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# Triggers that drive decision making process of Indian consumers while buying a vehicle – A study on Hyderabad passenger car market

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**Abstract**
Indian Automobile car business is influenced by the presence of many national and multinational manufacturers. Due to increase in disposable income in both rural and urban sector and availability of easy finance are the main drivers of high volume car segments. This research will be helpful for the existing and new entrant car manufacturing companies in India to find out the customer expectations and their market offerings. This paper presents analysis of research in the area of Consumer Behavior of Automobile Car Customer. Proper understanding of consumer buying behavior will help the marketer to succeed in the market. All segments in Indian Car industry were studied and found that buyer has different priority of behaviors in each segment. There are four important driving triggers have been identified the consumer car purchasing behavior. Both primary and secondary data were gathered during the research. The study is exploratory in nature undertaken on a sample of 100 car owners in Hyderabad and Secunderabad twin cities to identify the constituent factors of consumer behavior. The respondents were selected on random basis from the population. Data were analyzed by using simple statistical tools and results were presented.

**Keywords:** Consumer Purchasing Behavior, Drivers, Indian Economy, Automobile Industry, Purchase decision, Brand choice.

## 1. Introduction
Understanding the buying behavior of the target market is the essential task of marketing manager under modern marketing (kotler, 2009) Consumer behavior involves the psychological processes that consumers go through in recognizing needs, finding ways to solve these needs, making purchase decisions (e.g., whether or not to purchase a product and, if so, which brand and where), interpret information, make plans, and implement these plans (e.g., by engaging in comparison shopping or actually purchasing a product). After liberalization and globalization, the car industry in India has undergone a phenomenal change. The days of monopoly in the Indian market are over. The passenger car market has reached a stage which nobody would have dreamt of few years back. The car industry in India is fast adapting to the changing times.

**Objective of the Study:** The broad objective for which the research has been undertaken is

1. To study the Indian car market.
2. To study the drivers of consumer purchasing behavior in India.
3. To examine the Product attributes that influence the consumer buying decision for a passenger car

**Scope of The Study:** There is a remarkable scope to investigate the impact of factors affecting the today's consumer buying perception and behavior of passenger cars. The study is restricted to Hyderabad city, which is no doubt an economically richest and cosmopolitan city. Hyderabad City has tremendous potential for all the products and services, because people of various religions, languages, cultural backgrounds and demographic and socio economic characteristics live in this area. This paper makes an attempt to investigate the influence of perception in the consumers' mind and how this information can be utilized by marketers in their favor to win the hearts of the consumers.

**Research Methodology:** The study has focused the passenger car owners in Hyderabad city only, as a universe population. The users of all the reputed branded cars were considered. For collecting primary data, structured questionnaire has been used. The questionnaire containing two parts, first part represents questions related to socio-economical background of the car owners and second

Part representing the questions on triggers that drive decision making process of consumers while buying car. There are five triggers have been identified at category level, they are 1. My car helps me stand out from other ones 2. My car gets me the attention I want 3.My car is an extension of my personality and 4.My car choices are based on brand character. Each one is asked in different questions. The convenience sampling method was used to collect the responses from 100 car users. Personal interviewing method was used because the sample size was comparatively small and interviewer can request more questions and errors could be reduced. A total of 150 questionnaires were distributed, out of this, only 100 questionnaires were filled up and completed in all respect.

**Table 1:** Socio – Economic Information of Respondents

| SL. No | Socio-Economic Character | | Total | % |
|---|---|---|---|---|
| 1 | Age | Below 30 yrs ( A) | 22 | 22.00 |
| | | 31 – 50 yrs ( B) | 56 | 56.00 |
| | | Above 50 yrs ( C) | 22 | 22.00 |
| | | Total | 100 | 100.00 |
| 2 | Sex | Male | 62 | 62.00 |
| | | Female | 38 | 38.00 |
| | | Total | 100 | 100.00 |
| 3 | Education | Below 10th class (A) | 12 | 12.00 |
| | | 10th To Degree (B) | 65 | 65.00 |
| | | Above Degree (C) | 13 | 13.00 |
| | | No Formal Education (D) | 10 | 10.00 |
| | | Total | 100 | 100.00 |
| 4 | Nativity | Rural | 48 | 48.00 |
| | | Urban | 52 | 52.00 |
| | | Total | 100 | 100.00 |
| 5 | Profession | Govt. employee | 12 | 12.00 |
| | | Private employee | 29 | 29.00 |
| | | Business | 42 | 42.00 |
| | | Others | 17 | 17.00 |
| | | Total | 100 | 100.00 |
| 6 | Income (P.M) | Below Rs.25,000 (A) | 32 | 37.00 |
| | | Rs.25,001 – Rs.50,000 (B) | 28 | 28.00 |
| | | Rs.50,001 – Rs.1 Lakh (C) | 22 | 22.00 |
| | | Above Rs.1 Lakh (D) | 18 | 18.00 |
| | | Total | 100 | 100.00 |

**Literature Review:** Satya Sundaram (2008) analyzed how the competition makes the automobile manufacturer to launch at least one new model or a variant of the model every year. This survey also pointed out that diesel cars are becoming popular in India and the announcement of reductions in excise duties by the government has helped to some extent to boost the demand. Clement Sudhakar and Venkatapathy (2009) studied the influence of peer group in the purchase of car with reference to Coimbatore District. It was also found that the influence of friends is higher for the purchase of small sized and midsized cars. Brown *et al* (2010) analyzed the consumers‟ attitude towards European, Japanese and the US cars. The country–of–origin plays a significant role in the consumers‟ behavior. The brand name, lower price and distributor's reputation completely have a significant impact on the sale of passengers‟ car. However, the present study differs from the above, in that, the buyer behavior in Delhi NCR is sought to be analyzed here. The scope and the area of the study are unique in nature. Manish Kumar Srivastava, A.K. Tiwari, studies the consumer behavior for A3 segment vehicles such as Honda City and SX4 in a particular region Jaipur. Data collected from 100 respondents 50 each from Honda City and Maruti SX4. Respondents were considered from various backgrounds like Gender, Occupation, Income class. Also customer purchase parameters considered for study are Price, Safety, Comfort, Power & Pickup, Mileage, Max Speed, Styling, After Sales Service, Brand Name and Spare Parts Cost. Based on above parameters and analysis made in this it revealed that, while purchasing A3 segment car Customer give much importance to Safty, Brand Name and seating and driving comfort. Also word of mouth publicity and advertisements in car magazines are more effective communication medium for promotion of Cars.

**Consumer Purchase Decision Making Process (Source – Kotler)**: In order to assess the importance of the environmental awareness in the car purchase decision, it is necessary to get an insight into the process of purchasing itself. The consumer's decision to purchase a product is a multi staged process. Kotler (2006) identifies that the consumer will go through five stages. Vehicle purchase behavior fairly complex, as car purchase implies a high level of social and / or psychological involvement. Therefore, the consumer will transit each stage of purchase decision making process.

**Problem Recognition:** In this information processing model, the consumer buying process begins when the buyer recognizes a problem or need. When we found out a difference between the actual state and a desired state, a problem is recognized. When we find a problem, we usually try to solve the problem. We, in other words, recognize the need to solve the problem. But how?

**Information Search:** When a consumer discovers a problem, he/she is likely to search for more information. Through gathering information, the consumer learns more about some brands that compete in the market and their features and characteristics.

**Evaluation and Selection of Alternatives:** How does the consumer process competitive brand information and evaluate the value of the brands? Unfortunately there is no single, simple evaluation process applied by all consumers or by one consumer in all Problem Recognition, Evaluation of Alternatives, Information Search, Purchase Decision and Post Purchase Behavior buying situations. One dominant view, however, is to see the evaluation process as being cognitively driven and rational. Under this view, a consumer is trying to solve the problem and ultimately satisfying his/her need. Thus, the consumer sees each product as a bundle of attributes with different levels of ability of delivering the problem solving benefits to satisfy his/her need.

**Decision Implementation:** To actually implement the purchase decision, however, a consumer needs to select both specific items (brands) and specific outlets (where to buy) to resolve the problems. There are, in fact, three ways these decisions can be made: 1) simultaneously; 2) item first, outlet second; or 3) outlet first, item second. In many situations, consumers engage in a simultaneous selection process of stores and brands. Once the brand and outlet have been decided, the consumer moves on to the transaction ("buying").

**Post-purchase Evaluation:** Post-purchase evaluation processes are directly influenced by the type of preceding decision-making process. Directly relevant here is the level of purchase involvement of the consumer. Purchase involvement is often referred to as "the level of concern for or interest in the purchase" situation, and it determines how extensively the consumer searches information in making a purchase decision.

**An Insight of Indian Car Market**

India represents one of the world's largest and fastest growing automobile markets. De-licensing in 1991 brought revolutionary changes in the industry and provided well-deserved and timely growth impetus to the industry. This attracted foreign auto giants to set up their production facilities in the country in a bid to take advantage of various benefits offered by the industry. Large middle class population, improving income levels and strong technological capability have been boosting automobile demand in the country for past few years. Even in the wake of economic slowdown, the industry sustained its positive growth momentum mainly because of strong domestic demand for passenger cars.

According to a research report, the passenger car market, which constitutes around 78.5% of passenger vehicle sales (in FY 2010), has immense growth potential as passenger car stock stood at around 11.6 per 1,000 people in 2009. Realizing booming passenger car demand in the country, many domestic and foreign automobile giants are formulating capacity expansion strategies, and billions of dollar worth of investments are already in pipeline. Considering huge market potential, production of passenger cars is projected to grow at a CAGR of around 11% between 2010-11 and 2013-14. Following table representing the yearly production, sales and exports of passenger cars in India

**Table 2:** Yearly Production, Sales and Exports of Passenger Cars in India (No. of Vehicles)

| | **Years** | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2004-05** | **2005-06** | **2006-07** | **2007-08** | **2008-09** | **2009-10** | **2010-11** | **2011-12** | **2012-13** | **2013-14** |
| **Production** | 1,209,876 | 1,309,300 | 1,545,223 | 1,778,583 | 1,838,697 | 2,357,411 | 2,982,772 | 3,123,528 | 3,233,561 | 3,072,651 |
| **Sales** | 1,06,5721 | 1,143,076 | 1,379,979 | 1,549,882 | 1,551,880 | 1,951,333 | 2,501,542 | 2,618,072 | 2,686,429 | 2,503,685 |
| **Export** | 1,66,402 | 175,572 | 198,452 | 2,18,401 | 3,35,739 | 4,46,145 | 4,44,326 | 5,07,318 | 5,54,686 | 5,93,507 |

**Source:** Society of Indian Automotive Manufacturing (SIAM)

The recent launch of Tata Nano has brought about a new revolution in the country's small car segment. Seeing the good initial response from consumers, many other players in the industry are chalking out their plans to launch cars in this segment in the next few years. In fact, the compact and mini passenger car segments are fast becoming the primary source of revenue generation for both domestic and international manufacturers due to the strong fundamentals of large number of middle class consumers and rising fuel prices.

Car market in India is reported by the centre for monitoring Indian economy. Car registrations in India decreased to 217437 cars in April of 2015 from 230638 cars in March of 2015. Car registrations in India averaged 96854.75 cars from 1991 until 2015, reaching an all time high of 304900 cars in March of 2012 and a record low of 6508 cars in April of 1992. Following figure represents the trends in Indian car market.

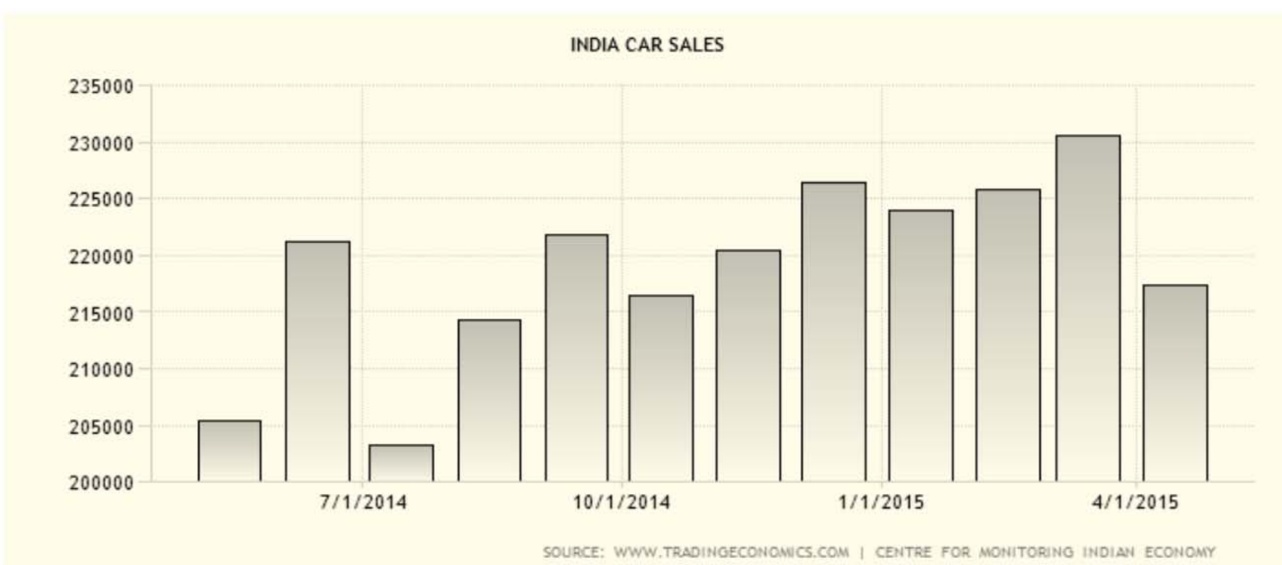


**Fig 1:** Leading Branded Car Sales in India on January 2015

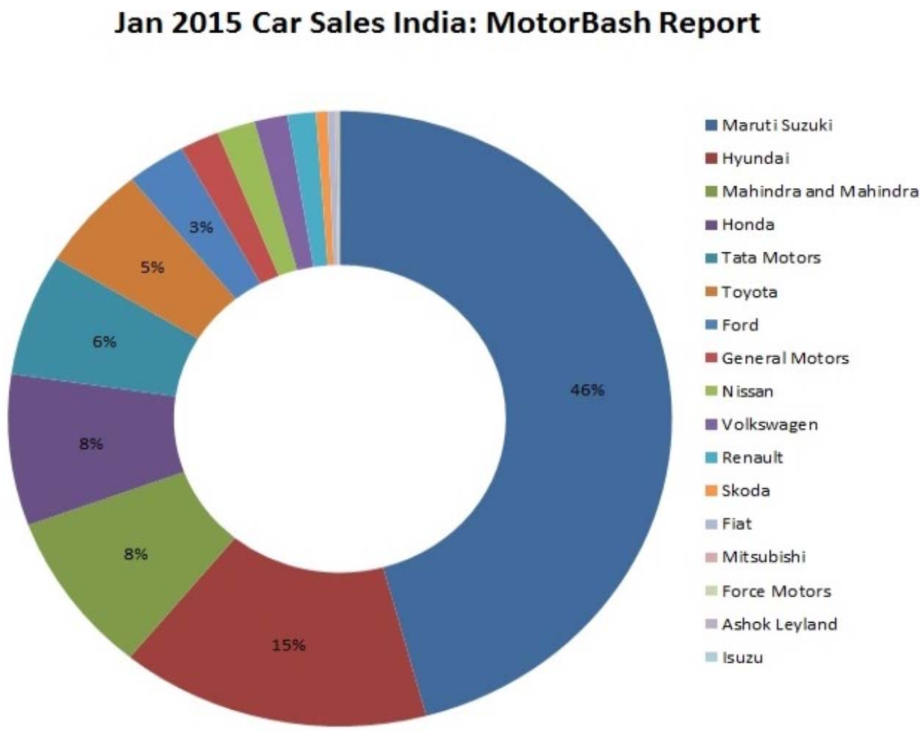


**Fig 2**

**Discussion:** In India, there are about seventeen manufacturers in passenger car segment. Top Automobile (Passenger Vehicle) Companies in India by market share on January - 2015 as per India Car Sales Figure Analysis are shown in below figure. Some of the facts about these top players are summarized as: 1. Maruti Suzuki (46% Market Share): Customers lovingly call it as the people's car; since last three decades Maruti Suzuki has refined the way towards plying on roads by people. 2. Hyundai Motors India Limited (15.65% Market Share): The main feature of this manufacturer is the position in car export market. Also it is the second largest manufacturer of cars in India. 3. Tata Motors (6.39% Market Share): It is ranked amongst the top three in passenger segment, a leader in commercial vehicle. 4. Mahindra & Mahindra (8.75% Market Share): It is known for its commercial vehicles which are believed to be durable, reliable and fuel efficient. 5. Toyata (6.64% Market Share): A committed brand with its newly built up another plant to commence the beginning of new series. 6. General Motors (4% Market Share): Ranked as sixth biggest automobile manufacturing firm of India. 7. Ford (4.43% Market Share): It is a wholly owned subsidiary of Ford. Honda (4.9% Market Share): A committed company to make available the latest variants to the consumers of India. 8. Volkswagen (2.66% Market Share): Individual extension of each brand works as a separate entity in the market. 9. Nissan (1.38% Market Share): Provides a variety of alternatives in India in the segments of hatchback, sports sedan segments. The hottest selling models are Micra and Sunny. Remaining manufacturers are playing nominal role in Indian car market.

**Statistical Analysis**

At a category level, it is identified five requirements that drive the decision making process while buying a vehicle. These five requirements are addressed as

1. My car helps me stand out from other ones.
2. My car gets me the attention I want.
3. My car is an extension of my personality.
4. My car choices are based on brand character.
5. My car is a cherished possession, meant for me only.

Each of the requirements is asked in different questions and opinions are collected from the selected respondents. Following tables and figures representing the opinions of respondents and analysis.

**Table No: 3**
**I: My Car Helps Me Stand Out From Other Ones**

**Table 3:** (A)

| | Statement | Yes (%) | No (%) | Total |
|---|---|---|---|---|
| 1 | I sometimes drive my vehicle around so people can see me in it | 55 | 45 | 100 |

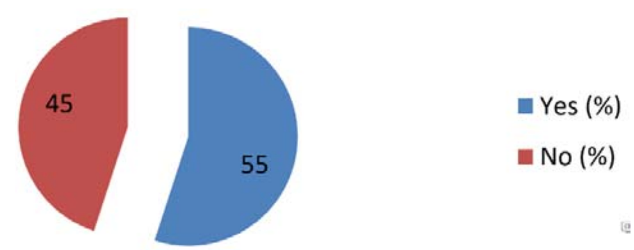


**Fig 3**

**Discussion:** From table no: 3(A) it is understood that 55% of the respondents are interested to show their car in front of the people. Remaining respondents' i.e 45% are not interested. Therefore majority of the respondents are interested to drive their car in front of others, so they can see it. The same is represented through figure no: 3

**Table 3:** (B)

| | Statement | Yes (%) | No (%) | Total |
|---|---|---|---|---|
| 2 | I feel proud to give my car to a driver/valet | 54 | 46 | 100 |

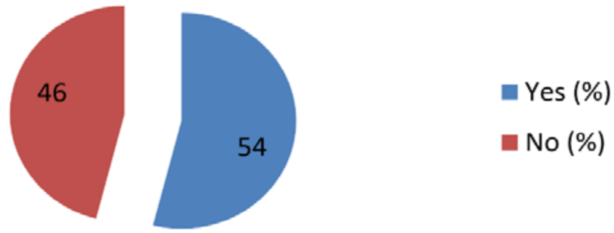


Fig 4

**Discussion:** From table no: 3(B), 54% of the total respondents are feel proud to give their car to a driver and remaining i.e. 46% are not feeling proud. The same can be revealed from picture no: 4.

**Table 3:** (C)

| | Statement | Yes (%) | No (%) | Total |
|---|---|---|---|---|
| 3 | I will try to buy a vehicle that's up twenty percent more than my budget if the brand makes me look good. | 64 | 36 | 100 |

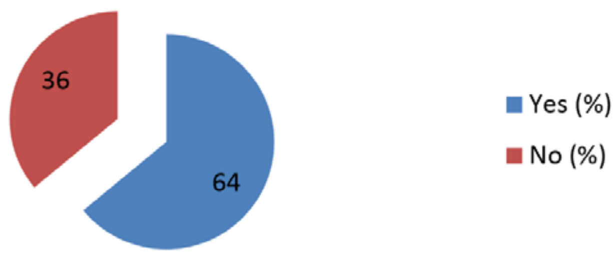


**Fig 5:**

**Discussion:** 64% of the respondents are ready to buy next time with 20% more budget compared to first time to get good look of the car, but 36% of the respondents are not ready to spent excess budget. This can be understood from table no: 3 (C) and same can be explained by figure no: 5

**Table No: 4**
**II: My Car Gets Me the Attention I Want**

**Table 4** (A)

| | Statement | Yes (%) | No (%) | Total |
|---|---|---|---|---|
| 4 | A good vehicle is key in attracting the opposite sex | 56 | 44 | 100 |

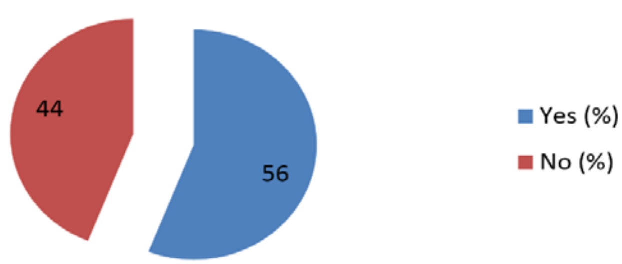


**Fig 6**

**Discussion:** Table no: 4(A) revealing that, 56% of the respondents are believing the vehicle is key in attracting the opposite sex. On the other hand 44% do not believe this. Figure no: 6 also revealing the same.

**Table 4:** (B)

| | Statement | Yes (%) | No (%) | Total |
|---|---|---|---|---|
| 5 | Look for vehicles with bold, innovative designs that stand apart from others on the road | 68 | 32 | 100 |

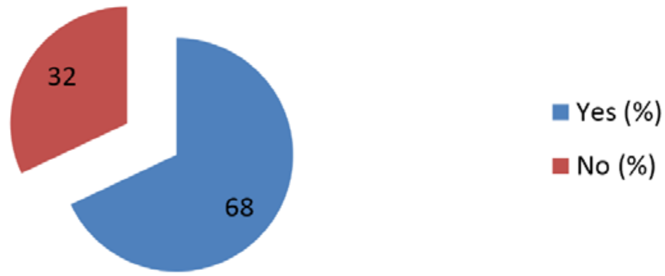


**Fig 7**

**Discussion:** From the table no: 4(B), it can be under stood that 68% of the total respondents are accepted the vehicles with bold, innovative designs that stand apart from others on the road. But 32% respondents are not accepting. The same explained by figure no:7

**Table No: 5**
**III: My Car is an Extension of My Personality**

**Table 5:** (A)

| | Statement | Yes (%) | No (%) | Total |
|---|---|---|---|---|
| 1 | My most important consideration in choosing a vehicle is having a versatile vehicle to accommodate my busy lifestyle | 74 | 26 | 100 |

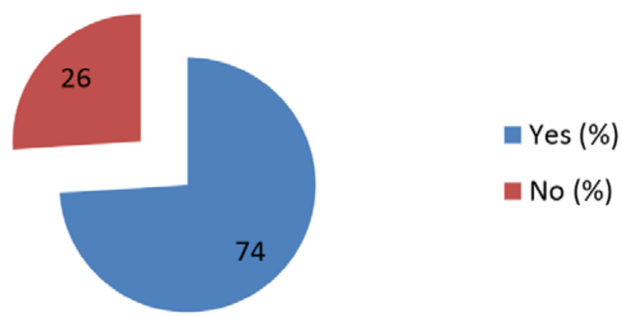


**Fig 8**

**Discussion:** from the table no: 5(A), most of the respondents i.e. 74% giving importance to multipurpose vehicle for accommodating their life but remaining 26% are not concentrating on this mater. Figure no: 8 representing the same.

**Table 5:** (B)

| | Statement | Yes (%) | No (%) | Total |
|---|---|---|---|---|
| 2 | I enjoy personalizing my vehicle to reflect my individual taste | 69 | 31 | 100 |

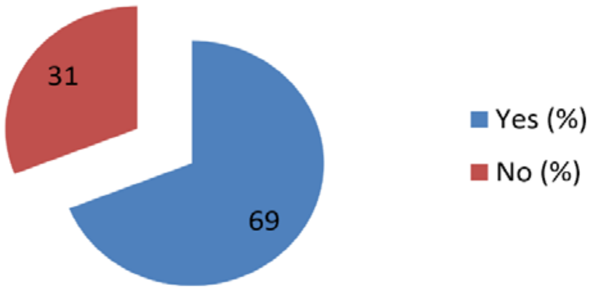


Fig 9

**Discussion:** 69% of the total respondents are enjoying personalizing their vehicle for reflecting their individual taste, on the other hand 31% are not accepting this. The same can be represented by figure no:9

**Table 5:** (C)

| | Statement | Yes (%) | No (%) | Total |
|---|---|---|---|---|
| 3 | I will pay more for a vehicle which makes me look more environment friendly | 76 | 24 | 100 |

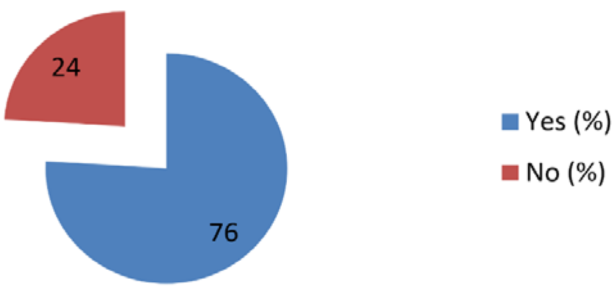


Fig 10

**Discussion:** from the table no:5 © most of the respondents i.e. 76% are accept to pay more for a vehicle which makes them look more environment friendly. But remaining 24% are not accepting this. The same was represented by figure no: 10

**Table 5:** (D)

| | Statement | Yes (%) | No (%) | Total |
|---|---|---|---|---|
| 4 | The vehicle a person owns says a lot about him or her | 74 | 24 | 100 |

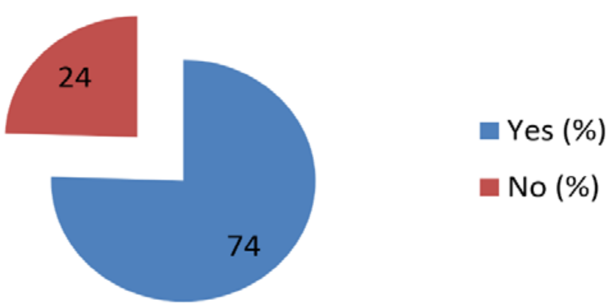


Fig 11

**Discussion:** 74% of respondents from table no: 5(D) believing that the vehicle a person owns says a lot about him or her. But remaining 26% are not accepting this. The same can be represented by figure no:11

**Table No: 6**
**IV: My Car Choices are Based on Brand Character**

**Table 6:** (A)

| | Statement | Yes (%) | No (%) | Total |
|---|---|---|---|---|
| 1 | My most important consideration in choosing a vehicle is the country of origin of the vehicle brand | 61 | 39 | 100 |

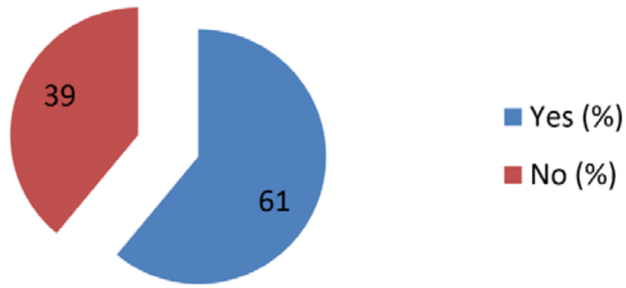


Fig 12

**Discussion:** table no: 6(A) exploring, majority of respondents i.e 61% consideration in choosing a vehicle is the country of origin of the vehicle brand. But remaining 39% are not accepting this. The same is represented by figure no: 12

**Table 6:** (B)

| | Statement | Yes (%) | No (%) | Total |
|---|---|---|---|---|
| 2 | An important consideration in choosing a vehicle is to choose one of a brand that stands for innovation | 76 | 24 | 100 |

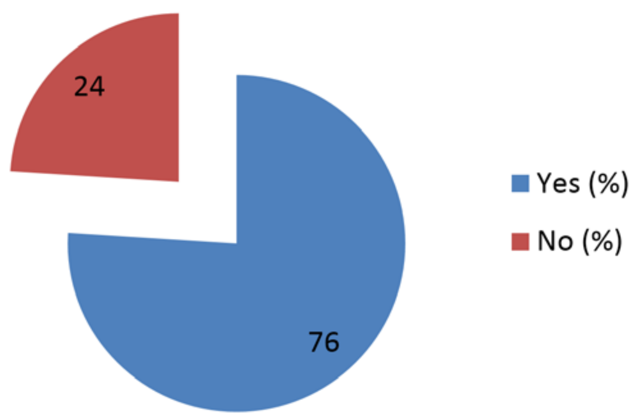


Fig 13

**Discussion:** From table no: 6(B), most of the respondents i.e 76% are accepting that the innovation is the important consideration while selecting a brand. On the other hand, remaining 24% are not accepting the same. This can also be presented by figure no: 13

**Table 6:** (C)

| | Statement | Yes (%) | No (%) | Total |
|---|---|---|---|---|
| 3 | I will not sacrifice performance for fuel economy | 66 | 34 | 100 |

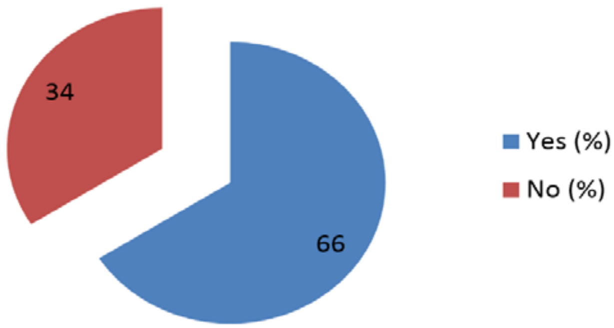


**Fig 14:**

**Discussion:** Most of the respondents' from table no: 6 © i.e 66% are not willing to sacrifice performance for fuel economy but remaining 34% are accepting to sacrifice performance for fuel economy. The same can be represented by the figure no: 14

**Table No: 7**
**V: My Car is a Cherished Possession, Meant for Me Only**

**Table 7:** (A)

| | Statement | Yes (%) | No (%) | Total |
|---|---|---|---|---|
| 1 | I feel nervous giving my vehicle to others to drive or park | 65 | 35 | 100 |

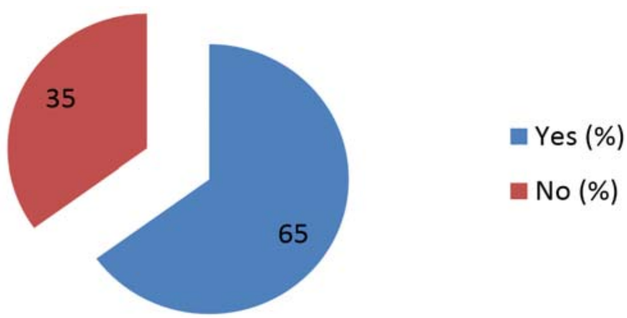


**Fig 15**

**Discussion:** 65% of the total respondents from the table no: 7(A) feel nervous giving their vehicle to others to drive or park but remaining 35% are not feeling nervous. The same is represented by figure no: 15
.

**Table 7:** (B)

| | Statement | Yes (%) | No (%) | Total |
|---|---|---|---|---|
| 2 | A good vehicle is a waste if you don't drive it yourself | 71 | 29 | 100 |

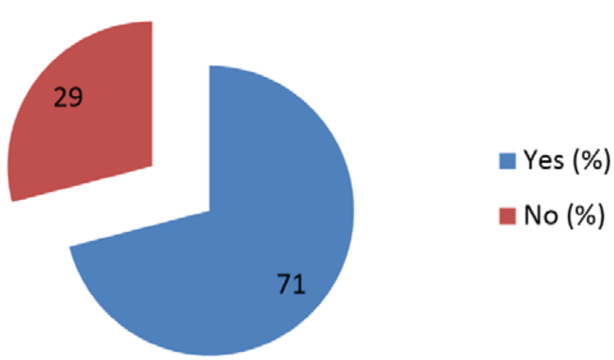


**Fig 16**

**Discussion:** From the table no: 7(B), most of the respondents i.e. 71% believing that A good vehicle is a waste if they don't drive it them self. And remaining respondents i.e. 29% are not believing the same. The same information is presented in figure no: 16

**Table 7:** (C)

| | Statement | Yes (%) | No (%) | Total |
|---|---|---|---|---|
| 3 | I think electric motors or engines can never be as powerful as a powerful as a petrol/diesel version | 65 | 35 | 100 |

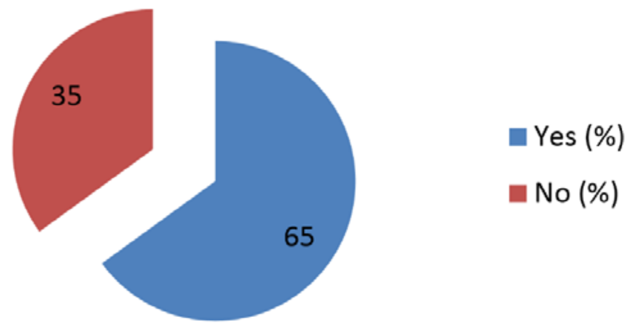


**Fig 17**

**Discussion**
Table no: 7© indicating that, 65% of the respondents are accepting that the electric motors or engines can never be as powerful as a powerful as a petrol/diesel version and remaining 35% are not accepting. Figure no: 17 representing the same.

**Conclusion**
The Indian automobile industry has emerged stronger from the recent global downturn, and sales across all segments have seen record breaking numbers in the recent past. While the Indian industry has much to look forward to, by way of steady growth in both domestic and export markets, there are some clear challenges accompanying the opportunities in greener vehicles and alternative mobility. In order to capitalize on these opportunities, the industry needs to develop or acquire technologies and capabilities to produce vehicles that meet future market needs. The government for its part has much to do to ensure the growth trends are maintained, and encourage the development of greener vehicles, while also improving compliance to even existing environmental standards.

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