

Study the Consumer Buying Behavior of Passenger Car Segment in India

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Abstract – Automobile industry in India is growing at a brisk pace across the globe and the growth is consistent every year. With many banks providing automobile loans, and increase in the salaries and having huge buying capacity for the middle class people, there are many cars that are hitting the roads. This paper would present about the buying behavior of consumers in the car segments in India. The market is characterized based on the market of the consumers where there would be marketers and manufacturers who would be taken into consideration for consumer orientation and make them satisfied, but would go an extra mile to make the customers happy.

Keywords: Consumer Behaviour, Customer Preferences, Passenger Cars, Purchase Behaviour.

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I. INTRODUCTION

India is the second highest populated country globally and the Indian economy is growing at a brisk pace when compared to the developed countries. There are many people who are able to own a car. This is grabbing the attention of small car industries to set up their manufacturing units and sell the cars to the people.

Many reasons that have driven the growth of the Coimbatore automobile market include:

- ▶ With the increase in the economy, many people are having disposable income
- ▶ Need in the mobility with the increase in urbanization and love for leisure travelling
- ▶ Car finance options that are given by the financial institutions at affordable interest rates
- ▶ Various service centers and spare parts those are available in the close by vicinity
- ▶ Change in the highway infrastructure

For majority of the population, getting an auto is the second most important thing after buying a home. The person who is buying the car for the first time would give a great opportunity for the car manufacturers to bring a positive brand image which would be reflecting in the years to come, as shoppers would keep on changing their cars and buy

a new model from the same manufacturer. The concept of “purchasing conduct” is critical to promote the cars of a specific brand and is progressing year by year. It is important to understand about the purchaser who is purchasing as it is considered to be a key part when you are buying any item. With the increase in the needs of the human, the desires would start to develop. The coming up of new models in the market would grab the attention of car enthusiasts to buy one. Shopper conduct would get confused with the auto buy that puts a person in the abnormal social as well as mental state of inclusion [1]. The purchasing conduct of a shopper would comprise of financial, creative, social, political, statistics and basic components and also have the qualities that a client own. This would reflect the personality, identify, mentality, learning and path to life. There are amendments made to the automobile models time and again in terms of the size, limit, luxury, and so on. Today, we see many more models hitting the market with various purposes. The new models hit every quarter. So, advertisement has been the most critical area to be focused by the marketers and turned out to be a place to focus on the buyers’ conduct that helps one to learn what exactly the purchaser is looking in the product in this steady element environment. The conduct of the buyer would keep on changing with the launch of the new car in the market.

- ▶ Car would stay in the market for 1 to 2 years

- ▶ Car can retain its name in the market for 4 years
- ▶ Buy a pre-owned car

By researching extensively, the organization will learn how to pay attention to the buying conduct of customers. When the manufacturer learn about the client recognition, they can actual know about the activities that are to be addressed to solve the clients issues. They can actually recognize their respective shortcomings and the qualities, which will be contrary to the rivals. This would diagram the future advanced way. The advertisement given on automobiles would change briskly with huge competition and new innovations. The car manufacturers should learn about the client’s important to time and quickly change the things. So, it is critical for one to learn about the inclination of buyers in today’s world where there is change in the auto market of the traveler from time to time. This also helps one to learn about the purchasing procedure of clients.

The famous automobile manufacturers who have gained a huge reputation in India include:

1. Maruti Suzuki Pvt Ltd
2. Tata Motors Pvt Ltd
3. Ford India Ltd
4. Toyota Kirloskar Pvt Ltd
5. Hyundai Motor India
6. Honda Motor India Pvt Ltd
7. Mahindra & Mahindra Ltd
8. Nissan Motor India Pvt Ltd
9. Renault India Pvt Ltd
10. Volkswagen Pvt Ltd

Passenger car segment

The passenger car segment is further divided into 9 sub segments based on the length of the vehicle. There include:

1. Micro
2. Mini
3. Compact
4. Super compact
5. Mid-size

6. Executive
7. Premium
8. Luxury
9. Coupe

II. PURCHASE DECISION PROCESS

To assess the significance of environmental awareness to buy a car, it is important to gain clear cut insights about the process of buying a car. The decision made by the customer to buy any item would be divided into different stages. The consumer has to go through the five stages [2]. When buying a vehicle, the process would be fairly complication and buying of a car would involve social or psychological factors. The customer has to go through each phase to buy a car. The below figure [3] would show the purchase decision making process.



Figure 1.1: The Purchase Decision Making Process (Source –Kotler)

Problem recognition: In this type of model, the buying process of a customer would start by identifying the problem that is faced by the customers. When you find the difference between the actual and desired state, it is easy to recognize the problem. When a problem is identified, it is easy to solve them. In simple terms, you need to find the problem and should the way to find it.

Search for the information: When the problem is identified, one can learn more information about it. By collecting the required information, the consumer will get to learn about various brands that are available in the market along with their traits and features.

Evaluate and select different alternatives: How the brand information would be processed by the consumers and how the value of each brand is evaluated. However, there is no simple evaluation process available and use by all the customers while buying. One best way is to check the evaluation process as cognitive and rational. Based on this view, the consumer would try to solve the issue to fulfill his/her needs. To be precise, one would look for the benefits in the product that would solve their problem. The consumer would look at every product with the different attributes and ability levels to deliver the benefits that helps one to solve the problem with it and will fit the bill. It is important to learn about benefits, needs and attributes. One best way to

arrange the relationships is to put all these three in a hierarchy.

Decision implementation: To take any purchase decision, it is important for the consumer to pick a particular item and outlet to sort out the issue. There are three different ways in which the decision would be made. The first is simultaneously and the second one is the item first and then chooses the outlet and the third is to select the outlet and later choose the item. Many times, the consumer would choose the outlet and the brand at the same time. Once the brand and outlet where you are planning to buy the item is finalized, then you can make a transaction.

Post purchase evaluation: This is the process that would have an impact on the type of decision making process that is chosen before. The level at which consumer has been involved is relevant. The involvement in the purchase would be called as the level of concern for or interest in the buying situation. This also helps you to find out how deeply the consumer is looking for the information in order to buy a product or to decide which product to buy. The purchase involvement is considered as a continuum. It is important to take two extreme scenarios into consideration. For instance, there are many who buy a product of a particular brand as a habit. For this person, buying is not so involved situation, and therefore this person would not search or look for the product information in-depth. In this case, the consumer would buy, consume or dispose the product that has very confined post purchase evaluation and would like to make repeated purchases [4].

III. CLASSIFICATION OF CONSUMER BEHAVIOUR

Behavior of consumer is the combination of various factors such as economic, culture, economic, technological, and demographic and nature along with the traits of a person such as attitude, motivation, knowledge, personality and lifestyle. Marketers would be able to sustain in the market only when they learn about the behavior of the consumers. This study would help you to classify the behavioral patterns of various categories such as economic, social, geographic, psychological, demographic, product and technology. The behavioral pattern of consumers would be put together and show in the following figure [5].

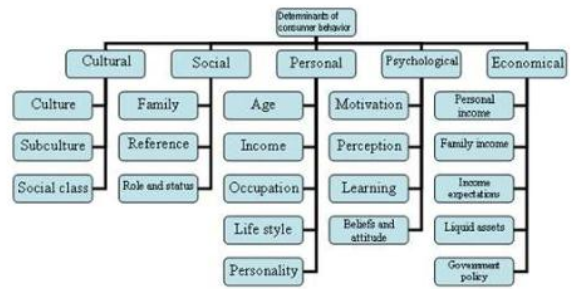


Figure 1.2: Consumer Behaviour Classification

The study that is carried out based on the figure that is show below, it is clear that with the increase in the income of the consumer, it is driving them to buy a car. The trend is continuing with the increase in the per capital income and this has eventually resulted in the growth of the automobile industry in India. In the same way, the needs of the family such as working husband and wife, family size, status of the family and so on would drive people to buy a car. In addition, affordability is another factor that would motivate a person to buy a car [6].

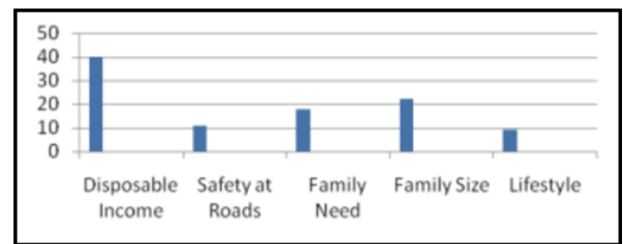


Figure 1.3: Drivers for Buying a Car

IV. BEHAVIOR OF CONSUMERS ON DIFFERENT PASSENGER CAR SEGMENTS

► Micro car segment

This is the lowest car segment that has only one car model, i.e. Tata Nano car. Though, this is the most reasonable car, but there are many quality issues that were aroused and which took a toll on the brand image and lost the trust of the consumers. This product would be preferred by the consumers who drive in cities and no in the heavy traffic areas. However, the safety that is offered by this car is far better compared to a two-wheeler [7].

► Mini car segment

This is the second sub segment where the car market of the passenger would be put together with 7 products. There are only a few players who are in this segment, since consumers are sensitive to price. To spend less on manufacturing, they would need a huge network. The best examples of this sub segment are Maruti Suzuki and Hyundai. These two players are dominating the market. They have entered into the market and are producing the vehicles at low manufacturing costs.

The consumers who are categorized in this segment are the people who are buying the car for the first time where the price of the product will be the deciding factor for them. Few of the other brand cars that fall into this segment include Wagon R, Suzuki Alto, M800, and Santro and spark [8].

► **Compact car segment**

This is the widely crowded segment where there are around 13 players who are offering around 20 products. This is one of the biggest sub segments in manufacturing the passenger cars. There are two dominant players who are producing quality cars at low cost. There include – Maruti Suzuki and Hyundai. These companies hold the market share of around 50%. The Tata, Hyundai and Maruti Suzuki have entered the market in the early stages. However, Honda has taken over Tata and became the third largest sub-segment. This is because Honda products hold good brand reputation, equity and are sold at competitive prices. Few of the other brands that are categorized in this segment include Swift, i10, Jazz, Vista, Beat, Figo, Polo, Micra, Liva, Pulse, Punto and so on [9].

► **Super Compact**

This is the biggest sub segment that has many sedans and marks that would start with three different box cars. This sub segment has the key player, i.e. Maruti Suzuki and the cost-effective sedan Swift Dzire. This is the most successfully hatchback car platform. The dominating power of Maruti Suzuki has ended in this sub segment. Mid-size is the fourth largest sub segment that is available in the car market for passengers. This is the sub segment that has 11 players and around 14 products. Majority of the players who are in this segment would sell the products that would share platform with the compact sub segment or the product that is available globally. Hyundai is the key player in this segment that has highly featured product offering diesel and gas powered engines [10]. The car that is chosen in this type of segment would be based on the income. This segment would give high preference to the safe, seating comfort, brand, and driving. The second priority is given to the sales service, power, pick up and mileage. The speed is given the lowest priority. This segment would give high priority to the money, features and would like to buy the vehicles that are customer friendly.

► **Executive**

With the very less number of sub segment volumes, majority of the players would be offered with the products that are available globally and are manufactured with the help of CKDs. The two lead players that are available in the market are Hyundai and Toyota. The customers of this segment are classified as executive and premium class. In this

type of segment, majority of the owners would already own a car and the customers have a desire to drive a new car. In this type of segment, attitude is the main factor that is evaluated based on the past or the current experience. The customers would like to buy the cars that hold a good brand image, style, better performance, good acceleration, high speed and maximum horse power. The customers showcase their personality, leadership as majority of consumers would use this segment to buy the cars for business purpose. The price of the car, fuel efficiency, cost of the spare items is kept secondary. The interiors of the car such as the IP shape and the finish, touch points of the consumers, seat, steering door, handle and so on are given high significance. The styling of exterior, overall look of the car, paint finishing of the car, safety, comforts offering while driving are also given high importance.

► **Luxury and Coupe sub-segment**

This is the pretty marginal segment that has less than 1% of the share in the car market. The products that are available in this type of segment are given through the Completely Built Unit route, since these are manufactured in low volumes that would not give justification locally or assembly wise. The plush cars that are manufactured in this segment include Audi, Jaguar, BMW, Lexus, Rolls-Royce and other luxury brands. The average price of the cars that fall in this segment would be Rs. 35 Lakh and the rate is growing at the rate of 20% every year. As per the World Wealth report by Cape Gemini and Merrill Lynch Wealth Management, majority of the countries have the people who have higher net worth. India has more number of people whose net worth is good compared to the people in the other countries. The customers such as celebrities, business people, corporate leaders, politicians, etc would prefer buying luxury cars though they are residing in urban or rural areas. The attitude is to show off, flaunt and create a positive image and stay unique. The social status is another factor that is driving them to go for the high end cars. The functionality, quality and luxury features are the key parameters that fall into this segment.

► **SUB & MUV Segment**

The segment for which you are going to discuss is all about utility segment, which is further segmented into UV1, UV2, UV3, and UV4. It is based on the price and length parameter. The UV's economy sector is Aarya, Safari, Scorpio, Sumo, Xylo, XUV500, and Innova. Because of the fortuner, the high end market is UV is getting dominated. Not only fortuner is affecting the market of UV, but also the Prado, Pajero, and Landcruiser, etc are affecting the market. UV market was already limited, and now it is getting affected because of all of these options. The ultimate market of SUV and its economy

demonstrate the difference in respect to the terms as per affordability of the car price, service capability, and the cost of its spare parts. The main driving aspect of the segment is actually fun, egoistic relationship, and presence on road. The ultimate SUV customers are basically those high profiled celebrities, politicians, and business tycoons, who wants to take the car in usage for their indulgence. The car of this sector has major safety measures for the customers, due to its entire structure of car, appearance of car, and the stylish exterior feature of the car.

► PURCHASE BEHAVIOUR OF CUSTOMERS IN PASSENGER CAR SEGMENT IN INDIA

Shende (2014) met with a few of the various topics, like as: car market's classification, the process of purchasing decision, behavioral classification, and the effects on various segments of the car. It is highlighted in a paper that, the behavior of consumer is all dependent upon the behavior of consumer, which is nothing but a mixture of economic, technological, demographic, cultural and political aspects. The factors mentioned as according to the behavior of consumers are a kind of reflection of his perception, knowledge, attitude, personality, lifestyle, and the top notch motivation. The most important part about the entire segment is that, the marketer should understand the behavior as mentioned of their customers. The behavior of customers is basically a mixture of various aspects, as demonstrated in the above points. The various types of factors are dependent upon various levels of priority, which is made for different types of different types of the segments of cars. Scaled down Car portion clients are typically first time purchasers. In spite of the fact that client of this fragment is exceptionally cost cognizant, there is a relocation which is seen because of increment in extra cash. The center changes to wellbeing, driving and seating solace and brand for the client of medium size fragment. Three other significant properties for this portion incorporate an incentive for cash, highlights and client inviting vehicles. Official and Premium class fragment clients have inclination for brand name, higher drive, alluring styling and item execution. The clients of this section utilize the vehicle for business reason and accordingly search for the brand name to mirror their style and character. The elements, for example, value, eco-friendliness and upkeep cost are not of critical significance. Likewise, worldwide brands are favored by this client fragment [11].

Kusum (2015) explains on the customer personal conduct standard on purchasing choice of little autos [12]. A system has been created to ponder the standards of conduct which impact the buyer acquisition of little autos. The need to buy a vehicle is trailed by the data gathering from peers and the web. Factors, for example, re-deal esteem, esteem for cash, showcase generosity and simple

accessibility establish advertise impact. Vehicle financing offices additionally have a task to carry out in this basic leadership process. Outside impact factors incorporate family, guardians, partners and the vehicle being a grown-up toy. Producer, Brand, Mileage, Performance, Price, Interior and Exterior Design and Safety and Comfort highlights comprise of the item impact. Web nowadays is assuming a significant job in impacting the pre-buy choice of autos.

Bhatt and Bhatt (2015) recognized six variables which impact the buy conduct of customers for hatchback vehicles. Brand guarantee, Features, Reach, Promotions, Perceived Quality and Price. Brand guarantee depicts the components which customer's partners with a specific brand, for example, solace, administration and reliability. Quality and the cost were independently distinguished as significant elements of the purchasing procedure [13].

Deloitte (2014) uncovered that the first run through vehicle purchaser hopes to purchase a vehicle for his family principally. The first run through purchaser has actually no similar reference, it is characteristic that this purchasing choice isn't impacted by the improvement of eco-friendliness factor. The examination subtleties that the first-run through purchasers use unwavering quality, the vendor administrations and resale esteem as channels while settling on brand decisions [14]. In any case, it was seen that female respondents appended less significance to dependability and seller capacity when contrasted with the male respondents.

Menon (2017) states that the car business in India was exceptionally secured for residential vehicle producers till the late 1980s [15]. The Government of India's intense move towards monetary progression and Foreign Direct Investment Policy changed the car business, since the mid-1990s. The resulting decade saw numerous outside vehicle makers entering the Indian car industry with their models and brands. World pioneers in traveler vehicles, for example, Toyota, Honda, General Motors, Ford, and Hyundai set up assembling center points in India, liquidating on the changed Foreign Direct Investment Policy of the Government of India. These makers caught the hearts and psyches of Indian vehicle clients, with their choicest of vehicle models with high mechanical and inventive item contributions, with quality and unwavering quality. This changed the car scene from a seasonally tight market to wide open market. Vehicle clients had begun building up their very own inclinations and obtaining designs, which were up to this point obscure in the Indian car fragment. This investigation concentrated on the impacts of different characteristics and factors in the buyer buy conduct of traveler vehicles. The strategic demonstrating approach assessed with respect to why the vehicle clients incline toward

various vehicle sectioned models in contrast with a base classification model. The article endeavored to construct a traveler vehicle buy demonstrating approach, to assess customer Behavioral inclinations, which inevitably impacts the buy conduct of traveler vehicle proprietors. The aftereffects of the examination would add to the down to earth information base of the car business, explicitly to the traveler vehicle fragments. The model created has likewise an extraordinary contributory worth expansion, to the producers and sellers, for advancing a tweaked promoting procedure approach.

V. CONCLUSION

Customer conduct is significant for previously and post buy decisions. One can't prevail in the forceful market without understanding the customer conduct. A comprehension of the purchaser engages a promoter to take advancing decisions which are impeccable with its client needs. Client lead involves all human direct that goes in choosing previously and post purchase decisions. One can win in the forceful market basically ensuing to understanding the astounding buyer direct. A cognizance of the client enables a sponsor to take displaying decisions which are impeccable with its customer needs. From study there are diverse huge class of client lead determinants and wants, specifically budgetary, mental, political, land, measurement and Product and Technology. Advance gathering of human rehearses under essential classes will engage auto maker to modify their strategies in concurrence to customer direct.

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