

# Exploring the Consumer Attitude and Current Trends in Automobile Industry with Special Reference to Premium Car Segments

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**Abstract** – This research paper is about customer perceptions en route for the premium sedan cars in five main market places of Madhya Pradesh. This is based on an approach that has been used for selecting a sedan car on the basis of various car criteria such as Performance, Economy, Comfort, etc. Due to the occurrence of globalization and liberalization, there is stiff completion among the Automobile industries which are focusing attention in capturing the Indian markets an automobile is no longer considered as luxury once, now occupies a part of day-to-day life and has become a necessity. Customers have now changed their attitude that yesterday's luxuries are today's necessities. To be a successful marketer it is essential to study the perceptions of prospective buyers and track their drivers of those perceptions.

**Keywords:** Customer Perceptions, Premium Sedan Cars, Madhya Pradesh, Automobile Industry

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## 1. INTRODUCTION

The study of consumer behavior or attitude focuses on how individuals make decisions to spend their available resources (time, money, effort) on consumption-related items. That includes what, why, when, where, how often they buy it, how they evaluate it after the purchase and the impact of such evaluation on a future purchase. More than ever before, the need to understand consumers and consumer attitude has become a hot topic around the globe. The study of consumer attitude also includes an analysis of factors that influence purchase decisions and product use. Consumer satisfaction is a psychological feeling or belief that the perceived performance exceeds the consumer's expectations about a product. Some products offer more satisfaction than others. For example, a house and a car provide more satisfaction than a toothbrush. A car satisfies the need of owners for a means of transportation. They also obtain psychological satisfaction from the possession of products like cars.

## 2. PROBLEM IDENTIFICATION

Due to the emergence of globalization and liberalization, there is a stiff completion among the Automobile industries which are focusing attention on capturing premium car segments in Indian

markets, an automobile is no longer considered a luxury once, now occupy a part of day-to-day life and have become a necessity. Customers have now changed their attitude that yesterday's luxuries are today's necessities. To be a successful marketer it is essential to study the perceptions of prospective buyers and track their drivers of those perceptions.

## 3. LITERATURE REVIEW

**Nikhil Monga, Dr.bhuvnender Chaudhary**, in their study stated that: 'The automobile sector is the backbone of the Indian economy. Every automobile sector, especially in the four-wheelers (Premium car segment) market should be getting perpetual succession. In India, even in that, the Mumbai areas here, due to the increasing competition are too fast, for showing status consumers are buying the luxury car. Due to the high income, they can afford it easily. The whole process has depended upon consumer satisfaction. The consumer satisfaction & their perception is cored part without this four-wheelers industry or any business cannot survive in the market. It is important to take care of the satisfaction level of consumers from the point of view of sellers, as well as suppliers, even though services provider (1).

A study by **Yogyata Datta** entitled "A study on automobile industry analysis" attempts to analyze various aspects of the automobile industry such as evolution and emergence of an Automobile Industry, used car segments, and auto fiancé. The study analyzed the viability of car manufacturers entering the Indian market and their investment in India (2).

#### 4. OBJECTIVE OF THE STUDY

The objective of this study is to discuss exploring the consumer attitude and current trends in the premium car segment automobile industry in India. It aims to study the preferences of automobile consumers. The purpose of this study is also to find out the attitude and reasons for buying premium cars.

This detailed review paper emphasises primarily on the Scopes of the automobile industries are:

- To study the increasing demand among the majority candidates of the customer's growing Demand: This emphasises in the Rise in middle-class income and the young population result in strong growth.
- To identify the growing opportunities as there is gain over the focus is shifting to electric vehicles to reduce emissions.
- To explore the rising Investments as FDI inflow in the automobile sector stood at US\$ 24.21 billion between April 2000-March 2020. India has significant cost advantages. Auto firms saved 10-25 percent on operations vis-a-vis Europe and Latin America.
- To emphasis Policy Support as the government aims to develop India as a global manufacturing center. Reforms like GST will boost the sector's growth.

#### 5. METHODOLOGY

With relevant review of literature, numerous attributes and factors influencing customers' intention were acknowledged and this helped in examining the impact upon domestic and international travelers' online hotel booking intention in Bahrain.

The research blueprint for this study proceeded through the following steps:

- Step 1: stating the research problem along with the objectives.
- Step 2: reviewing of the relevant literature.
- Step 3: Developing the conceptual framework as per research objective.
- Step 4: Research design

- Step 5: Data collection and analysis (online survey, content analysis, descriptive analysis, factor analysis, structural equation modelling and then the testing of hypotheses).
- Step 6: Research findings (discussions, conclusion, suggestions and future research).

#### 6. BACKGROUND STUDY OF AUTOMOBILE INDUSTRY IN INDIA

Automobile manufacturing in India is the most modernistic, growing, and dynamic automobile market in global correspondence. Marketing is an organizational procedure where the set of methods for producing and supplying esteem to customers, and for managing customer relations in ways that gain the establishment and its stakeholders (3). Improved rivals on home turf and increasing consent to their results in foreign markets cheered Indian automobile manufacturers to upgrade their technical expertise either upon in-house research and development efforts or through other substances of technological attainment. Scopes of the automobile industries are:

**Growing Demand:** Rise in middle-class income and the young population result in strong growth.

**Opportunities:** India could be a leader in shared mobility by 2030, providing opportunities for electric and autonomous vehicles.

Focus is shifting to electric vehicles to reduce emissions.

**Rising Investments:** FDI inflow in the automobile sector stood at US\$ 24.21 billion between April 2000-March 2020.

India has significant cost advantages. Auto firms saved 10-25 percent on operations vis-a-vis Europe and Latin America.

**Policy Support:** The government aims to develop India as a global manufacturing center. Reforms like GST will boost the sector's growth.

Under the new GST regime, GST on electric vehicles is reduced from 12 percent to 5 percent.

Also, many companies are now resorting to a well-organized approach to marketing where plans and decisions are based on extensive marketplace research and information on customer behavior, their demand, purchasing power money associated things that impact buying settlements (4). Consumer behavior should be very important in each phase of a firm's marketing platform (5). Consumer behavior is one-sided by ethnic constituents, societal powers like family, reference

group, etc. and also awareness (6). Automobile manufacturing is a mark of technical amazement by human activity. They are greatly distinguished durable goods with varying life (7). Now, the Indian automobile manufacturer is dealing with client demands for safety, style, and comfort and with labor relations and manufacturing effectiveness. Customer behavior is the work of exercise and disposal of results on a glance at how they are procured. Having a better discernment of customer behavior might gain firms in getting constant existence besides their challengers.

Subsequently the Economic Liberalization in India in 1991, the Indian automobile Industry has revealed incessant development as an effect of enlarged effectualness and comfortable constraints. Automobiles were manufactured by substances of the artifacts of many manufacturing productions, collectively, plastics, steel, carpeting, rubber, aluminium, iron, computer chips, etc. Post liberalization, the automotive car market in India has been in a growing phase with all categories of cars overflowing the marketplace in command to reach the consumer demand of India who is progressively open to the state of the world automobiles and wants the best when it comes to buying a car.

**Table 1.India - New Vehicle Sales**

Type	Dec. 2019	Dec. 2018	Y-o-Y
Passenger Premium Vehicles	235,786	238,692	-1.20%
Commercial Premium Vehicles	66,622	75,984	-12.30%
<b>Grand Total</b>	<b>302,408</b>	<b>314,676</b>	<b>-3.90%</b>

Source:

[https://www.marklines.com/en/statistics/flash\\_sales/salesfig\\_india\\_2019](https://www.marklines.com/en/statistics/flash_sales/salesfig_india_2019)

By 2030, the Indian car marketplace will be the third biggest car marketplace across the universe. With the increasing economy, the public's left with a lot of nonreusable income spends it headed for conference their mobility necessities such as cars. Banks and other financial organizations have a collection of car loan schemes with eye-catching rates of interest and suitable instalments. These schemes encourage people to go in for loans to purchase cars of their choice. The situational factors had very strong prominence on financial implications. Monthly instalments, personal income, lifestyles, interest rates, and payment period were recognized as the top five factors that influenced the black middle class while making a purchase (8).

A premium car is stated to be automotive with size among that of a compacted and a complete size car. The value range is between 7 and 15 lakhs. These cars have a passenger capacity of between 4 to 6 passengers. Premium cars tend to be socially consumed. Wealthy consumers go for them not only

for the car's good quality and technical attributes but also for non-technical attributes such as the perceived image of the car marquee to demonstrate their wealth and status. A number of studies have been directed at customer behavior headed for cars (9,10). But this research specifically illustrates the customer behavior for sedan cars.

Madhya Pradesh has become the main avenue with the potential for consumption of the variability of products and services. The current study is concentrated on the premium sedan car owners present in the zones of five economically significant districts viz. Indore, Gwalior, Jabalpur, Satna, Bhopal i.e. 5 Cities of the state of Madhya Pradesh. Premium passenger car manufacturers generally have to constitute design decisions late in the growing process to take the reward of the latest available applications. This orders flexibility. Nevertheless, manufacturers also try to deflect costly late innovation changes. This orders control through formal provisioning. So achieving the right correspondence between flexibility and control is crucial. Such correspondence has to be based on strong commitments by people tangled in the projects where trustfulness, a sense of responsibility, and a willingness to allow and get aid in and between projects are the essential components of the project elegance (11).

Environmental scanning includes analyzing information about every sphere of the extraneous environment that can aid management to plan for an organization's future. Scanning protects not only rivals, suppliers, and clients but also applications, economical state, political and restrictive environment, and social and demographic tendencies (11). The range of environmental scans is broader than rival intelligence, challengers, and business tidings. Given the sheer number of factors to consider, research proposes decision-makers focus on their scanning, mostly depending on their insight of dynamism in an external environment. While focussing on scanning would be a necessity, activity cautions that a narrow focus leaves the firm in danger of failing to identify rising factors (12).

Consumer behavior is a blend of Economic, Technological, Political, and Demographic factors reflected by his attitude, perception, knowledge, and perception. Various customer behavior parameters can be clubbed as given in below Table 2.

**Table 2. Broad Classification of Consumer Behaviour as per different factors**

Economic factors	Technological factors	Political factors	Demographic factors
Cost effectiveness	Performance of vehicle- mileage, max speed, torque, Engine Capacity	Government taxation	Gender
Fuel Price	Fuel Efficiency	Favourable Government policies	Source of Income
Easy Loan	Exterior design like color, shape, lights, etc.	Government budget planning	Education
Loan Interest	Interior design like seat design, music system	-	Occupation
Monthly Income	Durability and reliability	-	Height, Weight

Marketers can rationalize their existence only when they can understand consumer behavior. From the study, it was envisaged to classify these behavior factors under broad categories – Economic, Technological, Political, and Demographic factors. According to table 1, the consumer’s opinion for premium cars from Madhya Pradesh’s cities like Indore, Gwalior, Jabalpur, Satna, Bhopal was researched and tabulated in Table 3.

**Table 3. Consumer’s opinion for the Premium Car**

Consumers Opinion	Frequency	Percentage
A car sized between that of Compact and Full sized cars	54	21.6%
A Car having a seating Capacity of 4/5 Passengers	32	12.8%
Where Price of the car ranges between Rs. 7-15 lakhs	109	43.6%
Cars mainly targeted towards higher income groups	55	22%
<b>Total</b>	<b>250</b>	<b>100</b>

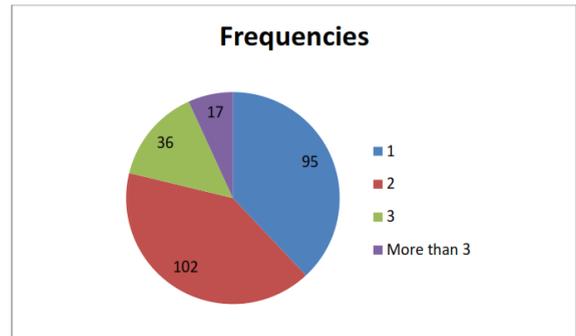
Through consumers opinions about the specifications of the premium, cars were examined, it is seen that maximum number of the respondents (44.80%) state that premium car is the automobile where price ranges between 7-15 lakhs. Least percentage (11.60%) of the respondents gave their opinion as a car has a seating capacity of 4/5 passengers, which is a premium car.

The customer demand function is based on discrete choices and during each market period, every consumer is expected to choose the optimal vehicle package from among those available (5). The premium car industry has undergone a drastic change in terms of consumer perceptions as well as technology. The behavior displayed by the researched group clearly showed that major factors that accounted for pre-Purchase Search Strategies are “Collecting Information from Others”, “Test Driving” and “Visiting Dealer’s Showroom” Marketer should improve on these aspects. Customers rely more on “Collecting Information from Others” for gathering knowledge about specific cars.

Considering customer behavior is crucial for; the marketing strategy of corporations, their probabilities of achievement being greater when choices are well

originated and aren’t made just instinctively; Policy creating from the legal establishments, targeting at waning or making behaviors with an optimistic effect on persons and the society in general; and the information of the consumers, so that they can understand the strategies and tactics used to influence them and be able to set limits for these effects when necessary.

The presence of sedan cars in households that are being investigated through this research from the state of Madhya Pradesh in the cities of Indore, Gwalior, Jabalpur, Satna, Bhopal.



**Figure 1. Presence of sedan cars in households**

From Figure 1 the maximum number of respondents i.e., 102 respondents (40.8%) owned 2 vehicles in their households. And only 17 (6.8 %) respondents owned more than 3 vehicles. 95 (38%) respondents owned only 1 vehicle and 36 (14.4%) respondents owned vehicles in their households.

## 7. RECENT TRENDS IN AUTOMOBILE INDUSTRY

The automobile industry in India flourished after the trade liberalization of 1991. Before the liberalization India had very few industries especially very few automobile manufacturers and also the GDP growth rate was very slow, between 2-3%. Trade liberalization brought many new industries and many Foreign Direct Investments (FDI) inflows happened. The local automobile manufacturer rose and many foreign automobile manufacturers started their manufacturing hubs across India. The accelerated economic growth and increase in the population created many demands and the Indian market flourished. India is the major player in the premium model four wheelers segment. The increase in the population and the increase in the economic condition will increase the demand and supply. And also the automobile sector is also further expected to increase as the income level of the people is expected to improve. As disposable income increases, the sales of automobiles are also expected to increase. Hence, the increase in the automobile will increase the consumption of

premium cars and will in turn increase the buying attitude of premium cars among people.

In current years, India has arisen as a foremost core for the manufacturers of small cars while possibilities are impressive. Some competition might baffle the future growth of the Indian car industry. The demand for automobiles in modernistic years is directly related to the total economic extent and increasing individual incomes. Manufacturing development will slow if the economy debilitates. In 2007, Maruti introduced the SX4 sedan. After unveiling crossover utility vehicle SX4 S-Cross and concept sedan Ciaz, Maruti Suzuki India designs to introduce three products across a mid-sized sedan and utility vehicle categories through the succeeding two years. Its goal is to raise its share of the mid-range premium vehicle market.

Customer Behaviours of the Super Compact (4.0 < L < 4.25 Meter) and Mid sizing Segment (4.25 < L < 4.5 Meter) are "Super Compact", the largest sub-segment comprised of sedans. The segment marks the beginning of the 3 boxcars in a segment. The sub-segment was dominated by Maruti Suzuki with sedan Swift Dzire formed on its most acknowledged compact car platform. Such dominance by Maruti Suzuki bounds at this sub-segment in the hierarchy.

The study is restricted to five economically important districts of Madhya Pradesh viz. Bhopal, Indore, Gwalior, Jabalpur, and Satna. Advertisers and marketers have been trying to discover why consumers buy premium cars and what other features they look for in a premium car for the fulfillment of their requirements. And also what brand they opt for. This study attempts to investigate the effect of observation in the consumers' attention and how these statistics can be utilized effectively by dealers to the advanced doorway into the consumer's minds. The scope of this research has a very good future.

India is a developing nation with a low per capital income. Instability in the Indian economy will have an immediate effect on a car sale, a car is perceived as a lifestyle product. Though the car industry cannot be insulated from the effects of slowdown and recession in the economy, the industry needs to be more in sync with the growth and development of India. Of now, India is the seventh-largest vehicle manufacturer, the second largest two-wheeler manufacturer, and the fifth largest commercial vehicle manufacturer in the world.

#### **Key Findings for the Selling Growth of Premium Cars Segments in Indian**

- Financial Availability
- Exchange of Cars
- Favorable duty structure

- Improved Infrastructure
- Changing Lifestyle
- Financial Availability
- Rising Family Income

#### **8. CONCLUSION**

Finally to conclude the Indian car market appears to be the strongest growing activity among all those automobile markets commenced across the globe. In the previous two decades, the Indian car manufacturer was way behind any of the most essential economies like the USA, Japan, and China. Presently the Indian car industry is certainly one of the most dynamic, modern, and optimistic automobile markets of the universe. In the event of economically middle-class, the four-wheeler segment is witnessing fantastic growth and can imagine more contribution to an economy from this sphere in the future. The Indian automobile sector has now become the center of attraction for most of the world-wide automobile giants.

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