



## FACTORS INFLUENCING CAR BUYING DECISIONS IN INDIA

## Management

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## ABSTRACT

The research paper is an attempt to discuss a managerial problem where the manager of an automobile company is worried about the change in buying behavior of the consumers who are becoming conscious and accordingly, are deciding not to purchase automobiles. He is worried about the awareness level of consumers towards car and will this increasing awareness impact the sales. The research talks about the factors considered by consumers before purchasing a car, their awareness level towards hybrid car and willingness to pay an opportunity cost for purchasing a car.

## KEYWORDS

Key factor, Car, India, Automobile etc.

## INTRODUCTION

Research studies in the area of behaviour indicate that consumer behaviour is influenced by a number of internal factors like needs and motives, perception, learning, attitude, and personality as well as by external or environmental influences such as social class, family, culture, reference group, and opinion leaders. The process through which we buy products and services is different for every one of us and for every category of the product. Today's market is driven and dominated by consumers and that is the reason he is considered the King. Thus, the decision of, to be or not to be of a preferred brand or product depends solely on the choice of consumers. Understanding the buying behaviour of the target market is the essential task of marketing manager under modern marketing (Kotler, 2009). 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 lead up in the situation of loss and that to 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 favour to be a successful marketer (Gowtham, 2014). Consumer behaviour 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 behaviour 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 (Sangeeta Gupta, 2013). With this backdrop the present paper made an attempt to assess the factors that mostly influence the customers buying decision of the cars. These factors are as under:-

## Consumer Perceived Value

Customer perceived value is an amount of potential customers that the company having and it is outcome of what customers paying and in return what they are receiving (Sweeney and Soutar, 2001). Customer perceived value is a bundle of different dimensions such as operational value, conditional value, psychological value, communal value and cognitive value (Sheth, Newman, and Gross, 1991). In which operational value creates an intention to purchase, psychological value stimulates interests on a particular products (Woodruff, 1997). Thus, customer perceived value evaluates that what customer is paying and what he is getting in return (Bolton and Lemon 1999).

## Brand

Aaker (1991) defined brand image as a series of brand associations stored in a consumers memory. Keller (1993) defined brand image as the sum the total of brand associations held in the memory of the consumers that led to perceptions about the brand. Keller also classified the associations of brand image into quality dimension and affective dimension. Experiential brands, with their emphasis on sensory/cognitive stimulation, encourage frequent consumption. This heightened level of use may lead to satiation and weaken the experiential image unless consumption is controlled. For functional brands satisfaction is less serious given that the brands continue to fulfill functional needs. Satiation is also less likely for brands with

symbolic concepts as long as the brand's association with the group or self image is properly maintained. Consumption itself does not generate satiation for these brands (Park, Jaworski and MacInnis, 1986). The basis for reinforcing the image of brands with a functional concept via an image-bundling strategy should be the brand's relationship to other performance-related products. For brands with symbolic concepts the image is generalized to referent-based products. The image bundling strategy for products with symbolic concepts helps to create a perceived value among the consumers.

## Price

Price is one of the dominant factors that determine the success of business. A suitable pricing strategy can increase the sales volume in a considerable level, on the other hand a improper pricing strategy may lead to decrease the sale volume and led to generating problems and its results there will be problem in business (Wasserman, 2010). Thus, Price plays an important role in marketing mix and hence the company should concentrate more on pricing strategy. The pricing strategy of an organization affects overall company strategy including manufacturing, distribution, and sales promotion strategies. From the companies point of view, a company should use the price reference in order to compare its selling prices with internal as well as external price references (Hsu and Pham, 2015). While from consumer perspective, price plays a predominant role in consumers purchasing decision. Fixing a suitable price for a goods and services is an essential as well as a difficult task. Hence companies should pay more attention on it (Wasserman, 2010). Price is one among the 4Ps of marketing mix and is the only factor that makes earnings and thus paves a way for the product success (Al-Salamin and Al-Hassan, 2016).

## Quality

In the modern marketing world product quality is considered as an important factor for product success and also it plays a major role competing marketing completion (Garvin, 1984). A good quality product helps the marketers and manufacturers to satisfy their existing and prospect customers and thus it leads to higher sales volume (Smith and Wright, 2004). The quality of the products can be measured by the customers by mount up the total benefits. of the products and a personal bondage on the quality offerings (Zeithaml, 1988). In general, good quality products will have the capable of fulfilling the needs and wants of the customers in exchange for monetary considerations. A good quality of the product build with the attributes of operational and behavioral usefulness attached with the product (Steenkamp, 1990). Smith and Wright (2004) described product quality as extent to which products provided by a brand meet the expectations of customers. They added that that product quality improvement should lead to higher levels of customer satisfaction and increased the sales. Product quality can be evaluated according to the judgment of customers on the accumulative product utility and a subjective feeling on quality offerings (Dodds et al., 1991).

## Design

Products are the things which readily available in the market with the capable to buy, utilize, feel, and thus satisfying the needs and wants of the consumers. General products are not simply the sets composed of tangible product attributes, but products being sold in the market, including physical products, services, experience, events, characters,

locations, belongings, organizations, information, and ideas (Howdhury et al., 2014). Due to the marketing revolution, the progress of design has been the transformation between industry and art. Designers work hard to seek for the adaptability between the two in order to pursue new creativity and guide human lifestyles toward design styles and trend. Parameshwaran et al. (2015) regarded design as the overall attributes of products demanded by consumers, which would persuade product appearance, features, and problem-solving. Lee (2014) planned product design as a creative strategy to help an enterprise obtain competitive advantages in the market. In this case, product design was the key success factor in the market that it could not only attract consumer attention, but could also clearly communicate with consumers to promote product value. Go et al. (2015) included human-factors engineering in product design. Napoli et al. (2014) divided the specific functions of design as product properties, human-factors engineering, and appearance aesthetics delivery.

### Utility

Sharp (2012) found that product utility become more and more important in business along with the development of the relationship between demand and supply in the market. This relationship is dynamic because the power of each side changes along with the development of the business world. The fast developing business world not only fostered companies in earning incomes, it trained consumers to gain more benefits in their spending. Consumers became more rational and smarter. Today, consumers are more concerned about product utility rather than just quality. Companies need to identify product utility from the customers' point of view because customers hold more power in today's market. Therefore, Sharp defined product utility as the experiences, functions, and satisfaction that the customer receives from the spending. In addition, if companies want to increase their sales, they need to consider how much utility they can provide to customers through a product with a reasonable price. Further, pointed out that product benefit in the consumers' perspective has three main dimensions. The first dimension is the brand value. The brand value represents what the brand stands for and what the company promises to customers through its products or services. The second dimension is the product value. The product value mainly represents the product's qualities. In other words, the product value is the benefits customers receive for the price they pay. The last dimension is the relationship value. The relationship value is the perceived value of customers' experiences with the staff in the company.

### Technical Considerations

Today's consumers are continuously bombarded with new product promotions. Although consumers in industrialized countries are generally pro-innovation, they have increasingly experienced a certain level of technology fatigue and may not readily adopt every new product (Weil and Rosen, 1997). The frequency of new product introduction and the complexity of new technologies and related purchase decisions frustrate the consumers and may slow down their adoption. The new reality highlights several problems with the existing adoption research. First, the literature on innovation adoption has largely relied on Rogers (1996) classification of adopter groups for identifying consumers' adoption propensity. This distinction, based mainly on consumer innovativeness, suggests targeting new products to the innovators and then the other less innovative groups in a sequential manner. This view has been challenged in recent years.

### CONCLUSIONS

The present research aimed to examine the factors affecting customers' purchase decision of cars in India. For this, the relationship among brand, price, quality, design, utility, technical consideration and customer perceived value towards customers' purchase decision of cars were studied. Thus the research contributes the literature with manifold effects of antecedents of customer purchase decision. It was understood from the results of the research that the targeted research variable customer perceived value was positively influenced by brand, price, quality, design, utility, technical consideration.

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