

***A Study on Consumers Buying Decisions in the Automotive Sector in India  
with special reference to mid segment cars***

**Ratnesh Pal Singh**  
Assistant Professor, Mata Gujri College, Fatehgarh Sahib, Punjab, India.  
Department of Management Studies.  
Email. - [ratneshmgc@yahoo.com](mailto:ratneshmgc@yahoo.com)

**Abstract**

The Indian automobile industry is one of the largest in the world and continues to grow steadily each year. This research explores consumer buying behavior in the Indian automobile market. In addition to a review of existing literature and current industry data, a questionnaire survey was conducted to identify the key factors influencing automobile purchase decisions in India. This study incorporates both qualitative and quantitative research methods to understand how consumers make purchase decisions. Findings from the interviews reveal that buying a car is viewed as a significant decision, prompting consumers to engage in detailed analysis and research, both digitally and through personal information gathering, to clearly identify their needs. The study also highlights various challenges and influential factors that consumers face while selecting a vehicle. The results indicate that demographic characteristics such as age, education, gender, and occupation, along with individual attitudes, behavior, and perceptions, play an important role in shaping purchase decisions. Interviews further suggest that consumer choices are influenced by peers, family, price, vehicle features, and similar factors. Consumer perception, beliefs, and attitudes significantly impact how individuals identify and select high-quality automobiles. To gain a deeper understanding of these insights, the study incorporates interviews along with information from annual reports of selected brands, websites, journals, and other publications. The findings indicate a positive relationship between consumer preferences and overall buying behavior, showing a consistent linear trend.

Keywords: Consumer perception, automobile, buying behavior

## INTRODUCTION

Human choices evolve constantly, and the automobile industry is advancing alongside these changing preferences. As one of the most profitable and recognized industries, the automobile sector has experienced continuous growth. Rising income levels and increased savings have enhanced consumers' purchasing power, contributing to the steady increase in automobile sales. This growth has intensified competition among firms operating in the industry.

Competition among car manufacturers has further intensified due to the introduction of new brands, premium-priced vehicles, and the frequent launch of new models. In such a competitive environment, brand popularity becomes a vital tool for companies striving to maintain a strong presence in the market. Consequently, automobile manufacturers are highly conscious of their reputation and revenue. Marketing plays a crucial role in influencing consumer decisions, shaping their opinions, and encouraging loyalty through effective product presentation and quality service. It has become essential for every manufacturer to adopt unique strategies to attract and retain customers, preventing them from shifting to competing brands.

As competition grows, many automakers have begun producing similar models or adopting comparable features to remain relevant in the market. To achieve a leading position and deliver quality products, manufacturers must continuously innovate by implementing new technologies and making improvements in their vehicle designs. Interviews reveal that consumers are drawn to vehicles with appealing designs, modern interiors, durability, and strong brand personality. Although innovation is crucial for maintaining a competitive edge, effective promotional strategies and consistent model improvements also play a significant role in driving success in the automobile industry.

Several factors influence consumer purchase decisions, including vehicle price, consumer income and savings, features and technologies, safety standards, warranty and service offerings, and financing options. When manufacturers successfully address these consumer needs, automobile sales are likely to increase.

The primary aim of this thesis is to understand consumer buying behavior in the automobile sector. Since automobiles are high-value purchases and not used daily by all consumers, buyers often take considerable time to familiarize themselves with the vehicle and address any

concerns. Purchase decisions are strongly influenced by demographic, psychographic, and behavioral factors, which shape consumers' unique perspectives. Before buying expensive products, consumers typically conduct thorough research. Digital platforms are particularly useful for comparing brands based on features, design, durability, and price. This allows consumers to make informed decisions through online research or feedback from current users.

This thesis includes structured headings and subheadings that present a detailed analysis of the multiple factors influencing consumer purchase decisions in the automobile industry.

## **LITERATURE REVIEW**

Srivastava and Rai (2014) conducted a study to investigate the impact of demographic factors on consumer buying behavior in the Indian automobile industry. The study found that age, income, and education level have a significant impact on consumer buying behavior. Consumers, who are younger, have higher income, and higher education level tend to purchase higher-end cars with more advanced features.

Ramkumar et al. (2015) investigated the factors that influence consumer buying behavior in the Indian automobile industry. The study found that brand reputation, price, and design are the most critical factors that influence consumer buying behavior in the automobile industry in India. The study also found that consumers tend to rely on word-of-mouth recommendations from family and friends when making a purchasing decision.

Rashid and Yusuf (2012) conducted a study to investigate the impact of social media on consumer buying behavior in the Indian automobile industry. The study found that social media has a significant impact on consumer buying behavior, and consumers tend to rely on social media platforms for information about new cars, features, and prices.

Kumar and Thakur (2015) investigated the factors that influence consumer buying behavior in the Indian luxury automobile industry. The study found that brand image, design, and product features are the most critical factors that influence consumer buying behavior in the luxury automobile industry. The study also found that consumers in the luxury automobile industry tend to be more brand-conscious and are willing to pay a premium for a high-end car.

Chakraborty and Sengupta (2010) conducted a study to investigate the impact of environmental consciousness on consumer buying behavior in the Indian automobile industry. The study found that consumers in India are becoming increasingly environmentally conscious and tend to prefer cars that are fuel-efficient and have low emissions.

### **Objectives of study**

- 1) To study the consumer behavior of automobile industry.
- 2) To understand the decision making in automobile sector.
- 3) To study the major factors affecting on decision making.

### **Research Methodology**

The present study is purely based on secondary data collected through literature survey, journals, newspapers, websites, published articles and opinion of experts on the subject matter.

### **CONSUMER BUYING BEHAVIOR**

Consumer behavior has become one of the most troublesome issues, so it must be considered with great importance. Consumer behavior has become a very complex phenomenon now days; basically it acts like a signal in market about the several demands of the consumers. Consumer perception helps the producers to know the needs of the wanted by the consumer. Consumer behavior plays important role while buying or purchasing a product. The buying behavior of customers in the automobile industry has evolved significantly over the years, driven by various factors such as changing consumer preferences, technological advancements, environmental concerns, and economic conditions. Due to the increased focus on sustainability has led rise in demand for electric and hybrid vehicles, as well as vehicles that run on alternative fuel such as natural gas or hydrogen. Safety is being encountered as phenomena which mostly influence the consumer purchase decision it includes collision avoidance system, air bag systems, anti lock braking system, etc. Digital channels are very much used as time saving and best way to compare

brands during purchase vehicles.

Buying behavior (Wants, Goals, and Beliefs).

In the automobile sector, buying behavior is influenced by a range of wants, goals, and beliefs.

Here are some examples:

**Wants:** It is defined as the consumer wants that attracts them towards the product, consumer always wants a product that is attractive and creative design, performance features such as speed of the vehicle interior and exterior look, comfort and convenience is the most important term that wants by the consumer comforts such as durable seating facility, high suspension to absorb the jerks, inside display touch screen. Fuel efficiency is the other important factor that affects the wants of consumers, consumers always wants an environment friendly and fuel efficient vehicle.

**Goals:** Goals of the consumer while purchasing a vehicle is mainly depends on the status, safety and cost saving factors, safety is defined in terms of the features such as airbags, anti lock brakes, blind spot monitoring, etc. if we see in terms of status luxury cars always provide loyalty to consumers, cost saving is a factor which is mostly been kept in mind and on an average we can see that most the vehicles sold are of average price.

**Beliefs:** Beliefs that consumer shows towards the vehicle or manufacturer, brand reputation in consumer have beliefs about the quality and reliability of certain automobile brands based on their own experiences or reviews from others. Environmental impact is also to be kept in mind in terms of beliefs such as choosing a hybrid or electric car, some of the consumers have beliefs on the manufacturer and country of origin that has been marked as certified and good manufacturers such as mostly consumer wants the cars which are manufactured in Japan or Germany.

### **Consumer perception**

Consumer perception in the automobile industry is an important aspect that influences their buying behavior. Perception refers to how consumers perceive and interpret information about a particular brand or product. In the automobile industry, consumer perception is influenced by various factors, including:

**Brand image:** Consumers' perception of a brand's reputation and image plays a significant role in their decision-making process. A brand's image can be influenced by factors such as product quality, safety, reliability, and design.

**Marketing and advertising:** Automobile companies invest heavily in marketing and advertising to create a perception of their products in the mind of consumers. Consumers' perception of a brand can be influenced by the messages and visuals presented in marketing campaigns.

**Word-of-mouth:** Consumers' perception of a brand can also be influenced by the opinions of their friends, family, and other consumers. Positive reviews and recommendations can create a positive perception of a brand in the minds of potential customers.

**Technology and innovation:** Consumers' perception of a brand's technology and innovation can be a significant factor in their decision-making process. Automobile companies that invest in cutting-edge technology and innovation may create a perception of being modern, forward-thinking, and reliable.

**Environmental impact:** Consumers' perception of a brand's environmental impact can also play a role in their decision-making process. Brands that prioritize sustainability and environmentally-friendly practices may create a positive perception among consumers who are concerned about the environment.

#### CONSUMER DECISION MAKING

Consumer decision making towards the automobile industry involves a complex process that is influenced by various factors. The decision-making process typically involves the following stages:

**Need recognition:** The first stage of the decision-making process is the recognition of a need. This may be triggered by a change in the consumer's circumstances, such as a new job or a growing family, or by a desire for a new car.

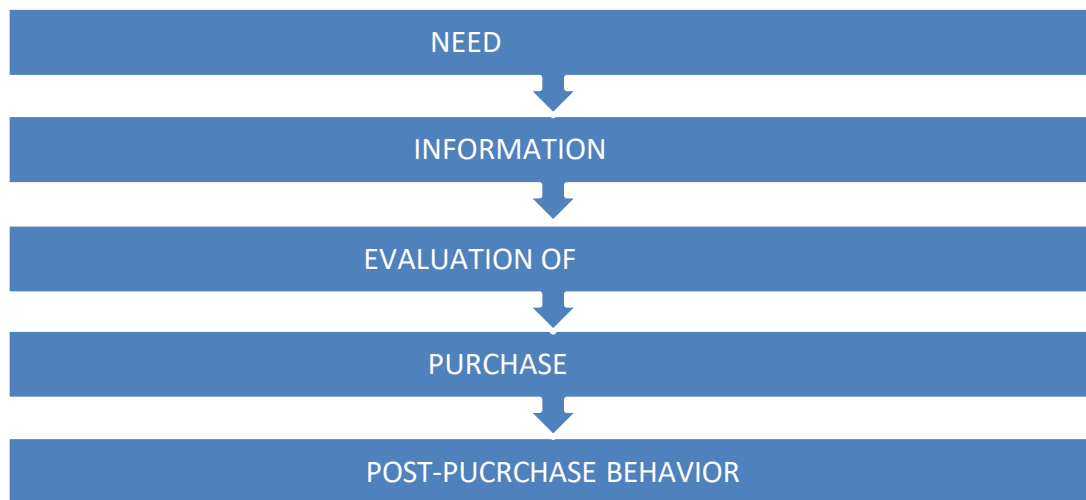
**Information search:** Once a need has been recognized, consumers will typically begin to search for information about the different options available to them. This may involve researching online, reading reviews, talking to friends and family, or visiting dealerships.

**Evaluation of alternatives:** After gathering information, consumers will typically evaluate the different options available to them. This may involve comparing prices, features, safety ratings, and other factors.

**Purchase decision:** Once the alternatives have been evaluated, consumers will make a purchase decision. This may be influenced by factors such as price, brand reputation, and perceived value for money.

**Post-purchase evaluation:** After making a purchase, consumers will typically evaluate their

decision and may experience either satisfaction or dissatisfaction with their choice.



### **Online information collection and purchase decision of consumer**

Online information plays a significant role in the car purchase decision-making process. Consumers now have access to vast amounts of information about cars and the buying process through online channels such as manufacturer websites, online forums, social media, and third-party review sites. Research is a process which was done by the consumers for the collection of data, reviews helps to earn trust over the specific brands or products, social media is a platform where manufacturer merchandise their products in attractive way that allows consumers to think on it, transparency in purchasing a vehicle is being provided to consumers such as pricing, financing, etc.

### **Offline information collection and purchase decision of consumer**

Offline information can play a significant role in a car purchase decision. While online research is an essential part of the car buying process, many buyers also rely on offline information to make their final decision. In offline purchase a consumer can have these benefits, test driving to experience the cars performance, handling, and comfort in person, discussion with sales person provides car's features as well as several other knowledge, consulting with friends and family is the most appropriate step taken by consumer because they can provide valuable advice with their own experience, reading car magazines is an easiest way to learn about the vehicle, visiting showroom is one of the most prominent way that used in offline data collection in this customer comes to know about services and several brands present there. According to the researcher it was examined that this information is prior on the basis of buying decision.

## CONCLUSION

The automobile industry in India is growing rapidly and every manufacturer is inventing new models and technologies after a sometime from previous one. Due to increase in the consumer needs and demands it has become very competitive for manufacturers to attract consumers without having a strong marketing strategy.

The final decision to buy an automobile is influenced by the consumer's spouse, friends, and other family members. Customers' purchase decision is primarily influenced by the car's pricing and features. Customers must therefore figure out a way to balance the pricing as well as the desirable cars' attributes. Advertising makes it easier to access product related information. Providing consumers with information it helps user obtain information while encountering fewer obstacles, complications, information for the consumer's purchase decision and need for the producers. Due to the oligopoly structure the competition in the auto sector grew to a new level. Consumer buying behavior is a complex and multifaceted process that involves a range of psychological, social, and cultural factors. Understanding these factors is essential for marketers and businesses to create effective marketing strategies that target their audience and influence their purchase decisions.

Some of the key factors that influence consumer buying behavior include personal values, beliefs, and attitudes, social and cultural norms, past experiences, and marketing messages. By understanding these factors, businesses can create targeted advertising campaigns and product offerings that align with the needs and preferences of their target audience. Another important factor to consider is the customer journey, which involves the various stages that a consumer goes through before making a purchase decision. These stages include awareness, consideration, and decision-making, as well as post-purchase evaluation and feedback.

Ultimately, businesses that are successful in understanding and leveraging consumer buying behavior can gain a competitive advantage in the market and build long-lasting customer relationships. By delivering value and meeting the needs and preferences of their target audience, they can create loyal customers who continue to support their brand over time.

## REFERENCES

1. Hasan, A. H. (2014). *Consumer buying behavior in the automobile industry in Bangladesh: A qualitative study of the customers of Pragoti Industries Limited* (Master's thesis). Theseus. Retrieved from [https://www.theseus.fi/bitstream/handle/10024/353742/Hasan\\_Ahasan.pdf](https://www.theseus.fi/bitstream/handle/10024/353742/Hasan_Ahasan.pdf) Theseus
2. Shende, V. (2014). *Analysis of research in consumer behavior of automobile passenger car customer*. *International Journal of Scientific & Research Publications*, 4(2), 1–8. <http://www.ijsrp.org/research-paper-0214/ijsrp-p2670.pdf> IJSRP+2IJSRP+2
3. Menaka, R., & Ashath, K. (2014). *A study on consumer buying behaviour and satisfaction towards Indian automobile industry*. *Shanlax International Journal of Arts, Science & Humanities*, 2(2), 1151–1162. [https://www.shanlaxjournals.in/pdf/ASH/V2N2/Ash\\_V2\\_N2\\_011.pdf](https://www.shanlaxjournals.in/pdf/ASH/V2N2/Ash_V2_N2_011.pdf) Shanlax Journals
4. *Consumer buying behavior in automobile industry* (n.d.). Studocu. Retrieved from <https://www.studocu.com/in/document/university-of-lucknow/mba/consumer-buying-behavior-in-automobile-i/15521888> Studocu
5. Shende, V. (2014). *Analysis of research in consumer behavior of automobile passenger car customer*. *International Journal of Scientific & Research Publications*, 4(2), 1–8. [International Journal of Scientific & Research Publications. https://www.ijsrp.org/research-paper-0214/ijsrp-p2670.pdf](https://www.ijsrp.org/research-paper-0214/ijsrp-p2670.pdf) IJSRP
6. Dhanabalan, T., Subha, K., Shanthi, R., & Sathish, A. (2015). *Factors influencing consumers' car purchasing decision in Indian automobile industry*. *International Journal of Mechanical Engineering and Technology*, 9(10), 53–63. [https://iaeme.com/MasterAdmin/Journal\\_Uploads/IJMET/VOLUME\\_9\\_ISSUE\\_10/IJMET\\_09\\_10\\_004.PDG](https://iaeme.com/MasterAdmin/Journal_Uploads/IJMET/VOLUME_9_ISSUE_10/IJMET_09_10_004.PDG) iaeme.com