

# A Study on Determining and Analysing Consumer Buying Behaviour in the Automobile Industry

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## **Abstract**

The most lucrative sector of the economy nowadays is the car business. Due to a growth in both rural and urban income.

The key factors influencing high volume automobile categories are the sector and the availability of simple financing. With a number of new competitors entering the market and major international brands preparing to enter the Indian market, the rivalry is intensifying.

To learn more about consumer expectations and their market offers, current and new automobile manufacturing firms in India will find this research to be useful. Several domestic and international firms have an impact on the Indian automotive industry. In this essay, research on consumer behavior among customers of automobiles is analysed. Marketing professionals may flourish in the market by having a thorough awareness of customer purchasing habits. A study of the Indian automobile market revealed that each segment's customer priorities differed, with disposable money serving as the primary motivator for purchases. Customers' top priorities in terms of needs are affordability, safety, and comfort while brand reputation largely determines how well customers perceive quality. For this study, the research papers in the passenger automobile category were examined, along with the buying decision-making process and how it interacts with other behaviour factors. This study's goal is to identify the variables that affect consumers' choices for a certain automobile category. This research also makes an effort to synthesize data and recommendations for addressing the current sales stasis situation and fostering future demand for the automotive industry.

**Keywords:** Automobile, consumer, behavior, industry

## **Introduction:**

As of 2022, India is third largest automobile sector in the world. The two-wheelers, lorries, automobiles, buses, and three-wheelers made by the Indian automotive sector all contribute significantly to the expansion of the Indian economy. After Japan, South Korea, and Thailand, India is now Asia's fourth-largest vehicle exporter. By 2050, the nation's roadways are projected to be home to around 611 million automobiles, making it the car-producing nation in the whole globe. The volume of products and services produced, which increase the market for cars by providing the capacity for transportation, is a sign of this industry's economic development. Vehicle sales are rising. Steel, rubber, plastics, glass, paint, electronics, and other raw materials are among the raw materials whose demand is indirectly increased by manufacturing with a catalytic effect. The nation's testing infrastructure is being modernised in order to handle the concurrent testing and certification operations related to stricter safety

and emission standards. With industry involvement, a significant state investment initiative is planned to upgrade the testing infrastructure. The hunt for alternative fuels is a result of environmental contamination and the necessity to preserve the fossil fuel supply currently available. Greenfield research in this area is supported, and a comprehensive phased program to improve the quality of carbon fuel to meet stricter emission standards is also being carried out. Foreign direct investment regulations have already been greatly loosened. The government has tempered and reduced auto-related taxes, fees, and levies, including customs duty. Moreover, it is suggested that all of the nation implement Value Added Tax (VAT) beginning on 1 April 2001. The government has further permitted private sector involvement in the insurance industry. The rules governing external commercial borrowings (ECBs) have been liberalized, and the nation's loan rates have been lowered as well, further enhancing the investment-friendly climate. The Government is constructing an eight-lane motorway connecting all major capital cities and metropolitan areas across the nation as part of an ambitious plan to enhance the network of motorways in the nation. This will allow for the operation of bigger freight vehicles.

### **Objectives of the Study:**

1. To learn more about India's automobile industry.
2. To understand the buying decision-making process.
3. To determine consumer satisfaction with automobile items and their purchasing habits.

### **Literature review:**

The demand for automotive products from consumers is a constant source of debate and study in the Indian industry. As of 2018, Kanupriya . She emphasized in her study paper that one of the Indian economy's most successful sectors is the car industry. The amount of FDI into the sector indicated an increasing trend. Multinational firms entered the Indian market as a result of a growing middle-class population with increasing purchasing power and economic growth. The domestic economy and consumers could not both gain from FDI alone.

To draw in international investment, the car sector also has to improve job prospects, access to global management skills and practices, expand the export market, and transfer technology.

Nikita Arya (2019): She stated that India was a significant market for several foreign automakers in her study paper. The increasing software content of Indian cars was their best feature. One of the top exporters of connected and software solutions for vehicles was India. Several manufacturers have established up their internal R&D departments to serve the worldwide market. Low-cost skilled labor and steel manufacturing helped to sustain the Indian car industry. There was a lithium and cobalt reserve shortfall in India. She continued by saying that cooperation was required from the county in order to import the raw materials required for the manufacture of automobiles.

Gurupratap Boparai (2020): According to Gurupratap Boparai, the WTO forecasts that global commerce would decline by 13–32% in a variety of markets by 2020 and by more than 20% in 2021. The last 18 months in the Indian automobile sector were astonishing. He continued by saying that Indians' yearning for an enhanced way of life and secure personal mobility is what drives this business.

The GST tax deduction might be the answer to dispelling the unfavorable perception of new automobile purchases.

### **RESEARCH METHODOLOGY:**

The study is both analytical and descriptive. It is based solely on primary information gathered via a questionnaire. In order to comprehend the influence of customer purchasing behavior on the Indian automotive industry, a first thorough literature analysis is done. Next, a questionnaire survey was created to determine the present state of customers' attitudes on buying cars, and conclusions were formed as a result of the study.

### **SCOPE OF THE STUDY:**

- 1) This research attempts a thorough market analysis of the demand for automobiles in the Indian automotive industry, particularly following a pandemic-driven uptick
- 2) It focuses on the examination of how vehicle consumer behavior is evolving and how it affects the demand for the automobile industry in India.

### **LIMITATIONS OF THE STUDY:**

Every research encounters unexpected issues that prevent it from proceeding smoothly. The money, time, and study scope are the issues that emerge for this project. Getting information from the respondents while they were filling out the log questionnaire presented several challenges. This study's sample size of 50 respondents is too small to accurately examine changes in consumer behavior regarding automobile purchases.

### **Indian Automobile Industry Analysis & Interpretations:**

(Indian Automobile Industry analysis is done on the basis of secondary data.)

Year	No of automobile produced ( in millions)	No of automobiles sold in India( in millions)	No of automobiles exported (in millions.)
2018	29.1	25.0	4.0
2019	30.9	26.3	4.6
2020	26.4	21.6	4.8
2021	22.7	18.6	4.1
2022	13.0	8.2	1.4

### **Share of each segment in Total Production Volume (FY2022)**

( source: secondary data)

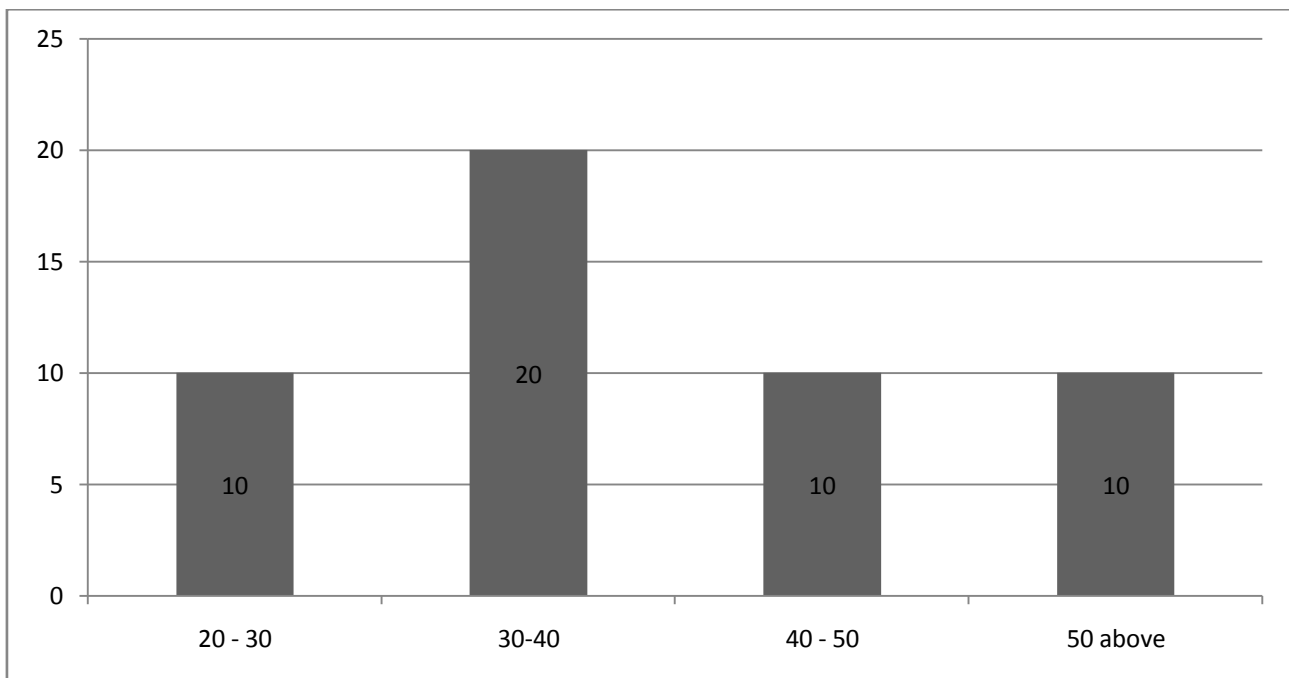
Type of vehicles	% share in total production volume
Two Wheelers	81.2

Passenger Vehicles	14.6
Commercial Vehicles	3.1
Three Wheelers	1.2

Data analysis and interpretation:

Question 1: Age of the respondents?

Statement	No of respondents
20 – 30	10
30-40	20
40-50	10
50 above	10

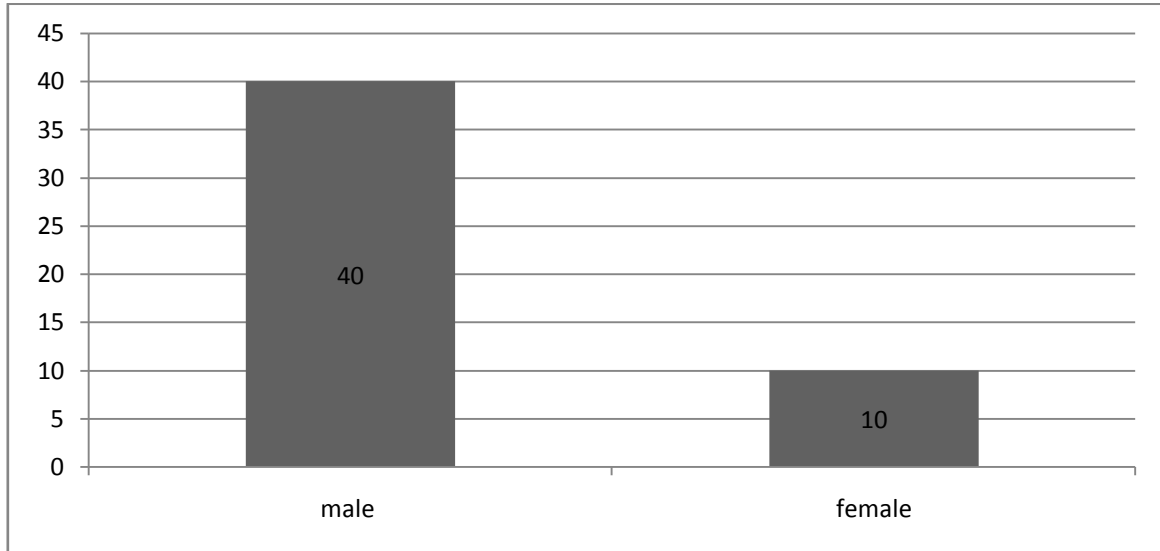


Interpretation: 10 of the respondents were in the age group of 20 -30 ,20 were in the age group of 30 -40 and 10 each in 40-50 and 50 above respectively.

Question 2: Gender of the respondents?

Statement	No of respondents
Male	40

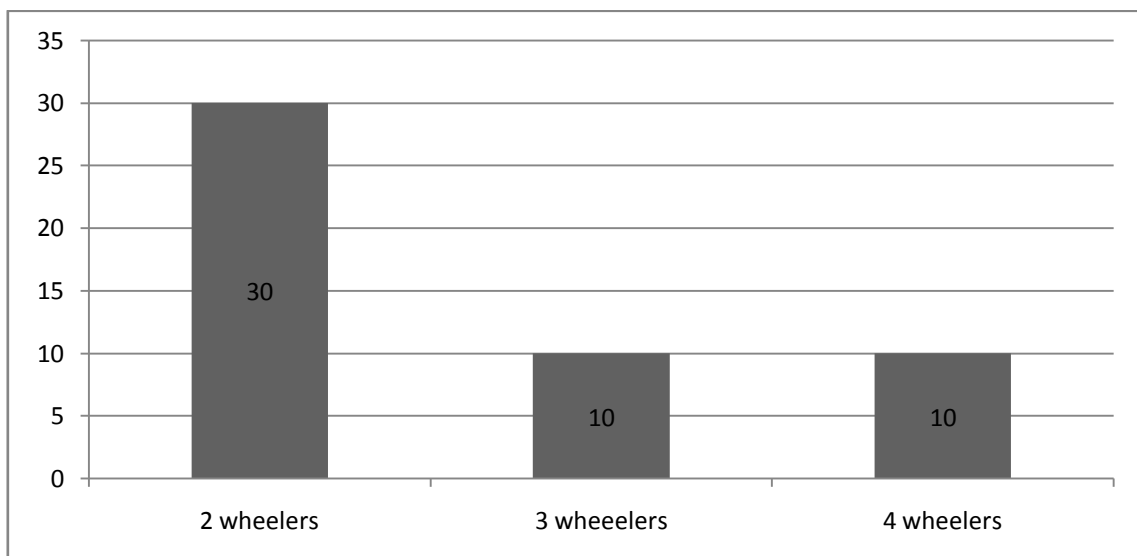
Female	10
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Interpretation: 40 of the respondents are male whereas 10 of them are female.

Question 3: what do you prefer for transportation ?

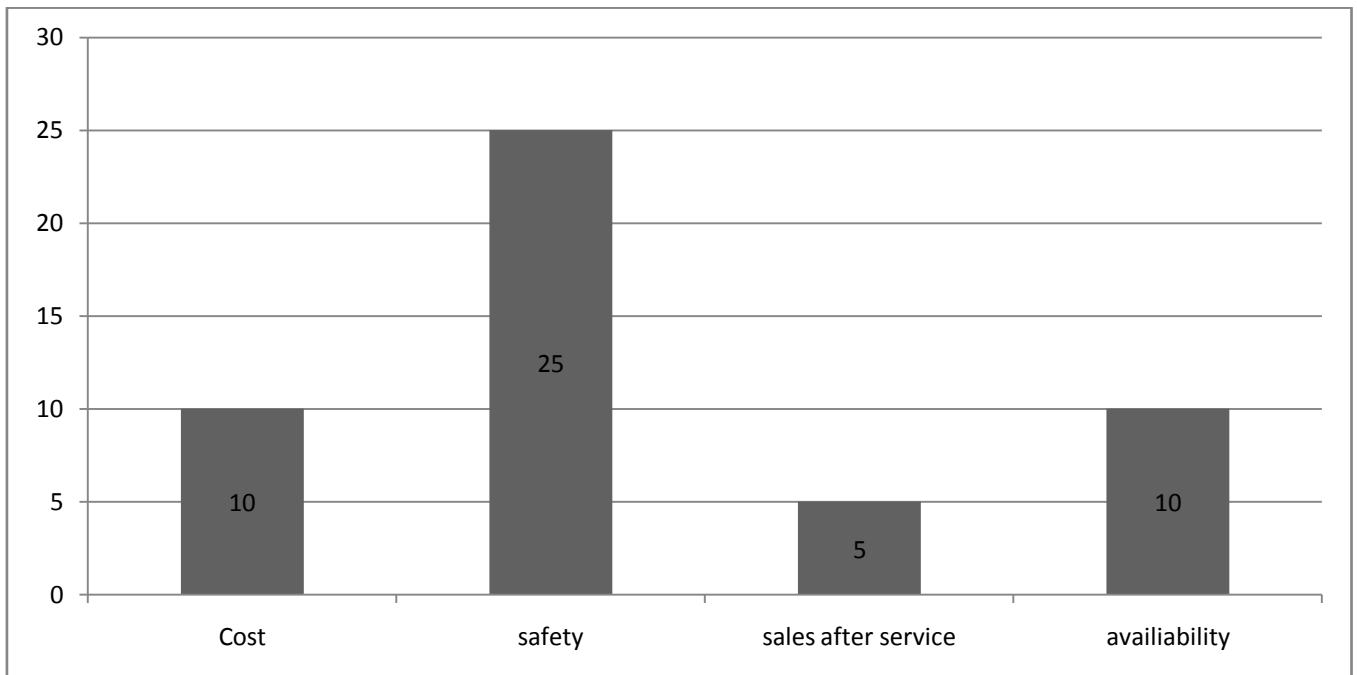
Statement	No of respondents
2 wheelers	30
3 wheelers	10
4 wheelers	10



Interpretation : 30 of them said that they prefer 2 wheelers, 10 of them said they prefer 3 wheelers and rest 10 out of 50 said that they prefer 4 wheelers.

Question 4: what do you see before buying a vehicle?

Statement	No of respondents
Cost	10
Safety	25
Sales after service	5
Availability	10



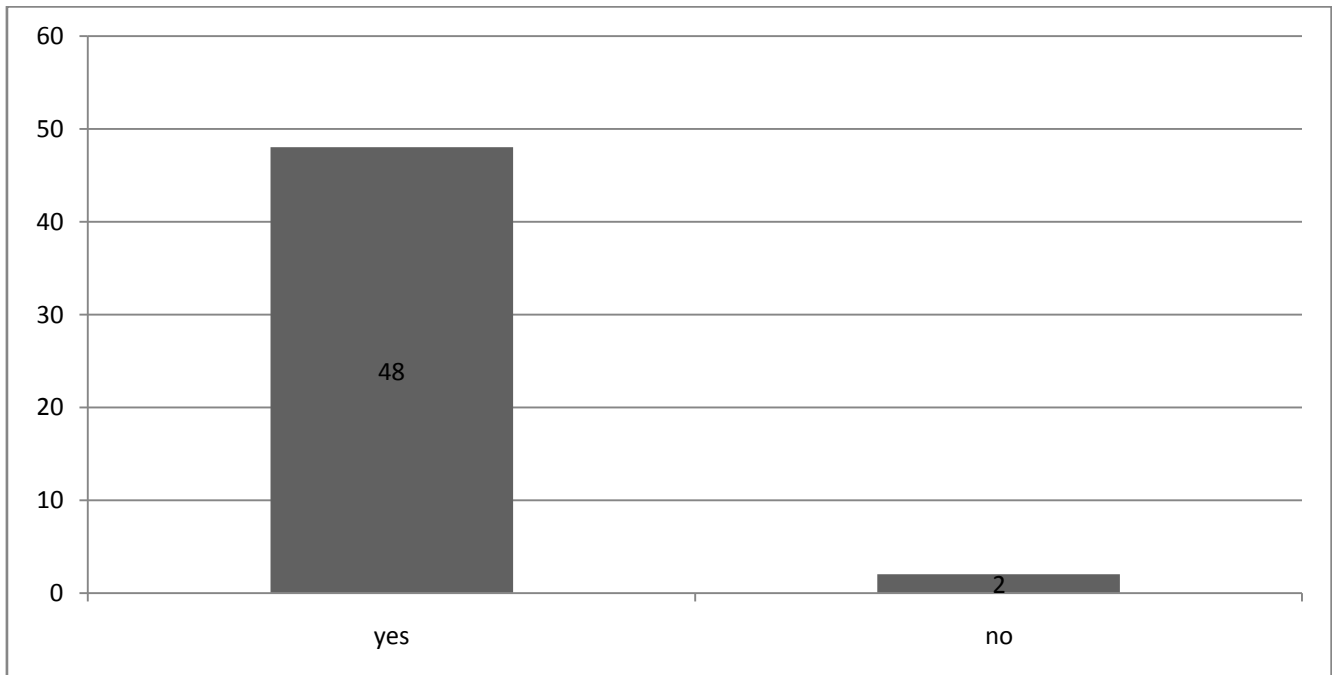
Interpretation: 10 of them prefer cost and availability, 25 on safety and 5 on sales after service.

Question 5: Do you think that the condition of automobile companies can improve further if they introduce new strategies of marketing? If no state reasons.

Statement	No of respondents
Yes	48
No	2

Reason 1: There should be strict laws on airbags safety on small cars.

Reason 2: electric and hydrogen based companies should be motivated and people should start buying that vehicles as they are eco-friendly vehicles.



Interpretation: 48 of them are satisfied about the present condition and 2 of them were not.

### Conclusion:

In conclusion, the findings demonstrate that the businesses are utilizing peripheral cues to maintain Total Relationship Management and communicate with both current and future clients. The businesses operate in a very hostile and competitive worldwide market, and as a result, quality is prioritized in every way. TQM places a strong emphasis on the integration, coordination, and ongoing improvement of all tasks and procedures. A relatively new marketing method and attitude is called total relationship management (TRM). All integrated internal and external actions inside and between the organizations are the main focus and subject of this. The producers blend these two concepts by creating high-quality goods, fostering positive relationships with dealers, and raising service standards. Hence, studying the dealer is naturally important as part of the customer's path of happiness with the good known as the automobile! Their closeness to clients, the services they offer, and the relationships they preserve with them assist automotive businesses in establishing and reinforcing the brand identity they transmit to customers. Eventually, a warning for the auto industry is the key finding of this thorough investigation. There is no denying that the Indian auto industry is expanding by double digits, but the automakers still have a ways to go before they can persuade consumers of the brand personality and suitability of their vehicles.

Because it is not certain that a brand impression or brand image, no matter how positive, will result in a sale, there is no assurance that this will happen. Cars, like clothing and accessories, fit a person's style and persona, and since all cars will eventually become commodities, the key to selling and succeeding in the market will lie with a person who is skilled at using customer perceptions to market and sell cars because, in the end, only that car survives that sells.

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