

SATISFACTION AND LOYALTY IN THE INDIAN AUTOMOBILE INDUSTRY: A SYSTEMATIC REVIEW OF CONSUMER PREFERENCES

Mr. Anjan Kumar Bordoloi¹, Prof. Anil Kumar Sharma²

¹Ph.D Research Scholar, Arunachal University Of Studies, Namsai (A.P.), India.

²Professor, Commerce Arunachal University Of Studies, Namsai (A.P.), India.

ABSTRACT

The Indian automobile industry's remarkable growth can be attributed to increased motor loan accessibility, rising incomes, and expanding middle-class purchasing power, as well as social status considerations driving car sales. This study conducts an extensive review of existing literature to investigate consumer buying behavior towards personal car purchases, examining complex factors influencing purchasing decisions. The findings aim to provide valuable insights for marketers to develop targeted strategies catering to the evolving needs of Indian car buyers, ultimately enhancing their marketing effectiveness and customer satisfaction.

Keywords: Consumer Preferences, Satisfaction, Personal Cars.

1. INTRODUCTION

The “*automotive industry in India*” (2024) is the world's fourth-largest by production and valuation as per 2022 statistics. As of 2023, India is the 3rd largest automobile market in the world in terms of sales. As of April 2022, India's auto industry is worth more than US\$100 billion and accounts for 8% of the country's total exports and 7.1% of India's GDP. According to the 2021 National Family Health Survey, barely 8% of Indian households own an automobile. According to government statistics, India has barely 22 automobiles per 1,000 people. The automotive industry in India is one of the main pillars of the economy. With strong backward and forward linkages, it is a key driver of growth. Liberalization and conscious policy interventions over the past few years created a vibrant, competitive market, and brought several new players, resulting in capacity expansion of the automobile industry and generation of huge employment. Availability of easy motor loans, rise in individuals income, high buying capacity of middle class, social status, are the few factors for the surge in sales of the cars. This paper presents a Systematic Literature Review on Consumer Preferences and Satisfaction with regard to purchase of Personal Cars (Batra, 2020).

Relevance of the Study:

The global automobile market is intensely competitive, and India is no exception. As globalization and industry consolidation accelerate, competition is expected to escalate. To remain competitive, automakers must excel in key areas, including product quality, innovation, pricing, reliability, safety, fuel efficiency, customer service, and financing options. India's burgeoning middle class, coupled with robust macroeconomic fundamentals, has attracted major automakers to the market. However, to stand out in this crowded space, marketers must adopt innovative, out-of-the-box strategies that resonate with discerning Indian consumers.

2. REVIEW OF LITERATURE

Monga, N., Chaudhary, B., and Tripathi, S. (2012) found that car sales increased due to rising disposable income and easy financing options. International players showed keen interest in the Indian market, leading to increased competition. The study revealed that customer relationship management and personal connections are crucial for car companies. Furthermore, the study found that brand perception in the auto sector depends on the quality of services provided, price, availability of spare parts, and maintenance costs. The authors concluded that car dealers act as an important link between manufacturers and customers in the selection of a brand.

Raj, M., Sasikumar, J., and Sriram, S. (2013) identified six key factors that influence customers' brand preferences towards SUVs and MUVs. These factors include product reliability, monetary considerations, trendy appeal, frequency of non-price promotions, trustworthiness, and customer feelings or associations towards the brand.

Poornima, T., and Rita, D. (2013) found that the automobile industry is one of the fastest-growing industries globally, with many foreign companies launching products in the Indian market in recent years. The growth of the Indian automobile sector can be attributed to factors such as rising middle-class income, easy access to finance, improved infrastructure, increasing family income, favorable duty structures, inadequate public transportation, low car penetration, car exchange, and changing lifestyles. Additionally, the study noted that car buyers' purchasing behavior has undergone significant changes, with luxury car purchases serving as a status symbol, indicator of social recognition, and reflection of independence.

Sravan, D. K. S., Sarakamu, V., and Rao, P. (2014) observed that shifting customer perceptions have positioned the Indian automobile sector as a leading growth area in the four-wheeler industry. Their study examined customer buying behavior regarding SUVs and revealed that various factors influence customer decisions, including brand image, price, fuel efficiency, performance, comfort, after-sales service, ease of maintenance, and passenger safety.

Saxena, A. (2014) employed the Engel-Coleman-Blackwell model to investigate consumer preferences, revealing that when making a final purchase decision, customers' preferences are influenced by budget availability. The study noted that modern consumers exhibit complex behavior, rendering traditional demographic classifications ineffective. Understanding their thought processes, buying preferences, and decision-making processes is crucial. The research identified changes in income patterns and increased petrol prices as key drivers of the growing demand for small cars in the Indian market. Additionally, the study suggested that advertising plays a vital role in creating awareness, promoting product consumption, and influencing consumer preferences.

Shende, V. (2014) emphasized that consumer behavior encompasses all human actions involved in pre- and post-purchase decisions, and grasping this complex behavior is crucial for a company's market success. The study identified key determinants of consumer behavior, including socio-economic, psychological, political, geographical, demographic, and product-related technological factors. Furthermore, the research revealed that customers who prefer mini-segment cars are highly cost-conscious, prioritizing affordability in their purchasing decisions.

Biswas, A., Mukherjee, A., and Roy, M. (2014) observed that shifting customer perceptions have positioned the Indian automobile sector as a leading growth area in the four-wheeler industry. Their study examined customer buying behavior when purchasing SUVs and revealed that various factors influence customer decisions, including brand image, price, fuel efficiency, performance, comfort, after-sales service, ease of maintenance, and passenger safety. The authors emphasized that these factors are crucial for ensuring customer satisfaction in the automobile sector.

Srivastava, A., and Matta, M. (2014) explored consumer behavior towards passenger cars in Delhi NCR, identifying various sources of information and their role in car purchases. They found that factors such as culture, family, references, age, and lifestyle influence car purchase decisions. The study also revealed that price and social status are the most important factors influencing car buyers.

Markan, R. (2015) noted that cars have evolved beyond being a mere medium of transport, now serving as a status symbol in society. The study revealed a strong correlation between income and car size, with higher-income individuals preferring larger vehicles. Furthermore, the research found a significant association between income and car type, indicating that income influences the type of car purchased.

Biradar, S., and Kulkarni, S. (2015) noted that India's expanding middle-class population and rising income levels have created a highly promising market for pre-owned cars. This has drawn attention from both Indian and global car manufacturers, as well as other businesses, aiming to formalize the Indian pre-owned car market. The market is experiencing swift growth, with unorganized dealers aiming to emulate the standards and professionalism of established players.

Cheng, W. (2015) conducted an analysis of social, marketing, and consumer factors that impact the buying behavior of second-hand car buyers. The study further examined five key factors influencing the decision-making model for second-hand car consumers: problem recognition, information search, solution evaluation and selection, purchase decision implementation, and post-purchase behavior.

Hung, N. J., and Yazdanifard, R. (2015) conducted a study in Malaysia, revealing that passenger safety is a top concern among car buyers, with safety features being a high-priority consideration when making a purchase decision. The findings highlight the significance of safety attributes in influencing car buying choices in the Malaysian market.

Koch, C., & Mkhitarian, D. (2015) found that consumer satisfaction and brand have a significant positive impact on consumer loyalty. Moreover, their study revealed that consumer loyalty towards luxury cars is primarily influenced by consumer satisfaction, highlighting the crucial role of satisfaction in driving loyalty in the luxury automotive market.

According to Shanker (2016), customer perception of the organized car market is influenced by several key attributes. These include clear title, professional assistance, easy financing options, after-sales services, fair pricing, and free service. These attributes play a significant role in shaping customer attitudes and preferences towards the organized car market.

Dangi (2017) found that advertisements serve as the primary source of information for car buyers. The study revealed that safety is the most significant factor influencing purchase decisions, followed by driving comfort, maintenance cost, and brand image. Conversely, factors such as price and latest technology were deemed to be of least importance in the decision-making process. This suggests that car buyers prioritize functional and practical considerations over financial

and technological aspects.

Thangasamy and Patikar (2014) examined the factors influencing consumer buying behavior, revealing that income, standard of living, and family size significantly impact purchasing decisions.

Kumar (2013) investigated consumer behavior in the four-wheeler industry, finding that consumers prioritize specific brands, quality products, and excellent services when making purchasing decisions.

Prasanna, Mohan Raj M. (2013) explored how customers prefer brands, highlighting the significance of brand factors from the customer's perspective.

Al-Shammari, M. (2014) investigated the quality of services provided by automobile companies and consumer satisfaction levels. The study emphasized the importance of maintaining good service quality to establish a strong reputation in the vehicle business market.

Adithya, H. S. (2013) examined consumer perceptions and behaviors related to car ownership and purchasing decisions. The study revealed that diverse consumer opinions and analyses lead to varying purchasing decisions, underscoring the importance of understanding individual consumer preferences.

Dhole (2013) provided an overview of the automobile sector's history and development, highlighting the increasing purchasing power of consumers.

Najeemudeen and Panchanatham (2014) presented an overview of the automobile sector and its development.

Gosavi et al. (2016) compared consumer perceptions of US and Japanese autos using statistical analysis, revealing Japanese cars ranked higher in perceived quality and brand image.

Veerakumar (2017) investigated socioeconomic factors influencing consumer purchasing behavior, emphasizing the importance of effective communication across media platforms.

Chatterjee (2021) highlighted the negative impact of COVID-19 on the Indian vehicle industry, citing income insecurity as a major factor.

Solanki (2022) analyzed customer purchasing patterns for cars, finding prioritization of safety, maintenance, fuel efficiency, and affordability.

Malhotra (2022) noted the growing popularity of Sport Utility Vehicles (SUVs) in India, driven by ruggedness, aggressive designs, and dynamic consumer perceptions.

Kumar (2018) emphasized the significant influence of customer satisfaction on repurchase intentions, with satisfied customers likely to share positive experiences.

Akhila and Thayyullathil (2015) stressed the importance of meeting customers' needs, regardless of car type.

Thirunarayanamsamy and Rajavel (2016) highlighted the impact of good or bad experiences with dealers on brand loyalty and repurchase decisions.

3. RESEARCH GAPS IDENTIFIED

1. Limited understanding of the impact of rising disposable incomes on consumer behavior in the Indian automobile market.
2. Insufficient research on the effects of electrification, autonomy, and digital sales platforms on consumer preferences.
3. Lack of comprehensive studies on the interplay between consumer behavior, market trends, and industry success in the Indian automobile industry.
4. Limited insights into the decision-making processes of Indian consumers when purchasing automobiles.

4. PROBLEM STATEMENT

The Indian automobile industry confronts multiple challenges. Companies must adapt marketing strategies to accommodate shifting consumer behavior driven by rising incomes and technological advancements. Additionally, understanding factors influencing consumer preferences for electric and autonomous vehicles is crucial. The complex relationship between consumer behavior, market trends, and industry success also requires clarification. Furthermore, demographic factors significantly impact consumer decision-making processes, but their precise influence remains unclear. Addressing these knowledge gaps is essential for companies seeking to drive growth and maintain competitiveness.

5. CONCLUSION

In conclusion, this systematic literature review offers a comprehensive examination of consumer preferences and satisfaction in the Indian automobile industry. Key factors influencing consumer behavior include product reliability,

monetary considerations, brand image, and customer feelings. The industry's growth can be attributed to India's expanding middle class, improved infrastructure, and evolving lifestyles, with luxury cars serving as status symbols. However, the industry is undergoing a significant shift towards electric vehicles, autonomous cars, and online sales platforms, presenting new research opportunities. To maintain market success, Indian automobile companies must adapt to changing consumer behavior, preferences, and decision-making processes. Effective customer relationship management, personal connections, and brand perception are crucial, alongside addressing evolving consumer needs amidst industry trends. Future research should investigate the impact of emerging technologies on consumer behavior and preferences, as well as the effectiveness of online sales platforms and digital marketing strategies in influencing purchasing decisions. This study provides valuable insights for industry stakeholders, highlighting the importance of understanding consumer preferences and adapting to changing market trends. By addressing research gaps and developing targeted strategies, automobile companies can meet evolving consumer needs and maintain a competitive edge in the Indian market.

6. REFERENCES

- [1] Automotive industry in India. (2024). Retrieved September 3, 2024, from https://en.wikipedia.org/wiki/Automotive_industry_in_India.
- [2] Arora, A., & Batra, D. (2020). Consumer Behaviour towards Car Purchase - A Review of Literature. *Tathapi*, 19(2), 78.
- [3] Monga, N., Chaudhary, B., & Tripathi, S. (2012). Car market and buying behavior: A study of consumer perception. *International Journal of Research in Management, Economics and Commerce*, 2(2), 44-63.
- [4] Mohan Raj, P., Sasikumar, J., & Sriram, S. J. R. W. (2013). A study on customers brand preference in SUVs and MUVs: effect of marketing mix variables. A Study on Customers Brand Preference in SUVs and MUVs: Effect of Marketing Mix Variables (January 4, 2013). *Researchers World: Journal of Arts, Science and Commerce*, 4.
- [5] Poornima T. and Rita D. (2013) "A study of Consumer Preferences for Buying Passenger Cars, *International Journal of Marketing & Technology*, Vol-3, Issue-3, (March), pp-138-154.
- [6] Sravan, D., Sampathrushi, K., Sarakamu, V. K., & Rao, P. H. (2014). analysing consumer purchase decision in Indian SUV market—special focus on success of brand X success. *Int J Bus Anal Intell*, 2, 1-15.
- [7] Saxena, A. (2014). Consumer preference and Automobile Market in India.
- [8] Shende, V. (2014). Analysis of research in consumer behavior of automobile passenger car customer. *International Journal of Scientific and Research Publications*, 4(2), 1-8.
- [9] Biswas, A., Mukherjee, A., & Roy, M. (2014). Leveraging factors for consumers' car purchase decisions: A study in an emerging economy. *Journal of Management Policies and Practices*, 2(2), 99-111.
- [10] Srivastava, A., & Matta, M. (2014). Consumer behavior towards passenger cars: A study in Delhi NCR. *Global Journal of Finance and Management*, 6(6), 589-598.
- [11] Markan, R. (2015). Perception of Indians Regarding Comfort Level in Different Car-Sizes. *International Journal of Trend in Research and Development*, 2(5), 66-73.
- [12] Biradar, S.& Kulkarni, S. (2015). Pre-Owned Car Market in India: an Overview. *International Journal of Multidisciplinary research and Development*, 7, 567-574.
- [13] Cheng, W. (2015, June). Research on the Decision Making Model of Purchasing Second-hand Car. In 2015 International Conference on Management, Education, Information and Control (pp. 1288-1294). Atlantis Press.
- [14] Hung, N. J., & Yazdanifard, R. (2015). The Study of Vehicle Safety Aspects Influencing Malaysian Urban Consumer Car Purchasing Behaviour. *International Journal of Management, Accounting & Economics*, 2(8).
- [15] Koch, C., & Mkhitarian, D. (2015). Consumer's brand choice behavior for luxury cars in China. *The International Journal of Management Science and Business Administration*, 1(12), 46-57.
- [16] Shanker, S. (2016). Enhancing automotive embedded systems with FPGAs. Ph. D. dissertation.
- [17] Dangi, A. (2017). Exploring Determinants affecting purchase behaviour: Opinion of Passenger Car Users. *IOSR Journal of Business and Management (IOSR-JBM)*, 19(09), 01-08.
- [18] Patikar, E. T. D. G., & Thangasamy, E. (2014). Factors Influencing Consumer Buying Behaviour: A Case Study. *Global Journal of Management and Business Research: E Marketing*, 14(5).
- [19] Kumar, R. (2013). Consumer Behaviour in Four Wheeler Industry—A Case Study of Himachal Pradesh. *Asian Journal of Multidisciplinary Studies*, 1(5), 155.
- [20] Mohan Raj, P., Sasikumar, J., & Sriram, S. J. R. W. (2013). A study on customers brand preference in SUVs

- and MUVS: effect of marketing mix variables. A Study on Customers Brand Preference in SUVs and MUVs: Effect of Marketing Mix Variables (January 4, 2013). Researchers World: Journal of Arts, Science and Commerce, 4.
- [21] Al-Shammari, M., & SamerKanina, A. (2014). Perceived customer service quality in a Saudi automotive company. International Journal of Managerial Studies and Research (IJMSR), 2(10), 173-182.
- [22] Adithya, H. S. (2013). Customer perception and behaviour of car owners: An empirical study in Bangalore city. Global Research Analysis, 2(1), 104-107.
- [23] Dhole, M. (2013). Analytical study of four automobile sector companies in price movement of shares. International Journal of Application or Innovation in Engineering & Management, 2(6), 131-141.
- [24] Najeemudeen, K. P., & Panchanatham, N. (2014). Automobile Industry In India—Yesterday, Today And Tomorrow. Emphyreal Institute of Higher Education, 59.
- [25] Gosavi, A., Daughton, W., Senoz, O., & Samaranayake, V. A. (2016). Consumer perception of US and Japanese automobiles: a statistical comparison via consumer reports and JD Power & Associates data. International Journal of Engineering Management and Economics, 6(1), 1-18.
- [26] Veerakumar, D. K. (2017). Consumer behavior and factors influencing purchase decision of durable goods. International Journal of Computational Research and Development, 2(2), 7-10.
- [27] Chatterjee, K. (2021). Impact of COVID-19 on Buying Behaviour of Automobile (Cars) in India. Journal of Decision Making and Leadership (JDML).
- [28] Solanki, D. R. (2022). A study on consumer buying behaviour towards cars in Surat. International Journal for Research in Engineering Application & Management. 6(1), 320-324.
- [29] Malhotra, K. (2022). Consumer Buying Behavior and Brand Choice in Sport Utility Vehicle (SUV) Segment: A Literature Review. IUP Journal of Brand Management, 19(1), 40-52.
- [30] Kumar, V. S. (2018). The Relationship between Customers Satisfaction and Customer Loyalty in Commercial Vehicle Industry in India. International Journal of Management and International Business Studies, 8(1), 11-22.
- [31] Akhila, M., & Thayyullathil, A. (2015). A study on customer satisfaction towards Maruti Suzuki in Coimbatore. International Journal of Management and Commerce Innovations, 2(2), 583-587.
- [32] Thirunarayanamsamy, M., & Rajavel, R. (2016). Customers' satisfactions towards using small cars in Kanchipuram District. ISBR MANAGEMENT JOURNAL ISSN (Online)-2456-9062, 1(2).