

# A STUDY OF BUYING DECISION INFLUENCERS FOR CARS IN THE MODERN ERA

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**ABSTRACT:** Post liberalization India has witnessed the presence of many major national and international manufacturers. Automobile industry is not an exception to this phenomenon as well. And automobile manufacturers do a lot of efforts to learn and understand, what really makes a consumer to finalize a purchase decision. And in the recent past, there are some serious shifts in the way of communication and advertisements are being carried out. Digital era has affected information flow, and decision making to a great extent. So a study, to this end really makes sense. As every companies tries to have loyal customers and delighting them, it's really important for them to understand how exactly a customer makes a purchase decision. It is important to study and analyze customer perception and purchase behavior, to design appropriate marketing Strategies. The objective of this paper is to identify and analyze such parameters and influencers of passenger car purchase behavior within Dakshina Kannada District of Karnataka. Primary data was collected from 195 respondents using convenience sampling. The results indicated the great influence of price,, fuel efficiency, and increasing importance of digital information sources.

**KEYWORDS:** Digital era, Information sources, Passenger car, Price, Product attributes, buying decision.

## 1. Introduction

Every one of us is consumers, in one or the other way. We, as a consumer buy so many products in our daily lives. Some products require a lot of homework to be done before the actual purchase and some of them don't. The very process through which we go through to buy products and services is different for every one of us and for every category of the product. Today the market is driven and dominated by consumer and that is the reason he is considered as King. Thus, choosing a product or a brand over the competitor's product is completely based on the choice of customer. Understanding the buying behavior of the target market is the essential task of marketing manager under modern marketing (kotler, 2009) [1]. It is not easy to predict the complex mind of the consumers, as each individual is a unique product of genetics, environment and experience. If this riddle is solved, then that may yield vast fortunes and if solved inaccurately may land up in the situation of loss and that too of millions of rupees. For this reason, the buyer's mind has been categorized as a black box, which should be opened by the seller in his favor to be a successful marketer. Consumer behavior considers the many reasons—personal, situational, psychological, and social— why people shop for products, buy and use them, sometimes become loyal customers, and then dispose of them. Today even marketers pay for search advertising, or ads that appear on the Web pages, as likes to find out what kind of things interest a consumer. Businesses often try to influence a consumer's behavior with things they can control such as the layout of a store, music, grouping and availability of products, pricing, and advertising. Some of the factors results in a temporary influence and others are long-lasting.

## 2. A Brief Profile: The Automobile Industry in India

Indian automobile industry is one of the largest industries in the world and it has been growing in a rapid pace over the last few years. It has a major contribution to the industrial and economic development of India. Indian auto industry became the 4<sup>th</sup> largest in the world with sales increasing 9.5 % year- on -year to 4.02 million units in 2018. India is also a prominent auto exporter and has strong export growth expectations for the near future. Automobile exports grew 20.78 per cent during April-November 2018. It is expected to grow at a CAGR of 3.05 per cent during the gap of 2016-2026.<sup>[2]</sup>

**Table 1: comparison of car sales in July 2020 vs. July 2019**

Manufacturer	July 2020	July 2019
Maruti Suzuki	97,768	96,478
Hyundai	38,200	39,010
Tata	15,012	10,485
Mahindra	10,904	16,024
Kia	8,502	0
Renault	6,422	3,660
Toyota	5,386	10,423
Honda	5,383	10,250
Ford	3,937	6,284
MG Motor	2,105	1,508
Volkswagen	1,887	2,521
Skoda	922	1,076
Nissan	782	1,304
Jeep	400	511
<b>Total</b>	<b>1,97,610</b>	<b>1,99,534</b>

Source: Zigwheels.com- car sales in July 2020

Table 1 show that, Maruti Suzuki and Hyundai maintained the same figures compared to last year. Tata and Renault managed to increase the sales drastically compared to July 2019, while Mahindra sales came down. Newbie KIA has been outstanding with its hot selling compact SUV Seltos, and MG Motors saw a slight increase in sales, despite the anti-china movement. Toyota and Honda saw a steep fall, thanks to the decision of discontinuing the reliable 'etios' and overpriced products. Players like VW, Skoda, and Jeep continues to struggle while Nissan 'the global auto giant' finds all the moves wrong in Indian market.

While most of us are cursing the boredom on being restricted to our homes due to the current lockdown, the automobile industry (like many others) witnessed one of the darkest years in recent past. Sales were declining since 2019 but the month of April 2020 saw it fall to a grand total of zero for the first time in recent history. Nevertheless, hope was alive in July 2020 as the sales figures shot up to almost the same as July 2019. Table 1 shows comparison of the domestic sales figures. The numbers are roughly a couple of thousand cars short of the July 2019 sales. On the other hand, it's double the sales figure of 98,482 in June 2020. Hopefully, this can be seen as much required positivity for the automobile industry.

From the above information's, it's quite clear that, many brands and models are available to the customer and there is heavy competition among these brands to win the hearts of customer. These companies should study and understand the consumer psychology and buying decision influencers to meet the required parameters.

**Table 2: Top 20 cars by sales figures**

Rank	Model	Jul-20	Jul-19	Growth (%)
1	Maruti Alto	13,654	11,577	18
2	Maruti Wagon R	13,515	15,062	-10
3	Maruti Baleno	11,575	10,482	10
4	Hyundai Creta	11,549	6,585	75
5	Maruti Swift	10,173	12,677	-20
6	Maruti Dzire	9,046	12,923	-30
7	Maruti Ertiga	8,504	9,222	-8
8	Maruti Eeco	8,501	9,817	-13
9	Hyundai i10 Grand	8,368	5,081	65
10	Kia Seltos	8,270	-	-
11	Maruti Vitara Brezza	7,807	5,302	47
12	Hyundai Venue	6,734	9,585	-30
13	Hyundai i20 Elite	6,344	9,012	-30
14	Tata Tiago	5,337	4,689	14
15	Maruti Celerio	4,799	4,805	0
16	Mahindra Bolero	4,360	4,446	-2
17	Tata Nexon	4,327	3,344	29
18	Tata Altroz	3,636	-	-
19	Maruti S-Presso	3,604	-	-
20	Mahindra Scorpio	3,135	2,864	9

Source: drivespark.com-Indian car sales figures & analysis.

The list shows Maruti Suzuki on top, with seven of the top-10 slots. Out of which, the Maruti Suzuki Alto has gained the title of the best-selling car of India. Followed by Wagon R, another hatchback from Maruti and the third spot goes to premium hatchback from Maruti, the Baleno. All new Hyundai Creta is in fourth place. The Creta is currently the best-selling SUV in India and registered 11,459 units of sales in July 2020. This is a whopping 75 per cent increase in yearly sales, compared to 6,585 units during the same month last year. India's favorite car, the swift, another hatchback from Maruti is in the 5<sup>th</sup> spot, with its 3<sup>rd</sup> generation model.

### 3. LITERATURE REVIEW

Consumer behaviour is a study of the process concerned when people choose, purchase, use, or eliminate products, services, ideas, or experiences to satisfy wants and needs. The study of consumer behaviour elaborates as how people construct their buying preferences to utilize their resources like time, money, effort on consumption-related things (Schiffman and Kanuk, 1997) <sup>[3]</sup>.

The studies by Mrs Beena John, Dr. S. Pragadeeswaran <sup>[4]</sup> investigated impact of demographic profile of respondents and other influencing factors in purchasing decision. They could also find out the difference in male and female customers, when it comes to fuel used in the car. Female customers preferred petrol cars, wherein male customers preferred diesel cars.

The studies carried out by Chidambaram and Alfred (2007) <sup>[5]</sup> revealed that, customers give more importance to fuel efficiency than any other factor. The other prominent factor was brand name, which will ensure them about the superior quality, reasonable price, and durability.

Clement Sudhakar and Venkatapathy (2009) <sup>[6]</sup> revealed the power of peer group in purchasing cars with reference to Coimbatore District. They have even understood the high influence of friends when it comes to the purchase of small and mid-sized cars.

The studies done by Banerjee, and Ipsita (2011) <sup>[7]</sup> examined about car acquisition & ownership trends in Surat city. They concluded that, household income is the important factor of the size and number of cars that

household buys, and family size is proved to be irrelevant factor. Because they could come across even larger families, who were buying small cars.

#### 4. OBJECTIVES OF RESEARCH

1. To recognize the important Source of Information and Clarifications for a customer, in the digital era.
2. To study the Product attributes which influence the customer purchase decision of acar.

#### 5. RESEARCH METHODOLOGY

The study has focused on the passenger car owners in Dakshina Kannada district, as a universe population. The users of all the brands of hatch backs, and entry level sedans were considered. Structured questionnaires were used to collect primary data. Simple random sampling method was followed to collect the responses from all 195 car owners. A five-point likert scale was used to measure the customer responses. A total of 223 questionnaires were distributed, out of which, only 195 questionnaires were completely filled.

#### 6. DATA ANALYSIS AND INTERPRETATION

The data collected is tabulated in Table 3 on demographic characteristics of the respondents.

Table 3 :Demographic Variables		
	No. of Respondents	%
<b>Gender</b>		
Male	105	53.8
Female	90	46.2
<b>Marital Status</b>		
Married	93	47.7
Unmarried	102	52.3
<b>Education</b>		
Diploma	45	23.1
Graduate	77	39.5
post graduate	43	22
Others	30	15.4
<b>Age</b>		
Below 25	29	14.9
26-35	81	41.5
36-45	54	27.7
Above 45	31	15.9
<b>Occupation</b>		
Professional	32	16.4
Business	51	26.2
private employee	38	19.4
Govt. employee	63	32.3
Retired	11	5.7
<b>Family Income(per annum)</b>		
5-10 lakhs	83	42.6
10-15lakhs	62	31.8
15-20 lakhs	31	15.9
more than 20 lakhs	19	9.7

Source: Primary Data

The data in Table 3 shows the presence of males (53.84%) as majority of respondents with more than half of the respondents falling in the age category of between 26-35 years. Marital statuses of the respondents were almost equal, with little upper hand to unmarried one's (52.3%) and the major occupation of the respondents found to be government jobs (32.3%). The family income of the majority of respondents was found to be between 5-10 lakhs per annum (39.7%).

Major Sources of Information	Information Source		Major Influencer	
	Number	%	Number	%
Internet	68	34.88	63	32.31
Product Advertisement	26	13.33	18	9.23
Friends/Family/Relatives	35	17.95	58	29.74
Showroom/ Dealer staff	21	10.76	21	10.77
Automobile Mechanic	12	6.15	10	5.13
Online communities	23	11.80	22	11.28
Others	04	2.05	03	3.15
Buyers without information search	06	3.07	0	0
<b>Total</b>	<b>195</b>	<b>100</b>	<b>195</b>	<b>100</b>

Table 4: Except a very few percentage of respondents, every car buyers do search for information's before making the purchase, from various sources like family and friends, showroom staff, internet and online communities, and advertisements etc. From the above table it is clear that, in the present digital era majority (34.88%) of the respondents rely on internet as a source for information search, followed by family and friends. And as we know that cars being high involvement products internet, family/friends/relatives and online communities have been the major influencers in making purchase decision. Showroom staff and product advertisements had considerable impact on purchase decision as well.

Source	Respondents	
	Number	%
Dealer Showroom	70	35.9
E-mail to Manufacturers	09	4.6
Brochure/Leaflet/Advertisement	10	5.13
Automobile mechanic	30	15.38
Internet search	76	38.99
<b>Total</b>	<b>195</b>	<b>100</b>

Table 5 gives more surprising information that, for clarification of doubts, internet (38.99) is the most preferred source. Thanks to ever rising usage of smart phones and some amazing data offers enjoyed by customers today. Dealer/showroom is the second most preferred choice (35.9) followed by automobile mechanics (15.38).

Table 6 explains about different features and attributes of a car, a customer comes across while making the purchase decision based on their importance. It is understood that, each attribute carries a different level of importance in purchase decision. And without any surprises, fuel efficiency is found to be the most important factor, majority of respondents (60.51%) considers. It is then followed by engine power & pickup, driving comfort, safety features, warranty schemes, looks and price etc. However, it is noticeable that Indian customers have started giving more importance to safety features than price. It also resulted in drastic increase in the demand for Tata cars, especially for the safety it provides.

Product Attributes	Not at all important		Not important		Neutral		Important		Very important	
	Number	%	Number	%	Number	%	Number	%	Number	%
Price	13	6.67	21	10.77	18	9.23	65	33.33	78	40
Looks/Design	6	3.07	13	6.67	11	5.64	84	43.07	81	41.53
Fuel efficiency	1	0.5	3	1.53	3	1.53	70	35.90	118	60.51
Engine Power & Pickup	6	3.07	9	4.61	11	5.64	78	40	91	46.67

Warranty schemes	4	2.05	8	4.1	27	13.84	71	36.41	85	43.58
Comfort/Luxury	1	0.5	4	2.05	07	3.58	97	49.74	86	44.10
Finance Availability	15	7.69	31	15.90	28	14.36	65	33.33	56	28.71
Interior Space	05	2.56	22	11.28	10	5.12	86	44.10	72	36.92
Safety features	3	1.53	3	1.53	9	4.61	98	50.25	82	42.05
After Sales service	6	3.07	6	3.07	24	12.31	88	45.13	71	36.41
Models/Variants	20	10.25	32	16.41	27	13.84	74	37.95	42	21.54
Brand Image	13	6.67	22	11.28	37	18.97	76	38.97	47	24.10
Colors available	5	2.56	9	4.61	28	14.36	81	41.53	72	36.92
Timely delivery	3	1.53	6	3.07	8	4.1	95	48.72	83	42.56
Innovative Technology	2	1.03	4	2.05	7	3.59	97	49.74	85	43.58
Maintenance cost	2	1.03	12	6.15	12	6.15	95	48.71	74	37.94
Durability	3	1.53	9	4.61	24	12.31	94	48.20	65	33.33
Re-Sale value	3	1.53	8	4.1	24	12.31	92	47.17	68	34.87

From Table 7, it's clear that Maruti Suzuki knows the pulse of Indian customer very well. Out of the total respondents, 1/3<sup>rd</sup> of them own a Maruti. It then followed by Hyundai, which is strong competitor for Maruti.

**Table 7 : Most Preferred Passenger Car Brand**

Passenger Car Brand	Respondents	
	Number	%
Maruti Suzuki	65	33.33
Hyundai	37	18.97
Mahindra & Mahindra	24	12.31
Toyota	18	9.23
Tata Motors	15	7.69
Honda	13	6.67
Ford	12	6.15
Renault	7	3.59
Nissan	4	2.05

Table 8 gives us a glimpse of source of information and age group of customers. As we have discussed earlier, internet being the major information source has a whopping share in 26 - 45 age group. It's evident that, this particular age group, being the majority, gives more importance to internet than any other source. Thanks to the internet & smart phone revolution taking place in India. Friends and family comes in 2<sup>nd</sup> spot, followed by product advertisement, online communities (team bhp), and showroom/dealer staff.

**Table 8: Major Information Source & Age Distribution of Respondents**

Major Influencer	Age (in years)				Total
	Below 25	26-35	36-45	Above 45	
Internet	7	33	20	8	68
Product Advertisement	4	9	7	6	26
Friends/Family/Relatives	4	10	14	7	35
Showroom/ Dealer staff	2	8	5	6	21
Automobile Mechanic	3	2	3	4	12
Online Communities	9	10	4	0	23

## CONCLUSION

This paper has attempted to find out various sources of information in car purchase process, various attributes that affects buying process and the impact of internet on buying decision. Irrespective of age and education level, people are becoming more and more tech savvy, and it's a clear indication that, future is with the digital marketing. Even though fuel efficiency is always the top priority of Indians, there is a growing preference towards safety features as well. Powerful engine, price and maintenance cost are some of the deciding factors. It also shows that, even though internet has its huge impact on buying process, friends/relatives also cannot be ignored. Car manufacturers have to take a call on the basic idea of "Indian Car Market" now, because it's a huge market and you cannot simply dump products here. Customers are more knowledgeable and they know exactly what they are looking for. The growing purchasing power has created demand for more premium products. Further, there is a huge scope for research in the area of digital marketing and Indian car market. More and more research in this field would definitely help customers as well as car manufacturers.

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