets.

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Further exploring brand loyalty, Joshi and Srivastava (2021) identified key factors influencing purchase decisions in the Indian car market, including perceived value, trust, and service experience. Similarly, Kumar and Rajeev (2022) highlighted the significant role of after-sales service in enhancing customer retention, suggesting that post-purchase engagement is crucial for long-term profitability.
Emerging consumer trends have also been shaped by digital influence. Sharma (2020) discussed how social media significantly affects the purchasing behavior of younger customers in the automobile sector, urging marketers to integrate digital strategies with traditional methods. Industry reports complement these academic insights. The Maruti Suzuki Annual Report (2022-2023) outlines the company's focus on customer-centric initiatives and digital transformation in service operations. The Indian Blue Book (2023) and IBEF (2023) provide valuable data on market dynamics, customer preferences, and technological shifts in the Indian auto industry. The Deloitte (2022) and McKinsey & Company (2021) studies further stress the need for automotive retailers to adopt omnichannel approaches and enhance customer touchpoints through innovation. Collectively, the literature underscores the importance of aligning service quality with customer expectations to foster satisfaction and loyalty. This is particularly vital in a competitive and evolving market like the Indian automobile sector, where consumer preferences are rapidly shifting toward more personalized, tech-enabled, and value-driven experiences.

III. OBJECTIVES

1) To study customer perception towards Varun Motors by analyzing their opinions on built quality, pricing, and overall service experience.
2) To understand the factors influencing customer satisfaction in Varun motors.
3) To examine how Varun Motors' brand reputation, trust, and recognition impact customer loyalty.
4) To analyze the strategies of Varun Motors that improve customer relationships and enhanced service Quality.

IV. RESEARCH METHODOLOGY

This project follows a structured research approach to understand customer perception of Varun Motors. The methodology includes both primary and secondary data collection to gather accurate and meaningful insights.

A. *Primary Data Collection:*

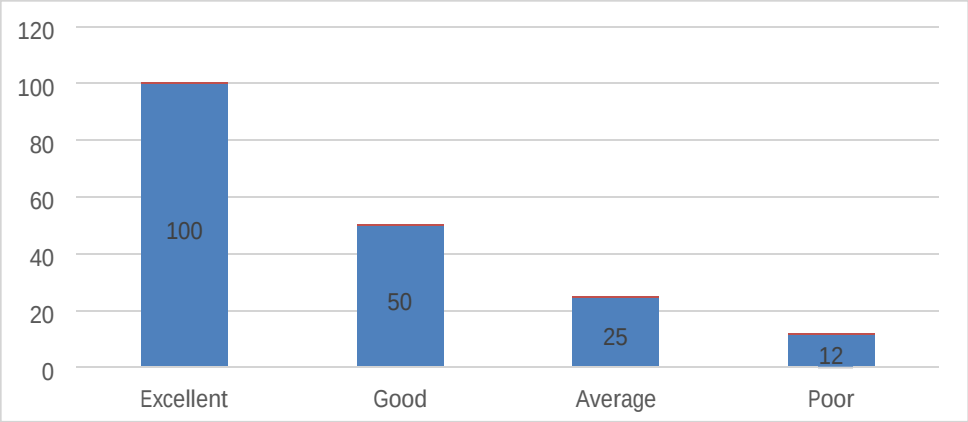
1) To collect first-hand information a closed ended questionnaire has been used .These questionnaire will include questions about their experience with the sales process, after-sales service, pricing, and overall Satisfaction. Also few Interviews with selected customers have provide deeper insights into their opinions and expectations.

B. *Secondary Data Collection*

1) Existing information from online sources such as customer reviews ,company website, and automotive industry reports will be analyzed. This will help understand public opinion about Varun Motors and compare it with competitors in the market.
2) The collected data will be carefully studied to identify patterns, trends, and key areas of improvement. Customer feedback will be categorized based on factors like service quality, product satisfaction and digital experience.

V. STUDY AND DISCUSSION

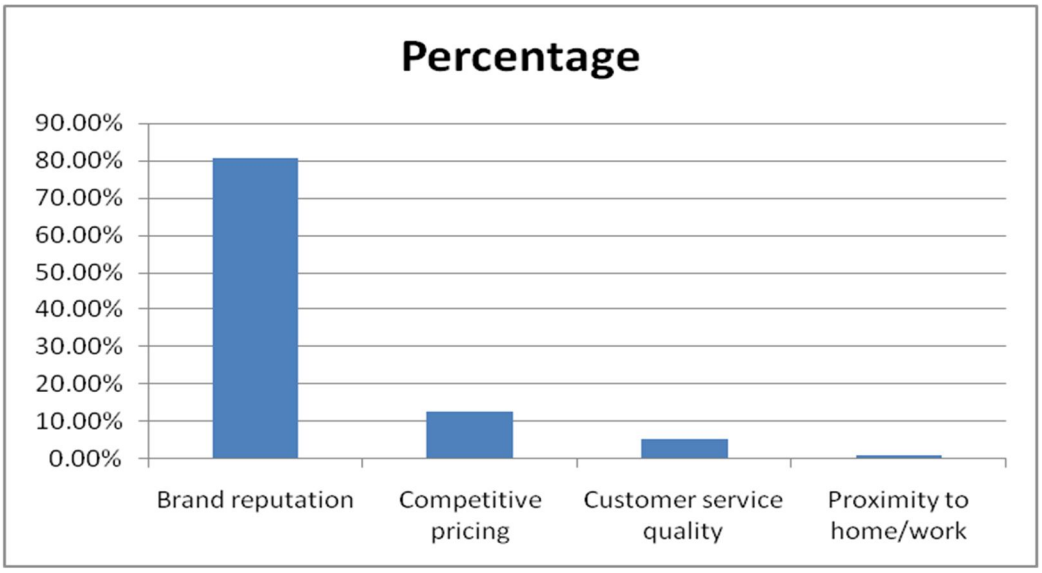
1) What is your opinion about the quality and fit & fitness of Maruti vehicles (small car segment)



Interpretation

The data indicates that a majority of respondents rated the attribute as "Excellent," accounting for 53.47% of the total responses. This suggests a strong positive perception overall. Additionally, 26.73% rated it as "Good," which reinforces the generally favourable view. A smaller portion, 13.36%, rated it as "Average," indicating some neutral or mixed feelings, while only 6.41% of respondents rated the attribute as "Poor," reflecting minimal dissatisfaction. Overall, the responses demonstrate a high level of satisfaction, with over 80% falling in the "Excellent" or "Good" categories, though there remains a small percentage that suggests potential areas for improvement.

2) What was your primary reason for choosing Varun Motors?



Interpretation

The data reveals the factors that influence customer choices, with brand reputation being the most significant determinant, as it accounts for 80.70% (151 responses) of the total. This suggests that customers place a high value on the overall reputation of the brand when making their decisions. Competitive pricing follows as the second most influential factor, with 12.80% (24 responses) indicating that cost plays a considerable role in their choices. Customer service quality is also a factor, though it is less significant, contributing to 5.30% (10 responses) of the responses. Lastly, proximity to home or work is the least important factor, with only 1.10% (2 responses) mentioning it. This data indicates that customers prioritize brand reputation above other considerations when selecting a service or product, with price and customer service also playing a role, while location is a relatively minor factor.

A. Correlation Analysis

	Quality and fit & fitness	Courtious sales /service staff	Vehicle delivery process	After sales service
Quality and fit & fitness	1			
Courtious sales /service staff	0.037501006	1		
Vehicle delivery process	0.097810162	0.39642068	1	
After sales service	0.050374261	0.480793358	0.62531821	1

Interpretation:.

1. Quality and Fit & Finish

- Has weak correlations with:
  - Courteous staff (0.0375)
  - Vehicle delivery process (0.0978)
  - After-sales service (0.0504)

This dimension is perceived independently by customers. Their perception of the vehicle's physical quality and finish doesn't significantly affect how they view service staff behavior or service processes.

2. Courteous Sales/Service Staff

- Shows a moderate correlation with:
  - Vehicle delivery process (0.3964)
  - After-sales service (0.4808)

Courteous staff positively influences customer perception of both delivery and after-sales service. This suggests that interpersonal interaction plays a significant role in shaping service experience.

3. Vehicle Delivery Process

- Has a strong correlation with:
  - After-sales service (0.6253)
- Also moderately correlated with:
  - Courteous staff (0.3964)

A smooth and professional delivery process is often associated with a good after-sales experience, indicating that customers may view the overall service journey as a continuum. A good beginning (delivery) sets expectations for ongoing service.

4. After-Sales Service

- Is most strongly related to:
  - Vehicle delivery process (0.6253)
  - Followed by courteous staff (0.4808)

This suggests that customers who are happy with the delivery process and staff behavior are more likely to be satisfied with after-sales service. It reinforces the importance of first impressions and staff professionalism in building long-term satisfaction.

The correlation analysis reveals that while Quality and Fit & Finish is perceived independently by customers, courteous staff behavior and an efficient vehicle delivery process significantly influence perceptions of after-sales service. The strong positive correlation between delivery and after-sales service suggests that a smooth initial experience sets the tone for future interactions. Overall, interpersonal service quality and delivery efficiency play a crucial role in shaping customer satisfaction in the automobile sector.

B. Regression Analysis

SUMMARY OUTPUT								
Regression Statistics								
Multiple R	0.424283							
R Square	0.180016							
Adjusted R Square	0.161995							
Standard Error	0.386618							
Observations	187							
ANOVA								
	df	SS	MS	F	Significa nce F			

Regression	4	5.972301	1.493075	9.9889	2.49E-07			
Residual	182	27.20417	0.149473					
Total	186	33.17647						
	Coefficients	Standard Error	t Stat	Pvalue	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	0.639384	0.113577	5.629528	6.74E-08	0.415287	0.863481	0.415287	0.863481
Quality and fit & fitness	0.005702	0.0601 8	0.094755	0.924614	-0.11304	0.124443	-0.11304	0.124443
Courtious sales /service staff	0.081907	0.0632	1.295998	0.196617	-0.04279	0.206606	-0.04279	0.206606
Vehicle delivery process	0.201135	0.0789 5	2.547623	0.011673	0.04536	0.3569 1	0.0453 6	0.3569 1
After sales service	0.15512	0.076779	2.020356	0.044812	0.003629	0.306611	0.003629	0.306611

Interpretation

The regression analysis shows that vehicle delivery process and after-sales service are the two key factors that significantly influence customer satisfaction, with both having a positive impact. Among these, the delivery process has the strongest effect, suggesting that a smooth and efficient handover experience greatly enhances overall satisfaction. In contrast, product quality and courteous sales/service staff, while important in general perception, did not show a statistically significant direct effect in this model. Overall, the model explains about 18% of the variation in satisfaction, indicating that while these service elements matter, other unmeasured factors may also play a role.

VI. FINDINGS

1) 40.6% of respondents are below 25 years, showing strong interest among young buyers.
2) 78.6% are first-time customers, indicating success in reaching new audiences.
3) 53.47% rated the quality and fit of Maruti vehicles as Excellent.
4) 82.90% believe Maruti vehicles are Very Affordable.
5) 83.40% reported being very satisfied with the test drive process.
6) 82.70% rated the sales staff interaction as Excellent.

VII. SUGGESTIONS

1) Introduce loyalty benefits, service bundles, or discounts for return customers to encourage repeat service visits.
2) Despite affordability ratings, the desire for improved pricing implies a psychological gap.
3) Use value-based marketing (highlight quality, warranty, and service reliability) rather than price-focused messaging.

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4) Collaborate with local influencers or family-oriented platforms.
5) Offer automated service reminders, special deals on vehicle servicing, or subscription-based maintenance plans.
6) Allow them to personalize offers and follow up post-sale for a more humanized brand experience.
7) Consider gamified engagement or feedback incentives to keep users interacting with your digital channels.
8) Encourage word-of-mouth marketing through refer-a-friend bonuses or loyalty points redeemable on services or accessories.

VIII. CONCLUSION

Customer perception is a key factor in the success of any business. It reflects how customers view and feel about a company's products, services, and overall brand. Positive perceptions can lead to increased customer loyalty, repeat business, and strong word-of-mouth, while negative perceptions can harm a brand's reputation. Therefore, businesses must continuously monitor, understand, and improve customer perceptions to meet expectations and remain competitive.

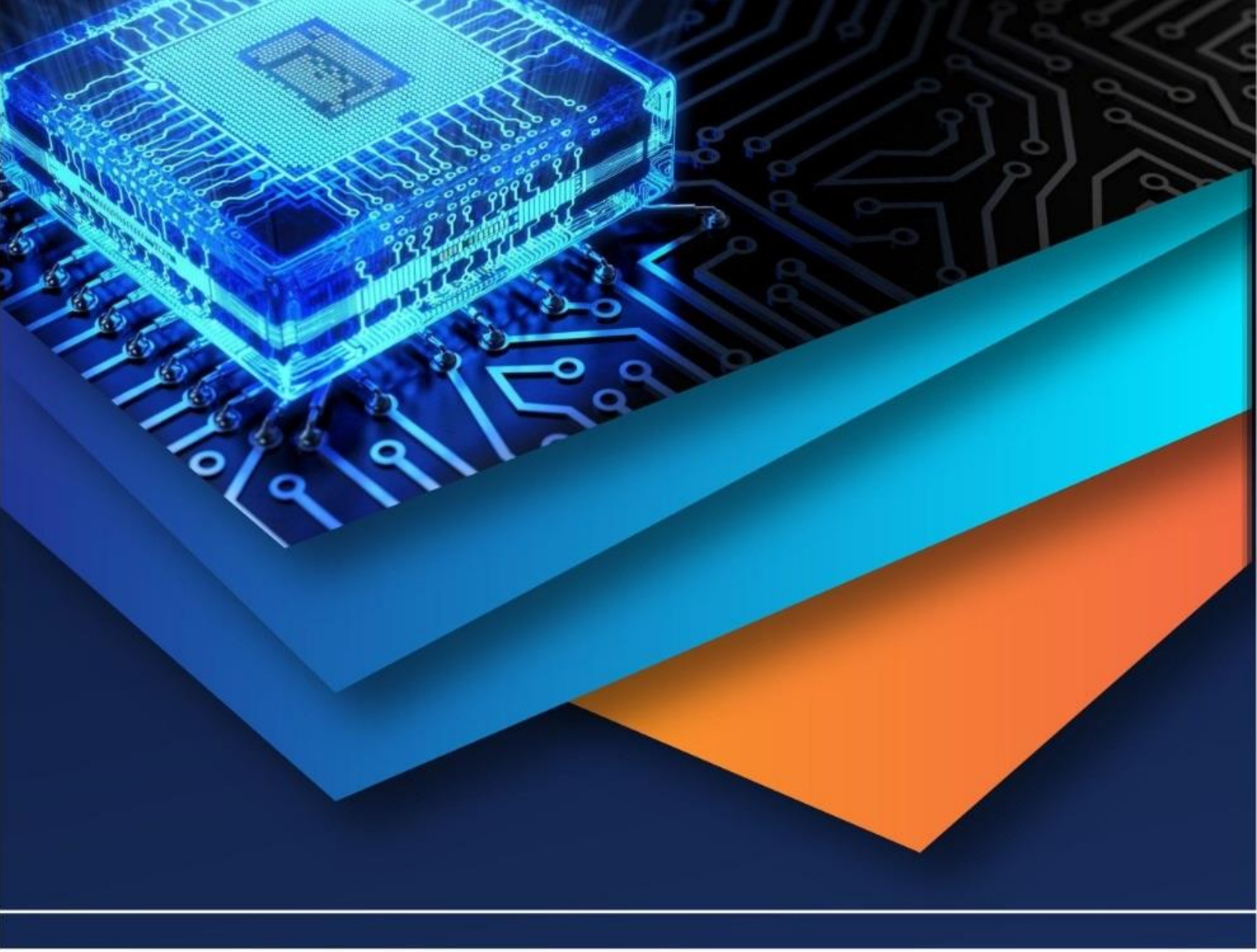
The customer satisfaction survey conducted at Varun Motors reveals a highly positive experience across most service and product touchpoints. The majority of customers, especially first-time and younger buyers, expressed high satisfaction with vehicle quality, pricing, staff interaction, and post-sale support. The strong inclination to recommend Varun Motors and the positive influence of brand reputation and staff suggestions indicate a well-established trust in the brand. However, customers highlighted pricing and added-value services as key areas for improvement. By focusing on these aspects and enhancing convenience features like home pickup/drop, Varun Motors can further strengthen customer loyalty and market position.

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