



ORIGINAL RESEARCH PAPER

Management

BUYER BEHAVIOUR IN LUXURY CAR SEGMENT IN MADURAI

KEY WORDS: Luxury Car Market, India

V. Maria Kanagarajan

Ph. D., Research Scholar in Management, Bharathiar University, Coimbatore

Dr. D. Ramkumar*

Research Supervisor, Research and Development Centre, Bharathiar University, Coimbatore*Corresponding Author

ABSTRACT

Luxury is the buzz word in India a conservative country which is driven towards equality. Luxury segments in gadgets, apparels, clothing, entertainment, food, etc is growing at a surprising rate. Luxury cars are no exception to this emerging trend. Luxury car brands like Mercedes, BMW and Audi and super luxury brands like Bentley, Bugatti, Rolls Royce, Porsche, Aston Martin, Maserati, Jaguar, Land Rover, Volvo, Ferrari and Lamborghini have flooded the Indian market with models. Today almost all the leading global players have their presence in Indian automotive industry and the Indian automotive market is touted as the second fastest growing market in the world after the Chinese market. This study was conducted in Madurai is the second largest city in Tamil Nadu state where the four wheeler population in the city has been steadily increasing in the past couple of years. A study was conducted among 35 car owners using a structured questionnaire. This study is an attempt to understand the factors influencing buyers to buy a specific brand and model of car. Majority of the respondents own petrol car and most of them are influenced by others while buying car. Majority of the respondents propose to buy upper segment car from the same manufacturer.

INTRODUCTION

Luxury is the buzz word in India a conservative country which is driven towards equality. Luxury segments in gadgets, apparels, clothing, entertainment, food, etc is growing at a surprising rate. Luxury cars are no exception to this emerging trend. Luxury car brands like Mercedes, BMW and Audi and super luxury brands like Bentley, Bugatti, Rolls Royce, Porsche, Aston Martin, Maserati, Jaguar, Land Rover, Volvo, Ferrari and Lamborghini have flooded the Indian market with models (Motown India, 2016).

India is the hope for real growth for luxury car marketers. The sales of luxury cars in India during 2014 and 2015 boosted the confidence of car manufacturers (Carwale, 2017). But they could not consolidate the growth in 2016 when the National Green Tribunal banned the sales of diesel cars and SUVs with big engines of 2,000 cc and above in Delhi-NCR for eight months. Also, demonetisation of 500 and 1000 rupee notes, have forced most people to hire luxury cars instead of buying a brand new car (indiatoday.intoday.in, 2016).

The market for luxury car in India stagnates around 35,000 units. During the past three years, there is no real growth (Business Standard, 2016). Mercedes is the market leader in luxury car segment, Mercedes' 2016 sales was 13,231 units, which is two percent less than 2015 sales. BMW is the market challenger selling 7,861 units in 2016, which is 14 per cent growth over its sales in 2015. There are over two hundred luxury car brands in India and the list of luxury car brands above the price of Rs. 50 lakhs is presented in Annexure (Auto Portal, 2017).

REASONS FOR THE GROWTH OF LUXURY CARS IN INDIA

The following are the drivers behind the growth of luxury car market in India in the recent times.

1. The economy is doing well in the country which has lead to the increase in disposable income of people which they are spending in buying luxury cars.
2. A range of loan schemes are arranged for prospective buyers by the automobile manufacturers thorough banks and financial institutions. This has made it possible for people to purchase luxury cars and this trend has bolstered the luxury car market in India.
3. With the Information Technology explosion in the country many young people are earning higher salaries which have facilitated them to buy luxury cars.
4. The government of India in the recent years has formulated several policy initiatives such as relaxation of and the reduction of import tariffs pertaining to the automobile industry. These have also aided in reducing the prices of the luxury cars, which have led to the expansion of the luxury car market in India.

NEED FOR THE STUDY

Today almost all the leading global players have their presence in Indian automotive industry and the Indian automotive market is touted as the second fastest growing market in the world after the Chinese market. The major players are Audi India, BMW India Private Limited, Fiat India Automobiles Private Limited, Ford India Private Limited, General Motors India Private Limited, Hindustan Motors Limited, Honda Cars India Limited, Hyundai Motor India. Mahindra & Mahindra Limited, Mahindra Reva Electric Vehicles Private Limited, Maruti Suzuki India Limited, Mercedes-Benz India Private Limited, Nissan Motors India Private Limited, Premier Limited, Renault India Private Limited. SKODA Auto India Private Limited, Tata Motors, Toyota Kirloskar Motor, Volkswagen India Private Limited and Volvo Auto India Private Limited. In a crowded market place like this to survive and excel companies need to understand the buyer's behaviour. This study was conducted in Madurai is the second largest city in Tamil Nadu state where the four wheeler population in the city has been steadily increasing in the past couple of years. A study was conducted among 35 car owners using a structured questionnaire. This study is an attempt to understand the factors influencing buyers to buy a specific brand and model of car.

OBJECTIVES OF THE STUDY

1. To analyse the socio economic profile of the respondents
2. To study the factors related to attributes of car that influenced you in purchasing your luxury car.
3. To find the role of luxury car owners in the buying decision making.
4. To study the reason for preferring the current brand and model of luxury car.
5. To study the luxury car the respondents would like to buy in near future.

INSTRUMENT FOR DATA COLLECTION

A questionnaire was developed based on previous literature.

PILOT STUDY

A study was conducted among a small of 35 respondents who are owners of the following luxury cars in Madurai.

1. Mercedes Benz
2. BMW
3. Audi

FINDINGS OF THE PILOT STUDY

1. All the respondents were male.
2. 11.43 per cent of the respondents are the age group of below 25, 20 per cent are in the age group of 25 – 30 years, 40 per cent are the age group 31-35 years and 28.57 per cent are the

- in the age group 36–40 years
3. 22.86 per cent of the respondents are unmarried and the rest 77.14 are married.
 4. 25.71 per cent of the respondents are members of joint family and the rest 74.29 per cent are members of nuclear family.
 5. Educational qualification of 22.86 per cent of the respondents is MBBS, for 31.43 per cent it is MD or MS, for 14.29 per cent it is CA, 11.43 per cent are Master's degree holders in arts and science and the for the rest 20.00 per cent it is BE.
 6. 54.29 per cent of the respondents are Doctors, 17.14 per cent occupy senior management positions, another 17.14 are industrialists and the rest 11.43 are business people.
 7. Monthly income of 80 per cent of the respondents is less than 2,50,000, for 11.43 per cent it is Rs.250,000– Rs.500,000, for 5.71 it is Rs.500,001–Rs.750,000 and for the rest 2.86 it is above Rs.750,000.
 8. All the respondents own more than one car.
 9. The primary luxury car of 34.29 per cent of the respondents is BMW, for 42.86 per cent it is Mercedes Benz and for the rest 22.86 per cent it is Audi.
 10. 71.43 per cent of the respondents are using their present luxury car for a period less than two years and the rest 28.57 it is between 2 to 4 years.
 11. 91.43 per cent of the respondents were not influenced by others while buying car the rest 8.57 were influenced by their spouse.
 12. 77.14 percent of the respondents use petrol cars and the rest 22.86 use diesel cars.
 13. Most influencing factors in buying luxury car are technology, interior design and promotional schemes.
 14. Majority of the respondents propose to buy upper segment car from the same manufacturer.

CONCLUSION

Majority of the respondents own petrol car and most of them are influenced by others while buying car. Majority of the respondents propose to buy upper segment car from the same manufacturer.

REFERENCES

1. Ahuja, P (2014) "Luxury Cars: A New Definition of Necessity in India", International Journal of Commerce, Business and Management, 3 (2), 260-268
2. Auto Portal (2017) Luxury Cars in India, [online] available from <<https://autoportal.com/newcars/cars-above-50-lakh-cf/>>
3. Business Standard (2016) Luxury car makers struggle to sell in India, despite many launches [online] available from <http://www.business-standard.com/article/companies/luxury-car-makers-struggle-to-sell-in-india-despite-numerous-launches-116121500984_1.html> [06 April 2017]
4. Carwale (2017) Luxury car sales report India 2016 [online] available from <<https://www.carwale.com/features/luxury-car-sales-report-india-2016-26572/>>
5. Gupta, N. and Shekhar, V. (2010) "The Indian Mid-Segment Passenger Car Industry", The IUP Journal of Business Strategy, 7(3), 60-72
6. India Marks (2017) Car Segmentation by Society of Indian Automobile Manufacturers, [online] available from <<http://www.indiamarks.com/car-segmentation-society-indian-automobile-manufacturers/>>
7. indiatoday.intoday.in (2016) 2016: A year of ups and downs for the Indian automobile industry [online] available from <<http://indiatoday.intoday.in/auto/story/2016-a-year-of-ups-and-downs-for-the-indian-automobile-industry/1839951.html>>
8. Motown India (2016) Luxury Cars In India: A Painful Growth [online] available from <<http://www.motownindia.com/Bureau/Corporate-News/989/LUXURY-CARS-IN-INDIA-A-Painful-Growth-PTharyan>>
9. Sharma, C and Mishra, R.K., (2012) "Export participation and productivity performance of firms in the Indian transport manufacturing" Journal of Manufacturing Technology Management, 23(3), 351-369