

Consumer Behaviour and Selling Strategies of Car Dealers During the Pandemic: A Case Study in Dibrugarh District, Assam

Dr. Sunita Dutta

Assistant professor, University of Science and Technology, Meghalaya

ABSTRACT

The Covid-19 pandemic has brought the world to almost a situation of immobility in terms of both humanity and economy. It disrupted economy's trade, per capita income, employment rate, GDP, and livelihoods. All businesses including SMEs business are facing a difficult time with many ceasing to operate. The automobile sector has been one of the most affected sectors by the Covid-19 pandemic and its subsequent lockdowns. Many car dealerships closed, with some on the verge of closure and sales of car came to a halt with low sales volume. Marketing has to play a critical role to adapt to the new normal during and after the pandemic. The Covid-19 pandemic also brought about changes in the way consumer makes their purchase decision. The purchasing power or consumer spending has decreased. They have become more well-aware and well-informed about prioritizing their needs and wants. Marketers and sellers need to strategically plan their marketing mix to be able to influence and meet the changing needs, interests and demand of the consumers. The primary objective of this paper is to identify the impact of the Marketing Mix strategy and its four element- product, price, place and promotion on the consumer's buying decision in automobiles. The study also attempts to highlight the impact of COVID-19 on the automobile sector and how car dealers can facilitate the manufacturers to come out of the crisis or cope with the Covid-19 pandemic. The proposed study is based on both primary as well as secondary data, but considering the type and nature of the study, increase use of primary data becomes imperative. The primary data is collected from 160 automobile users in the Dibrugarh District. The study shows all the marketing mix elements play significant roles to influence car purchase decisions. For car dealers, through marketing innovation by stressing on selling strategies, such as adaptive selling and customer-need-based selling, they will have greater chances to be able to attract and retain the sales of automobile as well as the customers.

Keywords: Covid-19, Consumers, Automobile, Marketing Mix, Selling.

1. INTRODUCTION

The entire world is experiencing and witnessing the desolation and devastation of Covid-19. It started at the end of December 2019 and spread throughout the world affecting many people with high morbidity and mortality rate. It also affected the world economy and businesses with subsequent lockdowns implemented in respective affected countries. The only solution to adapt or come out of such crisis for all businesses and the world in general is to be resilient and agile by bringing in new transformational strategies and innovative thinking.

The automobile industry has revolutionised worldwide in terms of production and management systems. The rise in globalisation, digitalisation, increased competition, advancing technology, environmental issues and the customers' demand have only given rise to more pressing challenges to move ahead in the automobile industry. This industry serves as a backbone to other industries and also serves one of the needs of human being. The Indian Automobile sector is one of the most developing and growing sectors in the Indian economy. The industry has witnessed a tremendous growth in all the automobile sections, right from two wheelers, three wheelers, commercial vehicles and passenger vehicles. The wide market and low labour cost in India work as a strength to capitalize the automobile industry, leading to higher production, increased competition, increased sales and introduction to foreign and luxury automobile brands.

A very powerful effective marketing strategy is the 'marketing mix' strategy. It comprises of a set of elements which are controllable and designed accordingly to meet the needs of the customers as well as to achieve profit maximization. The strategy is aimed at influencing demand for a product, meeting company's objectives and creating or providing value to customers. Marketing mix encompasses the structuring of a marketing programme around the four elements: product, price, place and promotion, keeping in view the internal and external environment that affects the firm, and achieving the objectives of the firm and satisfaction of the consumers.

Understanding the buying behaviour of the target market is the essential task of marketing manager under modern marketing (Kotler, 2009). Consumers' buying decision involves a lot of thought process and analysis that makes them to make the final purchase. This decision making of the consumers is used before, during and after the purchase of a good or service. Consumer buying decisions are mostly driven either by the attributes of the product or by emotional needs or by situational needs. Either way, it gives meaningful insights to the various types of customer purchase behaviour. A marketer needs to take utmost attention and advantage of the product-related attributes that induces the buying decision of the customers in order to provide value and satisfaction for the product to the customer as well as to achieve the marketing objectives. The entire process of consumer buying decision helps the marketer to understand the needs, wants and demands of a consumer and why the purchase has been made.

2. REVIEW OF LITERATURE

Sheetal (2014) says understanding the consumer behaviour is important because of the presence of large number of choices in the car segment. Rise in income, various car model alternatives and easy availability of finance are the factors that will induce sales growth in passenger car segment. Marketers have to come up with innovative promotional strategies especially for the car industry in order to be able to convince the customers into making the purchase.

Bhideatulvasant (2016), There is fierce competition in the Indian car market, for which marketers need to come up with novel ideas and design of the product, promotional schemes and the price point at which the car will be sold, by forecasting the socio-economic and regulatory conditions. The study conducted on passenger cars in Pune says that a consumers' preference while purchasing a passenger car is influenced by Age, Gender, Income levels and educational backgrounds, product features, financial aspects such as price of the car and running costs, Engine features, green technology, Dealer attitude and service approach

Dr. T. Dhanabalan, et al (2018), in their study of "Factors Influencing Consumer's Car Purchasing Decision in Indian Automobile Industry" says Indian automobile industry is full of competition and

increasing pre and post sales expectation of the customers. The study aimed to examine the factors affecting customers' purchase decision of cars of Maruti Suzuki brand in Tamil Nadu, by analysing the relationship between perceived value and 6 factors: brand, price, quality, design, utility and technical considerations. The study concluded that customers' perceived value was positively affected by all the 6 factors, which encourages the purchase decision over the particular car.

Nayak, et al (2020) studied the impact of Covid-19 on six different industries, automobile being one of them. Automobile industry contributing to economic growth and prosperity of the country. The study revealed that Covid-19 continuous lockdown affected the production and consumer demand of automobiles. Fast reaction with reformation of new strategic policies may help the automobile industry to arise as a strong industry after the crisis.

K.M. Kiran Raj, et al (2021), analysed the sales and production of commercial and passenger vehicles from OICA data pertaining from 2005-2019. Their objective was to analyse the data and discuss different measures to overcome the recession caused by the pandemic. The study concluded that sales of used car is expected to grow post pandemic as compared to new cars. They also suggested automobile manufacturers to concentrate on the regions that have less decrease in GDP growth. Image processing with deep learning can help automobiles to become smart and autonomous vehicles.

3. OBJECTIVES OF THE STUDY

1. To investigate and study the impact of marketing mix elements- product, price, place and promotion on consumer buying decisions of automobiles in Dibrugarh.
2. To highlight the impact of Covid-19 on automobile industry and car dealership.
3. To discuss selling strategies to overcome the low sales growth of cars and to cope with the pandemic.

4. RESEARCH METHODOLOGY

This study is based on both primary and secondary data. For the primary data collection, the study was conducted on automobile users in the District of Dibrugarh, that constitutes the universe or population from where sampling units were collected. The data were collected from the sample respondents using a well-structured questionnaire, administered to 160 respondents selected on non-probability purposive sampling basis. The duly filled up questionnaires were then collected, processed and analysed as per the requirement of the study. Descriptive method of statistical analysis such as percentage and weighted average score were used to analyse the data and interpret the result for drawing meaningful conclusion. Secondary data were collected from annual report of Indian Automobile Industry, vahan dashboard, thesis, journals, and websites relevant to the study.

5. ANALYSIS AND DISCUSSION

The primary data so collected on consumer buying decision on automobile, based on the influence of the marketing mix elements viz., Product, Price, Place and Promotion, has been tabulated, analysed and interpreted for drawing meaningful inferences.

5.1. Product and Buying Decisions

Product refers to an item that is created to satisfy the needs, wants and demands of the customer. It can be tangible item (good) or an intangible item (service/idea/concepts/information). Some important factors

to be considered under product is the branding, the features, the product mix, the practicality, the packaging and labelling.

The analysis of the data in Table I initiates with the product factors of Marketing Mix that are responsible for the respondents’ decision on buying a car.

Table I: Product Factors on Buying Decisions

S. No	Product Factors	Strongly Disagree (*1)	Disagree (*2)	Neutral (*3)	Agree (*4)	Strongly Agree (*5)	Weighted Score
1	Looks and Design are important	2	0	28	80	50	4.1
2	Colour is an important criterion	0	6	58	62	34	3.77
3	Several brands are available to choose	0	12	24	88	36	3.92
4	Safety is an important criterion	0	0	0	32	128	4.8
5	Advancing Technology is important	0	6	10	88	56	4.21
6	Resale Value is important	0	2	38	76	44	4.01

Source: Field Survey

*Figures in Parentheses indicate weights

Interpretation: Among the product factors, it can be interpreted from the scores that, while purchasing a car, there is a strong agreement to the safety features of a car, revealing by 80% of the responses followed by 55% agreeing to the importance of advancing technology. Thereafter, the importance of looks and design, resale value of a car, brand options and colour of a car takes over as the important criterions for making a purchase decision.

5.2. Price and Buying Decisions

Price refers to the amount paid for the product offered for sale to the customer. The important considerations under it are the approach to pricing, pricing strategies, purchasing power of the customer and so on.

The analysis of the data in Table II initiates with the price factors of Marketing Mix that are responsible for the respondents’ decision on buying a car.

Table II: Price Factors on Buying Decisions

S.No	Price Factors	Strongly Disagree (*1)	Disagree (*2)	Neutral (*3)	Agree (*4)	Strongly Agree (*5)	Weighted Score
1	Price of automobile is high	0	4	42	82	32	3.88
2	Features and Specifications of the	0	4	32	92	32	3.95

	car is related with price						
3	There is price similarity between different brands	8	16	44	72	20	3.5
4	There is price difference between different brands	0	0	40	78	42	4.01
5	There is value for money	0	12	36	88	24	3.77

Source: Field Survey

*Figures in Parentheses indicate weights

Interpretation: The score calculations for the price factors depict that, while purchasing a car, 51% customers agree that prices of automobiles are high though 58% also agree that price is related with the features of the car. Customers (45%) also agree that there is price similarity and 49% of customers agree on price difference between different brands. The customers seem to have purchase satisfaction as 55% agree that there is value for money spend on car.

5.3. Place and Buying Decisions

Place refers to the process of distributing the product to the customers. The important decisions under placement are the target market, target customers, channels of distribution, convenience, timely service, inventory and so on.

The analysis of the data in Table III initiates with the place factors of Marketing Mix that are responsible for the respondents' decision on buying a car.

Table III: Place Factors on Buying Decisions

S.No	Place Factors	Strongly Disagree (*1)	Disagree (*2)	Neutral (*3)	Agree (*4)	Strongly Agree (*5)	Weighted Score
1	Showrooms are conveniently located	6	10	44	92	8	3.53
2	Several models/variants are available in the store	6	22	44	78	10	3.36
3	The cars are readily available in stock to buy	8	44	68	38	2	2.88
4	There is availability of spare-parts	0	36	66	56	2	3.15
5	Ordered cars are delivered on time	2	22	78	56	2	3.21

Source: Field Survey

*Figures in Parentheses indicate weights

Interpretation: From the score calculations, it can be interpreted that, while purchasing a car, 58% of the customers are satisfied with the showroom location and 49% agree that they have options in terms of car models and variants for making purchase decision. The availability of cars in stock and delivery of

ordered cars on time seem to be on a compromising situation, as revealed by 43% and 49% neutral responses respectively. Also, 41% has a neutral response to the availability of spare-parts.

5.4. Promotion and Buying Decisions

Promotion refers to communicating with the customers and providing information. The important factors for consideration are the promotion mix- advertising, personal selling, publicity and sales promotion, choice of media, message strategy, etc.

The analysis of the data in Table IV initiates with the promotion factors of Marketing Mix that are responsible for the respondents’ decision on buying a car.

Table IV: Promotion Factors on Buying Decisions

S.No	Promotion Factors	Strongly Disagree (*1)	Disagree (*2)	Neutral (*3)	Agree (*4)	Strongly Agree (*5)	Weighted Score
1	Details and Information are easily available	0	4	32	88	36	3.97
2	Test Drives are offered	8	20	26	76	30	3.62
3	Free Accessories are offered	14	48	60	24	14	2.85
4	Easy-free interest EMI available	14	14	88	34	10	3.07
5	After-sale Maintenance and Servicing offered	4	26	42	70	18	3.45

Source: Field Survey

*Figures in Parentheses indicate weights

Interpretation: From the score calculations, it can be interpreted that, 55% customers agree that information is easy to find and 48% agree that test drives are offered before purchase. However, they (38%) neither disagree nor agree on the offer of free accessories during purchase and 55% on the availability of easy EMI. The customers (44%) agree that after sales maintenance and services are provided.

6. IMPACT OF COVID-19 ON AUTOMOBILE SECTOR

The automobile sector is one of the core areas that contribute to the economy of India. According to the Indian Automobile Industry Report (February 2021), the automobile industry in India is world’s fifth largest, with the country currently being the world's fifth largest manufacturer of cars and seventh largest manufacturer of commercial vehicles in 2019. The demand and use of automobile in Dibrugarh have expanded in recent years. We see rise in both commercial as well as passenger vehicles.

However, with the advent of the COVID-19 pandemic, there has been slow growth in the sales of automobiles worldwide. According to Society of Indian Automobile Manufactures (SIAM), in the financial year 2020-21, sales of all segments of automobiles witnessed a de-growth compared to the previous years. For passenger vehicles, there was (-) 2.24%, (-) 13.19% for Two-Wheelers and (-) 20.77% for Commercial Vehicles. Auto dealers faced major problems. Showrooms had to close down because of the lockdown. They were not able to deliver or transport the cars on time. Manufacturers had

to hold off production as most of the factory units have a high reliance on migrant labourers. “It is estimated that during the prolonged lockdown, the auto industry suffered losses of more than Rs 2,300 crore in turnover for every single day of closure” (businesstoday.in, 2020).

According to the information given in the Vahan Dashboard, the total number of vehicle registrations in Assam for the year 2020 was 16,200 as compared to 29,192 in 2019. This shows a decrease in the sales growth by (-) 44.51 %. In Dimapur alone, there was a decrease of car sales in 2020 by (-) 19.20 %. All car dealership has to shut down whenever lockdown was implemented. Orders placed before lockdown faced some constraints in time delivery because of the logistics and supply chain being affected all over India.

Moreover, the pandemic has brought about changes in consumers’ needs and preferences. Physiological and safety needs, social distancing and hygiene became the most important priorities and needs. Even when they have the purchasing power, customers become reluctant to make the final purchase, especially for speciality goods such as a car. Consumer spending is decreasing due to reasons such as restrictions of movement, fear of contracting the virus, and rising unemployment which prompts the consumers to focus on their savings. The pandemic has in a way decided the consumers’ needs of what is essential and non-essential. This led to a changing consumers perception towards purchase of cars.

7. SELLING STRATEGIES

Selling is one of the most important activity in marketing. The sales personnel play a crucial role in making a sale. They are specifically placed to carry out all selling activities with the objective to secure maximum sales. The salespeople have the first-hand direct communication with the customers. Right from prospecting to closing the sale, the sales people are in constant touch with the customers directly or indirectly through market research. In times like the Covid-19 pandemic, in order to boost sales, every detailed attention goes a long way in training the sales people to adopt and implement the right selling strategy. For car dealership, to overcome the low sales growth and to cope with the pandemic during and after, re-strategizing the selling style becomes inevitable. Two selling strategies are focused in this study for car dealers and their sales representatives. Both strategies are customer-centric approach and are aimed at increasing sales, trust and long-term customer satisfaction.

Needs-based selling strategy: This strategy calls for research and understanding the customers and prospects’ needs, wants, goals and problems. Then, sales pitch is tailored and prepared in a way that meets the customer’s requirements. This strategy focuses on creating value and trust with the prospects or customers and exploring their needs before offering a solution. It is an agile approach that helps salesperson to adapt to any challenges and changes in the buying decision process. For car dealerships, this strategy would be most suitable in situations like Covid-19 pandemic. Customer’s preferences and problems could be easily identified through direct communication like a phone call or mail or even a survey research. Asking questions and collecting information related to the problems and requirements for making a car purchase decision can help the sellers to solve the problems and create a somewhat customized solution for the customers.

Adaptive selling strategy: In this strategy, the seller is required to change or tailor the selling approach to match with the customer behaviour or communication as well as the situation. Every customer may have different reasons for making a purchase decision. It is important for the seller to assess such reasons quickly and accurately before helping the customers to close the sale. The adaptive selling strategy provides a consultative approach to sales and customer service. Well-trained salesperson can use their

judgement and expertise to respond quickly to buyers and their needs. Adaptive selling approach is helpful in situations like Covid-19 pandemic where the customers are not sure about their purchase decision. By interacting with the customers and assessing their needs and state of mind, the salespeople can use their influence that best suits the current sales situation and the customer's state of mind and convince them to close the sale.

8. LIMITATIONS AND FUTURE SCOPE OF THE STUDY

The study for impact of marketing mix elements on consumer buying decisions of automobiles has been undertaken only in the Dibrugarh district. The remaining 34 Districts of Assam, are, therefore kept outside the purview of the study. There are many selling strategies, however, only two strategies namely, needs-based selling and adaptive selling strategies, have been the focus of the study in overcoming low sales growth of automobiles for car dealerships.

The study focuses on marketing mix factors on consumers' buying decisions of automobiles. Similar studies on the influence of other factors, other than marketing mix factors, on buying decisions, can be carried out for better understanding of the phenomenon. Other selling strategies which are not considered under this study can be studied to understand and suggest better strategies for better sales performance of any other SME businesses other than car dealerships.

9. CONCLUSION

Consumers' needs, interest and demand is ever changing. In times of pandemic like Covid-19, the behaviour of consumers become inevitable to understand and to satisfy them. Even more so for the salespeople who communicates directly with the customers, the right selling technique or strategy that understands consumer behaviour is essential to achieve sales target and profit.

The current study analysed the consumer behaviour, particular the buying decision of automobiles, affected by the elements associated with the marketing mix strategy. It is evident from the data analysis and interpretation that the elements of marketing mix and the various sub factors under each element do have an impact on the way customer perceives a product. It can be observed from the study that the customers in Dibrugarh are well acquainted with the knowledge related to automobiles and its features and specifications. Also, the customers do take into consideration not just the product, but the pricing, promotion and placement of the product. The study furthermore discussed two selling strategies for car dealerships to overcome the low sales growth. With the change in consumer behaviour brought about by the Covid-19 pandemic, car dealers should have well trained salesperson to understand the needs and problems of the customer during such crisis and adapt to such customers' needs, problems and state of mind. Needs-based selling and adaptive selling strategies are both effective approaches to a fast-changing consumer behaviour that ultimately drive more sales. A combination of both needs-based selling and adaptive selling may help car dealers focus on creating a positive experience for the customers, making them satisfied and thereby, increasing the sales of automobiles.

REFERENCES

1. Automobile Industry in India. (2021, May). *Indian Automobile Industry Report*. Retrieved June 30, 2020, from India Brand Equity Foundation: <https://www.ibef.org/industry/india-automobiles.aspx>
2. Business Today. (2021, July 14). *Covid-19 hit Auto sector make the change to 2021 with cautious optimism*. Retrieved from <https://www.businesstoday.in/sectors/auto/covid-19-hit-auto-sector-make->

- the-change-to-2021-with-cautious-optimism/story/425477.html
3. Dhanabalan, T., Subha, K., Shanthi, R., & Sathish, A. (2018, October). Factors Influencing Consumers' Car Purchasing Decision in Indian Automobile Industry. *International Journal of Mechanical Engineering and Technology (IJMET)*, 9(10), 53-61
 4. Decker, F. (2017, September 26). *What is Needs-Based Selling?*. Retrieved from <https://bizfluent.com/info-10042170-needsbased-selling.html>
 5. Garg, S., & Tandon, A. (2020, October 9). *Managing car dealerships in the post-COVID world*. Retrieved from <https://www.praxisga.com/insights/automotive/managing-car-dealerships-in-the-post-covid-world>
 6. Gordon, J. (2020, December 18). *Adaptive Selling- Definition*. Retrieved from <https://thebusinessprofessor.com/sales/adaptive-selling-definition>
 7. Hitchens, P. (2020, June 29). *Marketing to play a critical role for automakers in post-COVID recovery*. Retrieved from <https://www.automotiveworld.com/articles/marketing-to-play-critical-role-for-automakers-in-post-covid-recovery/>
 8. Kiran Raj, K.M., & K. G., Nandha Kumar. (2021). Impact of Covid-19 Pandemic in the Industry: A Case Study. *International Journal of Case Studies in Business, IT, and Education (IJCSBE)*, 5(1), 36-49. DOI: <http://doi.org/10.5281/zenodo.4505772>.
 9. Nayak, J., Mishra, M., Naik, B., Swapnarekha, H., Cengiz, C., Shanmuganathan, V. (2021, February). An impact study of COVID-19 on six different industries: Automobile, energy and power, agriculture, education, travel and tourism and consumer electronics. *Expert Systems*. 2021; 1-32. Retrieved from <https://doi.org/10.1111/exsy.12677>
 10. Performance, R. S. (2021, March 1). *Defining Needs Based Selling*. Retrieved from <https://www.richardson.com/blog/needs-based-selling/>
 11. Sheetal. (2014). *A Study of Consumer Behavior Towards Premium Passenger Car Segment in U.P. in Post-Liberalization Era (A Case Study of Kaval Towns)*. [Doctoral Thesis, University of Lucknow, Lucknow]
 12. Society of Indian Automobile Manufacturers. (2021. April 12). *Production, Domestic Sales and Exports data for the FY 21 (April 2020 to March 2021)*, [Press Release]. Retrieved from <https://www.siam.in/pressreleasedetails.aspx?mpgid=48&pgidtrail=50&pid=481>
 13. Vahan Dashboard. (2021). Ministry of Road, Transport & Highways, Government of India. Retrieved June 30, 2021, from <https://vahan.parivahan.gov.in/vahan4dashboard/>
 14. Vasant, B.A. (2016). *An Empirical Study of Consumers Perception While Buying a Passenger Car in Pune*. [Doctoral Thesis, S P Mandali's, Naralkar Institute of Career Development and Research, Pune]