

A study on Buying behavior of consumer towards different car companies

Author- Shreyam Chaudhary

MBA AND BBA in Marketing and Digital Marketing

email- shreyamchaudhary99@gmail.com

Abstract

Before independence Indian automobile sector was seen as a market for imported vehicles while assembling and manufacturing of car by General Motors and other brands was the order of the day. India's transportation requirement was met by Indian railways in the 1950s. It was after Independence when the automobile came into picture. This report will rightly discuss the behavior of consumer towards buying different car brands. This report will also study which brand of car consumers prefer and what process do they follow in making a purchase decision.

The automobile industry of India is one of the leading in the world and growing progressively. Availability of easy motor loans, rise in individuals' income, high buying capacity of middle class, social status, are the few factors for the surge in sales of cars. This paper discusses the consumer buying behavior towards purchase of cars with the help of extensive literature review and suggests the marketers to act accordingly.

Key words: Purchase decision, Buying behavior, Indian Transportation System

Introduction

The Indian automobile industry includes two wheelers, trucks, car busses etc. which play a crucial role in the growth of the economy. The auto industry is one of the largest manufacturing sectors in the global economy. "Automobile" is a type of vehicle designed to move on ground under its own stored power and intended to carry a driver, some additional passengers, and a very limited amount of load. India has one of the biggest automotive industries in the world, and it continues to expand

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annually. Buying a car has become easier and simpler because to easy access to auto loans, pay increases, greater discretionary income, and rapid information availability. The way that people view cars has also changed. Having an automobile was considered a luxury a few decades ago, but these days it's practically a need. Families with two cars are rather common these days. Unlike other things, cars are expensive, rare purchases that need a great deal of research, therefore buying one is seen as a high involvement transaction. For such intricate transactions, it is critical for auto dealers and marketers to comprehend how consumers behave when purchasing an automobile, including the features and accessories they want, their primary motivation for buying, their priorities, preferences, and so forth. So, it is crucial that we research and comprehend the factors that affect people's decisions to purchase cars. According to Philip Kotler, the consumer decision making process is a five-stage process. Kotler believed that a customer would have to go through the five-stage process before making a final decision of purchasing a car. Therefore, the consumer will transit through each stage of consumer decision making process as presented in exhibit-1 below:

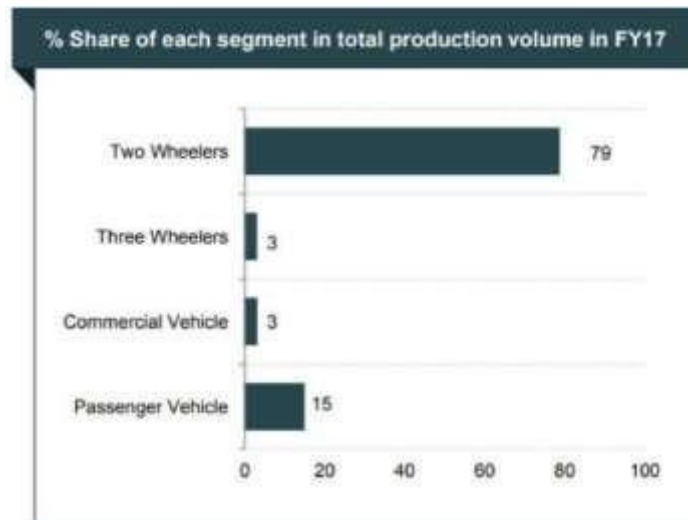


Exhibit-1 b

So, any consumer will have to pass through the five- stage process in making a final decision to buy a car.

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1. In the first stage, he will identify what the problem is that is what does he want. In other words, he will have to find out which category of car or which company car does he wishes to buy.
2. In the second stage, the consumer will start looking for some of the related brands which suit the category of car he is wanting to buy. In simple terms, he will investigate various nuances related to his problem.
3. After he has some of the relevant information, he will start identifying the alternatives that are available before making the final decision in buying a car.
4. After he has selected the best alternative, he will make the final decision of buying a car. Meaning he will go ahead in making the purchase of the brand of car he wished to buy.
5. The final stage involves the post purchase behavior of the consumer. This means that in this stage, he will give feedback of liking of the car brand and whether he wishes to buy the same brand car in future or not.



Source- 1575888366593_Project Report.pdf (dtu.ac.in)

In one of the recent reports some of the statistics of it has been presented that most of the people have a two-wheeler with them in addition to the four-wheeler car. But on the other hand, there is

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still a percentage of people who have a passenger car. This proves that people do investigate different brands and different segments of the automobile industry before making a final decision of buying a car.

It is reasonable to conclude from our understanding of consumer behavior that customers are sensitive to environmental changes and new opportunities inside their market ecosystem. Infrastructure upgrades for public transportation and the availability of tech platform-based smart taxi applications encourage customers to consider and take use of these attractive alternatives to driving their own cars.

Furthermore, research has shown that AI-based smart taxi platforms are sufficiently sophisticated to provide a customized experience based on the characteristics of recognized consumer segments. Due to this disruption, there may be a decline in the requirement for personal transportation as value-conscious, hip consumers develop.

Literature review

Mishra D.P. and Joshi Nitin (2011): Understanding consumer behavior in Maharashtra, one of India's most developed states, is the aim of the study. This study sets out to ascertain customer awareness of ecologically friendly automobiles (EFC). The study by Brown et al. (2010) looked at consumers' perceptions of automobiles built in the US, Europe, and Japan.

The consumer's nation of origin has a big impact on their behavior. Sales of passenger cars are influenced by the brand name, lower price, and well-established reputation. However, the study differs from the others in that it tried to look at the consumer behavior of Chennai, Tamil Nadu.

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In his paper, Adele Berndt (2009) addressed how important the motor sector is to South Africa's economy in terms of GDP and jobs. In the case of motor vehicles, when significant earnings are made from vehicle maintenance, service quality is an essential component of providing services.

Objectives of the study

1. To know about the automobile industry in India.
2. To understand the purchase decision process.
3. To know about the behaviour of consumers towards making a car purchase.

Research Methodology

- In the study, data is taken from both primary as well as secondary sources and further analysis of the same was done.
- The secondary data information was obtained from published sources such as articles, research papers, government websites, official twitter handles of various ministries and blogs.
- For collecting information as source of primary data, a structured questionnaire was circulated amongst the people who are income earning and who wish to buy a car.

Research Design

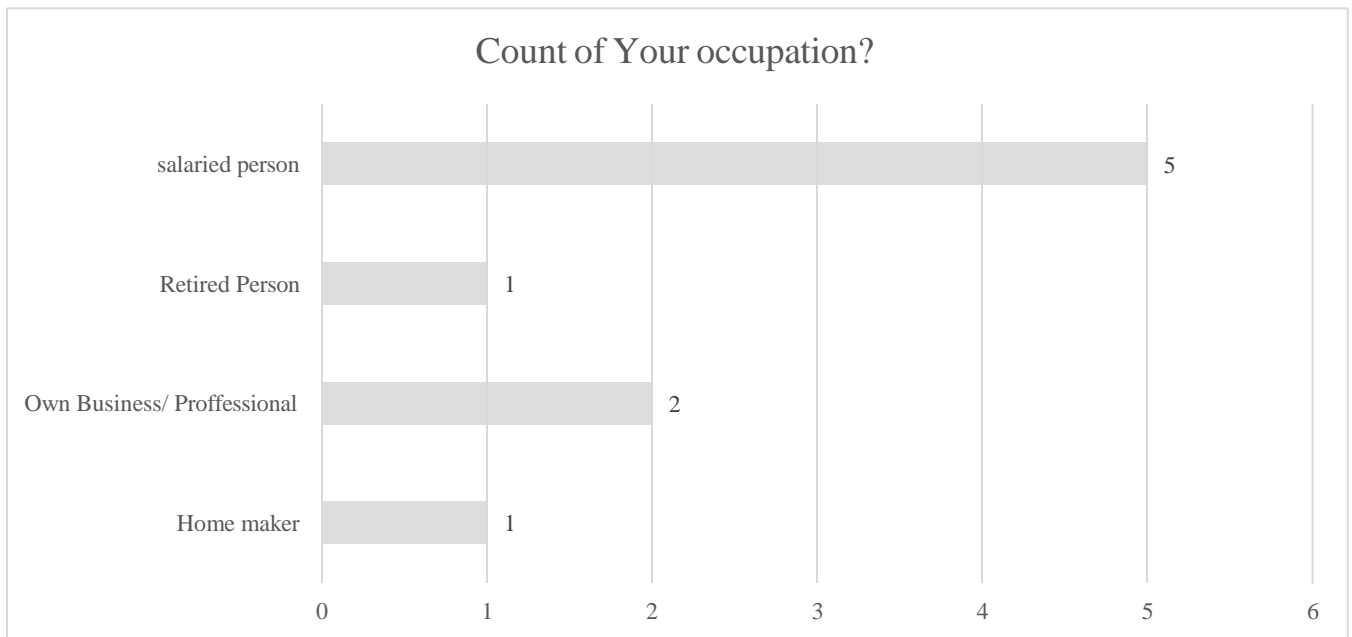
- 1) **Universe** – The research is done for analyzing the perception and
- 2) **Sample Size** – Sample size of 40 respondents is taken for the research. The primary data was collected through a questionnaire from the respondents.
- 3) **Sampling Procedure** – The researcher adapted convenience sampling technique for collection of primary data through structured questionnaire design. The respondents were explained about the questions and data were collected without any biased opinion.

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Data Analysis

A survey was conducted to find out the behavior of consumers towards buying different brands of cars. For this a questionnaire was prepared and was circulated to analyze the behavior of consumers. A sample size of 40 people was targeted and then accordingly MS excel was used to tabulate the data in the form of rows and columns.

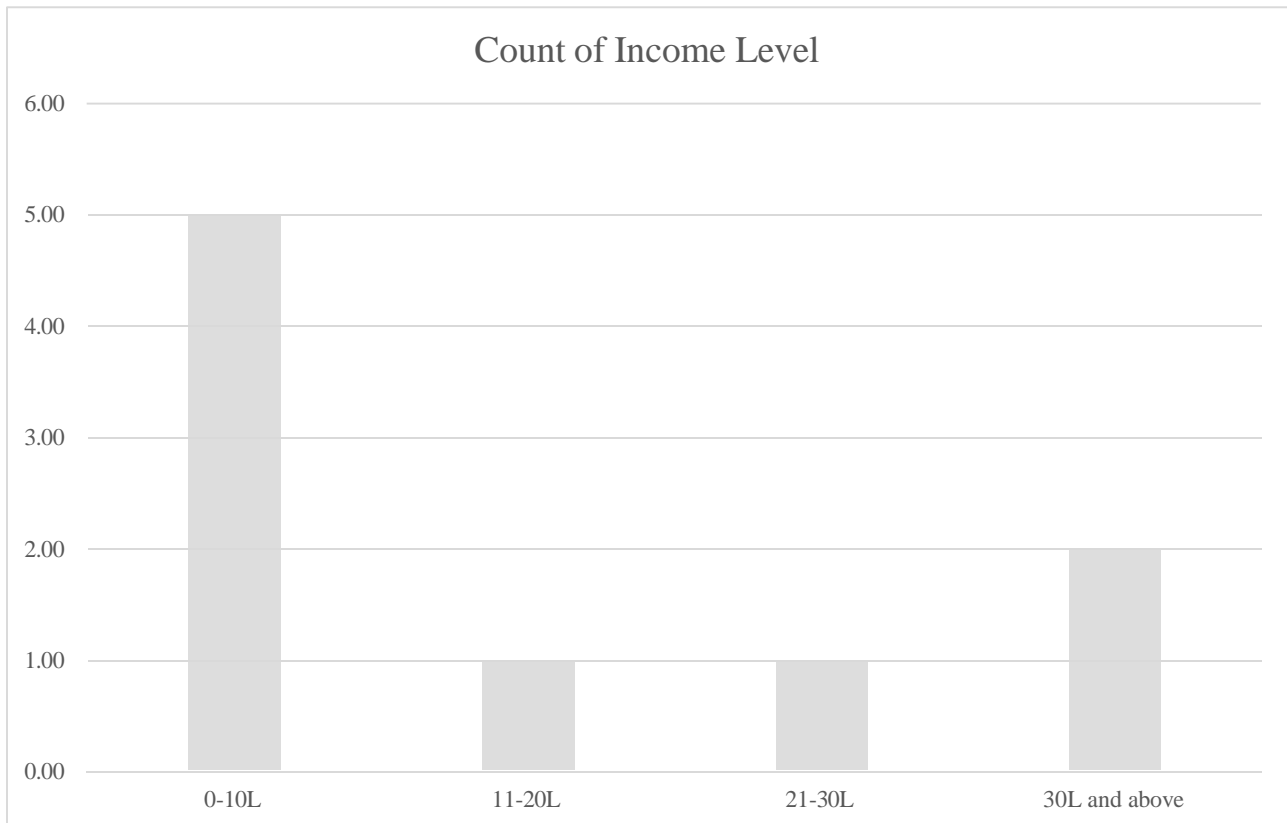
Your occupation?	Count of Your occupation?
Home maker	1
Own Business/ Professional	2
Retired Person	1
salaried person	5



This graph presents the occupation of different people in different areas of the city. Most of the people have said that they are a salaried person, or they own a business. This means that in a city mostly working professionals own a car or buy a car.

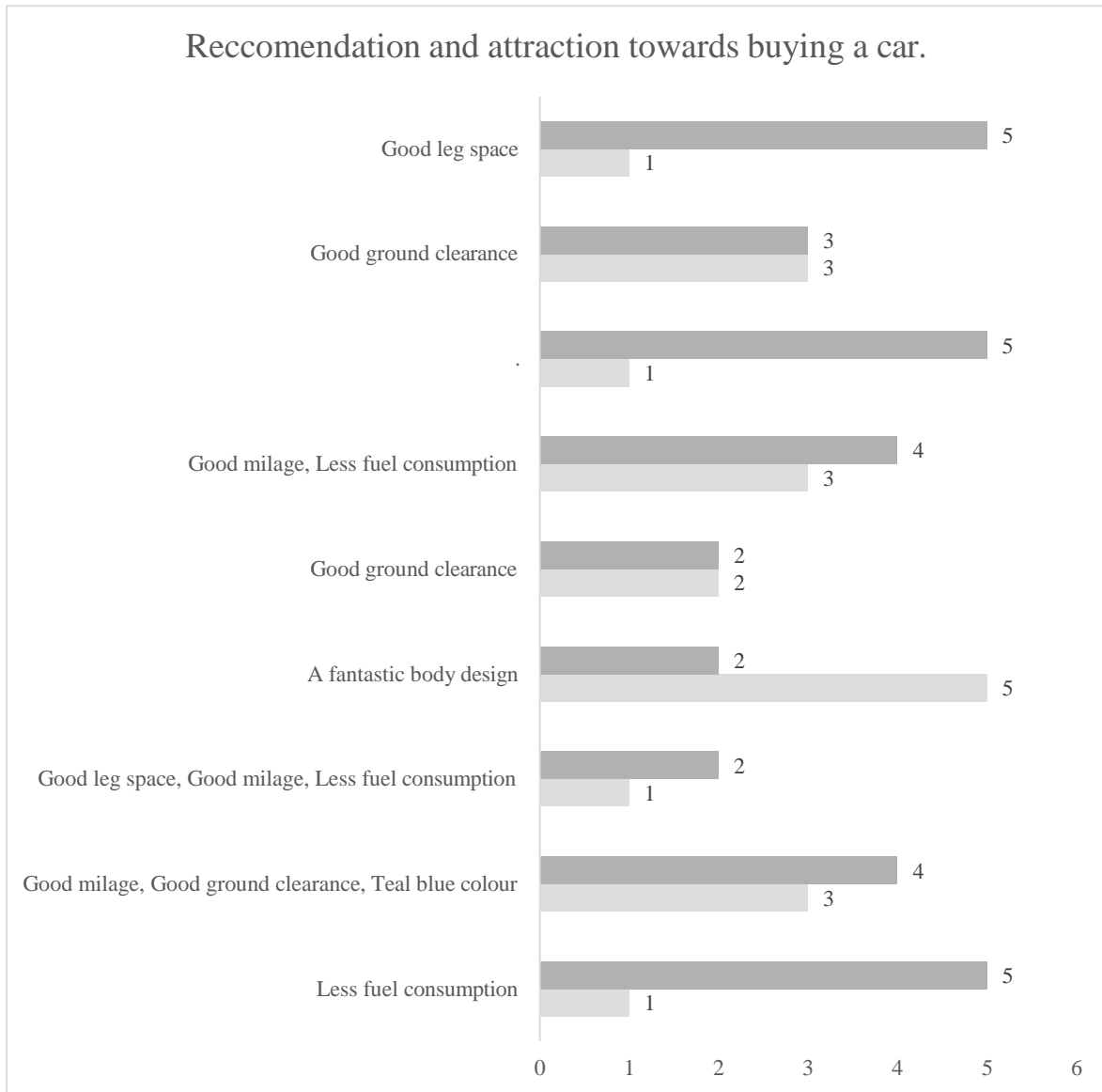
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Income Level	Count of Income Level
0-10L	5.00
11-20L	1.00
21-30L	1.00
30L and above	2.00



Now if we compare the first graph with the income level of people we see that most of the people are from the income group of 0-10 Lakhs and only some percentage of the people are in the income groups of 30 lakhs and above. This brings us to the point that there are a group of people who are salaried employees and who have their own business.

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This graph presents the features that people look for when they make a purchase of a particular brand of car. The results are more astonishing as most of the people see good milage and less fuel consumption as a feature when they buy a particular brand of car. A very few percentage of people are there who look for a fantastic body design as a feature.

Conclusion

1. For this study work, a sample of forty respondents was chosen to complete a questionnaire. The data was then tabulated and transformed into graphs and charts using Microsoft Excel.

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2. Auto dealers and marketers need to understand how consumers act when they buy a car, including what features and accessories they desire, why they are buying, what their priorities are, what their preferences are, and so on.
3. Therefore, it is imperative that we investigate and understand the elements influencing people's decisions to buy cars.
4. According to research, AI-based smart taxi platforms are advanced enough to offer a personalized experience based on the traits of identified customer segments.
5. Individuals must consider the AIDA principle before deciding to purchase a specific brand of automobile.

Recommendations

1. When buying a specific brand of car, consumers should also consider other aspects including ground clearance, leg room, and mileage.
2. In my opinion, there are other aspects to consider when choosing a car brand, in addition to brand image.
3. Before making a choice, research can be done through social media, word-of-mouth, and advertisements.

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Annexure

1. Your occupation
 - Home maker
 - Retired Person
 - salaried person
 - Own Business/ Professiona
2. You stay in which part of the city?
 - Urban
 - Rural
3. Do you own a car?
 - Yes
 - No
4. Which type of car do you own?
 - Harch Back
 - Sedan
 - SUV
 - MUV
5. Which Brand of Car do you own?
 - Honda
 - Kia
 - Maruti Suzuki
 - MG
 - Other
6. You buy a car based on which criterias?
 - Good leg space
 - Good mileage
 - Good ground clearance
 - Less fuel consumption
 - Other