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Posted Date: 4 July 2023

doi: 10.20944/preprints202307.0069.v1

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Article

Evolution of Car Purchasing Behaviour and the Reasons Behind it among Indian Consumers: A Comprehensive Analysis from 2010 to Present

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Abstract: This research paper examines the evolution of car purchasing behaviour among consumers in India from 2010 to the present. Through extensive literature review and questionnaire survey, it explores the reasons behind the changing preferences and decision-making processes of consumers in the Indian automobile market. The study draws upon various sources, including market research reports, industry publications, academic studies, and consumer surveys, to provide a comprehensive analysis of the factors influencing car purchasing behaviour in India over the last decade. The findings of this research paper can help automakers and marketers better understand consumer preferences and develop effective strategies to cater to the evolving needs of the Indian car market.

Keywords: consumer behaviour; customer perception; questionnaire survey; car segment; automotive industry

Introduction

The automobile industry in India has witnessed significant transformations over the past decade, with the emergence of new technologies, evolving consumer preferences, and changing economic dynamics. This has resulted in a notable shift in the car buying behaviour of Indian consumers. Understanding the factors that drive these changes and the reasons behind them is crucial for automakers and marketers aiming to thrive in the competitive Indian car market. The automobile industry in India holds a prominent position globally and makes a significant contribution of 7.1% to the country's Gross Domestic Product (GDP) [1]. According to the data from 2009 to 2010, there was a growth of 31% in the sales of private vehicles and from financial year 2010-22, the automobile industry in India witnessed a growth of around 67% in the sales of private vehicles, as depicted in Figure 1.

This research paper aims to provide a comprehensive analysis of the evolution of car buying behaviours among Indian consumers from 2010 to the present. By examining the underlying reasons and motivations behind these changes, this study seeks to shed light on the dynamic landscape of consumer preferences and decision-making processes in the Indian automobile market. To achieve this objective, a meticulous examination of various sources will be conducted. Market research reports, industry publications, academic studies, and consumer questionnaire surveys will be utilized to gather extensive data on car purchasing patterns, trends, and influencing factors. By drawing from a wide range of reliable and up-to-date sources, this research paper aims to provide a thorough understanding of the complex dynamics that have shaped car buying behaviour in India over the last decade.

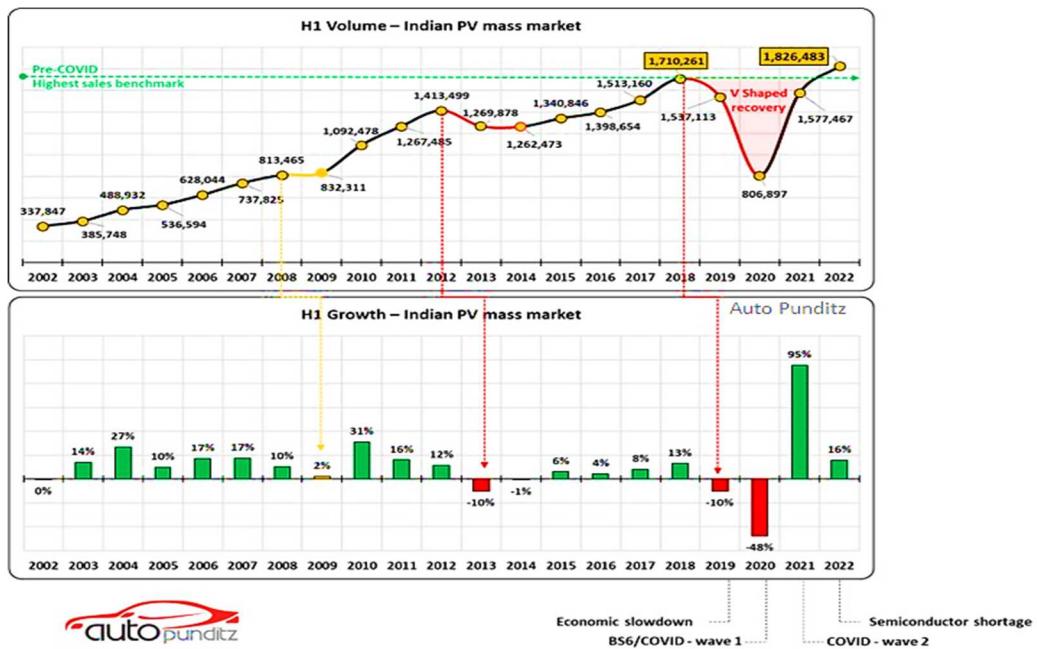


Figure 1. Sales of Passenger Vehicles in India till 2022 (<https://www.autopunditz.com/>).

Methodology

In this study, the research methodology involved two main steps. First, an extensive literature review was conducted to gather relevant facts and figures regarding car buying behaviour and trends in India. This step provided a comprehensive understanding of the subject.

Next, a questionnaire survey was designed to gather information on current preferences and factors influencing car buying decisions in India. The questionnaire was created using Google Forms and distributed to potential respondents through various channels, including social media platforms like *WhatsApp* and *Facebook*, *e-mail*, and the *distribution of hardcopies*. The collected responses were then analysed, and the findings are presented and discussed in detail in this paper.

By combining the insights gained from the literature review with the data obtained through the questionnaire survey, this study provides a comprehensive understanding of the factors shaping car buying behaviour in India.

1. Classification and Study of Passenger Car Segments available in the Indian Car Market.
2. Analysing car purchasing trends pre-2010 and the Impact of different factors that influence purchasing trends in the Indian Car Market Today.
3. Questionnaire Survey on priorities of the “modern” Indian consumer while purchasing a car.

1.) Indian Car Market Segments

Passenger Cars: A motor Vehicle intended for the carriage of passengers and designed to seat no more than nine persons (including the driver).

Utility Vehicles: A motor vehicle that is designed to carry out a specific task with more efficacy than a passenger vehicle.

Vans: A motor Vehicle that is primarily designed to carry goods rather than people. It has no windows in the load-bearing part of the vehicle.

Passenger Vehicle Segment: The Passenger Vehicle (PV) segment is categorized into 9 sub-segments primarily based on overall vehicle length as shown in Table 1.

Table 1. Indian Passenger Car Segment. Source: Society of Indian Automotive Manufacturers (SIAM).

Segment	Type	Length	Picture
A Segment	Mini Hatchbacks	< 3699mm	
B Segment	Small Hatchbacks	3700 - 3999mm	
C Segment	Sub Compact Sedan	< 4000mm	
	Small Sedan		
D Segment	Mid-Sized Sedan	4000-4399mm	
E Segment	Executive Luxury Cars	4501-4700mm	
Passenger Vehicles	Small MPV's		
	M Segment	Medium MPV's	
	Large MPV's		
J Segment	Sub-Compact SUV's		
	Compact SUV's		
	Mid-Sized SUV's	3850 - >4800mm	
Crossover	Large SUV's		
		4400-4700mm	

2.) *Analysing car purchasing trends pre-2010 and the Impact of different factors that influence purchasing trends in the Indian Car Market Today*

2.a) Car Buying Behaviour in India: Pre-2010

Prior to 2010, traditional consumer preferences played a significant role in shaping car buying behaviour in India. Indian consumers often prioritized factors such as affordability, fuel efficiency, and durability when considering a car purchase. Due to the price sensitivity of the market, cost-consciousness was a prevalent characteristic among buyers. This led to a higher demand for compact and entry-level cars that offered good value for money. According to industry data, the Indian automotive market witnessed a surge in the sales of compact cars during this period. In 2009-2010, compact cars accounted for approximately 70% of the total passenger vehicle sales in India ([Source: Society of Indian Automobile Manufacturers, SIAM](#)). Models like *Maruti Suzuki Alto*, *Hyundai Santro*, and *Tata Indica* were popular choices among consumers due to their affordability and fuel efficiency. Furthermore, brand reputation played a crucial role in consumer decision-making. Established and trusted brands, such as *Maruti Suzuki*, *Tata Motors*, and *Hyundai*, enjoyed a dominant market share during this period. Consumers sought vehicles from manufacturers known for their reliable performance, strong service networks, and favourable resale value.

Moreover, the perception of owning a car as a symbol of social status and aspiration influenced consumer choices. As the middle class expanded, there was a growing desire to upgrade from two-wheelers to four-wheelers, leading to an increase in demand for mid-size and premium cars. Data from market research indicated that in the pre-2010 period, consumers relied heavily on word-of-mouth recommendations, personal experiences, and advice from friends and family when making car purchase decisions.

2.b) Factors influencing purchasing trends in the Indian Car Market Today

i. **Changing demographics and income levels:**

Changing demographics and income levels have played a significant role in shaping the evolution of car buying behaviour in India. The country has experienced a remarkable increase in its middle-class population and disposable incomes, leading to a shift in consumer preferences towards more aspirational and higher-priced cars. According to ([1] Shukla, 2010), India's middle-class population surged from 25 million in 1996 to over 600 million by 2019. This substantial growth in the middle class has contributed to the rise in car ownership aspirations and the demand for premium and feature-rich vehicles. The escalation of disposable incomes has further fuelled this evolution. India's per capita income witnessed a compound annual growth rate (CAGR) of approximately 7% between 2010 and 2020, reaching \$2,104 in 2020, as reported by the ([2] International Monetary Fund, 2021). With more disposable income at their disposal, consumers are now able to allocate a larger portion of their earnings towards car purchases.

ii. **Environmental consciousness and sustainability:**

Growing environmental consciousness and a focus on sustainability have had a significant impact on car buying behaviour in India. Consumers are increasingly seeking more eco-friendly and fuel-efficient options due to concerns about pollution and climate change. According to a study by ([3] Vatsa, 2021) approximately 70% of Indian consumers consider the environmental impact of their vehicle purchases. They are inclined to choose vehicles with lower carbon emissions and higher fuel efficiency. Furthermore, the availability of electric vehicle (EV) models has contributed to the rise in EV adoption. According to the market analysis report conducted by ([4] Grand View Research, 2021) the sales of electric vehicles in India grew by 37.5% in the fiscal year 2020-2021, reaching over 3.8 lakh EVs sold.

iii. **Role of the internet and social media:**

The advent of the internet and the widespread adoption of social media platforms have had a transformative impact on car buying behaviour. The availability of online information and social networking platforms has empowered consumers with easy access to a wealth of resources and

opinions related to car purchases. According to a study by ([5] Sharma, 2018) around 80% of car buyers in India use the internet for research before making a purchase decision. This indicates the significant role of the internet in influencing consumer behaviour. Social media platforms, such as *Facebook, Twitter, and Instagram*, have emerged as influential channels for consumers to seek recommendations, reviews, and experiences from fellow car buyers.

Also, Online research and comparison platforms have become instrumental in the car buying process, allowing consumers to gather information, compare different models, and make informed decisions. Websites, mobile applications, and online automotive portals provide comprehensive details about car specifications, features, pricing, and user reviews. Popular online platforms, such as *CarDekho, CarWale, and Autoportal*, have witnessed significant growth and engagement, indicating the increasing reliance on digital platforms for car-related information.

iv. Social media influencers:

Social media influencers have become influential figures in the automotive industry, impacting consumer preferences and purchase decisions ([6] M, 2018). With a substantial following and expertise in the field, influencers shape perceptions and generate interest in specific car models and brands ([7] Brauer, 2022). Companies recognize the significance of social media influencers as a marketing factor and invest millions of dollars in influencer partnerships. These collaborations leverage the influencers' online presence and allow companies to reach a wider audience, increase brand awareness, and influence consumer behaviour.

v. Emphasis on safety features:

In recent years, Indian car buyers have shown a significant focus on safety features when purchasing vehicles. The safety of themselves and their families is now a top priority, resulting in increased demand for cars equipped with advanced safety technologies. Mandatory safety features such as *dual airbags, anti-lock braking systems (ABS), seatbelt reminders, speed alert systems, and rear parking sensors*, among others, under the Bharat Stage 6 (BS6) emission standards have played a crucial role in shaping these preferences.

Furthermore, the Global New Car Assessment Program (Global NCAP) rating, particularly a 5-star rating, is highly valued by Indian consumers as it signifies a higher level of safety performance in the event of a crash.

vi. Importance of brand reputation and trust:

Consumer behaviour in India is influenced by brand reputation and trust ([8] Danish, 2018). Once satisfied with a brand, consumers tend to develop a strong affinity and loyalty towards it due to their habitual nature ([9] UNNIKRISHNAN, 2013). Thus, Brand reputation serves as a foundation for consumer trust and plays a crucial role in shaping purchase decisions. Research suggests that consumers consider factors such as reliability, quality, and after-sales service when evaluating a brand's reputation ([10] Hassanzade, 2019). Positive experiences with a brand lead to increased satisfaction and reinforce consumer loyalty.

vii. Impact of COVID-19 Pandemic:

The COVID-19 pandemic has had a profound impact on car buying behaviour in India. Concerns over public transportation and shared mobility options have led to a shift towards personal transportation, such as car ownership. Approximately 65% of Indian consumers expressed a preference for personal vehicles due to safety concerns during the pandemic, according to a study by ([11] Chatterje, 2021). The need for physical distancing and reduced exposure to crowded spaces have driven consumers to prioritize the convenience and perceived safety of owning a car. This shift has led to increased interest in car ownership, particularly in urban areas where public transportation was previously the primary mode of travel.

Additionally, the pandemic has accelerated the digitalization of the car buying process in India. With restrictions on physical showrooms and dealerships, consumers have increasingly turned to online platforms to research, compare, and purchase vehicles. Online inquiries for car purchases surged during the pandemic, according to a survey by *CarDekho.com*. Consumers have embraced virtual

showrooms, video consultations, and digital transactions, providing convenience and safety while expanding access to a wider range of options and information. Car manufacturers and dealerships have adapted by offering virtual test drives, immersive online experiences, and contactless delivery options to meet the evolving needs of consumers in this digital era.

3.) Questionnaire Survey on priorities of the “modern” Indian consumer while purchasing a car

The survey revealed that a significant majority of respondents 63.50% fell into the age bracket of 18-25. The next largest segment consisted of 11% of participants aged between 25 and 45, while individuals above the age of 45 accounted for 25.5% of the total respondents.



Figure 2. Literature Survey Methodology.

Results of Questionnaire Survey

According to Figure 3, SUVs emerged as the most preferred car type among the respondents, with a significant preference rate of 45%. On the other hand, sedans were found to be the least preferred car type, with only 10% of respondents indicating their preference for this category.

Among the total respondents, brand preference as shown in Figure 4 was distributed as follows: *Maruti Suzuki* emerged as the most preferred brand with 38% of respondents indicating their preference. *Hyundai* followed closely behind with a preference rate of 14.5%, while *Tata* garnered a preference of 13.3%. Other popular brands included *Mahindra* with 9.7% preference, *Kia* with 7.3%, and *Nissan* with 5.3%. *Toyota* accounted for 4.6% of the preferences, while *Honda*, *Renault*, *Skoda*, *Volkswagen*, and *MG* each had a preference rate of 2%, 1.5%, 1%, 1%, and 1% respectively. Other brands such as *Citroen*, *Jeep*, *BYD* collectively accounted for a preference of 0.8%.

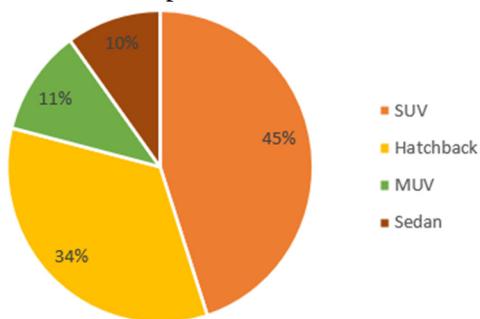


Figure 3. Type of Vehicle Segment preferred by the Respondents.

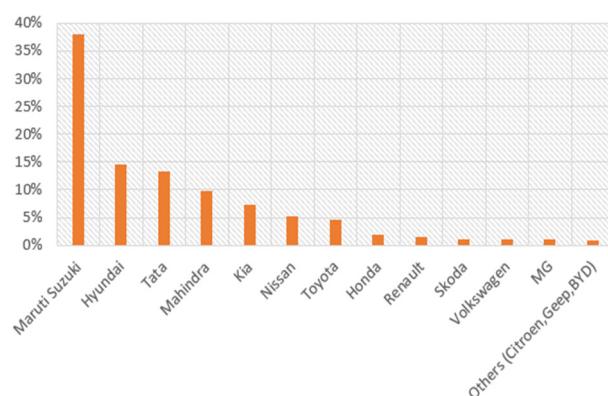


Figure 4. Brands preferred by the Respondents.

As illustrated in Figure 5, the majority of respondents (79.4%) expressed a preference for petrol engines. Diesel engines were the second most preferred choice, accounting for 17.2% of the responses. It is worth noting that diesel engines were particularly favoured by those who also preferred SUVs as their car of choice. Electric vehicles (EVs) garnered a preference rate of 3%, while hybrid vehicles were the least preferred, with only 0.4% of respondents indicating their preference for this engine type.

In terms of crash ratings for cars, the highest customer preference of 27.5% was observed for a *5-star rating*, indicating a strong emphasis on safety. Following closely, 22.3% of respondents preferred at least a *4-star rating*, while 22% preferred at least a *3-star rating*. A significant portion of respondents 19% indicated a preference for at least a *2-star rating*. A small percentage of respondents 2.4% showed a preference for at least a *1-star rating*.

Interestingly, 6.8% of respondents (predominantly in the age group of above 45 years of age) expressed a preference for cars with a crash rating of zero. It is important to note that this indicates a certain segment of customers who may prioritize other factors over crash safety or may not consider crash ratings as a significant factor in their car buying decision. Figure 6.

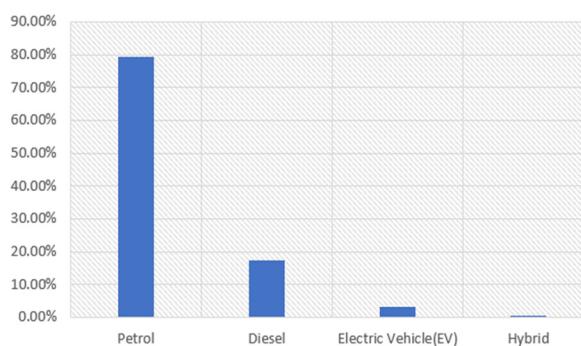


Figure 5. Fuel Type preferred by the Respondents.

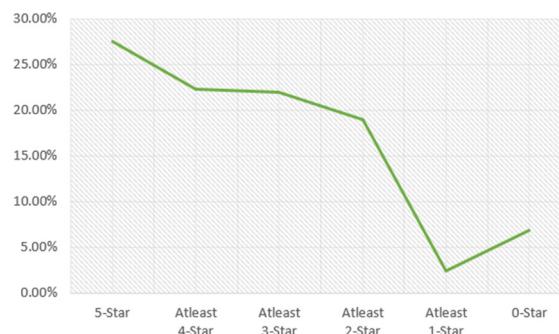


Figure 6. Safety Rating preferred by the Respondents.

Conclusion

In conclusion, this research paper provides valuable insights into car buying behaviour and trends in India. The study employed a two-step methodology involving an extensive literature review and a questionnaire survey to gather comprehensive data and information. The findings highlight the evolving preferences and factors influencing car purchases in the Indian market. Prior to 2010, affordability, fuel efficiency, and durability were key factors influencing car buying decisions. Compact and entry-level cars dominated the market during this period, with brands like Maruti Suzuki, Tata Motors, and Hyundai enjoying a strong market share. Additionally, word-of-mouth recommendations and personal experiences played a significant role in consumer decision-making.

However, the car buying landscape has undergone notable changes in recent years. Factors such as changing demographics and income levels have led to an increase in the demand for aspirational and higher-priced cars. Furthermore, growing environmental consciousness has driven consumers to

seek eco-friendly and fuel-efficient options, with the availability of electric vehicles contributing to their adoption. The internet and social media have also played a transformative role in shaping car buying behaviour. Consumers now rely heavily on online resources, research platforms, and social media influencers to gather information, compare models, and make informed decisions. The COVID-19 pandemic has further accelerated the digitalization of the car buying process, with virtual showrooms and contactless transactions becoming more prevalent. Moreover, safety features have gained significant importance in car purchasing decisions. Consumers prioritize advanced safety technologies, mandatory safety features, and higher crash ratings.

In addition to extensive literature survey, the research paper also provides an in-depth analysis of the questionnaire survey conducted on the priorities of the "modern" Indian consumer while purchasing a car. The survey revealed that *SUVs* emerged as the most preferred car type among the respondents, while *Maruti Suzuki* emerged as the most preferred brand. *Petrol* engines were the most preferred choice, followed by diesel engines, with electric vehicles and hybrids garnering lower preference rates. The research paper also delves into the preferences for crash ratings among the surveyed participants. A *5-star* crash rating was the most preferred, emphasizing the importance of safety in the minds of Indian car buyers. However, a considerable percentage of respondents expressed a preference for lower crash ratings, including *zero*, highlighting the presence of a segment of consumers with different priorities. These insights provide valuable information for automakers, marketers, and policymakers in understanding and meeting the preferences and expectations of Indian car buyers.

Declaration of Competing Interest: The author declares that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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