

**Project Dissertation Report on  
Study on Consumer behaviour towards  
buying cars in India**

**Submitted By**

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**2K21/DMBA/94**

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## CERTIFICATE

This is to certify that Mr. Pulkit Ahuja, have completed the project titled “Study on Consumer behaviour of people towards cars in India” under the guidance of Dr. Sonal Thukral as a part of Master of Business Administration (MBA) curriculum of Delhi School of Management, New Delhi.

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## **DECLARATION**

I, Pulkit Ahuja student of Delhi School of Management, Delhi Technological University hereby declare that the Project Report on Study on Consumer behaviour of people towards cars in India” under the guidance of Dr. Sonal Thukral submitted in partial fulfilment of the requirements for the award of the degree of Master of Business Administration (MBA) is the original work conducted by me. I also confirm that neither I nor any other person has submitted this project report to any other institution or university for any other degree or diploma. Additionally, I certify that information collected from multiple sources has been properly acknowledged in this project.

**Pulkit Ahuja**

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## **ACKNOWLEDGEMENT**

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Sincerely,

Pulkit Ahuja

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## **EXECUTIVE SUMMARY**

It is true fact that if you are pleased, you will promote it to others. Word of mouth and customer happiness are critical factors in shaping market perception of a car. Because market perception impacts a company's performance, it is critical for vehicle manufacturers to gauge the "willingness of existing consumers of a product to promote it to others." Customers are also interested in this since it helps them make a purchasing decision.

Considering the exponential growth in the number of cars purchased, this research seeks to investigate and comprehend the patterns of customer behaviour while purchasing a car. The sample for this project consisted of 86 respondents out of which 58% were Males and 42% were females from differing background and occupations. The questionnaire administered for the study was developed by me and the data was collected online using Google forms. Percentage Analysis was carried out to interpret the data. Obtained results showed that buying a car was considered to be a necessity and more than 72% of the respondents consider test driving a car very important aspect. This was followed by Price, Brand Reputation and car Performance. Overall Maruti Suzuki, Hyundai & Toyota were the most liked car brands due to their affordable price range, features & comfort.

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# 1.

## INTRODUCTION

### 1.1 Background of Study

Up until the late 1980s, the Indian automobile industry was bound by rules that gave vehicle manufacturers significant protections. However, since the Indian government adopted a strategy of economic liberalisation and gave foreign direct investment more autonomy in the early 1990s, change has been apparent. By setting up a production hub in the Indian economy, several global giants in the auto industry benefited from it. The personal tastes and purchasing habits that car buyers acquired were entirely new to the automotive business.

The Indian automobile industry is currently experiencing an unprecedented boom in demand for all types of vehicles. This boom has been triggered primarily by two factors:

1. An estimated four million middle class Indian households have seen an improvement in their level of life and discretionary income.
2. The Indian government's liberalisation policies, including as removing limits on foreign currency and equities, cutting import tariffs, and liberalising the banking system, have increased financing-driven purchases.

According to industry estimates, the number of passenger vehicles sold in the next five years will double to over one million. Higher-end models, which now account for a relatively small fraction of the market, will see more demand as the industry develops and consumer buying power rises. As a result of these changes, major multinational automobile manufacturers from Japan, the United States, and Europe have opted to enter the Indian market, mostly through joint ventures with Indian firms. India is quickly emerging as a major worldwide centre for the automobile industry, both for cars and componentry. India is quickly integrating into the global economy and welcoming to foreign automakers, who are increasingly investing there.

In India, the domestic passenger automobile market (which includes utility vehicles) totalled 1500000 units in the financial year 2022, with a CAGR of 10% for the previous four years, while exports were 530,000 million units, with a reported CAGR of 68% over the previous four years.

Multinational OEMs and automotive suppliers are taking use of India's inherent technological and cost-competitive advantage for both production and research facilities. The passenger car industry is expected to grow at a CAGR of 12.3% during the next several years. The mid-size and luxury automotive categories are expected to grow faster than the overall market.

The automobile sector drives the development of new products and manufacturing techniques, and as a result, it contributes 17% of the total indirect taxes collected by the exchequer. It is because of:



- High Machine tool capabilities
- Extremely capable component Industry
- Most of the raw materials locally produced
- Low-cost manufacturing base
- Highly skilled Manpower
- Special capability in supplying large volumes

In India, used automobile sales up until 2019 were approximately equal to new car sales. But because of the aforementioned variables, consumer purchasing patterns unexpectedly favoured the market for used cars. The pandemic epidemic and stringent government mobility regulations increased demand for autos. The expansion of start-ups in the sector created new revenue streams, and appealing service packages, car rental programmes, and charging stations for electric cars also helped India become a global leader in the use of electric vehicles. Another factor preventing the release of new automobile models and fueling demand for used cars is a global semiconductor scarcity.

In 2022, "New Normal" customer behaviour is shown in the unpredictability of demand for the Indian automotive sector, particularly for automobiles. Manufacturers find it difficult to forecast precisely what buyers will think about their automobiles.

The epidemic changes all of our assumptions about how to live. Some developments have been unexpected and rapid, altering customers' perceptions of what they should buy. Examples include social distance, masks, limitations on shopping, transportation, and travel. These behavioural changes and purchasing patterns are closely related to one another. Consumers nowadays are attempting to calm down with each new epidemic wave. The Indian automotive industry, notably the vehicle market, would undoubtedly benefit from this "New Normal Consumer Behaviour" in the future years.

## **1.2 Problem statement**

Car manufacturers are engaged in a strong rivalry as a result of the advent of globalisation and deregulation and are focusing their efforts on winning the Indian markets. Driving, which was formerly considered a luxury, is now an essential component of daily life. Consumers no longer consider yesterday's luxuries to be today's essentials. It is critical for successful marketing to investigate potential consumers' views and discover the aspects that lead to such perceptions.

## **1.3 Objectives of the Study**

- To identify the various sources of information used by consumers and their significance in making a purchasing decision.
- To ascertain demographic characteristics of the purchasers of various automobile models.
- Examine the customer perception about the cars.

To investigate the psychographic characteristics of consumers of various car brands.

## **1.4 Scope of the Study**

The aim of this study is to research the automotive market and consumer purchasing patterns. In this study, the demographic, psychographic, and purchasing characteristics of the clients who purchase cars are investigated. It comprises a thorough analysis of consumer data focused on the many factors that identify and comprehend the customer's impression while choosing the automobile manufacturers.

The number of passenger automobiles on the world's highways has seen a tremendous increase in recent decades. Automobile sectors are one of the most significant contributions to GDP in many industrialised nations, according to Prieto and Caemmerer (2013). According to Sousanis (2011), the number of motor vehicles worldwide surpassed the billion milestone in 2010. It's noteworthy to notice that in 1986, there were just half as many motor cars overall. By 2050, it's anticipated that the growth trend will continue and there would be roughly 2.5 billion automobiles worldwide (Leahy, 2011). The International Organization of Motor Vehicle (IOCA) estimates 1 Corresponding author 15 that there are 170 motor vehicles for every 1000 people in the world today (IOCA, 2012a).

With 240 million automobiles, the United States has the greatest fleet. With over 78 million vehicles, China comes in second to the United States. With 21 million vehicles, India is another significant market on the list. Voelcker (2012) claims that America also has the greatest rate of autos per capita (769 vehicles per 1000 individuals). On the production side of the equation, the total number of passenger and commercial cars produced globally in 2012 was 84.2 million units. Unsurprisingly, China, where 19.2 million brand-new automobiles were produced, tops the list of major automakers. Japan comes in second with 9.9 million output, followed by Germany with 5.6 million (IOCA, 2012c). Further, the global auto industry employs around 50 million people in various capacities which is indicative of the sector's importance to the global economy.

Asia is experiencing a significant rise in motorization, according to IOCA (2012a). In addition to South Asia, Far East Asia, the Middle East, and Central Asia, Australia is also included in the IOCA statistics. There were 268 million passenger automobile users in this region as of 2012, which is an increase of 58% from 2005. According to the organisation, there are 87 million automobile users in China, 59 million in Japan, 16 million in India, 14 million in South Korea, 13 million in Australia, and around 10 million each in

Malaysia, Iran, and Indonesia. Asia is home to four of the ten major vehicle makers in the world, including China, Japan, South Korea, and India. Turkey, Iran, Malaysia, and Thailand are all included in the list of the top 40 automakers.

Studies of customers' purchasing intentions have been published in the Asian area, like the rest of the globe, with a variety of outcomes. For instance, Darsono and Susana (2014) indicate in an Indonesian research that the three predictor factors (Attitude, Subjective Norms, and PBC) of the Theory of Planned Behavior (Ajzen, 1991) have an influence on Purchase Intentions, albeit to various degrees. In the same study, cultural factors were found to be important predictors of purchase intentions. Similar outcomes from China have been mentioned. According to Qu, Liu, Zhu, and Liu (2014), TPB predictors have been discovered to impact intentions in the specific setting of vehicles with tiny engines. Assistance from the government, however, is also found to have a substantial moderating function. According to an Iranian study, the primary element affecting brand perception and intentions to buy cars is electronic word of mouth (Jalilvand & Samiei, 2012). According to Ou's (2007) examination of Taiwan, China, and India as three different countries, decisions to buy can be influenced by a variety of factors, including cultural traits, the COO effect, demography, and pre-purchase recommendations. . A further research (El-Omari, 1991) discovered that influences from personal sources and comparisons to other people's automobiles were crucial factors in Indian consumers' purchasing decisions. Although the results varied across luxury and non-luxury categories of vehicles, Seidenfuss, Kathawala, and Dinnie (2010) claim that country of components and country of assembly had an impact on Asian Pacific area car buyers' perceptions of quality and image. Similarly, Hashim (2012) discovered that the PI of Malaysian car customers was connected to both internal and extrinsic product signals. An ethno-consumerist paradigm was recently created by an Indian exploratory research to evaluate the impact of ethnocentrism on purchasing intentions (Venkatesh, Khanwalkar, Lawrence & Chen, 2013).

Several studies have been done recently to analyse and investigate the buying habits and intents of buyers of automobiles in both developed and developing nations. In this section, the results of these research are briefly summarised. In India, Nayeem and Casidy (2013) found a correlation between consumers' purchase intents and the time it takes to make a final choice, positive family feedback, and time spent at a vehicle dealership. 16 According to Jiménez and Martn (2014), consumers from Mexico, a developing nation, are more influenced by brand reputation and the Country of Origin effect than customers from other developing nations (Spain). According to Hamín, Baumann, and Tung (2014), the consequences of ethnocentrism can be lessened by offering comparable pricing, extra features, and extended warranties. Fetscherin, Boulanger, Filho, and Souki (2014) discovered that brand love and loyalty are significant influencers on Indian customers' intents to acquire automobiles.

According to Narteh, Odoom, Braimah, and Buame's (2012) research, a vehicle buyer's decision in Arica is significantly influenced by brand knowledge, a car's specifications, an emotional connection, accessibility, and outside factors. According to Fetscherin and Toncar (2010), while buying a car, American buyers take into account the country of manufacture, the country of origin, and the perceived brand personality. An analysis of the hybrid car market in India and South Korea found that consumers' propensity to seek information and self-image congruence are strongly related to their decision to buy a hybrid vehicle. However, only South Korean consumers have a negative relationship between perceived social value and auto purchase intentions. Prieto and Caemmerer (2013)'s study indicates that car buying behavior among Indian residents is influenced by individual, household, and economic characteristics.

Consumers' Intentions to Buy a Vehicle Kotler and Armstrong (2012) assert that the needs and desires of customers are at the centre of modern marketing theory. So, understanding customer purchase intentions is crucial for academics. Buy intention measures a consumer's likelihood of making a purchase of an item or service (Schiffman & Wisenblit, 2014). Greater levels of PI towards a product indicate more consumer interest in purchasing it

(Schiffman & Wisenblit, 2014; Dodds, et al., 1991). Throughout the years, several studies on purchase intention and its numerous antecedents have been carried out, but according to Hong-Youl Ha et al. (2014) and Ajzen (2014), more antecedents of PI might still be identified and/or experimentally tested. Additionally, how these interact and influence each another is also an area of interest for many researchers of consumer behavior. Past studies on people's intentions to buy cars have yielded contradictory or inconsistent results. This could be due in part to the product's complexity as well as the wide variations in how consumers perceive and approach buying cars in various parts of the world.

Researchers like Prieto and Caemmerer (2013) and Darsono and Susana (2014), however, have emphasised the necessity for more study and understanding customers' purchasing intents towards this high-involvement consumer goods in light of the field's inconsistent findings. We uncovered several factors/drivers of automotive purchase intentions and purchase behaviour from our research of the literature, which differ from market to market. . They include things like the intrinsic and extrinsic qualities of the product, value-added features (including the availability of replacement parts, warranties, and technical assistance), the price, word-of-mouth marketing, social media influence, and dealer relationships, among others. Yet, three factors—Product, Pricing, and After Sales Services—stand out as the most significant predictors of intentions to acquire an automobile. In order to include these factors within a single suggested study framework, we are consequently motivated to do so.

Consumer perceived value is a measure of how many prospective customers a business has and is the result of what customers spend and what they receive in return (Sweeney and Soutar, 2001). Consumer perceived value encompasses a variety of factors, including operational, conditional, psychological, social, and cognitive factors (Sheth, Newman, and Gross, 1991). Psychological value drives interest in a certain product, whereas operational value generates a buy intention (Woodruff, 1997). Customer perceived value, then, assesses what the client pays and what he receives in return (Bolton and lemon 1999). It is a crucial element in the advantages that

consumers obtain, and as a result, it mimics their contentment with the product. Further, the amount of customers' satisfaction will increase only when they are reaping more benefits from products. It therefore has a dynamic impact on the purchasing decisions of other people (Yang and Jolly 2009). So, manufacturers should focus on ways to add value to their products so that buyers would view the items as having greater worth. As a result, customers will spread good word of mouth advertising to potential clients.

Aaker (1991) defined brand image as a collection of brand connections that are retained in the mind of the customer. According to Keller (1993), a brand's image is the culmination of all of the consumer's brand connections that have shaped their impressions of the company. Moreover, Keller divided the linkages of brand image into the dimensions of quality and affect. With their focus on sensory and cognitive stimulation, experiential businesses promote frequent consumption.

If intake is not restrained, this increased degree of usage might result in satiation and erode the experience image. Since that functional brands continue to meet demands, customer pleasure is less important for these businesses. For brands with symbolic ideas, satisfaction is also less probable, as long as the brand is associated with a particular group or self-image. For these brands, consumption does not result in satiation by itself (Park, Jaworski, and MacInnis, 1986). The brand's connection to other performance-related items should serve as the foundation for image-bundling strategies that reinforce the image of brands with a functional notion. The image for brands with symbolic notions is extrapolated to referent-based goods. For items having symbolic notions, the image bundling method aids in shaping consumers' perceptions of value.

One of the key elements that determines a company's success is price. The volume of sales may be significantly increased with the right price plan, but the amount of sales can be significantly decreased with the wrong pricing strategy, which will result in troubles for the firm (Wasserman, 2010). Pricing therefore plays a significant part in the marketing mix, and the corporation should focus more on its price strategy.

The production, distribution, and sales promotion techniques of a corporation are all impacted by its price strategy. In order to compare its selling prices with both internal and external price references, a corporation should utilise the price reference, in their opinion (Hsu and Pham, 2015). While from the perspective of the customer, pricing is the primary factor in the choice to buy. Setting a fair price for products and services is both a necessary and challenging undertaking. So, businesses should focus more on it (Wasserman, 2010).

Pricing is one of the four pillars of marketing mix and the sole element that generates revenue, paving the path for the success of the product (Al-Salamin and Al-Hassan, 2016). Hence, not all single goods will be appropriate for a single price plan. Because of this, businesses need develop unique pricing strategies for each product while taking into account elements like consumers, competitors, quality, and expenses (Wasserman, 2010). As pricing is a function of ability to sell, it enables businesses to increase revenue and pay for production and possible development expenditures. Manufacturers should thus be aware of what consumers think of their products and how much they are ready to pay for them. Price thus plays a crucial part in determining perceived value in the eyes of the clients.

Product quality is viewed as a crucial component of product success in the current marketing world, as well as a key competitor in the marketing field (Garvin, 1984). A high-quality product helps marketers and producers please their current and potential consumers, which increases sales volume (Smith and Wright, 2004). Customers may assess a product's quality by adding up all of its advantages and basing their decision on its high-quality offers (Zeithaml, 1988). Generally speaking, high-quality goods will be able to satisfy customers' requirements and desires in exchange for their money. . A good quality of the product build with the attributes of operational and behavioral usefulness attached with the product (Steenkamp, 1990).

Product quality was defined by Smith and Wright (2004) as the degree to which a brand's products live up to consumer expectations. They said that raising the quality of the product should raise consumer satisfaction and boost



sales. Customer opinions about the cumulative product utility and a subjective assessment of quality offers can be used to gauge product quality (Dodds et al., 1991).

Consider product quality to be those features of a product that, in exchange for financial benefits, meet customers' demands and requirements. He continued by saying that if a customer is happy with the goods, the quality is considered to be adequate. According to Hilgenkamp and Shanteau, consumers also connect product quality with brand name and price (2010).

This is because consumers' perceptions of the product brand's quality are formed, and as a result, it becomes the main factor in their decision to purchase a certain product from the same brand (Vranesevic & Stancec, 2003). Product characteristics and traits, together with the product's ability to satisfy consumer needs, all contribute to its quality, which in turn influences how customers perceive its worth.

Products are items that are easily accessible on the market and that may be used, felt, and purchased to meet customer needs and desires. Generic products include physical things, services, experiences, events, people, locations, possessions, businesses, organisations, information, and ideas as well as sets of tangible product features (Howdhury et al., 2014).

The development of design has been a metamorphosis between industry and art as a result of the marketing revolution. Designers put a lot of effort into pursuing the capacity to adjust between the two in order to explore fresh ideas and influence human lives towards design trends. According to Parameshwaran et al. (2015), design is one of the primary characteristics of products that buyers seek, which would persuade product appearance, features, and problem-solving.

Lee (2014) identified planned product design as a creative tactic to assist an organisation in gaining market competitive advantages. In this instance, the key to market success was in the product design, which was able to not only draw customers' attention but also effectively convey the benefits of the product to them. According to Go et al. (2015), product design incorporates human-factors engineering. According to Napoli et al. (2014), the distinct

roles of design are to give appearance aesthetics, human-factors engineering, and product attributes. According to Homburg et al. (2015), product design was crucial in communicating the usage and operation of products to customers since it involved the coordinated arrangement and matching of product configuration and features to improve their functional and financial appeal. Accordingly, the idea of human-factors design is introduced to product design to emphasize the interaction between people and products and is a critical factor in consumers' operation and use.

Sharp (2012) observed that the importance of product usefulness in business increased as the market's connection between supply and demand matured. This connection is dynamic since the strength of each party fluctuates as the corporate environment evolves. The quickly evolving business environment not only encouraged businesses to generate revenue, but also educated customers to get greater value from their purchases.

Consumers' rationality and intelligence has risen. Customers are more concerned with product utility rather than product quality. Companies must analyse the usability of their products from the perspective of their customers due to the rising power of consumers in today's market. Sharp defined product utility as the advantages, experiences, and satisfaction derived by the customer from the purchase. In order to boost revenue, companies must consider how much utility they can provide customers with a product at a reasonable price. According to the user, there are three essential aspects to the product's benefit.

The brand value is the first factor. The brand value is a representation of the company's promises to customers through its goods and services as well as what the brand stands for. The value of the product makes up the second metric. The value of the product mostly depicts its attributes. In other terms, the value of a product is the advantages consumers get for the cost they pay. The relationship value makes up the last dimension. The relationship value is the perceived value of customers' experiences with the staff in the company. It contains the experiences communicating with company staff in sales, service, claim, and technical support (Sharp, 2012).

Consumers are always being inundated with advertisements for new products. Although customers in developed nations are typically in favour of innovation, they are becoming more and more tech-weary and may not be as quick to embrace every new product (Weil and Rosen, 1997). Consumers become frustrated by the frequent introduction of new products, the complexity of new technology, and the associated buying decisions, which may slow down adoption. The new reality draws attention to a number of issues with the earlier studies on adoption.

First, Rogers' (1996) taxonomy of adopter groups has been mainly used in the literature on innovation adoption to determine the tendency of consumers to embrace new technologies. This differentiation, which is mostly based on customer innovativeness, advocates focusing new goods to innovators first, followed by other less innovative groups. Recent years have seen challenges to this viewpoint.

According to Mick and Fournier (1998), it is simplistic to categorise the late majority and laggards as homogeneous groupings of technological resisters. In actuality, many customers have already embraced earlier product generations. They occasionally have to choose between utilising the current product and upgrading to a new version. No indication exists that the same adoption trend will occur again. Unfortunately, we have little knowledge about how consumers make such “upgrade” decisions. Second, we cannot assume that customers are total newcomers because they utilise the technology that is now available. Instead, individuals could have extensive understanding of the product category, and this information invariably influences how people see new items. Customers are always entitled to exercise caution and scepticism. The majority of buyers want to only buy technically sound new items rather than falling for fads (Boyd and Mason, 1999).

Because of its beneficial effects, including increased consumer pleasure and loyalty, perceived value is a crucial idea in marketing literature (Gallarza, Gil Saura, and Holbrook 2011). Customers use values as implicit criterion to evaluate their choices. Research indicates that customers' purchasing intentions

are influenced by perceived value (Chen and Chang 2012). Customers' choices and assessments influence perceived value. While buying and using items, customers have expectations, and the more those expectations are met, the higher the perceived value of the products is for the customer (Bao, Bao, and Sheng 2011). It may be optimistically assumed that a certain brand will be purchased in light of the relationship between these two factors if customers have a favourable and desired perceived value and they have buy intention (Aghazadeh, Bakhshizadeh 2014).

For luxury brand marketing to be successful, buyers must believe that the products have enough value to justify their high cost, especially during economic downturns (Tynan, McKechnie, and Chhuon 2010). Consumers buy luxury brands for a variety of reasons, including hedonic, interpersonal, and personal goals, as well as to impress others (Shukla, Banerjee, and Singh 2016). The perceived worth of luxury brands is one of the elements affecting the buying of luxury goods. The many advantages of items as seen through the eyes of the consumer are referred to as perceived value. Luxury goods have the potential to benefit customers more than non-luxury goods (Vigneron and Johnson 2004) and raise purchasing intentions.

The technique used for this work began with a thorough literature analysis of the statistics and data impacting automobile purchase patterns and behaviour in India. Afterward, a questionnaire survey was created to learn more about the present preferences and choices impacting purchasing in India. The survey was created using Google Forms and sent to potential responders via multiple channels, including social media (WhatsApp, Facebook, and hardcopy distribution). The replies were examined, and the findings are detailed in this project report.

**Method:**

For this study, I have used Quantitative research method. The quantitative research method was used to collect data from a large sample of car buyers in India. This involved conducting a survey using a structured questionnaire to collect quantitative data on the factors that influence car buying behaviour, sources of information used in making car purchase decisions, and demographic characteristics of car buyers.

**Sampling:** In a research project, sampling is the selection of a subset of the population of interest.

**Sampling method:** The non-probability convenience sampling approach was used for this research.

**Sample Size:** The sample size for this study were 86 car buyers in India.

- **Sampling Location:** The study was conducted in New Delhi, India.

**Data Collection:** A standardised questionnaire was used to obtain quantitative data via an online survey. The survey was circulated via social media sites, email, and other online means..

**Data Analysis:** The quantitative data obtained from the survey will be analysed using descriptive statistics such as frequencies, percentages and pie-charts.

The study on "Consumer Buying Behaviour Towards Cars in India" will provide valuable insights into the factors that influence car buying behaviour in India. The results of this study can be used by car manufacturers and marketers to develop effective marketing strategies and improve their understanding of consumer behaviour towards cars in India.

## 4.

## DISCUSSION

### 4.1 Introduction to the case

One of the world's fastest-growing marketplaces for automobiles is India, where buyers may choose from a wide variety of vehicles. As there is fierce competition in the Indian auto industry, automakers are always working to better understand customer behaviour. Many elements, including demographic traits, social and cultural variables, lifestyle, and personal preferences, have an impact on Indian consumers' purchasing decisions about automobiles. For automakers, dealers, and marketers, understanding Indian consumers' purchasing habits is crucial. They may then use this information to design marketing tactics that appeal to consumers and uncover the aspects that affect automobile purchase decisions. The goal of this study is to learn more about the variables that influence Indian consumers' decision to purchase vehicles including the role of marketing and advertising, preferred sources of information, and demographic factors such as age, gender, income, and education.

This study can assist automakers and marketers in developing successful marketing campaigns and customer-focused goods by examining consumer behaviour towards vehicles in India. Moreover, it may assist dealers in giving customers a better overall experience and in offering them tailored solutions. Overall, this study can assist industry participants in making wise choices that would benefit Indian customers and the car sector.

Here are some points on consumer buying behaviour towards cars in India:

1. **Affordability:** In India, consumers' purchasing decisions about vehicles are greatly influenced by affordability. Most buyers like vehicles that are cost-effective and offer good value.

2. **Brand Value:** Another significant aspect that affects customer purchasing behaviour is a car's brand value. Indian consumers frequently favour trusted companies that have a history of excellence and dependability.

3. **Fuel Efficiency:** In India, purchase decisions about automobiles are greatly influenced by fuel efficiency. With the rising cost of gasoline in the nation, people frequently choose vehicles with higher fuel efficiency.

4. **Safety Features:** In India, consumers' purchasing decisions about automobiles are significantly influenced by safety features like airbags, anti-lock braking systems (ABS), and electronic stability control (ESC).

5. **Digital Influence:** In India, customer purchasing decisions about automobiles are significantly influenced by digital platforms such as social media, online reviews, and automotive websites. Before making a purchasing choice, consumers frequently utilise these platforms to investigate and evaluate automobile models and features.

6. **Government Policies:** Government initiatives like tax breaks and subsidies have an impact on Indian consumers' purchasing decisions about automobiles. As an illustration, the country has adopted more electric automobiles as a result of the government's push for them.

7. **Customer service:** In India, consumers' purchasing decisions about vehicles may also be influenced by providing good customer service. Customers frequently select retailers that provide individualised solutions and post-purchase assistance.

8. **Demographic Factors:** Age, gender, income, and education are just a few examples of the demographic variables that have a big impact on Indian consumers' purchasing decisions. For instance, younger consumers could choose vehicles with cutting-edge technical features and stylish aesthetics, while elderly consumers would place a higher priority on dependability and safety.

9. **Family Size:** In India, the size of the family is a significant decision-making element while purchasing an automobile. Larger families frequently



choose vehicles with more seating and storage room, while smaller families may choose smaller vehicles.

**10. Regional Preferences:** Regional preferences might also affect how Indian consumers buy vehicles. Customers in urban regions could want small, easier-to-manoeuvre automobiles, while those in rural areas would favour off-road vehicles.

**11. Word-of-Mouth:** In India, suggestions from friends and family members may have a big impact on people's selections about which cars to buy. Positive evaluations can influence consumers' purchasing decisions since they tend to believe suggestions from people they know.

**12. Financing Options:** In India, consumers' purchasing decisions about automobiles are also influenced by financing choices including loans and leasing agreements. Automobiles with appealing financing alternatives, such low interest rates and protracted payback schedules, may be chosen by consumers.

**13. Environmental Concerns:** In India, environmental concerns are playing a bigger role in determining consumer auto purchases. Customers are choosing vehicles with reduced emissions or switching to electric vehicles as they become more aware of their carbon footprint.

Knowing these elements can assist automakers and marketers in creating products and marketing campaigns that appeal to people and meet their unique requirements and preferences. Moreover, it may assist dealers in delivering a better customer experience and creating enduring bonds with clients.

## 4.2 Data Collection

The data was collected by online survey through questionnaire. Here is a detailed explanation of how online survey through questionnaires was used for data collection:

1. **Creating the survey questionnaire:** Creating the survey questionnaire is the first stage in conducting an online survey. The questionnaire was created to collect data on aspects of automobile purchasing in India, including brand preferences, purchasing criteria, and preferred information sources. The questionnaire must be unambiguous, succinct, and simple to comprehend. It should be created in a way that makes it simple to manage online.

2. **Choosing the sample:** The survey's sample of participants was chosen in the next phase. The target audience, which in this case would be people interested in purchasing a car in India, was well represented by the sample. Convenience sampling was used to choose the sample.

3. **Recruitment:** To promote participation, it is vital to properly convey the aim of the survey and the advantages of participation. Participants were recruited for the survey using a variety of media, including WhatsApp and email.

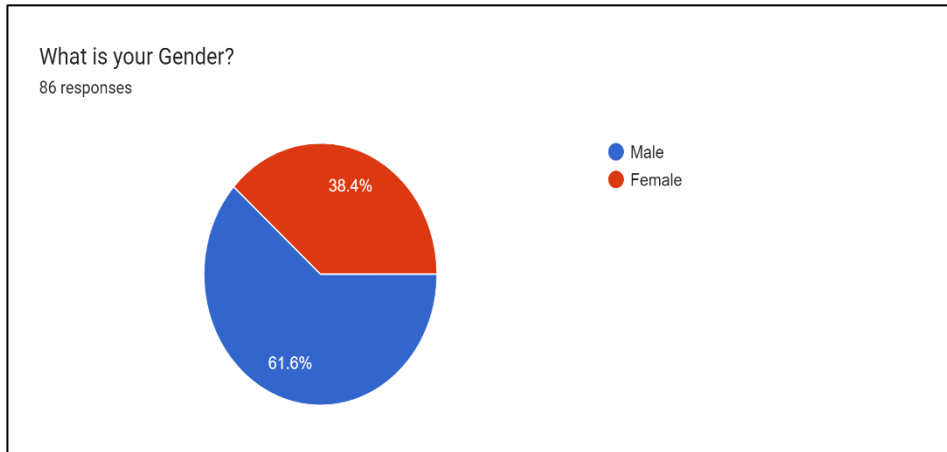
4, **Survey administration:** The survey was carried out online after the sample was chosen and recruited. The survey was made available using the survey software Google Forms. To make sure it is operating properly, the questionnaire has to be checked before being used.

5. **Data analysis:** The responses to the survey were analyzed using MS Excel to identify patterns and trends related to consumer buying behavior towards cars in India.

6. **Reporting the findings:** The final step is to report the findings of the survey. The findings were presented in the form of tables, charts, and graphs.

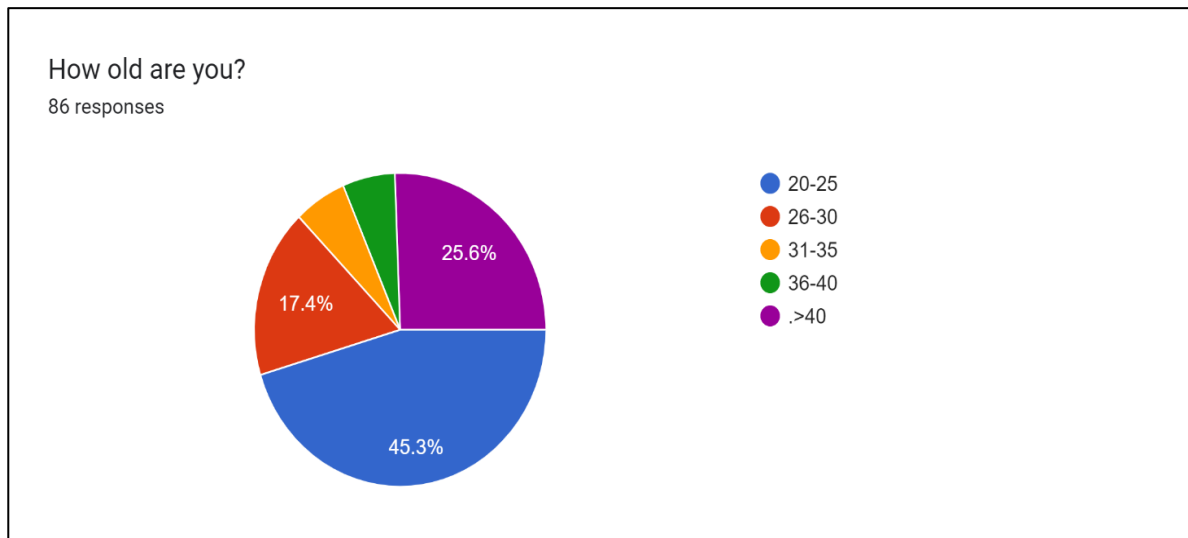
## 4.3 Data Analysis

### Q1 What is your Gender?



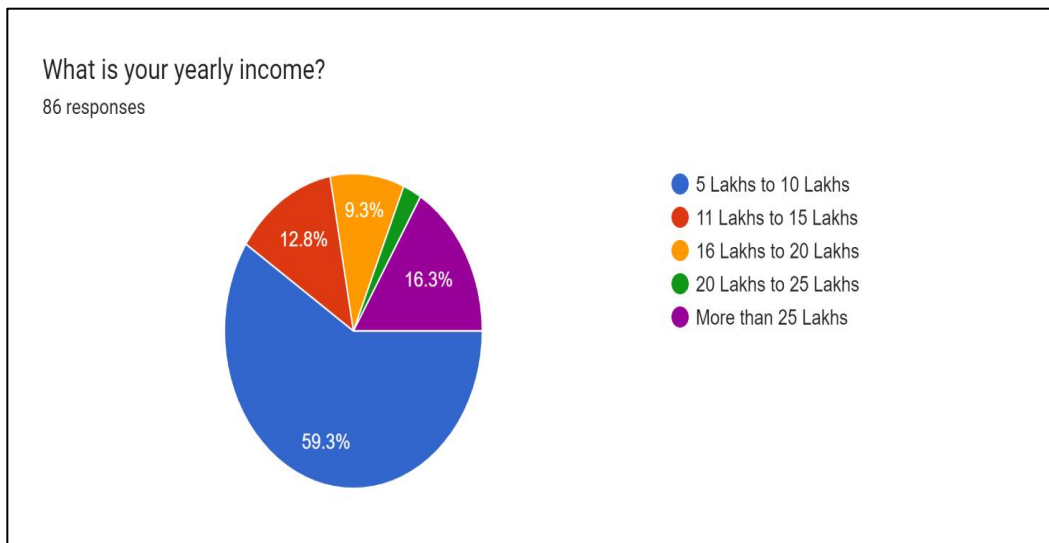
In the survey conducted, there were 62% Males and 38% Females.

### Q2 How old are you?



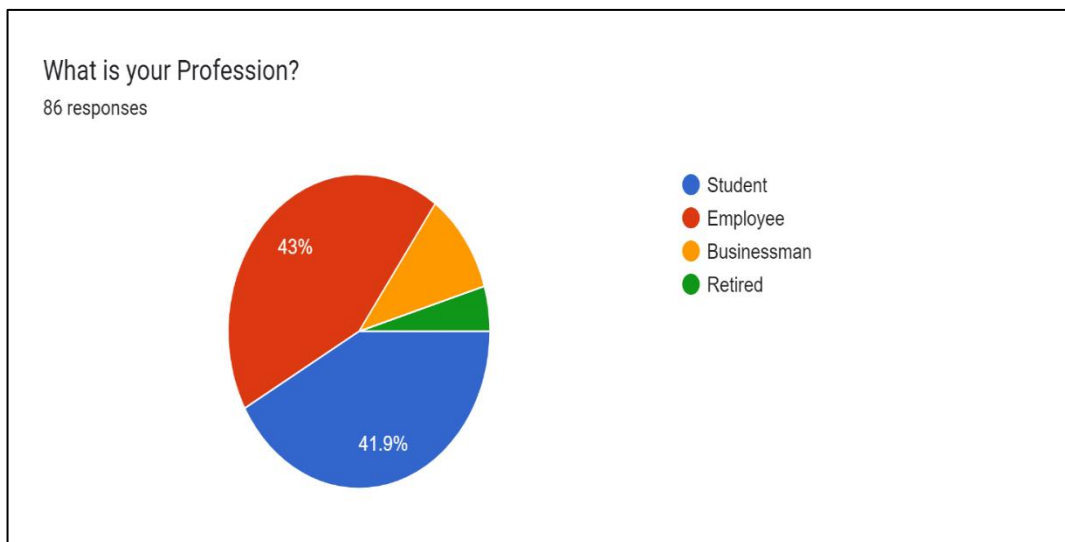
26% of respondents were over 40 years old, with the majority of respondents falling within the 20–25 age range.

### Q3 What is your yearly Income?



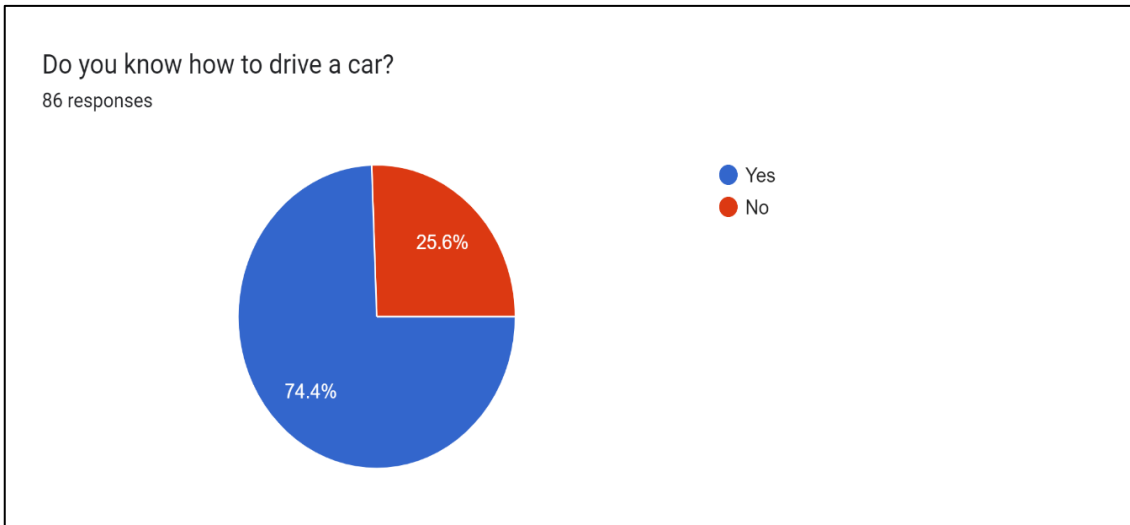
The majority of respondents earn between 5-10 lakhs annually, 22% earn between 11-20 lakhs annually, and only 16% earn more than 25 lakhs annually

### Q4 What is your profession?



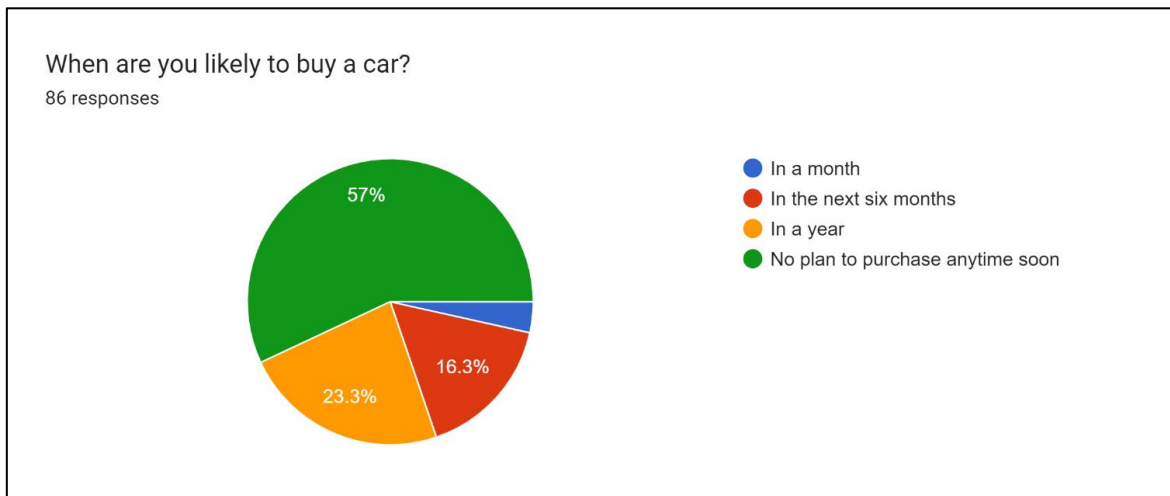
Just 11% of respondents were involved in their own business, and 42% were enrolled in graduate and doctoral programmes, leaving 43% of respondents in employment.

### Q5 Do you know how to drive a car?



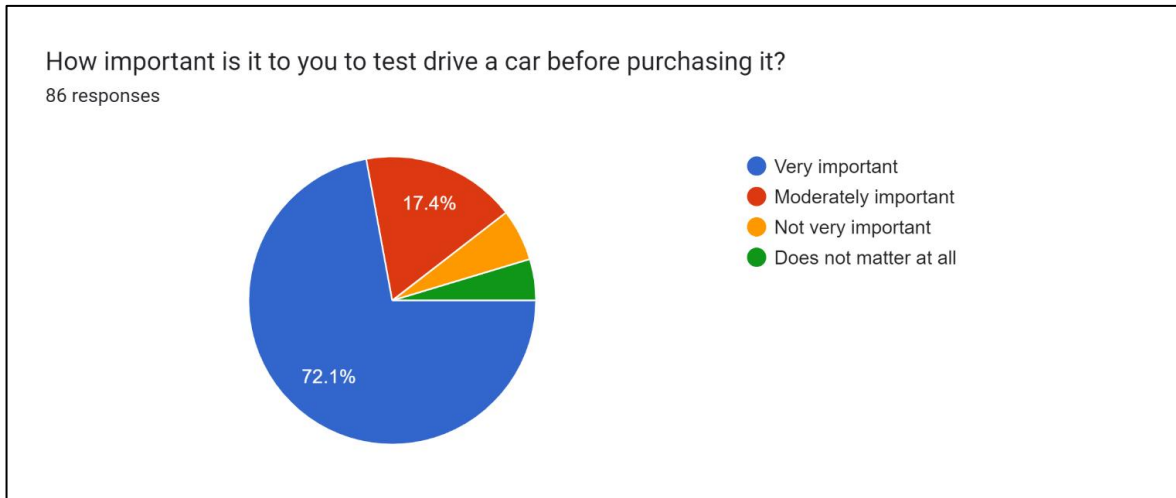
Just 25% of respondents do not know how to drive a car, compared to 75% who do.

### Q6 When are you likely to buy a car?



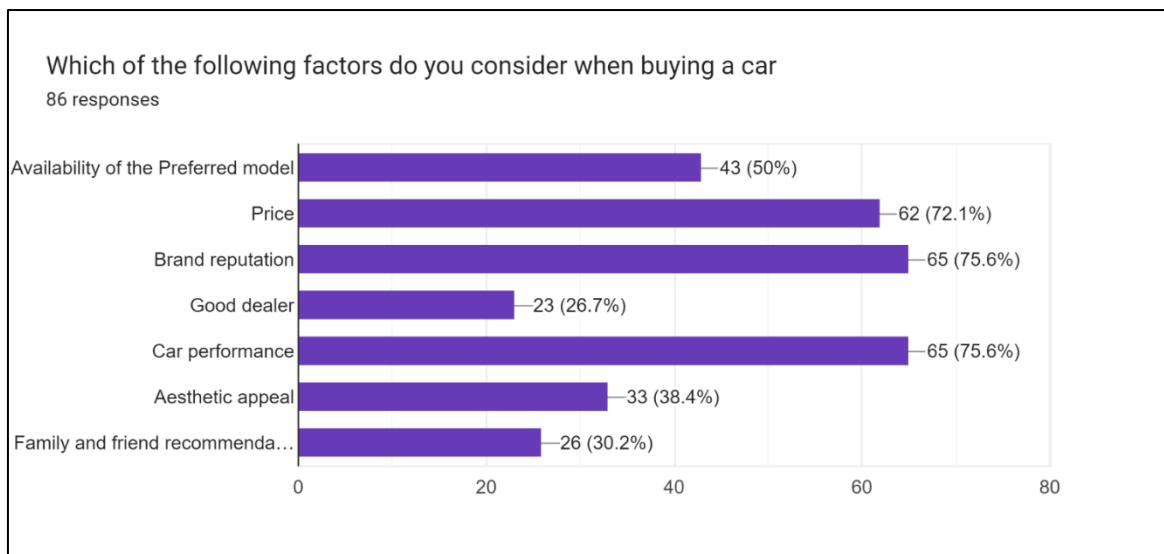
57% respondents don't have any plan to purchase a car anytime soon whereas 43% people have a plan to purchase within a year.

### Q7 How important is it to you to test drive a car before purchasing it?



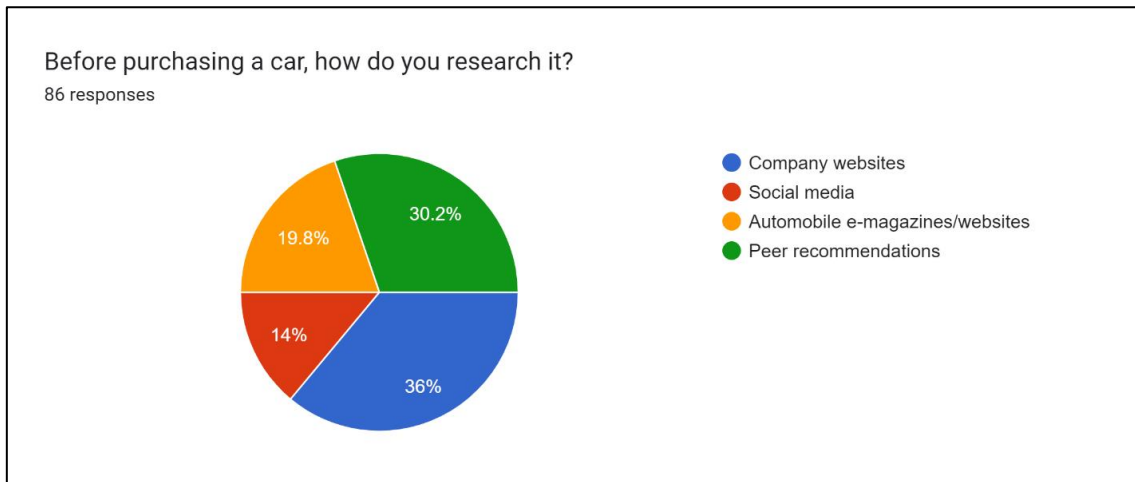
Test drives are extremely essential to 72% of respondents, not significant to 26% of respondents, and irrelevant to 4% of respondents who want to buy a car.

### Q8 Which of the following factors do you consider when buying a car?



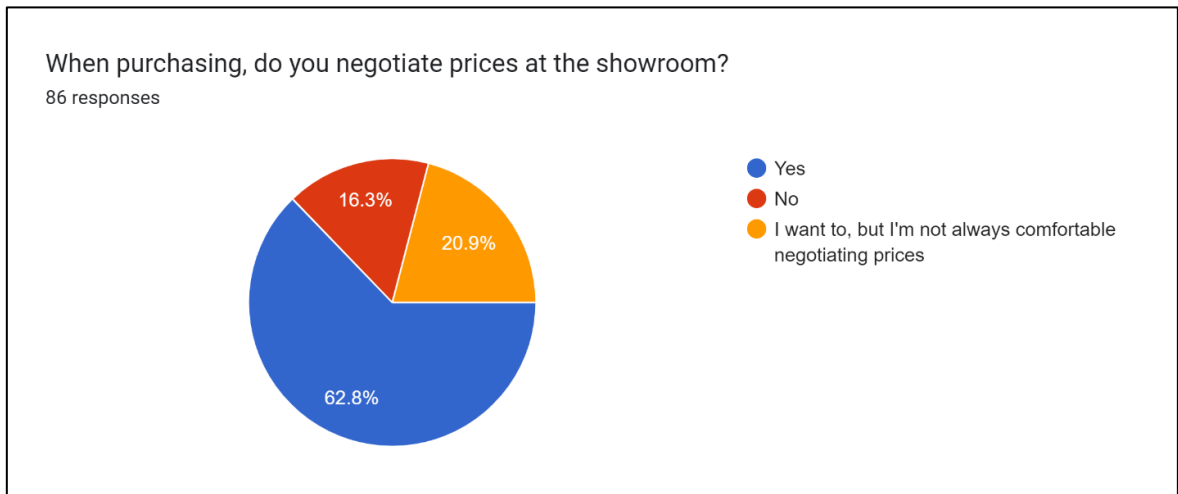
In the survey, Brand reputation, price and performance of the car matters most for the respondents while purchasing car.

### Q9 Before purchasing a car, how do you research it?



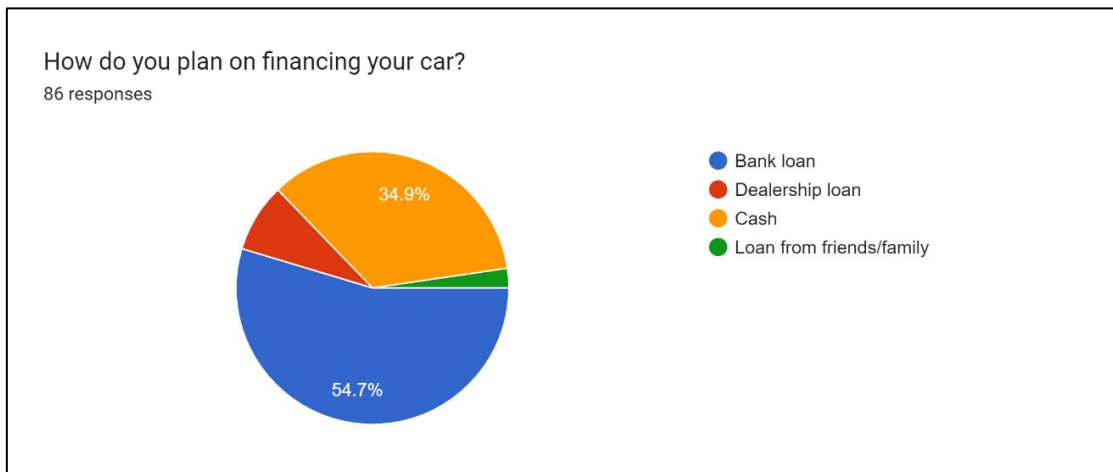
Respondents use multiple resources while generating info about the car. 36% of the respondents check company websites, 30% consider peer recommendations, 20% read from automobile e-magazines while 14% follow social media pages.

### Q10 When purchasing, do you negotiate prices at the showroom?



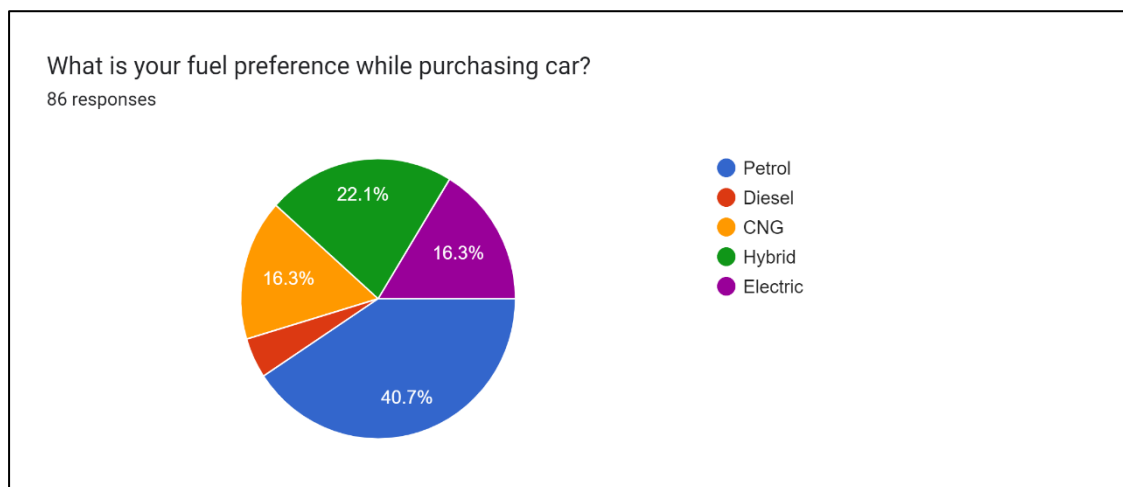
63% of respondents responded that they negotiate over price when buying a car from a dealership, 17% say they don't negotiate at all and 21% say they don't feel comfortable while negotiating.

### Q11 How do you plan on financing your car?



65% of the respondents finance their car purchase by taking Loan whereas remaining 35% purchase their car by cash

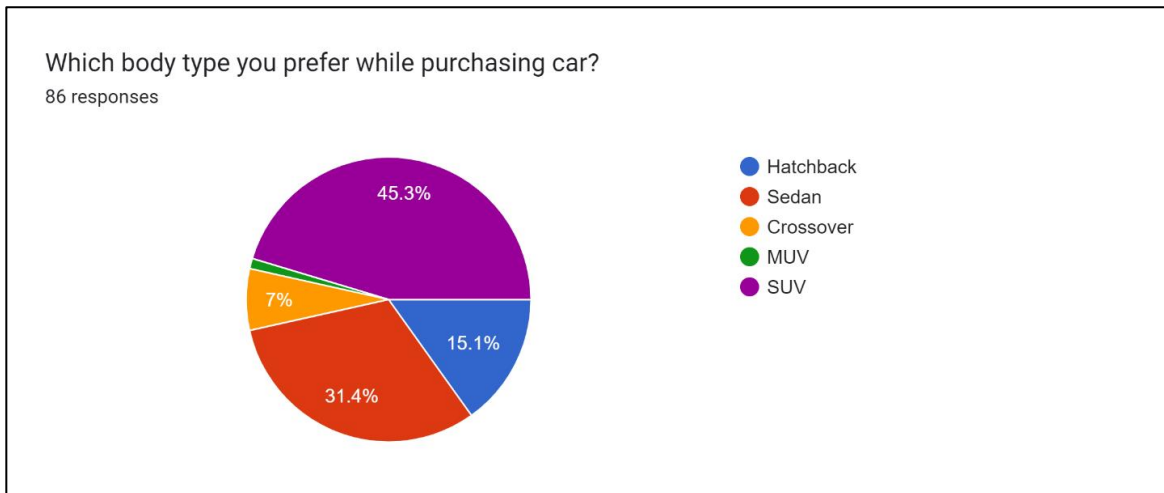
### Q12 What is your fuel preference while purchasing car?



41% respondents prefer Petrol as their fuel preference, 22% respondents prefer Hybrid cars followed by 16% respondents who prefer Electric and CNG cars followed by 4% respondents who prefer Diesel.

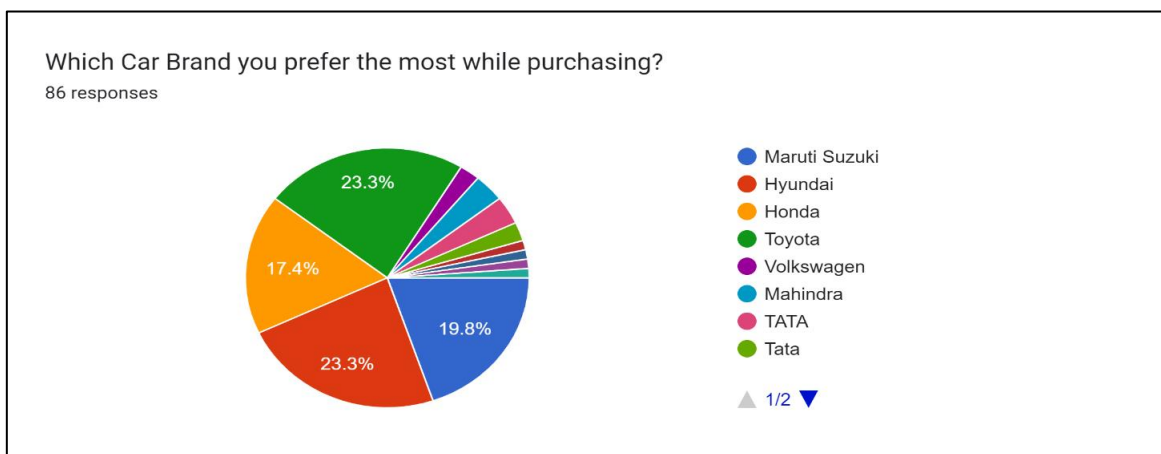


### Q13 Which body type you prefer while purchasing car?



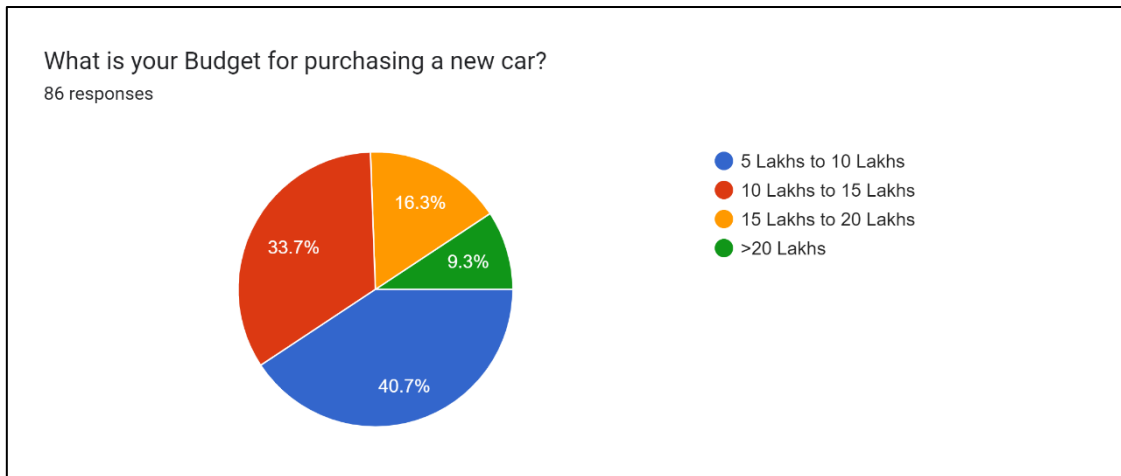
SUVs and Sedans are the most preferred choices of respondents followed by hatchbacks and crossovers.

### Q14 Which Car Brand you prefer the most while purchasing?



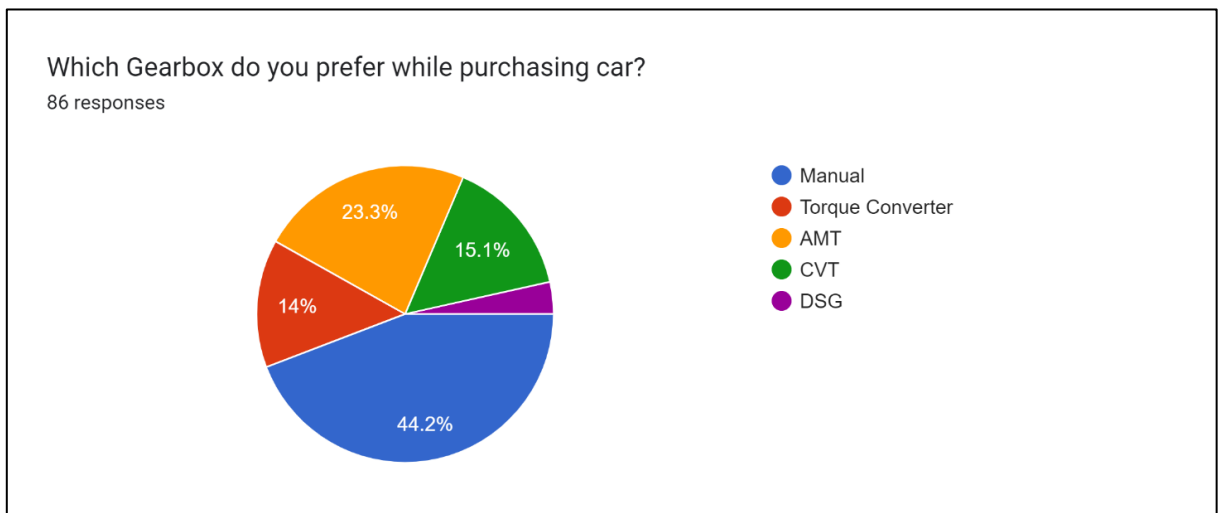
Hyundai and Toyota are most preferred car brands followed by Maruti Suzuki and Honda. Few respondents also prefer Mahindra & Volkswagen.

### Q15 What is your Budget for purchasing a new car?



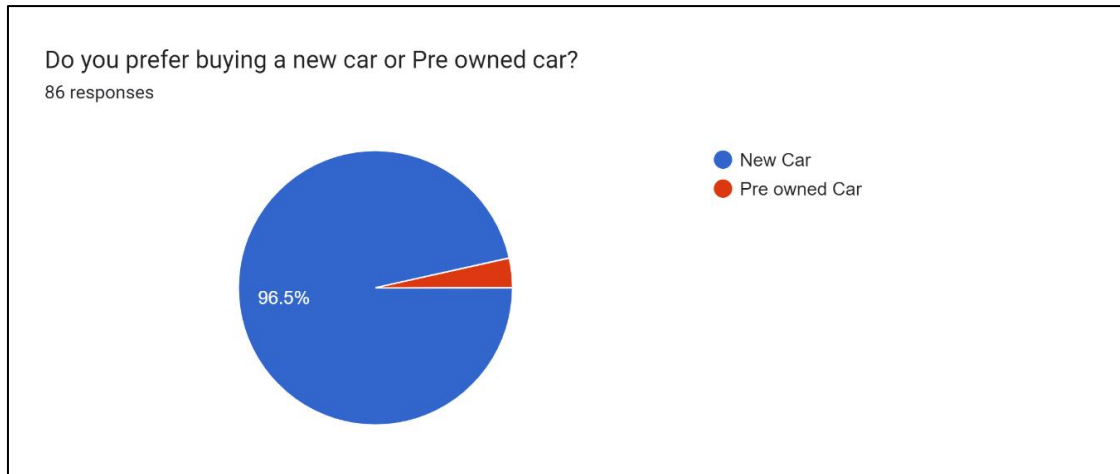
41% of respondents have a budget of 5-10 Lakhs, 34% respondents can purchase between 10-15 Lakhs, 16% said between 15-20 Lakhs followed by 9% respondents who can stretch their budget by more than 20 Lakhs.

### Q16 Which Gearbox do you prefer while purchasing car?



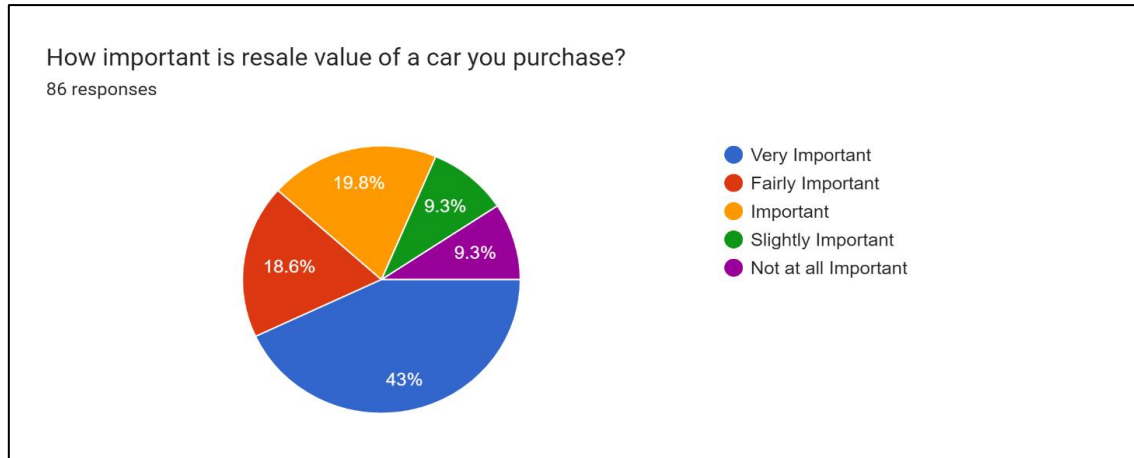
56% of the respondents prefer an Automatic transmission vehicle as compared to 44% who prefer Manual transmission

### Q17 Do you prefer buying a new car or Pre-owned car?



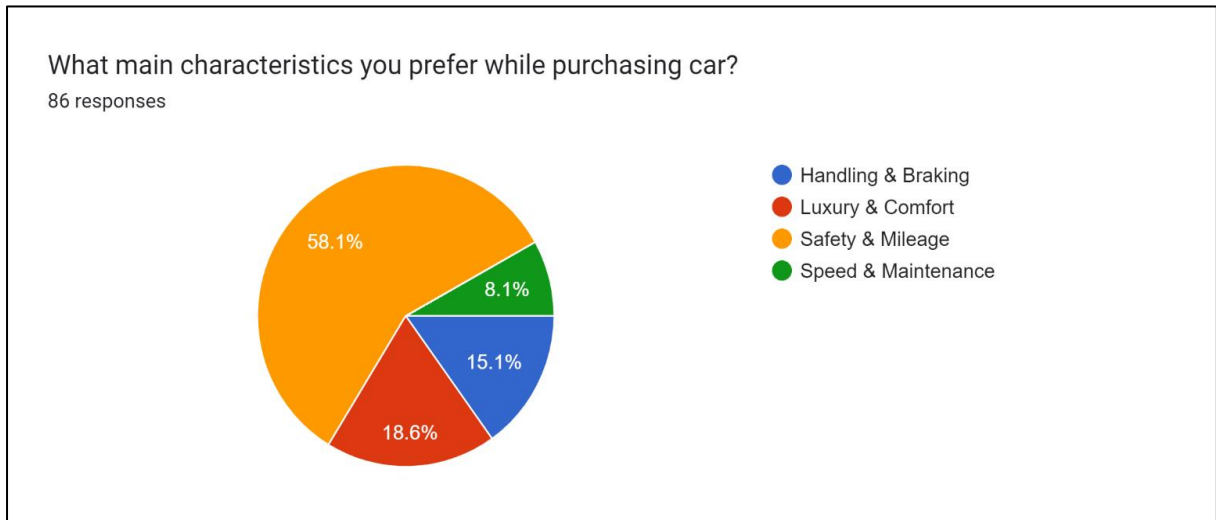
97% respondents prefer purchasing a new car whereas only 3% respondents prefer a used car.

### Q18 How important is resale value of a car you purchase?



For 91% respondents resale of their car holds importance whereas for only 9% respondents resale is not important.

### Q19 What main characteristics you prefer while purchasing car?



For 58% of respondents, safety and mileage are the most important factors in choosing a car, while 19% choose luxury and comfort, 15% prefer handling and braking, and 8% prefer speed and braking.

#### **4.4 Findings**

1. Most of the respondents have an early income between 5 to 10 lacs by which we can assume that they belong to Middle Class Section.
2. Before purchasing the car people give huge importance to test drive to know whether it suits them or not.
3. While making a purchase decision, Indians prioritise pricing, brand reputation, and performance.
4. Purchase Decision is often influenced by peer recommendations.
5. The majority of Indians choose petrol as their initial fuel choice, followed by CNG cars.
6. SUVs and sedans are the most preferred choice among buyers.
7. Indians favour Japanese and Korean brands which include Maruti Suzuki Toyota Honda and Hyundai.
8. Majority of the population prefer an automatic transmission car over the manual transmission.
9. For Indians, the resale value of their car is the most crucial factor.
10. The most crucial features to consider when choosing a vehicle are mileage and safety.

## **4.5 Recommendations**

1. Given that most respondents belong to the middle-class section, it would be ideal to target affordable car models that cater to their budget.
2. For Indian buyers, test drives are vital. Therefore, car dealerships should prioritize offering test drives to potential customers.
3. Price, brand reputation, and performance are the most important variables for Indian buyers while making purchasing selections. As a result, automobile manufacturers and dealerships should emphasise these aspects while selling their cars.
4. In Indian society, peer endorsements are extremely powerful. As a result, vehicle manufacturers and dealerships could capitalise on this by developing referral programmes or rewarding existing customers to suggest new consumers.
5. In India, the most popular fuel options are petrol and compressed natural gas (CNG). As a result, car manufacturers should concentrate on creating models that appeal to these preferences.
6. The most popular automobile types in India are SUVs and sedans. Automakers should thus concentrate on creating cars that fulfil these preferences.
7. Brands from Japan and Korea are quite popular in India. So, automakers and dealerships have to consider about collaborating with or promoting these companies.

8. The vast majority of Indian customers prefer automatic transmission cars. Therefore, car manufacturers ought to concentrate on creating cars that satisfy this demand.

9. For Indian consumers, resale value is a major consideration. As a result, designing vehicles with a high resale value should be a top priority for car manufacturers.

10. The two most important factors that Indian buyers look at while purchasing a vehicle are mileage and safety. As a result, automakers should concentrate on creating vehicles with elevated levels of safety and fuel efficiency.

#### **4.6 Limitations of the study**

1. The effect of the COVID-19 pandemic on car purchasing behaviour was not taken into account in the research. Consumer priorities and preferences may have changed as a result of the epidemic, such as a preference for private cars over public transit or a greater emphasis on safety measures.
2. Urban and rural respondents may have distinct tastes and purchasing habits depending on lifestyle, infrastructure, and other characteristics that were not taken into account in the study.
3. The influence of economic issues, such as inflation or changes in income levels, which may have an impact on purchasing behaviour, was not taken into account in the study.
4. The impact of governmental policies and regulations, such as tax incentives or limitations on particular automobile or fuel types, which may influence purchase decisions, was not taken into consideration for this study.
5. Age and gender effects on respondents' purchase decisions were not taken into account in the survey, which may have revealed useful information about the target market.



## **5. Conclusion**

The study offered some crucial insights into the preferences and purchasing behaviours of Indian customers when it comes to buying vehicles. It is worth noting that the majority of respondents were middle-class, and their preferences and shopping patterns may differ from those of other economic classes.

One of the most important discoveries was that test drives are essential for Indian customers before making a purchase choice. This implies that car dealerships should prioritise providing test drives to potential consumers in order to enhance the chances of making a profitable sale. Furthermore, while making a purchasing decision, Indian consumers prioritised pricing, brand reputation, and performance. This information is useful for car manufacturers and dealerships, who should emphasise these features while selling their cars.

Peer recommendations influenced buying decisions as well. Automobile manufacturers and dealerships may benefit from implementing referral programmes or compensating existing customers for referring new clients. In India, the most common fuels are petrol and compressed natural gas (CNG), while the most popular vehicle types are SUVs and sedans. This data might be beneficial for automakers, who should focus on developing cars that appeal to these inclinations.

Moreover, Japanese and Korean manufacturers like Maruti Suzuki, Toyota, Honda, and Hyundai are popular among Indian buyers. As a result, manufacturers and dealerships should think about collaborating with or promoting these companies. The majority of Indian buyers prefer automatic transmission cars; thus manufacturers should focus on developing vehicles that satisfy this demand. Moreover, resale value is an important issue for Indian consumers, and car manufacturers should consider creating vehicles with a high resale value a primary objective.

The study also emphasised the two most critical variables considered by Indian consumers when selecting a vehicle: mileage and safety. As a result, automakers should emphasize the development of cars with superior levels of safety and fuel efficiency. Nevertheless, the study had certain limitations, such as not taking into account the impact of COVID-19 Pandemic and shift of consumer preferences, the effects of age and gender on purchase decisions, and the impact of government rules and regulations on purchase decisions.

Overall, this study provides valuable insights into the preferences and behaviour of Indian car buyers. To maximise their chances of success in the Indian market, automobile manufacturers and dealerships should give importance to these preferences and behaviours while manufacturing and selling their vehicles.

## 5.1

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