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An Analysis of Consumer Behaviour for Buying Selected Cars in Haveri District

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ABSTRACT

India has overtaken Japan and Germany to become the world's third largest auto market by sales volume. In fact, a whopping 23 million cars were produced in the Indian market in 2022 alone. This incredible performance is attributed to the strong return of demand for personal mobility after the pandemic.

But the industry is quickly adapting to change and getting back on track faster than usual. Buying behaviour is a crucial aspect of demand for any product. It involves a combination of various factors such as economics, technology and psychological involvement of consumers. It shows the characteristics of the consumer through their perception of the product, quality, price, income, likes and dislikes and very important lifestyle. Understanding the psychology of buyers is becoming a complex process these days, after the pandemic, new behaviors seem to exist everywhere, such as new ways of interacting, ways of working and timing of work, sources of income, future income and savings calculations. Today's spending patterns, isolation and social behavior have seen many changes compared to the same consumer's behavior pattern before the pandemic. As life gets back to normal, resulting in drastic changes in the demand for the automotive industry in India. This article is an attempt to focus on the analysis of the changes in the consumer buying behavior of automobiles that are redefining the demand, the face of the Indian automobile industry, especially after the pandemic that triggered the revival of the industry.

Keywords: Indian Automotive Industry, COVID-19 Pandemic, Buyer`s Psychology, Changing Demand in Automotive Industry, Consumer Behavior.

1. INTRODUCTION:

India is the second most populous country in the world and the Indian economy is growing at a fast pace compared to developed countries. There are many people who are able to own a car. Many world leaders in the automobile industry have taken advantage of this and opened their manufacturing centre in the Indian economy. Car customers developed their own personal preferences and buying patterns that were completely new to the automotive industry.

Buying a car is the first choice of every individual these days when he has climbed the ladder of his income. Car ownership does not remain a luxury segment. Its demand is prioritized as needed. Liberalization in foreign direct investment policy has led to greater investment by foreigners in India, leading to a change in the demand for automotive vehicles in the Indian industry. Newer technology, television advertising, family needs, fuel efficiency, safety, value for money and affordability to buyers and brands are significant factors responsible for consumer buying behavior.

In the automotive market, complex customer relationship management and connection play an important role. The competitive global market is the responsible factor for quality cars in all aspects. Quality products and good relationships with the seller often resulted in customer satisfaction. Service and good customer relations help car companies to maintain and expand the brand image for car customers. However, brand image cannot

guarantee the conversion of an offer into a sale. Cars are like clothes and accessories, the demand for which changes according to the personality of consumers.

The COVID 19 pandemic has changed the entire pattern of demand for cars. Consumers ignored public transport and switched to private cars. More customers have realized the benefits of passenger vehicles. Personal mobility and used cars have become a potent combination for car buyers in the new wave of Covid cases. The public continues to shun ride sharing and public transportation due to ongoing new variants of COVID. By 2019, used car sales were roughly on par with new car sales in India.

However, due to the aforementioned factors of customer buying behavior, it has suddenly prioritized the demand for used cars. The outbreak of the pandemic and strict government regulations on transportation have boosted demand for cars. The growth of start-ups in the industry has led to a new source of income, car rental plans, EV charging and attractive service packages have also created a platform for electric vehicles in India.

2. REVIEW OF LITERATURE:

Kanupriya (2018): He said in his research article that the auto industry is one of the successful sectors in the Indian economy. Commercial foreign direct investment inflows show an increasing trend. The growth of the average population, increasing purchasing power and the growth of the economy are the reasons why various companies are entering the Indian market. Foreign direct investments alone cannot have a positive impact on the domestic economy and consumers. Technological change, access to international management skills and practices, open export markets and job creation are also required to support foreign trade in the automobile business.

Nikita Arya (2019): He said in his research article that India is an important market for many foreign automakers. The most popular feature of Indian cars is the additional software content. India is one of the largest exporters of automotive connectivity and software solutions. Many companies have developed R&D backends for the global market. The Indian auto industry is supported by low-cost labor and steel production. Lithium and cobalt reserves are running out in India. He added that the city should cooperate in the supply of raw materials necessary for automobile production.

Gurupratap Boparai (2020): According to WTO forecasts, trade in many international markets will fall by 13-32% in 2020 and by more than 20% in 2021. The Indian auto industry is also 18 months old. He added that the strength of the economy depends on the Indian people's desire to improve their lifestyle and personal security. The GST tax deduction may be the solution to solving the negative feeling of buying a new car.

Kavan Mukhtyar and Yogesh Thakar (2020): They argue that the first in China and South Korea and the lockdown in India have produced a U-shaped economic recovery. Consumers tend to gravitate towards personal health, hygiene and cleanliness while traveling. Consumers want to switch to personal mobility. Integration remained in the background in the medium term. The desire and spending of buyers for a new car should create a demand for used cars. Decreasing domestic sales has resulted in lower profits and lower capacity utilization for Indian retailers.

Koushik Chatterjee (2021): With some companies failing to cut sales, Covid 19 is thought to have had a major impact on the performance of the Indian auto industry. People gave up on their plans to own cars because of the uncertainty of their income. They mostly travel by car instead of public transport. Quarantine and social distancing are important after the start.

3. STATEMENT OF PROBLEUM:

COVID 19 and its changes have caused some problems all over the world, leaving little way to look into the future; The Indian auto industry is riding the same wave. Currently, the industry is facing problems due to production shutdowns, declining vehicle sales, large-scale operations, disruptions in the supply chain, changing consumer behavior and most importantly products. In 2020, when the epidemic is at its worst, the Indian auto industry is also at its worst. But from 2021 there are some improvements in the outlook.

4 OBJECTIVES:

1) This article attempts to provide an in-depth market analysis of the outlook for cars in the Indian auto industry, especially after the pandemic.

2) To focus on the analysis of the changing behavior of car buyers and their impact on Indian car market.

5. RESEARCH METHODOLOGY

The study is descriptive and analytical. It is based on primary data collected through the questionnaire from Haveri District only. A first extensive literature review is conducted on consumer's buying behaviour to understand its impact on Indian Automotive Industry. Then to know the current status of consumers' mindset about car buying a questionnaire survey was designed & conclusions are drawn on the basis of the analysis.

6. LIMITATIONS OF THE STUDY

The success of any study is hampered by some problems. The problem of this study is the budget, time and resources of the study. There are some problems in getting information from the participants while answering the questions in the diary. This research paper is based on a sample size of 60 respondents in the Haveri district alone, which is not sufficient to analyze the changing behaviour of car-buying consumers.

7. DATA ANALYSIS AND FINDINGS & INTERPRETATIONS

The Indian market has produced a whopping 23 million units of automobiles in 2022 alone. This incredible feat is attributed to the strong bounce-back in demand for personal mobility, post-pandemic.

Table no 1. Top Automobile Companies in India

Sl.No	Name of Organization	Market Share In percentage
1	Maruti Suzuki	39.53
2	Hyundai Motor Company	15.06
3	Tata Motors	13.11
4	Mahindra & Mahindra	10.68
5	Kia Corporation	6.40
6	Toyota Motor Corporation	5.53
7	Honda	1.99
8	MG Motor	1.80
9	Renault	1.60
10	Skoda Auto	1.32

Source:https://promotedigitally.com/car-companies-in-india/ accessed on 27/08/2023.

The table no 1. Shows that the compiled a list of the top 10 car companies in India with respect to their market share as on 31st march 2022.

Table No. 2: Indian Automobile Industry analysis

Year (FY)	No of Automobile Produced (In millions)	No of Automobile Sold in India (In millions)	No of Automobile Exported (In millions)
2017-18	29.1	25.0	4.0
2018-19	30.9	26.3	4.6
2019-20	26.4	21.6	4.8
2020-21	22.7	18.6	4.1
2021-22	23.0	17.6	5.6
2022-23	25.9	21.2	4.8

Source: Self-compiled table from https://www.siam.in/statistics.aspx?mpgid=8&pgidtrail=15

Table No. 2 found that the market size of the Indian automobile industry shows changing trends in terms of production, sales and exports during the phases - before, during and after the pandemic. Until the COVID 19 industry shows increasing trends in terms of production, sales and exports. However, during the peak phase of the pandemic i.e. 2020-2021, it shows declining trends such as 26.4 to 22.7 for production, 21.6 to 18.6 for

sales and 4.8 to 4.1 for exports. The current position of the post-pandemic era shows a position of 25.9, 21.2 and 4.8 in production, sales and export of Indin automobiles units.

Table No. 3

Automobile Segment in Production, Domestic Sales and Exports during FY 2022-23

Category	Production	Production %	Domestic Sales	Exports
Passenger Vehicles	45,78,639	17.65%	38,90,114	6,62,891
Commercial Vehicles	10,35,626	3.99%	9,62,468	78,645
Three Wheelers	8,55,696	3.30%	4,88,768	3,65,549
Two Wheelers	1,94,59,009	75.04%	1,58,62,087	36,52,122
Quadricycles	2,897	0.02%	725	2,280
Grand Total	2,59,31,867	100%	2,12,04,162	47,61,487

Source: Self-compiled table from https://www.siam.in/statistics.aspx?mpgid=8&pgidtrail=15

From Table No. 3. It shows that the industry composition for the fiscal year 2022-2023 shows that the maximum demand comes from 75.04% two-wheelers, followed by passenger vehicles such as passenger cars 17.65% and commercial vehicles and three-wheelers with 3.99% and 3.30% of total demand.

Table No. 4. Indian Car Sales market

Name of Organization	FY 2022-2023	FY 2021-2022	Growth in %
Maruti Suzuki	19,66,164	16,52,653	18.97%
Hyundai	5,67,546	4,81,500	17.87%
Tata Motors	5,38,640	3,68,931	46.00%
Mahindra	3,56,961	2,23,682	60.00%
Kia India	2,69,229	1,86,965	44.00%

Source Secondary Data

From Table No. 4. It shows that in terms of sales of Indian Cars, Mahindra shows a growth of 60.00% followed by Tata Motors 46.00% and Kia India 44%. while other few selected companies like Hyundai very lowest growth rate of 17.87%.

SOCIO-DEMOGRAPHIC PROFILE OF RESPONDENTS:

Primary data is collected from 60 respondents across gender, age groups & occupations. Data is collected through a questionnaire circulated in Haveri District only.

Table 5: Socio-Demographic Profile of Respondents

Class Interval	Respondents	% of Respondents
Gender		
Male	38	63%
Female	22	37%
Age Group		
18-30 Years	14	23%
31-40 Years	17	28%
41-50 Years	23	38%
51 & Above	6	11%
Educational Qualification		
Under Graduation	20	33%
Graduation	8	13%
Post-Graduation/Professional	32	54%
Source of Income		
Salaried	38	63%
Self-employed	22	37%

Source: Primary Data.

From Table No. 5, it can be seen that 60 respondents were fully familiar with the automotive vehicle such as car, the procedure to obtain the car and the license. Advantages and limitations of the car. The impact of car ownership on their physical, social and economic status on their lives as well as on their family members and surroundings.

Table 6: Car consumer behaviour - limiting factors on car ownership

Class Interval	Respondents	% of Respondents
Do you own an automotive vehicle (Two-wheelers/Three wheelers/Fourwheelers/ Commercial Vehicles)?		
Yes	37	62%
No	23	38%
Do you think age is a limiting factor for buying a car?		
Yes	20	33%
No	40	67%
Do you think a Driving license is a limiting factor for buying a car considering the age of the buyer?		
Yes	28	47%
No	32	53%

Source: Primary Data.

Table No. 6 shows that 62% of respondents preferred car ownership. While 38% of respondents did not prefer ownership. Questions were asked to analyze the limiting factors from car ownership due to the age limit and the government procedure for driving a car on the road. Analysis of the association of these factors shows that a positive answer due to age was given by 33% of respondents against 67% of "No" respondents who clearly stated that age is not a limiting factor. The analysis further showed the opposite result for the driver's license, where 47% of respondents answered "Yes" compared to 53% of respondents "No". It shows that getting a driver's license is no problem now.

Table no 7: Consumer's preference toward the benefits of car

Class Interval	Respondents	% of Respondents
What is your opinion about "Public transport provides great value to gender safety in travel"		
Strongly disagree	5	8%
Disagree	23	39%
Neither agree nor disagree	13	21%
Agree	14	24%
Strongly agree	5	8%
What do you feel about "self-owned or family/friends-owned car should be preferred over public transport to avoid health issues & it brings happiness in the journey also"?		
Strongly disagree	5	8%
Disagree	5	8%
Neither agree nor disagree	9	15%
Agree	24	40%
Strongly agree	17	29%

Source: Primary Data.

From Table No. 7, it was found that the use of public transport was less preferred by consumers due to the safety of female respondents when traveling by public transport vehicles, as 39% disagreed and 8% strongly disagreed, the rest of the total 47% of the respondents were not preferred for public transport due to gender safety. And when it comes to using a private car over public transport due to prioritizing health and happiness while traveling, 40% of respondents preferred a private car, 29% strongly agreed, while 15% neither agreed nor disagreed, and the remaining 16% voted for public transport. It clearly indicated that car consumers demand a personal vehicle for health concerns and happiness during the journey.

Table No. 8

Consumers' preference towards the use of the car before, during & post-pandemic phase.

Class Interval	Respondents	% of Respondents
Which mode of transport do you use most frequently for long-distance outdoor activity either alone or with family & friends?		
a) Before COVID 19?		
Private Vehicles (Two-wheelers/Three-wheelers /Four- wheelers/Commercial Vehicles)	21	35%
Public Transport (Govt. Bus/Railway/Other)	39	65%
None of the Above	-	-
b) During COVID 19pandemic?		
Private Vehicles (Two-wheelers/Three-wheelers /Four- wheelers/Commercial Vehicles)	50	83%
Public Transport (Govt. Bus/Railway/Other)	7	12%
None of the Above	3	5%
C) Post pandemic period at the present time?		
Private Vehicles (Two-wheelers/Three-wheelers /Four- wheelers/Commercial Vehicles)	37	62%
Public Transport (Govt. Bus/Railway/Other)	21	35%
None of the Above	02	3%
Do you think traveling cost is the influential factor of the trip?		
Less influential or Not bothered	15	25%
Influential	28	47%
Very much influential	17	28%
Do you consider your travel purpose more than your health?		
Always	13	22%
Mostly	12	20%
Never	35	58%

Source: Primary Data.

The analysis and association of the use of automobile vehicles in different time periods is shown in Table No. 8. It stated that before COVID 19, 65% of the respondents were public transport users, which decreased to only 17% during the pandemic, and currently this proportion has increased again to 38 %. While private vehicles used in the same corresponding period were 35%, 83%% and 62%. It shows that consumers preferred public transport before the pandemic, but now the preference is shifting towards using private vehicles.

The figures above show the relationship between consumers' cost preferences and the purpose of travel. It is clear from this that 47% of respondents agreed that travel costs are an important aspect of traveling by any mode of transport. However, whenever the question of health safety arises, respondents prioritize health, i.e. 58% of respondents prioritize it over the purpose of the trip.

Table No. 9: Car consumer's behaviour regarding the effect of car ownership on their lifestyle

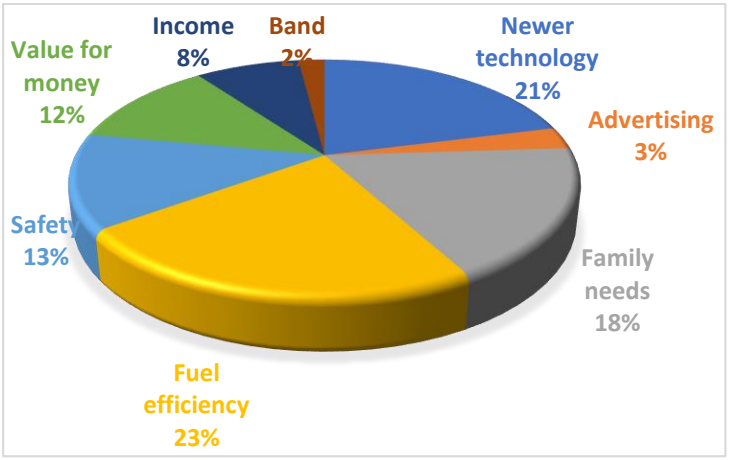
Class Interval	Respondents	% of Respondents
Do you pay much attention to social distancing during the present post-pandemic period while using the public mode of transport?		
Yes	45	75%
No	8	13%
Maybe	7	12%
Do think having your own car is the best possible solution to this problem?		
Yes	32	53%
No	9	15%
Maybe	19	32%
Do you have a plan for Vehicle Ownership?		
Yes	36	60%
No	8	13%
Maybe	16	27%
Which type of car would like to buy considering current restrictions on account of social distancing, Masks & Restrictions on shopping, transport, and travel?		
New Car	47	78%
Pre-Owned Car	13	22%
Who influenced you most in making car-related buying decisions?		
Newer technology	12	21%
Advertising	2	3%
Family needs	11	18%
Fuel efficiency	14	23%
Safety	8	13%
Value for money	7	12%
Income	5	8%
Band	1	2%
Do you think car buyers' behaviour has changed now after COVID 19?		
Yes	48	80%
No	12	20%

Source: Primary Data.

From Table No. 9 shows that there is a connection between the smartness of car ownership and the type of car ownership. 62% of the respondents expressed their agreement with car ownership, 12% were not interested and 26% may be future car owners. Considering social distancing, masks and other restrictions on shopping, transport and travel, 83.7% of respondents preferred to buy a new car and 16.3% said an old car. The maximum impact can be seen on the basis of fuel efficiency i.e. 24%, followed by Family needs 20%, Newer technology 18%, Safety 14%, Value for money 12%, Income 10% & Band 2%. Finally, 78% answered that consumer behaviour is not the same now as it used to be in the past, with 22% of respondents disagreeing.

Chart No.1:

Consumers' behavioural response about having the type of car ownership



From Table No. 9 and chart no 1, shows that there is a connection between the smartness of car ownership and the type of car ownership. 62% of the respondents expressed their agreement with car ownership, 12% were not interested and 26% may be future car owners. Considering social distancing, masks and other restrictions on shopping, transport and travel, 83.7% of respondents preferred to buy a new car and 16.3% said an old car. The maximum impact can be seen on the basis of fuel efficiency i.e. 24%, followed by Family needs 20%, Newer technology 18%, Safety 14%, Value for money 12%, Income 10% & Band 2%. Finally, 78% answered that consumer behavior is not the same now as it used to be in the past, with 22% of respondents disagreeing.

8. CONCLUSIONS & FUTURE SCOPE:

The car buying behavior of Indian consumers is not the same as predicted earlier. Branding, connecting with customers, advertising was mostly used in the past as common strategies to influence buyer behavior. COVID 19 has changed the way buyers view the automotive industry. Consumers now prefer private vehicles to public transport because they feel safer in their own car when traveling alone or with family and friends. Today, car buyers are showing more respect for government measures to control the pandemic, especially social distancing, wearing badges in public and travel restrictions. Consumers are prioritizing health over the purpose of travel. Still, fuel costs are a big concern for car buyers in 2022. Thanks to the Indian government's electric vehicle initiative. In 2021 - 2022, 14,745 units of cars, two-wheelers, three-wheelers and four-wheelers were manufactured in the Indian automobile industry, with rising incomes of the young and middle class being the main reason for this rising demand. By 2025, the Indian automotive industry is expected to receive Rs 50,000 crore ($7.09 billion) from electric vehicle (EV) sales, making India the leader in the segment. The electric vehicle industry in India is likely to create 5 million jobs by 2030. India's automobile sector received approximately $30.51 billion in FDI during 2000-2021. The Indian government expects USD 8-10 billion in FDI by 2023. This may bring some relief to car buyers. In the coming future, many buyers will prefer the EV (Eclectic Vehicle) option due to travel costs. This is indeed the new normal behavior of Indian consumers which will definitely give a new hope to the Indian automobile industry.

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