

Consumer Behaviour towards Car Purchase - A Review of Literature

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Abstract:

The automobile industry of India is one of the leading in the world and growing progressively. Availability of easy motor loans, rise in individuals income, high buying capacity of middle class, social status, are the few factors for the surge in sales of the cars. This paper discusses the consumer buying behavior towards purchase of cars with the help of extensive literature review and suggest the marketers to act accordingly.

Introduction:

The automobile sector grows drastically as the time grows, and all because of the increasing involvement of advertising which is being used by different automobile companies to influence the consumers and make them more aware about their product. Automobiles sector in India offers a wide range of vehicles, a range that is growing as the economy matures, and the purchase power of the middle classes and lower middle class increases. The major task is to evaluate the principal investments of manufacturing technologies. Due to great uncertainty of investment, to design a framework is a difficult task. The vehicle enterprise internationally, is an important issue of commercial and financial progress and the development is competing globally for leading economic industries. The automobile industry has a great potential for research and development. India became the fourth largest auto market in 2018 with sales increasing 8.3 per cent year-on-year to 3.99 million units. It was the seventh largest manufacturer of commercial vehicles in 2018. But in the last 2 years vehicle sales have slowed down due to demonetisation, new axle norms, GST and introduction of EVs to name a few.

Need of Study:

The worldwide automobile market is highly competitive, and India is no exception to this, and competition is likely to further intensify considering continuing globalization and consolidation in the worldwide automobile industry. Factors affecting competition include product quality and features, innovation and development time, pricing, reliability, safety, fuel economy, customer service and to some extent, financing terms.

The growth of Indian middle class, with increasing purchasing power, along with strong macro-economic fundamentals has attracted the major auto manufacturers to Indian market. Now the marketers must think innovative or out of the box, for these manufacturers.

Literature Survey:

Author/ year	Work Done/ Finding	Tools and Technique used	Region
Blamford (1958)	The study is done for the need of car parking and the impact on office areas cost, worker quantity, building development type. There must be a balance between public transport, private cars and their respective parking to avoid congestion. The provision of car parking is essential in the office areas	NA	-
Asher and Schusler (1967)	The study is focused on students' cars accessibility of senior class. It was concluded that the student's access to cars had no impact on their grades.	Chi square analysis	Urban High School
Bell (1967)	The study shows the feeling of customer after buying a new car, post purchase satisfaction and the impact of customer's personalities.	NA	Western part of United States
Shapiro and Angevine	The study examined the consumer attitudes and buying intentions of consumer.	t-test and f- test	Canada

(1969)			
Newman and Staelin (1972)	The investigation gives the information seek by buyers of new cars and major household appliances. The buyer first wants to get the information of the product before making a decision.	automatic interaction detector (AID) and multiple classification analysis	USA excluding Alaska
Overy (1975)	A survey between 1932 and 1938 shows motor car revolution effects, motor road and the role of suppling alongside in initiating and sustaining the upswing. It was observed that Nazi motor plans had not been disrupted by the war, the developing phase never stopped.	Tables and percentages	Germany
Pickering and Isherwood (1975)	The study is done on determinants of consumer durables expenditure.	Regression analysis	Britain
Davis (1976)	The study shows the impact of family members in economic decisions and the process by which family decisions are made. Clear control of husbands was found in automobile purchase, entertainment, small decisions comprised of issues like financial management, money management, budgeting etc. Roles of wives were involved more in money management.		
Block and Roering (1976)	The study explores consumption behaviour and decision-making process of nuclear families.		
Kapoor (1976)	The study is based rural consumers and their emerging lifestyle.	Personal interviews	India
Blomqvist and Haessel (1978)	The study is focused on demands of cars with respect to size and age class with the effects of gasoline prices on the composition of demand. The increase in price	Cross section of data	Canada

	of Gasoline affected the sales of cars.		
Greenless (1980)	The study examines the effect of the price of gasoline on the mix of new automobile purchases. Small cars are the winners in mutli car household.	Model of conditional logit estimation	
Archibald and Gillingham (1980)	The study investigated the consumer demand on short term bases for gasoline for non-business automobile use.	1972-73 BLS consumer expenditure survey	
Furse et al. (1984)	The study identified an individual external information search patterns for new automobiles purchasers. Significant similarity was found the in minds of buyers and sellers.	Factor analysis	USA
Johnson et al. (1984)	A study is being done for product acquaintance and knowledge of new information. Customer knowledge with the product category proved stronger brand organization for the new information.	Structured equation modelling	
Berkovee (1985)	A model is generated for short term automobile market by joining a discrete choice model of consumer automobile demand with simple models of new automobile production and used vehicle scrappage		
Kalia (1989)	A comparative study on preferences of working and non- working wives with respect to consumer durables is done. Also, the impact on purchase is explored.		India
Peterson et al. (1995)	Two independent data sets are analysed to understand the behavior of driver with respect to air bags in car.	Regression analysis	
Goldberg (1996)	The study is done on dealer's discount on the bases of new car expenditure of consumer. Dealer discount had not affected much sales.	Regression analysis	
Tertoolen et	The investigation is done on the impact of data,	ANCOVA and	Netherlands

al. (1998)	response and loyalty on car use and attitudes related to car use. The usage of car is linked with autonomy and liberation rather than necessity and the usage can be avoided on request.	ANOVA	
Cooper et al. (2001)	The study reflects the action against the policy regarding the response of buyers of cars. Increase in cars has affected the rate of use of public transport.	Descriptive statistics	Britain
Morton et al. (2002)	The study investigates the connection among demographics and car prices and the role of internet for the same.	Regression Analysis	
York (2003)	A study is done on cross national variation in size of passenger car fleets. Economic development had a positive impact on expansions of car fleets.	Least square regression technique	India
Renganathan (2005)	The study examines the buyer-consumer behaviour markets of cars. Right kind of Brand Endorsement with right celebrity to build powerful brand was suggested.	135 people	India
Verhoef et al. (2007)	The study is based on the brand and dealer market for maintenance of new car and moderation role of brand tier. Findings suggested dealers' image and prestige is not a major factor while deciding, whereas only brand of car is having an impact on customer's mind.	999 cars	
Turrentine and Kurani (2007)	The study provides a ground for researchers and policy makers about consumers think and behaviour with respect to automobile fuel economy.	Semi structured interviews	
Rani (2008)	The study works on prior to liberalization and post liberalization as per the car passenger. Road infrastructure also had an impact on luxury cars sales.		India
Goyal and Aggarwal (2008)	The study finds the importance of several factors that fascinate the customers at the time of selecting a specific car in its segment. In Luxury cars factors like	Factor Analysis, Mean, Standard Deviation and	India

	horse power, model, luggage capacity, accessories and loan facility arose as most significant factors, In mid segment cars, after sales service, availability of spare parts, model, shape and engine capacity were important and In small compact cars, the factors like accessories, engine capacity, after sales service and price were main considerations. The marketers has to properly understand the relative importance of various attributes for the different segments of cars	Bi-Variate Correlation	
Kaushik and Kaushik (2008)	The study involves empirically customer's favourite concerning passenger car brands. It was observed that Maruti 800, Alto and Wagon-R were favourite in that region and customers were more influenced by friends, relatives rather than dealers and sales persons. Brand name, fuel, efficiency and price were found to be primary determinant for buying cars in that region	Cross Tabulation and Multi-Dimensional Scaling techniques	India
Lee and Cho (2009)	The study emphasize on estimated demand for diesel cars passenger by considering consumer preference and government. It was recommended that if car producers improve on the weak points of diesel cars such as comfort, noise, vibration levels etc, the diesel passenger cars would enjoy a substantial competitive edge over gasoline type cars	orthogonal test	South Korea
Thakar et. al (2009)	The study focused on basic parameters of developing new marketing strategy named as Green Marketing of automobiles between the consumers. Government should encourage green innovation and development of low-cost technologies.	Factor analysis and t-test statistics	
Chattopadhyay et al. (2010)	The study emphasis on empirical test of a model to finding the consequence of advertising frequency	Structured Equation	

	across diverse media vehicles towards building brand equity for passenger car market. Perfect media mix elements have an significant impact on brand equity.	Modelling	
Peters et al. (2011)	The study identifies the effective psychological factors in determining variation in behaviour and supports in promoting fuel efficient cars.	Structured equation modeling	Switzerland
Vikram Shende (2014)	Increase in disposable income, growth of Automobile Industry in India appears to be the reason for buying a car. Factors like growing family needs like working partners, increasing family size, status, affordability etc. add to the motives of buying a car.	Review	India
Sarita Devi (2015)	Social Media Marketing was playing major role in Brand Awareness.	questionnaire survey	India
Dhruv Mathur (2018)	Engine type, proper advertisement, brand management impact the sales of the cars. And manufacturers has to act accordingly.	questionnaire survey	India

Conclusion and Suggestion:

The Automobile sector with quite many potential buyers is flourishing with numerous of options/ varieties available with a combined cutthroat competition where every company is facing survival challenges. These companies advertise and expect the customer to respond positively to their spur. One can be successful in this aggressive market by identifying the intricacies of consumer behaviour. This understanding enables the marketers to take wise decisions which are in cognizance with its customer needs. From the above review the major class of consumer behaviour determinants and expectations, are socioeconomic, psychological, political, geographical, demographic and product & technology. Further classification of human behaviours under main categories will enable car manufacturer to align their strategies in concurrence to customer behaviour. The marketers should focus on safety, driving experience, seating comfort, brand. Now a day's car has become a necessity for any individual and advertising is also the important stimulating factor. Hence, the companies need to spend more on advertisement and promotions. In family car,

advertisements have a positive impact on customer purchase decision. The study also recommends that customer's approach can be wrought favourably through effective advertising both digital and traditional ways to be explored upon. In Automobile Sector there is cutthroat competitions is going on price, better quality, and low-cost product too. As Indians consumers are more conscious about the price and fuel efficiency. Hence, the Automobile industries need to concentrate more on all above factors during their marketing plans.

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