

Unraveling Consumer Preferences in India's Small Car Market: A Multifaceted Analysis

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Abstract:

This study delves into the complex factors influencing consumer purchasing decisions in India's small car segment. Integrating demographic, psychographic, regional, general, and segment-specific factors, this research provides novel insights into the preferences of Indian car buyers. The study underscores the importance of tailored marketing strategies, digital engagement, and research-driven product development for automakers seeking to tap into India's burgeoning market. This research contributes to the existing knowledge on consumer behavior in the Indian automobile sector, offering valuable implications for marketers, policymakers, and industry stakeholders.

Keywords: consumer behavior, small car market, India, consumer preferences, automobile industry.

Prologue:

The Indian automobile manufacturing industry has undergone remarkable transformations since its inception in 1948 (Gulati, 2009). Initially, the sector faced numerous challenges, including restrictive tariff structures, strict licensing regulations, limited expansion opportunities, high prices, and lengthy waiting periods. However, the 1950s marked a turning point with the entry of visionary key players like Tata Motors, Mahindra & Mahindra, and Bajaj Auto, which pioneered indigenous manufacturing, introduced rugged and reliable vehicles, and revolutionized two-wheeler production.

Their contributions sparked steady growth, and a pivotal moment came in 1953 when the government and private sector collaborated to establish an automotive component manufacturing industry. This strategic partnership fostered domestic production of components, reduced reliance on imports, and enhanced quality and cost competitiveness. By the 1970s, the industry had gained momentum, driven primarily by scooters, tractors, and commercial vehicles.

The 1980s witnessed further liberalization, with the government's policies encouraging foreign collaborations and technology transfer, leading to modernization of manufacturing facilities, introduction of new models and variants, and improved quality and performance standards. Today, India's automobile sector is a thriving hub of innovation and growth, contributing over 7% to GDP, generating millions of jobs, and emerging as a major export hub.

The sector's significance extends to its adoption of electric and autonomous vehicle technologies, catering to evolving consumer preferences for sustainable, connected, and technologically advanced vehicles. India's automotive landscape is characterized by diverse market segments, increasing competition, and shifting consumer preferences. As the industry continues to evolve, understanding consumer behavior, preferences, and needs is crucial for manufacturers to navigate this complex and dynamic landscape.

Philosophy of Consumer Behavior:

Consumer behavior encompasses personal, situational, psychological, and social factors driving purchasing decisions (Solomon, 2003). Marketers employ strategies like store layout, music, pricing, and advertising to influence consumer behavior (Kotler, 2011). Some factors have temporary effects, while others leave lasting impressions. The fundamental philosophy of customer behavior revolves around maximizing satisfaction within limited financial means.

Philosophy of Consumer Choices:

The philosophy of consumer choices revolves around individual tastes, preferences, and likings guiding purchasing decisions among various goods (Jager, 2000). Customers rank products based on usefulness and purpose, independent of income and prices. Consumer assessment provides marketers with valuable market insights, enabling them to anticipate customer preferences, satisfaction levels, and market success.

Paper Objectives:

1. To investigate the key factors influencing consumer purchasing decisions in the small car segment in India.
2. To analyze the impact of demographic, psychographic, regional, general, and segment-specific factors on consumer preferences.
3. To identify the most significant attributes driving brand preference among small car buyers.
4. To provide insights for marketers, policymakers, and industry stakeholders to develop effective strategies.

Research Methodology:

The paper employed a secondary research approach, synthesizing existing literature to identify factors influencing consumer purchasing decisions in India's small car market.

Factors Influencing Customer Preferences for Car Segments:**Demographic Factors:****Age**

Age significantly impacts car-buying decisions, with different priorities emerging across various age groups:

1. Younger buyers (18-24): Style, performance, and advanced technology features are crucial.
2. Middle-aged buyers (25-44): Practicality, comfort, and safety features become more important.
3. Older buyers (45-64): Comfort, reliability, and ease of maintenance take precedence.
4. Senior buyers (65+): Accessibility, simplicity, and affordability are key considerations.

Income Level

Income level influences car-buying decisions, with higher-income individuals opting for:

1. Luxury vehicles: High-end brands, premium features, and advanced technology.
2. Mid-range vehicles: Balanced blend of quality, features, and affordability.
3. Budget-friendly options: Economical choices, basic features, and lower prices.

Occupation

Occupation affects car-buying priorities:

1. Professionals: Convenience, reliability, and low maintenance costs.
2. Entrepreneurs: Prestige, status, and luxury features.
3. Students: Affordability, fuel efficiency, and basic features.
4. Families: Practicality, safety, and spaciousness.

Education Level

Education level impacts research habits and decision-making:

1. Highly educated buyers: Thorough research, feature comparisons, and analysis.
2. Less educated buyers: Word-of-mouth recommendations, simplicity, and trust in brand reputation.

Family Size

Family size influences vehicle size and requirements:

1. Large families: Spacious vehicles, safety features, and practicality.
2. Small families: Compact vehicles, fuel efficiency, and ease of parking.
3. Singles: Compact vehicles, style, and advanced technology features.

Other Demographic Factors

Additional demographic factors influencing car-buying decisions include:

1. Gender: Women prioritize safety, practicality, and fuel efficiency, while men focus on performance, style, and advanced technology.
2. Marital status: Married couples prioritize family-friendly features, while singles focus on personal preferences.
3. Geographic location: Urban buyers prioritize compact vehicles, while rural buyers require vehicles suitable for rough terrain.

Psychographic Factors:***Personality Traits***

Personality traits significantly impact car-buying decisions:

1. Extroverts: Bold, attention-grabbing designs, bright colors, and luxury features.
2. Introverts: Understated styles, subtle colors, and practical features.
3. Adventurous: Sporty designs, high-performance capabilities, and advanced technology.
4. Conservative: Traditional designs, reliability, and durability.

Lifestyle Considerations

Lifestyle factors influence car-buying decisions:

1. Urban buyers: Fuel efficiency, convenience, compact size, and parking ease.
2. Rural buyers: Durability, reliability, off-road capability, and towing capacity.
3. Active lifestyle: Cars with cargo space, roof racks, and bike-friendly features.

4. Family-oriented: Safety features, spacious interiors, and entertainment systems.

Values and Attitudes

Values and attitudes shape purchasing decisions:

1. Environmentally conscious: Eco-friendly vehicles, hybrid or electric options, and sustainable materials.
2. Safety-oriented: Advanced safety features, crash test ratings, and driver assistance systems.
3. Tech-savvy: Advanced infotainment systems, autonomous driving, and connectivity features.
4. Budget-conscious: Affordable options, fuel efficiency, and low maintenance costs.

Social Status

Social status remains a key factor:

1. Luxury cars: Symbolize success, prestige, and high social standing.
2. Brand reputation: Influences perceptions of quality, reliability, and status.
3. Customization: Personalized features, unique designs, and exclusive trim levels.
4. Exclusivity: Limited-edition models, high-performance variants, and bespoke options.

Other Psychographic Factors

Additional psychographic factors influencing car-buying decisions include:

1. Self-expression: Cars as a reflection of personal style, values, and attitudes.
2. Emotional connections: Cars evoking emotions, nostalgia, or sentimental value.
3. Practicality: Cars serving as tools for daily life, work, or family needs.
4. Aspirational goals: Cars representing achievement, success, or status aspirations.

Regional Factors:

Regional factors play a significant role in shaping car-buying decisions in India. For instance, Maruti Suzuki has a strong presence in North India, while Hyundai dominates the South Indian market. This variation in regional preferences is largely driven by local market conditions, cultural influences, and demographic factors.

Local Market Conditions

- Urban Buyers: Prioritize convenience, fuel efficiency, and advanced features, driving demand for luxury cars and electric vehicles.
- Rural Areas: Focus on affordability, durability, and low maintenance costs, making budget-friendly options more appealing.

Cultural Influences

- Family-Oriented Regions: Emphasize family-friendly features, such as spacious interiors and safety features.
- Individualistic Regions: Value individuality and personalized designs, driving demand for customized and premium vehicles.

Demographic Factors

- Age: Younger buyers prioritize style, performance, and advanced technology.
- Income: Higher-income individuals opt for luxury vehicles, while budget-conscious buyers select affordable options.

General Factors:

Lifestyle Factors

1. Family Dynamics: Growing families require larger vehicles, while empty nesters may prefer smaller cars.
2. Occupation and Commuting: Long commutes or job requirements influence vehicle choices.
3. Leisure Activities: Hobbies, travel, or outdoor pursuits impact vehicle needs (e.g., cargo space, towing capacity).

Brand and Image

1. Reputation: Trusted brands with quality, reliability, and durability records.
2. Image: Brand identity, design, and prestige influence purchasing decisions.
3. Resale Value: Brands with high resale value appeal to buyers.

Vehicle Attributes

1. Safety Features: Advanced safety features, airbags, and crash test ratings.
2. Driving Comforts: Smooth ride, handling, and ergonomic design.
3. Technology and Infotainment: Advanced features, connectivity, and user-friendly interfaces.

Value and Pricing

1. Price: Affordable purchase price, financing costs, and ongoing expenses.
2. Quality: Performance, durability, and reliability.
3. Performance: Power, fuel efficiency, and handling.

Psychological Factors

1. Emotional Connection: Cars evoking emotions, nostalgia, or sentimental value.
2. Social Status: Luxury cars symbolizing success, prestige, and status.
3. Personal Expression: Cars reflecting personality, style, and individuality.

External Factors

1. Government Policies: Tax incentives, subsidies, or regulations influencing purchasing decisions.
2. Environmental Concerns: Eco-friendly vehicles, fuel efficiency, and sustainability.
3. Technological Advancements: Emerging technologies, autonomous vehicles, and connectivity.

Segment-Specific Factors:

Small Cars (Hatchbacks, Compact Sedans)

1. Fuel Efficiency: High mileage, low fuel consumption.
2. Affordability: Low purchase price, financing costs.
3. Compact Design: Easy parking, maneuverability.
4. Low Maintenance Costs: Affordable spare parts, servicing.
5. Value for Money: Balance of features, price, and quality.
6. Practicality: Daily commuting, city driving.
7. Environmental Concerns: Eco-friendliness, emissions.

Sedan Cars (Mid-Size, Full-Size)

1. Style and Design: Attractive exterior, interior aesthetics.
2. Comfort and Space: Legroom, cargo capacity, ergonomic design.
3. Advanced Technology: Infotainment systems, safety features.
4. Brand Reputation: Reliability, durability, quality.
5. Resale Value: Retained value, trade-in potential.
6. Performance: Smooth ride, handling, acceleration.
7. Features: Heated seats, sunroof, premium audio.

Luxury Cars (Premium, High-End)

1. Prestige and Status: Symbol of success, exclusivity.
2. Advanced Features: Cutting-edge tech, innovative systems.
3. Exceptional Quality and Craftsmanship: Attention to detail, premium materials.
4. Superior Performance and Handling: Powerful engines, precise handling.
5. Exclusive Services: Personalized support, concierge services.
6. Design and Customization: Unique designs, bespoke options.
7. Brand Heritage: Legacy, reputation, prestige.

SUVs and Crossovers

1. Space and Versatility: Cargo capacity, seating configurations.
2. Off-Road Capability: Towing, four-wheel drive.
3. Safety Features: Advanced airbags, collision avoidance.
4. Comfort and Convenience: Heated seats, panoramic sunroof.
5. Fuel Efficiency: Balance of power, mileage.
6. Style and Design: Aggressive exterior, premium interior.
7. Technology Integration: Advanced infotainment, driver assistance.

Electric and Hybrid Vehicles

1. Environmental Concerns: Zero emissions, sustainability.
2. Fuel Efficiency: Lower operating costs, reduced dependence.
3. Government Incentives: Tax credits, rebates.
4. Advanced Technology: Innovative powertrains, regenerative braking.
5. Performance: Smooth acceleration, quiet ride.
6. Range and Charging: Convenience, accessibility.
7. Brand Reputation: Leadership in eco-friendly mobility.

Trucks and Commercial Vehicles

1. Capability and Durability: Towing, payload capacity.
2. Reliability and Maintenance: Low downtime, affordable servicing.
3. Safety Features: Advanced airbags, stability control.
4. Comfort and Convenience: Ergonomic design, infotainment.
5. Fuel Efficiency: Balance of power, mileage.
6. Brand Reputation: Heritage, reliability, quality.
7. Customization: Upfits, aftermarket solutions.

Conclusion:

In conclusion, the Indian automobile market's remarkable growth, driven by the expanding middle class, underscores the importance of understanding consumer behavior and preferences in the small car segment. This study has elucidated the complex interplay of demographic, psychographic, regional, general, and segment-specific factors influencing purchasing decisions. The findings suggest that value, comfort, efficiency, accessibility, ambition, and need are pivotal considerations for consumers when selecting small cars. Moreover, brand reputation, safety, driving comfort, and optimal value for money significantly shape consumer preferences. As the Indian automotive landscape continues to evolve, manufacturers must navigate this complex market by catering to diverse consumer needs, offering affordable and feature-rich small cars, leveraging digital platforms, and investing in research and development. By embracing these strategies, automakers can effectively tap into the growing Indian market, foster brand loyalty, and drive business growth. Future research directions may include exploring the impact of electric and autonomous vehicle technologies on consumer preferences, investigating social media influencers' role in purchasing decisions, and analyzing demographic changes' effects on small car market trends. This study contributes to the existing body of knowledge on consumer behavior in the Indian automobile market, providing valuable insights for marketers, policymakers, and industry stakeholders.

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