CONSUMER BUYING BEHAVIOUR FOR PASSENGER CARS IN INDIA

by

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CERTIFICATE

The thesis entitled "**CONSUMER BUYING BEHAVIOUR FOR PASSENGER CARS IN INDIA**" being submitted by Mr. Arvinder Singh Gill to Indian Institute of Technology, Delhi, for the award of the degree of Doctor of Philosophy, is a record of bonafide research work carried out by him under my guidance and supervision. He has fulfilled the requirements for submission of this thesis, which has attained the standard required for a Ph.D. degree of the Institute. The results presented in this thesis have not been submitted elsewhere for award of any other degree or diploma.

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(Arvinder Singh Gill)

ABSTRACT

In 1996, the automobile industry celebrated its 100th anniversary. Over the 105 years, the annual world production has grown from just a few vehicles to over 50 million state-of-the-art vehicles. During this period, enormous developments have taken place in all areas of the automobile industry e.g. performance, fuel consumption, safety, comfort, information for the driver etc. Changes in the demographic structure have been leading to more and more individualized products. Recent years have seen great benefits for car users as a result of advances in electric and electronic technology. The Internet has become a part of daily life and is reaching out into the car.

In India, the rising income levels and absence of satisfactory and adequate mass transportation system have resulted in personal vehicles becoming an important mode of transportation in the urban and semi-urban areas The Indian passenger car industry which registered a low growth of 3.6% CAGR during 1960-1980 primarily as a result of Government policy of restricted licensing and limited foreign tie-ups, grew at 18.9% CAGR between 1980 and 1990. The economic reforms initiated in 1991-93 lead to growth of passenger cars demand at CAGR of 24% during the period 1992-97. The past one decade also witnessed the launch of several models in the midsize and premium segments and this has totally transformed the industry from the sellers market to the buyers market during the past some years, i.e. since late 1990s. In view of this, it has become imperative for the Indian passenger car manufacturers to understand the consumer buying behaviour of their potential customers so that they may develop appropriate marketing strategies in the emerging highly competitive market.

In view of the very recent changes in the Indian passenger car market, there is an apparent vacuum in the academic literature on the Indian consumer buying behaviour for passenger cars. The present study has been undertaken with the view to modestly fill this vacuum and analyse the consumer buying behaviour so as to derive some useful marketing implication for the competing Indian passenger cars manufacturers.

The main objective of the present research is to study the consumer buying behaviour for the passenger cars in India in the recently changes scenario. In particular, the present study attempts to analyse the following: a) the Pre-purchase information search of the consumers, b) their purchase process c) their Post-purchase behaviour, and d) the effect of the post purchase experience on re-purchase decision for future brand to be acquired. The study also attempts to derive the marketing implications for passenger car manufacturers in India

In addition to the secondary data collected from different sources, the present study is primarily based on the findings of the field survey conducted in the National Capital Territory (NCT) of Delhi, which includes Delhi State and satellite towns of the neighboring states of Haryana and Uttar Pradesh, viz. Faridabad, Gurgaon, NOIDA and Ghaziabad. The number of respondents chosen from each of the existing car brands (at the beginning of the study) have been 35. Thus, the total number of respondents is 140 for mid-size cars segment-B and 210 for luxury cars segment-C, totaling to 350 respondents. The number of respondents has been restricted to this level in view of the constraints of time and financial resources.

The study has reveled useful information on various aspects of Pre-purchase process such as Pre-purchase information search, time spent in gathering the necessary information, factors significant in decision making prior to purchase of vehicle. The study provices findings on various aspects of purchase process such as time lag between purchase decision and actual purchase, evaluation of finance services, rating of vehicle exchange schemes, choice of dealerships, key decision makers in brand choice etc. The Post-purchase behaviour of the respondents has revealed that post purchase service is an important determinant of the consumer satisfaction. The brand strength has been found to be the highest for Hyundai Santro followed by Maruti Zen in segment-B, while in case of segment-C, the brand strength is found to be highest in Honda City followed by Maruti Esteem. In view of the fact that the repurchase of cars is becoming a common practice among Indian consumers, the analysis of the present study implies that the marketing package needs to tailor the service requirements and the performance at the highest level.

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