

An Investigation on How Brazilian Lower Income Consumer Perceives Chinese Cars

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Abstract: The central work purpose was to find criteria to justify not buying cars of Chinese brands by consumers in class C. The sample was selected for convenience and is homogeneous, composed of people who bought cars in the years 2011-2013, of various brands, all belonging to class C. The data collection was performed by means of focus group interviews, in which the analysis technique used was the content analysis. The results suggested that the social category is justified not class consumer choice for car purchases of Chinese brand.

Key words: Chinese cars; class C; consumer behavior

JEL codes: M310

1. Introduction

The main purpose of this work was to find criteria to justify not buying cars Chinese brands by consumers of class C, taking into account social factors, instrumental and affective based on theory of country effect. So far, the research question is: What criteria is used by low income Brazilian consumer for not buying Chinese cars?

The car sales generated changes in the social, that is, generated the population lives improved and more efficient conduct of their trips. However, the use of motor vehicles has also led to a number of problems, such as environmental aspects, namely pollution, increases in respiratory diseases and the high cost of road infrastructure. Cars are a major source of pollution and carbon monoxide emissions in cities (Sempere, Riechaman, 2000).

Similarly, there are negative effects for large cities such as excess noise, and heavy traffic (Miedema, 2007). Despite the negative consequences of the excessive use of cars, the number of them increases every day. In Spain, for example, the total number of produced cars is 500 cars per thousand inhabitants, a relationship that has doubled in the last 10 years, which is equivalent to countries such as France or the United Kingdom (Miedema, 2007).

In the city of Madrid, 50.7% of people used cars to travel in 2008, in contrast to 40.4% in 1998, i.e., an increase of 10 percentage points of private car use in just eight years (Transport Consortium, 2011). This phenomenon is partly due to urban expansion, that is, the extensive growth and dispersion occurred of modern

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cities (Bovy, 1999; Sempere, Riechman, 2000).

Currently emerged in Brazil a consumer class that has strengthened, which are considered consumers of C. Vale class say that the class C had 25% of the country's consumption in 2012, with expenses of R \$681.5 billion. It brings together almost half of family households, 48.8% (or 24.4 million) (IBGE, 2013).

It is known that the percentage of Brazilians in a position to buy a new car jumped from 10% to 15% in recent years — Brazil has nearly 200 million inhabitants and a lower fleet to 30 million cars. By 2015, Brazil will have 20 million to 30 million new consumers of class C, according to Anfavea, precisely the target audience of Chinese automakers, which have low price and good value for money, the greatest asset sales (Anfavea, 2013).

However, look at the automobile industry today is to affirm that it is experiencing a phase of industrialization, which can change again and significantly the structural basis of the automotive sector. The reality of the current domestic market presents several relevant factors that help explain the heating of the internal market, an outstanding example is the upgrading of products (automakers began to intensify the launch of new cars, making new investments), and the availability of models imported and the replacement of the models offered by manufacturers in Brazil (Anfavea, 2013).

Among the competitive strategies that gain momentum are: (1) the segmentation of markets; (2) product differentiation through the “strength” of its brands; (3) the diversification; (4) the presence of the same companies in the various national markets; (5) high degrees of concentration, characterized by the presence of a small number of multinational companies or large producers; (6) unbundling of long-term trends; (7) spatial deconcentration; (8) entry barriers; (9) a substantial lowering of barriers to entry; and (10) economies of scale (ROTTA; BUENO, 2008).

However, a characteristic distinguishes the Brazilian market for other markets that are investments in production and the demand for popular cars. Automakers focus on producing popular and small cars, which were responsible in the first half of 1997 by respectively 61% and 69% of domestic sales of domestic cars. Each of the production stages of the automotive industry can be performed without there being a physical continuity between them, enabling large integrated companies strategically position their resources geographically, with different stages spaced intra and inter second costs, and value. The automotive sector is characterized as a concentrated and differentiated oligopoly, according to the formulation proposed by Labini (1986) and Possas (1985), since it is represented by a few large business groups with a high volume of capital, and a high range differentiated products.

This scenario is the consumer with their needs and requirements being changed every day and these need to be met to ensure the car sale, it's necessary to understand what the literature calls consumer behavior.

Thus, the rationale for the development of this thesis is based on the fact that the Brazilian consumer profile has undergone several modifications in the light of events: social, economic and legal in the Brazilian national scene (IBGE, 2012).

Given the above, what comes to guide the problematic of this work is linked to issues of economic outlook of the country providing employment, access to credit and tax cuts for consumption, new consumer behavior modeling of class C and the process purchase as a whole, namely, pre purchase, purchase and post purchase.

This work focuses on consumer behavior regarding the purchase process, and aims to analyze what are the criteria that lead the consumer class C not to buy a Chinese car, namely aspects: social, instrumental and affective (Dittmar, 1992).

This focus should be on account of the car to be much more than a means of transport. Car use is not only popular because of its instrumental function; there are other reasons that seem to play a role, such as sensitivity to

feelings, power, superiority and excitement. The way consumers talk about their cars, and the way that cars are advertised make it perfectly clear that the car meets many of the symbolic and affective aspects. In ad many cars, appeals are made to people and give the feeling of control, power, status quo and self-esteem, which interferes with the decision of the acquisition thereof by the consumer (Helander, 2012).

2. Theoretical Framework

The consumer has their purchasing decisions guided by processes considered both internal and external, involving: norms, values, customs, standards, personal influences, reference groups, social class, on the one hand, and internal and individual aspects, ie, personality , attitudes, resources, knowledge and motivations on the other. These aspects are appointed by consumer behavior scholars who seek to demonstrate how they influence the decision-making process consumer, guiding and affecting the choice to be made. The consumer decision process according to the model proposed by Engel, Blackwell and Miniard (2005) considers both internal and external variables.

According to the conditions for the occurrence of the purchase decision process, Engel et al. (2005) state that this process has five stages, recognition of need, information search, evaluation of pre purchase alternatives, purchase decision and post purchase behavior.

One way of greater scientific relevance is the Blackwell et al. (2005) detailing objectively activities involving procurement, consumption and disposal of products and services and these include all the decision-making process before, during, and after these actions. The model stresses as variables: economic, social, demographic and personality that influence the purchase decision-making process.

Studies on consumer behavior in the purchase of durable goods, such as car case is unusual because it involves a large participation of the individual to choose this product is representative (Mattar, 1982).

The consumer has their purchasing decisions guided by decision-making processes that consider both internal and external aspects, involving: norms, values, customs, standards, personal influences, reference groups, social class, on the one hand, and internal and individual aspects, that is, personality, attitudes, resources, knowledge and motivations on the other. These aspects are appointed by consumer behavior scholars (Kotler, 2000; Solomon, 2002; Mowen, Minor, 2003; Engel et al., 2005), which seek to demonstrate how they influence the decision-making process consumer, guiding and affecting the choice to be made.

Thus, the choice of mode of transport is a complex process involving both socioeconomic factors such as psychosocial variables, or that consumer behavior is linked to a process on the purchase decision, and this involves the search for alternatives, organizing information, development of evaluation criteria and finally the choice among the alternatives raised (Engel et al., 2005).

I.e., the purchase of cars depends on instrumental, social motivations (symbolic aspects), and affective, with the affective aspects, being a consequence of instrumental and social motivations. These aspects can be understood as follows: Instrumental refer to convenience or inconvenience of the use of automobiles, such as its speed, flexibility, safety and environmental problems resulting from using the car. Social reasons refer to the fact that people can express themselves by a car, and people can be compared with others. There are various emotions evoked by a car, namely the car use can potentially alter the mood of the person. Thus, the instrumental and symbolic elements and affective elements combined, can have a big impact on people's decisions in choosing a means of transport (Dittmar, 1992).

In addition, Usunier (2002) states that the consumer will also consider the country effect in their purchasing decision in the following circumstances:

(1) consumers need to consider information about the country of origin of the product as relevant in their selection process;

(2) the consumer needs to be motivated to research and compare the origins of the products, which occurs when the perceived risk in relation to the purchase is high;

(3) the motivation depends on the preference for domestic products linked to patriotism or consumer ethnocentrism, the preference for foreign products or even preference for specific sources, associated with certain attributes;

(4) requires that the consumer consider sufficiently important information than others, such as price, reputation, perceived risk;

(5) consumers need to easily find this information in the product.

Under the researcher's interest this work is justified because the class C holds almost 60% of the purchasing power of the market and this is responsible for purchasing and demand consecutively credit and economic drive. But the Chinese market was chosen to be addressed in this thesis, as it represents as presented by FENABRAVE (National Federation of Automotive Vehicle Distribution), a growing increase in imports in the seven months of 2010, 5,820 cars and light trucks were imported, almost double compared to 3,243 units brought last year. The share of total sales is 0.33%, but grows every year. In 2009 was 0.1% and in 2008, 0.04%. In addition, from 2010, the automotive market leaders suffered in average falls 3.5% in their market shares, while new Chinese competitors initiated its activities in Brazil in the search market.

Today, China's leading brands are working with consumer questions, arguing that today buy a Chinese car is a risk. Prejudice against the Japanese took twenty years to overcome. The Koreans broke consumer resistance in less than ten years and the expectation for the Chinese is that in less than five years, they will eliminate all these consumer questions (Barroso, Andrade, 2012).

The sale of cars generated changes in the social context, i.e. it improved population life efficiency regarding travel expediciencies. However, the use of motor vehicles also led to a number of problems, such as the environmental aspects, namely, pollution, increased respiratory diseases and the high cost of road infrastructure. The cars are the largest source of pollution and emissions of carbon monoxide in cities (Costa, 2003).

Similarly, adverse effects occur for large metropolitan areas such as: excessive noise, and the heavy traffic (Chan, 2010). Despite the negative consequences of the excessive use of cars, car sales increases each day. In Spain, for example, the total number of cars produced is 500 cars per 1,000 inhabitants, a relationship that has doubled in the last 10 years, which is the equivalent of countries such as France or the United Kingdom (Chan, 2010).

It is known that the percentage of Brazilians in terms of buying a new car jumped from 10% to 15% in recent years-Brazil had almost 200 million inhabitants and a fleet less than 30 million cars in 2008. By 2015, Brazil will have 20 to 30 million new consumers of lower class, precisely the target audience of Chinese manufacturers, who have the lowest price and good cost-benefit ratio, the greatest attraction of sales for this consumers (Anfavea, 2013).

Thus, the background to this investigation is based on the fact that the profile of the Brazilian consumer has gone through several modifications in the light of social, economic and legal events in Brazilian national scenario (IBGE, 2012).

In this view, the guiding question of this work, is linked to issues of economic perspective of the country that provides employability, access to credit and reduction of taxes for the consumption, new modeling lower income consumer behavior and the buying process as a whole, namely, pre-purchase and post-purchase.

This study has focused on the behavior of the lower income consumer in the purchase process, and aims to analyze what are the criteria that leads this consumer consumer for not buying a Chinese car considering social, instrumental and affective factors (Dittmar, 1992).

This focus is because cars are much more than a means of transport. The use of the car is not only popular because of its instrumental functions; there are other reasons which seem to play an important role, such as feelings, power, superiority and excitement. How the consumer speaks about their cars, and the way the cars are announced make perfectly clear that car meets many of symbolic affective aspects. In many advertisements for cars, appeals are made to the people about the feeling of control, power, status quo and self-esteem, which interferes with the consumer acquisition process (Helander, 2012).

The consumer has their purchasing decisions guided by processes considered both internal and external, involving: norms, values, customs, standards, personal influences, reference groups, social class, on the one hand, and internal aspects, i.e., personality, attitudes, resources, knowledge and motivations, on the other. Such aspects are pointed out by scholars of consumer behavior that seek to demonstrate how they influence in the decision-making process of the consumer, directing and affecting the choice to be made.

In accordance with the conditions regarding the purchase decision process, Engel et al. (2005), used say that this process has five stages, recognition of need, information search, evaluation of alternatives pre purchase, purchase decision and behavior after purchase.

Thus, the choice of the mode of transport is a complex process that involves both socioeconomic factors such as psychosocial variables, or even that the consumer behavior is linked to a process with regard to the decision to purchase, and this involves the search for alternatives, organization of information, the development of assessment criteria and finally to choose among the raised alternatives (Engel et al., 2005).

In other words, the acquisition of cars depends on instrumental aspects, social motivations (symbolic aspects), and affective, with the affective aspects, being a consequence of instrumental motivations and social. These aspects can be understood in the following way: instrumental relates to convenience or inconvenience for using cars, such as its speed, flexibility, safety and environmental problems resulting from using the car. Social Reasons relate to the fact that people can be expressed by means of a car, and people can compare to others. There are several emotions evoked by means of a car, i.e., the use of the car can potentially change the mood of the people. Thus, the instrumental and symbolic and affective elements combined, can have a major impact on the decisions of the people in the choice of means of transport (Dittmar, 1992).

This theoretical model which analyzes the role of the various reasons for the use of the car more systematically is developed by Dittmar (1992). According to this model, material goods, such as cars, play aspects: instrumental, social and affective. Dittmar maintains that the car meets these three functions: instrumental, social, and emotional, that is, the instrumental aspect allows the realization of activities; social, the car is a means to express or show their social position, and affective linked to needs, wants and feelings.

These functions can be regarded as different types of reasons for the use of the automobile. Thus, three categories of reasons for the use of the car are distinguished, namely social, instrumental and emotional.

Instrumental reasons can be defined as the convenience or inconvenience caused by the use of cars. Social reasons refer to the fact that people can express their social position (status quo) through car usage, as affective

reasons refer to emotions evoked by direct and own car (Dittmar, 1992).

The social function can, in turn, be subdivided into two components: the person's position or social status and the expression of personal identity and values. Allen (2006) also distinguishes two meanings associated with the product property: utilitarian and social. The utilitarian involves the function of a product that allows the buyer to control the physical context and gain practical benefits. Its social function is self expression, i.e., help the buyer to obtain the desired self-image.

Furthermore, Usunier (2002) says that the consumer will also consider the effect country in your decision to purchase under the following circumstances: (1) the consumer must consider the information on the country of origin of the product as relevant in its choice process; (2) the consumer must be motivated to search for and compare the origins of the products, which occurs when the perceived risk in relation to the purchase is high; (3) the motivation depends on the preference for domestic products linked to patriotism or ethnocentrism consumer preference for foreign products or, even, the preference for specific sources, associated with certain attributes; (4) it is necessary that the consumer considers the information sufficiently more important than others, such as price, reputation, perceived risk; (5) the consumer needs to easily find this information in the product.

Thus, the image that a consumer has of a country can affect their attitudes towards this country. That is, apart from a cognitive track the quality of a product, country of origin refers to the emotions, identity, pride and autobiographical memories. These symbols and emotions transform the country into an image, which has shown interference when the consumer purchase decision, and is a major source of brand value flag. It is worth noting that some studies indicate that there is good evidence that the image of the countries change over time and that beliefs about the "country of origin" are non-perpetual (Verlegh, Steenkamp, 1999).

In a survey conducted by Vieira (2010) were proposed two questions to assess the perception of Brazilian consumers regarding the effect home country, emphasizing the efforts of Chinese enterprises to improve product quality and to identify the factors that hinder the success of products overseas Chinese. In the perception of Brazilian respondents, about 90% believe that the quality is improving, which will impact positively in the medium term, the seizure of the quality of Chinese cars. Have a reputation for poor quality and the lack of competitive advantage are the factors that impede the success of Chinese products on world markets. Finally, we evaluated the inscription "Made in China" printed on the products, employs a negative image to the well, complementing what was discussed in the last two issues. Recalling that the consumer has the perception that consumes many products made in China by Western companies such as DELL and APPLE, the problem is related to products made in China by brands of Chinese origin (Vieira, 2010; Kabadayi, Lerman, 2011).

Brazilian Low class holds almost 60% of the purchasing power of the market, so this profile is responsible for demand for purchase and consecutively credit and handling cost. The Chinese car makers were chosen to be discussed in this study because it represents Brazilian growing increase of imports; in seven months of the year 2010; 5,820 cars and light commercial vehicles were imported, almost the double, 3,243 units, that were brought in last year. Participation in total sales is 0.33%, but is growing year by year. In 2009 was 0.1% and, in 2008, to 0.04%. In addition, from 2010 onwards, the market leaders of the automotive sector suffered falls in average 3.5% on their market shares, while new Chinese competitors started its activities in Brazil in search of the market. Today, the Chinese leaders are working with the doubt of the consumer who argues that buy a Chinese car is a risk. The prejudice against the Japanese took him twenty years to be overcome. The Koreans broke the resistance of the consumer in less than ten years and the expectation in relation to the Chinese is that, in less than five years, they will eliminate all these questions the consumer has today (Barroso, Andrade, 2012).

3. Methodology

In this sense, criteria for the purchase of a car and the effect country of origin were considered in this study. The study of Chinese companies was also used with the purpose to achieve the proposed objective, namely: to analyze what are the criteria that lead the low income consumer not to buy a Chinese car, such as social, instrumental and affective aspects.

We conducted five focus groups, and in each group there were 8 people. The whole process was recorded in audio for later analysis. The sample was selected by convenience. Thus, the sample was homogeneous, composed of people who have bought cars in the years 2013, 2012 and 2011, being multi-brand. Thus, this study can be briefly defined in its method as qualitative research qualitative inductive, using tools as: the case study, secondary data and focus groups to understand the phenomenon under investigation. The nature of this research can be classified as exploratory, because it has as objective to provide greater familiarity with the problem, namely, criteria that lead low income consumers to not buy Chinese cars. The data was collected through interviews, focus groups, in which the technique of analysis employed was the analysis of content. To check if there was consistency within the codes emerged three researchers have analyzed data from interviews. As a result it was found that the social category is gaining momentum in consumer choice for car purchase regarding Chinese brand and that this is located at the stage of pre purchase and is influenced by the country of origin of manufacture of the car. Other categories also emerged in this study confirmed the reasons for which this consumer do not buy Chinese cars, namely instrumental and affective reasons, as revealed by this study. In other words, regarding consumer perception, country of origin in relation to the purchasing decision of Chinese cars is an important factor.

4. Conclusion

Regarding the theoretical gap, and the scientific contribution this work proposes a model of purchase car for low income consumers. Therefore, many of the studies performed in this sense explained the behavior of buying cars essentially by instrumental factors related to the use of the car, since this investigation brings the model that corroborates that the purchase of cars made by low income consumer is sustained by instrumental factors, social and affective and that essentially the social and affective prevail before the instrumental. Therefore the image of the country of origin affects their purchasing decision.

In addition, as will be noted the low income consumer does not follow the sequence suggested by the model of Engel et al. (2005) therefore, such consumers begin their buying process by post purchase, after pre purchase and finally to purchase. As well, it is possible to realize that both social aspects, instrumental and affective criteria are used by low income consumer to the decision to not buy Chinese cars, however, the factor affective and social prevails largeness by country effect as presented by Engel et al. (2005) and Bhaskaran, Sukumuran (2007).

According Pautasso (2010) 77% of the global growth of the Chinese automotive market between 2008 and 2015 will be allocated to emerging countries and in the case of the automotive sector, it means the consolidation of a pattern of consumption focused on cheap cars, with lower values aiming the lower classes. The numbers of Chinese exports of vehicles showed significant growth. Were 170,000 units exported in 2005, 340,000 in 2006 and 612,000 in 2007. Today, the leading brands are working with consumer questions, arguing that today buy a Chinese car is a risk. Prejudice against the Japanese took twenty years to overcome. The Koreans broke consumer

resistance in less than ten years and the expectation for the Chinese is that in less than five years, they will eliminate all these consumer concerns.

Thus, one can see through the study in this work that the automobile acquisition is in fact linked to many instrumental, social and affective factors as the study by Dittmar (1992). But none of the previous studies in that validated these categories, which this work done and attested by the statements made by focus groups.

So you can see that both social, affective aspects are instrumental as criteria used by the consumer class C to the decision not to buy Chinese cars, however, the affective and social factor prevails grounded the country effect as shown by Engel et al. (2005) and Bhaskaran; Sukumuran, (2007).

As a suggestion for future research is to verify and quantify the criteria which have greater representation in the buying decision made by the consumer, analyzing the impacts that these criteria have on organizational structure, which strategies are being taken by the car companies especially the Chinese, and the innovation aspects in consumer behavior are being considered for the construction of vehicles.

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