

Consumer Behaviour on Automobile Products

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Abstract: *The automobile industry of India is one of the largest in the world and growing steadily each year. With the ease of availability of automobile loans, the rise in salary structures and higher buying capacity of the middle income class, there has been a spurt in cars plying on roads. The present paper indulges in studying the buying behavior of cars in India. Apart from the literature review of the concurrent facts and figures, a questionnaire survey was conducted to understand the various factors that influence the decision in purchasing cars in India. A questionnaire survey was designed in Google forms and sent to people using different tools like e-mail, WhatsApp, Facebook, etc. For those who were not well versant with these tools a hard copy of the questionnaire was provided to them for filling up. The results of the survey were analyzed statistically and are presented here.*

Keywords: Consumer Behaviour, Automobile Product, automobile industry, income class.

I. INTRODUCTION

The automobile industry of India is one of the largest in the world, contributing 7.1% to the Gross Domestic Product (GDP)[1]. As a person moves up the ladder in his income, his/her first priority is to buy a car. It is becoming more of a necessity nowadays to own a car than a luxury. Presently, a 100% Foreign Direct Investment (FDI) is allowed in this area meaning the foreign investors do not need any prior permission from the government of India. The sales of private vehicles grew by 9.17% commercial vehicles by 3.03% and 2 wheelers by 8.29% during the period April-January 2017[2]. During the financial year 2016-17 a total of 37, 91, 540 units of passenger vehicles; 8, 10, 286 units of commercial vehicles; 7, 83, 149 units of three-wheelers and 1, 99, 29, 485 units of two-wheelers were produced as shown in table 1 [3]. The world standing for the Indian automobile sector, as per the Confederation of the Indian industry is the largest three-wheeler market, second largest two-wheeler market, tenth largest passenger car market, fourth largest tractor market, fifth largest commercial vehicle market and fifth largest bus and truck segment. In India, a total of Rs. 92, 218.42 crore or 5.02% of the total FDI inflows in India, from April 2000 to March 2017 has been towards the automobile industry[4]. Some of the previous studies done in various zones in India like West Haryana [5], New Delhi [6], Jaipur [7] and Kerala [8] on car purchasing behavior have reported changing trends as per changing times as also the effect of multinationals on the Indian automobile market. Most studies have reported the advent of newer technology as the biggest decision maker in this aspect. Whereas Television advertising is amongst the biggest influencers [9] other medium like word of mouth, magazines and ratings also have their weightage. Some research have studied factors like family needs, fuel efficiency, pricing, safety and social status as important in automobile buying behavior of the consumer [10] whereas others have also focused on value for money [11], affordability [12] and brand personality alongwith the impact of manufacturer's websites in this decision making process [13]. The husbands in families have been found to be major decision makers while purchase of cars [14].

TABLE 1: Automobile Production Trends in India from 2011 – 2017

Year	Passenger vehicle production	Passenger vehicle domestic sales
2011-12	31, 46, 069	26, 29, 839
2012-13	32, 31, 058	26, 65, 015
2013-14	30, 87, 973	25, 03, 509
2014-15	32, 21, 419	26, 01, 236
2015-16	34, 65, 045	27, 89, 208
2016-17	37, 91, 540	30, 46, 727



In today’s world, consumers do not only consider engine performance as a major factor. They look for those differentiating parameters, through which they can make the choice from one brand to another. As stated by financial time, India has become fifth largest passenger vehicle market, after China, US, Japan, and Germany. The sale of passenger vehicles too grew 9.24% to 3.04 million during 2016-17, the fastest growth rate seen since 2010-11, when they grew 28.2%.[16].

II. CONSUMER BEHAVIOR

Consumer behavior implies a much more comprehensive and more troublesome issue, so that it must be considered with great importance. Nowadays, the consumer behavior is a more and more varying and complex phenomenon. It performs as a signal of the market about the fundamental demands of the consumers. The purchasing behaviour also creates an image of the consumers’ perception and it helps the producers to know the ultimate specification of the product that is wanted by the consumers. Thus, it plays a massive importance while purchasing the product (Yang et. al 2018, 4056).

(i) Evolving buying behavior of the consumers-Human demand is quite difficult to satisfy. It’s floating from the contemporaneous stage to another stage. The same things do not appeal to different consumers when they are deciding between products. That is why manufacturers in the car market don’t stick with the same designs over time. Their modification of the designs will crop up every month or quarter. Consumer behavior evolves as the purchasing way or channel alters. Individuals’ purchasing behavior will be strained according to the modification of wants, goals and personal beliefs.

(ii) Buying behaviour, Wants, Goals and Beliefs- Buying behavior provides crucial information about the consumer's buying pattern thus, it assists to lessen the complexities in the car marketing strategy. As a result of the eternal change of the buyers’ attitude and perception towards the car market, producers need endless follow-up and modification of the strategy which will be conducted in the case of marketing the product. The better the cognizance of the buyer belief the higher the satisfaction of the consumer toward manufacturing companies and its corollary the better brand recognition. Thus the cognizance of the buyer expectation works as an ‘Aladdin lamp’ in the eyes of the manufacturers. To some extent, the execution of buying the desired product from the lot is not an easy-peasy task. Moreover, it is also an ambiguous conviction. Although individuals are different in their choice they act in a rational way when their expectations remain unsatisfied. Moreover, buyers may act in the unconscious mind rather than logically (Yang et. al 2018, 4056). The subconscious mindset influences the buyers to choose the product which may be good for them but not the best one and it will not fulfill the optimal level of desire.

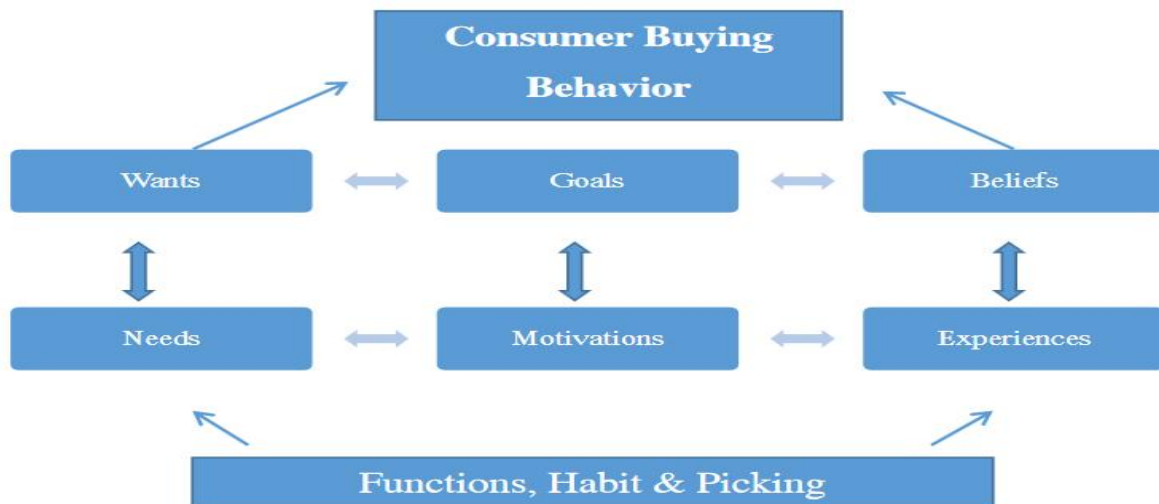


Figure 1. Buying behavior model

(iii) Consumer perception-Buyer’s perceptions about the car markets are reorienting as the modes of purchasing varies. Some people fancy physical shopping through visiting the showroom, while some other people just cogitate that online order serves the greatest options in case of purchasing. Moreover, this practice of perception can be analyzed in two ways. One is the ‘extreme effort perception while purchasing’ and another is ‘shallow effort perception while

purchasing’. In the case of extreme effort perception of purchasing, there are several factors entangled such as longer-term commitment rather than shorter-term commitment. Moreover, the amount of time entangled in the perception model of the buyer is also considered. Individuals generally put this extreme effort perception for purchasing the top most important gadgets like cars and houses. For ‘shallow effort perception’ individuals pay less scrutiny compared to the extreme effort perception. (Vimaladevi & Dhanabhakaym 2012, 91.) Here, individuals put their insistence on the short-term benefit and generally entangled in the short-term regular necessities.

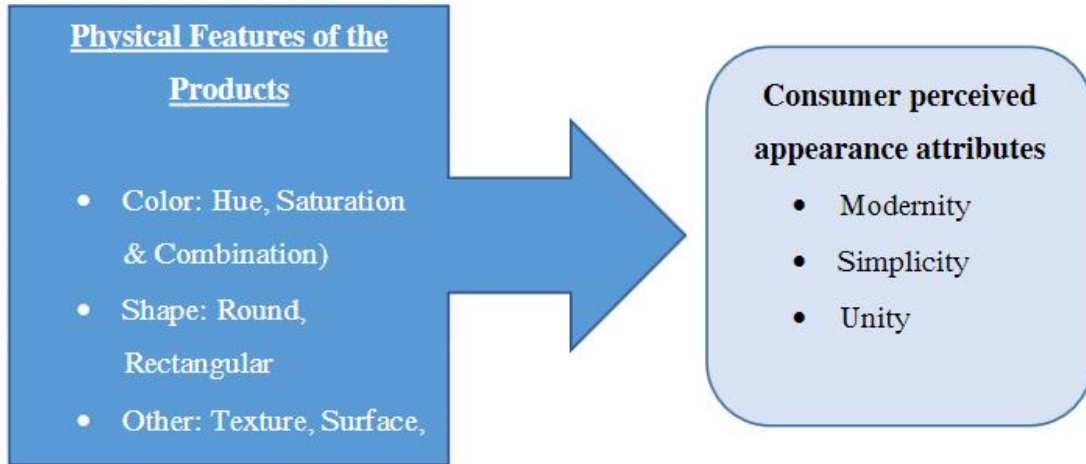


Figure 2. Consumer perception model

III. CONSUMER DECISION-MAKING

The competition in the world markets is getting harder all the time. Therefore, maintaining consumer trust towards a car company is a paramount headache for the car manufacturers. So, if a company is able to keep the consumers properly, only then are they able to enjoy the optimal superiority in the industry among the competitors. Although with the assistance of first mover advantage the car company can enjoy profitability, it doesn’t last long. That is why maintaining consumer trustworthiness by providing at least the standard level of service matters the most. Moreover, a satisfied consumer aids to brush-up the reputation of the company in the minds of other consumers. Industrialization can generate an alteration in the decision-making process of the consumers. With the help of modernization, there are lots of car manufacturers in the market place. That is why car purchasers have an option to switch from one car manufacturer to another. The range of disposable income also offers a benefit and restriction towards decision-making. On the other hand, it depends on the choice of the consumers, whether he or she is willing to buy a car or save it for future use (Dhanabalan et. al 2018, 53-63). Thus, consumer decision-making works as a process of choice according to the consumer's behaviors (Figure 3).



Figure 3. Purchasers’ decision-making model

IV. ONLINE INFORMATION AND CAR PURCHASING DECISION

Human manners, effort and criteria of decision-making are revising rapidly with the progress of technology. Unimaginable things are coming into reality time after time. Consequently, car purchasing affair is moving online day by day. Online an individual can see the representation of the car, go through particular information and specifications of the car, pricing details and the most cardinality read reviews from other people. The online portal has curtailed the complications of the car purchase for both the buyers and the manufacturers. Online individuals are also able to sort out the share price of the car companies which assists to depict the actual situation of the car companies (Long, Axsen & Kormos 2019, 114036). Not only does online participation decrease the amount of the time which must be engaged to purchase the car but also curtail the unnecessary harassment while purchasing the car. With online accesses, buyers can sort off their desired model quickly and it also assists the car trading process (Yayll & Bayram 2012, 51-64). The online platforms assist consumers to choose the vehicle wisely. There are also online conveniences such as to arrange online payment and home delivery. Through this, an individual does not need to go to the showroom or the selling place where cars are settled for sale (Dhanabalan et. al 2018, 53-63). Manufacturers lose their position for negotiation with the consumers. The salespersons are losing their likelihood of negation with buyers about the car. With the assistance of familiarity with technology, the young generation is more advanced in purchasing online as compared to the older generation.

In the present scenario, equipment manufacturers and car producers must observe the situation and tendency of the buyer's behavior about online information. In the case of physical purchasing activities, the car company needs to arrange a place for the showroom and also needs to arrange an impressive decoration for the showroom (Vimaladevi & Dhanabhakaym 2012, 91). Although this showroom and decoration are costly, here the salesperson can persuade the buyer and can assist them in finding a high-quality one. But on the other hand, online an individual exercises his or her own judgment to specify the car for their own. As there is an option to offer feedback for users the car maker needs to provide extra concern in case of online information. Moreover, individuals have an inclination to consider other's opinions seriously and that is why the car company entails addressing resentment and allegation effectively (Aldmour et. al 2017, 157-169). To persuade the consumer's decision about the car purchase producers must build a strong network over the internet. Only a simple but gorgeous website can charm the consumers and assists them to decide the best decision. There should be an interactive supervising team that should help to clear up the impediments encountered by the buyers and the potential buyers (Amron 2018, 228). In the case of online consumers, they put more intensity into how quickly the companies can take initiatives to resolve the issues that were encountered by an individual.

V. OFFLINE INFORMATION AND CAR PURCHASING DECISION

Individuals are considering the available time that they are willing to employ for the selection and analyzing the decisive factors for the car purchase. People are putting their emphasis over time more and more. They prefer those actions that can be done easily. The collection of offline information is more troublesome than the collection of online information. That is why people's interest is decreasing to accumulate information through an offline basis for making purchase decisions. Moreover, it also incurs costs to accumulate offline information. People do not feel like going to the producers or the agent of the producers for the accumulation of information. Although there are many grounds for decreasing the rate of offline information collection it also has some positive consequences for the consumers (Dhanabalan et. al 2018, 53-63). Some more traditional people prefer to observe the available options and the quality of the product through on-spot identification. Moreover, the physical investigation can bring much more contentment in the mind of the car purchasers (Kulkarni, Ratchford & Kannan 2012, 167-175). People always bring their trusted persons with them while analyzing and collecting material data. In this way, it also performs as a marketing promotion for the car company. Although there are innumerable online facilities, it is not possible to compare 10 or 20 cars in a row. Moreover, sometimes online animated artwork of the car seems to be more attractive than the actual one. Thus, it engenders a serious negative issue in the mind of the consumer. Therefore, some people prefer to accumulate the overall information from online and like to collect other material information on an offline basis. In this case, offline information is as cardinal as online information for reaching the best decision (Mahrous 2016, 254-275). Although it is not easy to reach into an optimal decision, suitable information and an effective analysis of collected information can assist to achieve it. It also assists the car company in getting informed about the consumer demand without conducting field inquiry.

VI. METHODOLOGY

The methodology adopted for this paper (Fig. 1) consisted of first an extensive literature review of the facts and figures influencing car buying behavior and trends in India. Then a questionnaire survey was designed to know the current preferences and decision influencing buying in India. The questionnaire was designed on Google forms and sent to likely respondents through various modes like social media (WhatsApp, Facebook distribution of hardcopies. The responses so received were analyzed and the results are discussed in this Fig. 1. Methodology diagram Majority of the respondents (82.50%) in the survey were aged between 18-25, followed by 7.8% being aged between 25 above the age of 35 (Fig. 2). Whereas 77% were students, the rest were working professionals Fig.2. Age Groups of the respondents 3.55% 4% 1.70% 0.30% 35-45 45-55 55-65 65+ Age Groups Number of Responses International Conference on New Frontiers in Engineering, Science & Technology, New Delhi, India, Jan 8-12, 2018

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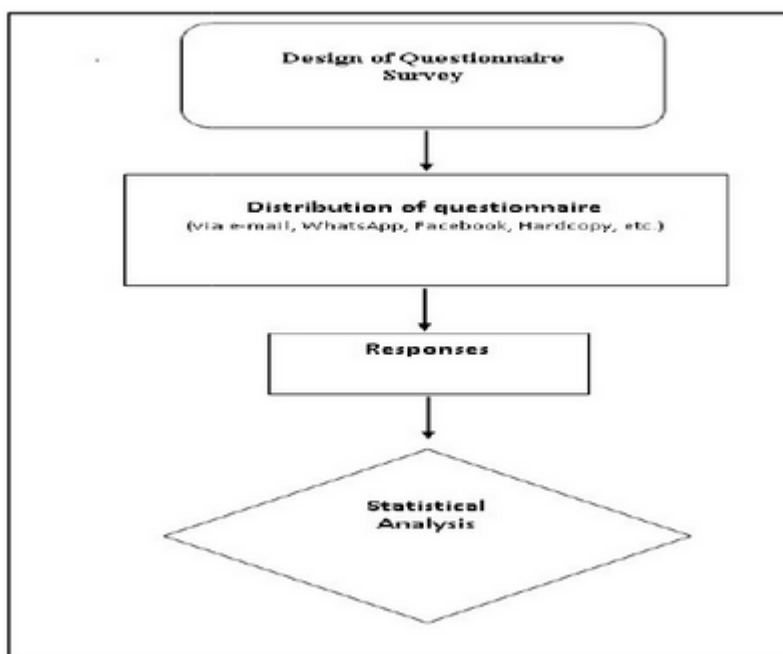


Fig. 1. Methodology diagram

VII. CONCLUSION

The automobile industry in Bangladesh is evolving and expanding through continuous innovation and technological advancement. Consumers' perception, ideology and behavior are also refining all the time. The spouse, friends and other family members take part in persuading a consumer's ultimate decisions about the car purchase. The price and the features of the car mostly influence the purchase decision of the buyers. Thus, consumers need to sort out the balancing arrangement between the price and features of the coveted cars. Advertisement lessens the hurdle to reach the product-related information to the consumers. It assists the consumers in getting information facing fewer complications. Information about the purchase initiatives of the consumers and their demand for the car works as a crucial source of information for producers. As a result of the oligopoly nature, the vying in the car industry reached a new level. Market research unlocks several crucial material information about the consumer which assists to enhance the modification of the car models. This thesis is all about getting a better understanding of the issues that influence the decision of the consumers. It also accomplishes the aim of the thesis and answers the three research questions: What are the issues influencing the buying behavior and purchase decision-making of consumers in the Bangladeshi automobile industry?

What are the elementary challenges faced by individuals while purchasing a car? How do consumers react on the actions taken by manufacturers to influence the consumer's behavior? Before considering the purchase decision, consumers are more likely to consider several surrounding issues, leading to a better choice. Moreover, experience assists in sorting out the highest quality choice among the range of alternatives. Whether occupational variations or status affect the car choices of the consumers or not, sub-standard car service results in resentment in the mind of the consumers. A poor past encounter creates a negative impression while making buying decisions. Consumers always put their particular concentration on the technological advancement, price and design of the car. Only quality service along with proper cooperation from the car manufacturers, can make the consumers pleased with the car manufacturer and influence their future buying decision. Due to the time limitation, it was not possible to conduct research with a larger data of consumers, which would demonstrate the overall behavioral issues of the consumers that influence their decision-making. Hence, the findings of this explorative data should be further studied with a larger quantitative data.

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