



# **A Study On Factors Influencing Consumer Purchase Decision In The Indian Automobile Sector.**

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## **ABSTRACT**

The automobile sector plays a vital role in everyday life, as vehicles are closely linked to mobility, convenience, and lifestyle needs. In recent years, increasing competition, evolving consumer preferences, and the availability of multiple options have made the automobile purchase decision more complex. Consumers today evaluate several factors before purchasing a vehicle, such as price, brand image, fuel efficiency, safety features, design, advertisements, and recommendations from others. Understanding these factors is essential for automobile companies to align their products and marketing strategies with consumer expectations.

This research paper aims to study the key factors influencing consumer purchase decisions in the Indian automobile sector. Primary data was collected through a structured questionnaire using a Google Forms survey, which gathered responses from individuals across different age groups. The data was analysed using simple percentage analysis to identify major trends and preferences. The findings reveal that price, fuel efficiency, brand reputation, and safety features significantly influence buying decisions. The study concludes that understanding consumer behaviour helps automobile brands improve decision-making strategies and enhance customer satisfaction.

## **INTRODUCTION**

The automobile sector plays an important role in shaping everyday life, especially in a country like India where personal mobility is closely linked to convenience, independence, and social progress. For many individuals and families, purchasing an automobile is one of the most significant financial decisions they make. A vehicle is not merely a mode of transport; it often reflects personal aspirations, lifestyle choices, and long-term utility. As a result, consumers tend to spend considerable time evaluating various options before making a purchase.

Over the last decade, the Indian automobile industry has experienced rapid growth and change. Rising disposable incomes, increasing urbanisation, better road infrastructure, and easy availability of vehicle finance have expanded automobile ownership across different sections of society. In addition, the growing influence of digital media has transformed the way consumers gather information and form opinions. Today's buyers actively research online, compare brands, watch reviews, follow automobile influencers, and seek recommendations from friends and family before visiting a showroom. This shift has made consumers more informed, aware, and selective in their decision-making process.

Several factors influence consumer purchase decisions in the automobile sector. Price and affordability continue to be among the most important considerations, particularly in a price-sensitive market like India.

Along with this, fuel efficiency, maintenance cost, safety features, design, brand reputation, resale value, and after-sales service significantly affect consumer preferences. Marketing communication also plays an important role. Advertisements, promotional offers, celebrity endorsements, test-drive experiences, and digital campaigns help shape brand perception and recall among consumers.

In recent years, changing consumer lifestyles and increasing environmental awareness have added new dimensions to automobile buying behaviour. Consumers are now paying more attention to fuel efficiency, emission norms, and alternative options such as electric and hybrid vehicles. While these emerging trends influence preferences, the final purchase decision still involves a balance between practical needs and emotional appeal.

Understanding consumer behaviour in the automobile sector is crucial for manufacturers, marketers, and dealers operating in a competitive environment. Identifying the key factors that drive purchase decisions enables companies to design better products, improve pricing strategies, strengthen marketing communication, and enhance customer satisfaction. This research therefore aims to study the factors influencing consumer purchase decisions in the Indian automobile sector by analysing primary survey data. The findings of this study seek to provide valuable insights into consumer preferences and support automobile brands in aligning their strategies with changing market expectations.

## RESEARCH OBJECTIVE

- a) To identify the key factors that influence consumer purchase decisions in the automobile sector. To understand the importance of brand reputation and advertisements in influencing automobile buying behaviour.
- b) To analyse the role of online reviews and word-of-mouth recommendations in automobile purchase decisions.
- c) To study consumer preferences and priorities while selecting an automobile.

## LITERATURE REVIEW

**Kotler, P., & Keller, K. L. (2016)** explains consumer buying behaviour and highlights how purchase decisions are influenced by a combination of personal, psychological, and social factors. In the context of automobiles, the authors note that factors such as brand image, price perception, and promotional communication significantly affect consumer preferences. The study emphasises that automobiles are high-involvement products, where consumers actively search for information and evaluate alternatives before making a decision.

**Schiffman, L. G., & Wisenblit, J. (2019)** examined the stages of the consumer decision-making process and their relevance to durable goods such as automobiles. Their research highlights the importance of need recognition, information search, evaluation of alternatives, and post-purchase behaviour. The study found that word-of-mouth, past experience, and online reviews play a major role in shaping consumer confidence and purchase intent in the automobile market.

**Nair, S., & Das, S. (2018)** focused on factors influencing automobile purchase decisions in the Indian market. The findings reveal that price, fuel efficiency, and maintenance cost are key determinants, especially among middle income consumers. Brand reputation and after-sales service were also identified as important factors affecting long-term satisfaction and repeat purchase intention.

**Kumar, R., & Bansal, M. (2020)** examined the impact of advertising and promotional strategies on automobile buying behaviour. The authors found that television commercials, digital advertisements, and celebrity endorsements positively influence brand recall and consumer perception. The study concludes that effective advertising helps reduce perceived risk and increases consumer trust while purchasing automobiles.

**Singh, A., & Verma, P. (2021)** analysed the role of online reviews and digital platforms in automobile purchase decisions. The study found that consumers increasingly rely on YouTube reviews, automobile blogs, and social media discussions before visiting showrooms. Positive online feedback was shown to significantly improve brand credibility and purchase intention, particularly among younger consumers.

**Patel, K., & Mehta, D. (2022)** explored consumer preference factors in the Indian automobile sector with a focus on safety features and technological advancements. The findings indicate that features such as airbags, ABS, infotainment systems, and connected technology have become important decision drivers. The study concludes that evolving consumer expectations are pushing automobile manufacturers to focus on innovation and value addition.

## RESEARCH METHODOLOGY

A descriptive research approach was adopted for this study to understand the factors influencing consumer purchase decisions in the automobile sector. The research focuses on analysing consumer preferences, perceptions, and decision-making behaviour related to automobile purchases.

Primary data was collected using a structured questionnaire circulated through a Google Form. The survey was designed to gather information on factors such as price, brand reputation, fuel efficiency, safety features, advertisements, online reviews, and recommendations that influence automobile buying decisions. A sample size of 80 respondents was considered, covering a diverse age group ranging from under 21 years to above 50 years to ensure varied consumer perspectives.

The nature of the research was primarily quantitative, as the study aimed to measure consumer opinions and preferences using numerical data. The collected data was analysed using simple percentage analysis and frequency distribution to identify patterns and trends in consumer behaviour.

Secondary data was used to support the primary findings and was collected from books, research articles, industry reports, and online sources related to consumer behaviour and the automobile industry. This combination of primary and secondary research helped in developing a comprehensive understanding of consumer purchase behaviour in the automobile sector.

## DATA ANALYSIS

The primary data for the study was collected through a structured questionnaire administered via Google Forms, which received **60 responses** from individuals across different age groups. The responses were analysed using simple percentage analysis to understand consumer preferences and the key factors influencing automobile purchase decisions.

### Respondent Profile

The age-wise distribution of respondents shows a balanced mix of consumers across life stages. The largest group of respondents belongs to the **41–50 years age category (31.7%)**, followed closely by those in the **21–30 years age group (30%)**, indicating strong automobile engagement among both working professionals and young adults. Respondents aged **31–40 years** account for **16.7%**, while **11.7%** are below 21 years and **10%** are above 50 years. This suggests that automobile purchase decisions are actively considered across a wide age range, with higher participation from economically active groups.

In terms of ownership, a significant **50% of respondents own both a two-wheeler and a four-wheeler**, reflecting high mobility needs. Additionally, **31.7%** own only a four-wheeler, while a smaller proportion own only two-wheelers. About **8.3%** of respondents do not currently own an automobile but are planning to buy one, indicating potential future demand.

### Automobile Preferences

With respect to vehicle preference, **four-wheelers emerged as the most preferred option (45%)**, highlighting their importance for comfort, family use, and long-distance travel. **Electric vehicles** were preferred by **23.3%** of respondents, reflecting growing awareness and interest in sustainable mobility. **Two wheelers** were preferred by **18.3%**, while **13.3%** reported no specific preference, indicating flexibility in purchase choices.

## Key Factors Influencing Purchase Decisions

When respondents were asked about the most important factor influencing their automobile purchase decision, **fuel efficiency ranked highest (28.3%)**, followed by **brand reputation (26.7%)**. **Design and style (20%)** and **safety features (16.7%)** were also considered important, while **price (8.3%)** was chosen by fewer respondents as the single most important factor. This indicates that while cost matters, consumers place greater emphasis on long-term value, brand trust, and performance.

## Importance of Price, Fuel Efficiency, and Safety

The importance rating scales further support these findings. Nearly **46.7%** of respondents rated price as **4 out of 5**, while **23.3%** rated it as extremely important. Fuel efficiency was also rated highly, with **35%** rating it as 4 and **26.7%** rating it as 5. Safety features received the strongest importance ratings, with **38.3%** of respondents rating them as extremely important and **31.7%** rating them as 4, indicating strong safety awareness among consumers.

## Brand Influence and Information Sources

Brand reputation plays a notable role in decision-making, as **53.3%** of respondents stated that it moderately influences their purchase decision and **23.3%** indicated strong influence. In terms of information sources, **online reviews (26.7%)** were the most influential, followed by **friends and family recommendations (23.3%)** and **showroom visits (20%)**. Advertisements and social media were influential for a smaller but relevant segment.

## Future Purchase Intent

Finally, **66.7% of respondents** stated that they would consider buying an automobile in the near future, indicating strong market potential. Only **13.3%** reported no intention to buy, while **20%** remained undecided.

## FINDING/DISCUSSION

### 1. Active Participation Across Economically Relevant Age Groups

The findings reveal that automobile purchase decisions are actively considered across multiple age groups, with a strong presence of respondents from the **21–30 years** and **41–50 years** categories. This indicates that both young working professionals and middle-aged consumers play a significant role in the automobile market. The wide age spread suggests that automobile purchase decisions are not restricted to a single life stage but are influenced by evolving mobility needs across different phases of life.

### 2. High Level of Automobile Ownership Among Respondents

A significant proportion of respondents already own automobiles, with **half of the sample owning both two-wheelers and four-wheelers**. This reflects increasing dependence on personal vehicles for daily mobility, convenience, and flexibility. The presence of respondents planning to purchase an automobile in the future further highlights sustained demand and interest within the market.

### 3. Strong Preference for Four-Wheelers with Rising Interest in Electric Vehicles

Four-wheelers emerged as the most preferred type of automobile, indicating their importance for comfort, safety, and family use. At the same time, the noticeable preference for **electric vehicles** highlights growing awareness about sustainability, fuel costs, and future-ready mobility solutions. This trend suggests a gradual shift in consumer mindset towards environmentally conscious options.

### 4. Fuel Efficiency and Brand Reputation as Key Decision Drivers

Among the factors influencing automobile purchase decisions, **fuel efficiency** ranked as the most important, followed closely by **brand reputation**. This finding reflects the price-sensitive nature of Indian consumers who prioritise long-term operating costs and trust in established brands. While price remains relevant, consumers appear more focused on overall value rather than just upfront cost.

### 5. Increasing Importance of Safety Features in Purchase Decisions

Safety features received consistently high importance ratings across respondents. A large majority rated safety as either highly important or extremely important, indicating increased consumer awareness regarding vehicle safety standards. This suggests that safety is no longer viewed as an optional feature but as a critical requirement influencing final purchase decisions.

### 6. Strong Influence of Brand Reputation on Consumer Behaviour

The study shows that brand reputation significantly influences automobile buying decisions. Most respondents indicated that brand image either moderately or strongly affects their choice, highlighting

the importance of brand trust, reliability, and past performance. This reinforces the role of branding and consistent product quality in shaping consumer confidence.

## 7. Growing Dependence on Online Reviews and Personal Recommendations

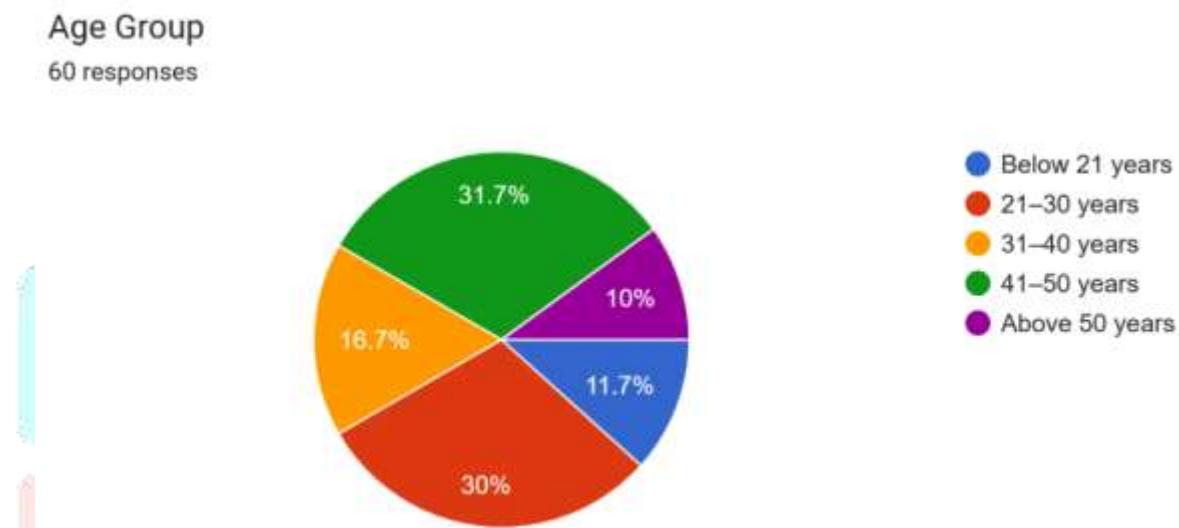
Online reviews emerged as the most influential source of information, followed closely by recommendations from friends and family and showroom visits. This indicates a shift towards informed decision-making, where consumers rely heavily on digital platforms and peer opinions before making a purchase. Traditional advertisements, while still relevant, appear to play a supporting role rather than being the primary influence.

## 8. Strong Future Purchase Intent Among Consumers

A significant proportion of respondents expressed willingness to purchase an automobile in the near future, indicating positive market potential. The presence of undecided respondents further suggests opportunities for automobile brands to influence purchase decisions through effective communication, product differentiation, and value-based offerings.

### GRAPHICAL REPRESENTATION

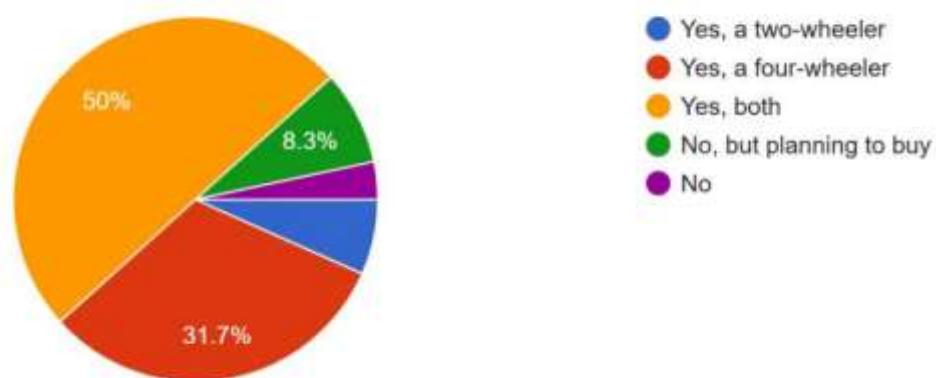
#### 1. Age Group



#### 2. Do you currently own an Automobile?

Do you currently own an automobile?

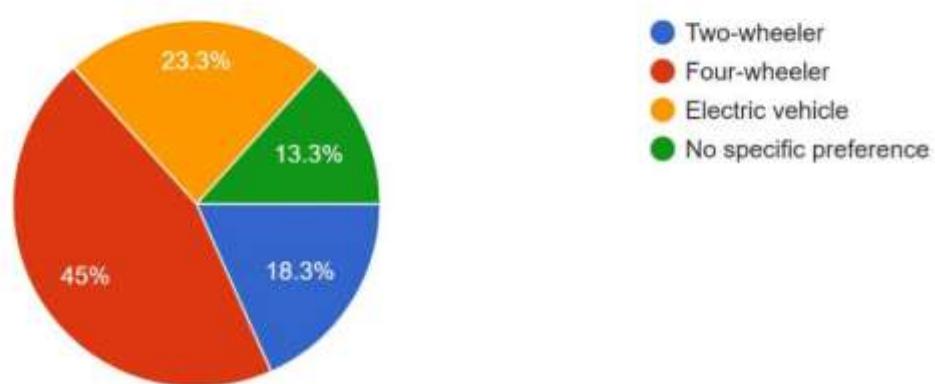
60 responses



### 3. Which type of Automobile do you prefer?

Which type of automobile do you prefer?

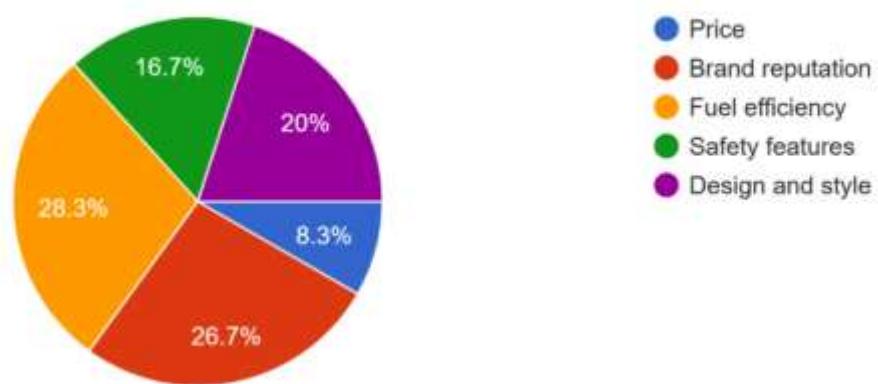
60 responses



### 4. What is the most important factor influencing your automobile purchase decision?

What is the most important factor influencing your automobile purchase decision?

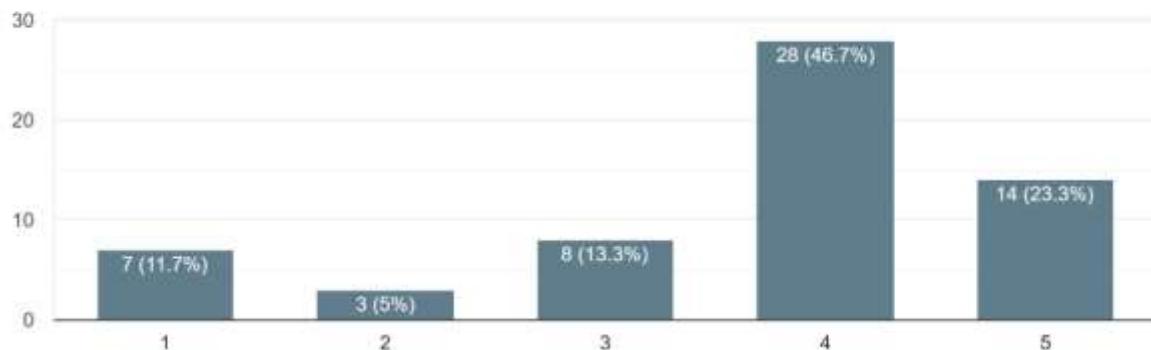
60 responses



### 5. How important is price while purchasing an automobile?

How important is price while purchasing an automobile?

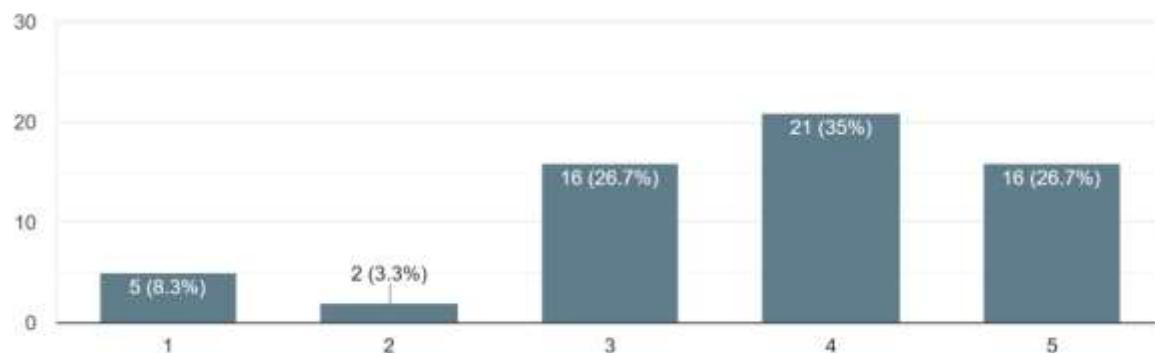
60 responses



## 6. How important is fuel efficiency in your purchase decision?

How important is fuel efficiency in your purchase decision?

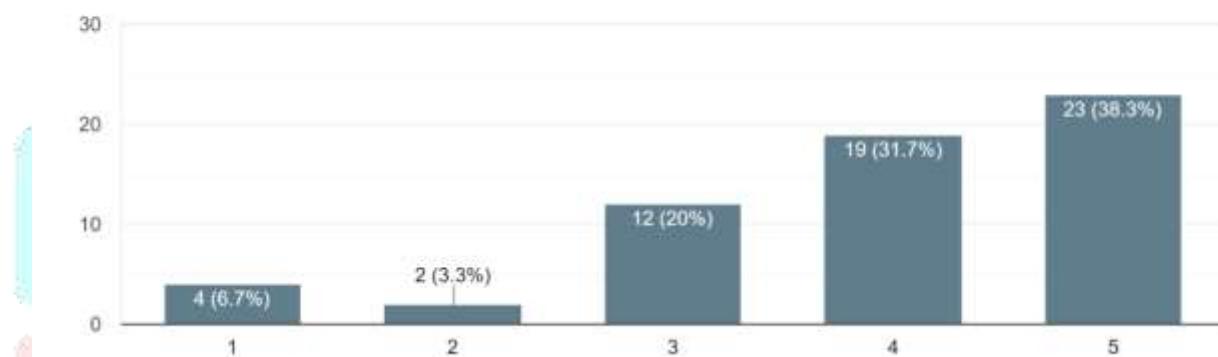
60 responses



## 7. How important are safety features when selecting an automobile?

How important are safety features when selecting an automobile?

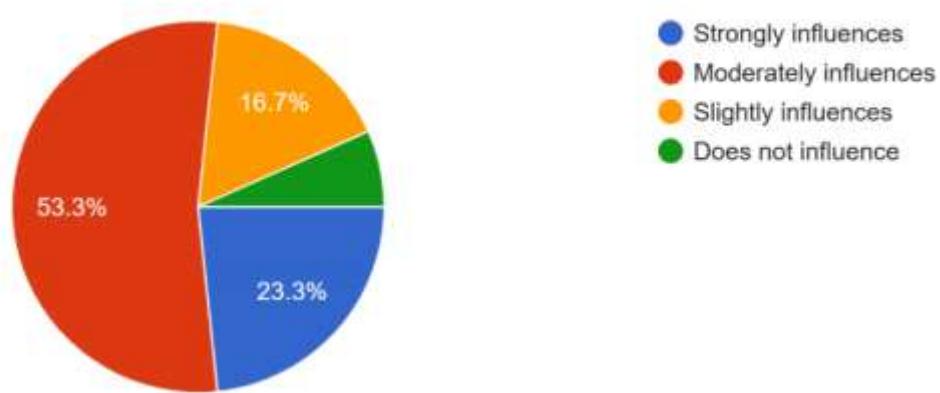
60 responses



## 8. Does brand reputation influence your automobile buying decision?

Does brand reputation influence your automobile buying decision?

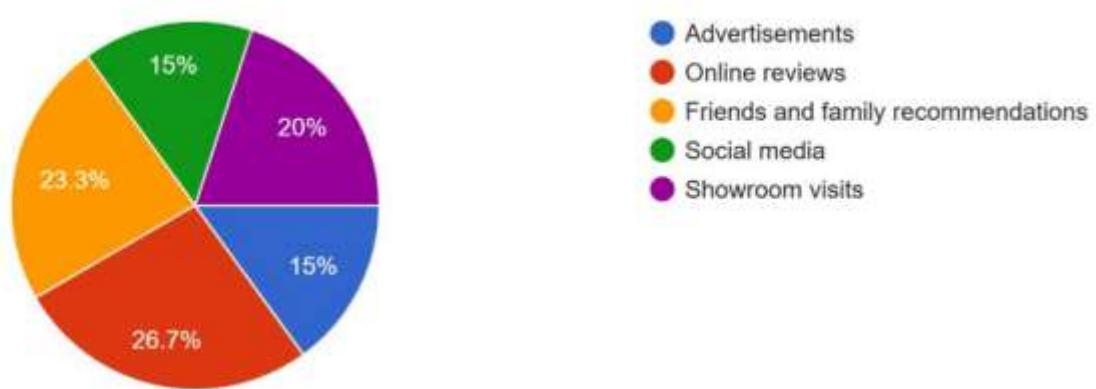
60 responses



### 9. Which source influences your purchase decision the most?

Which source influences your purchase decision the most?

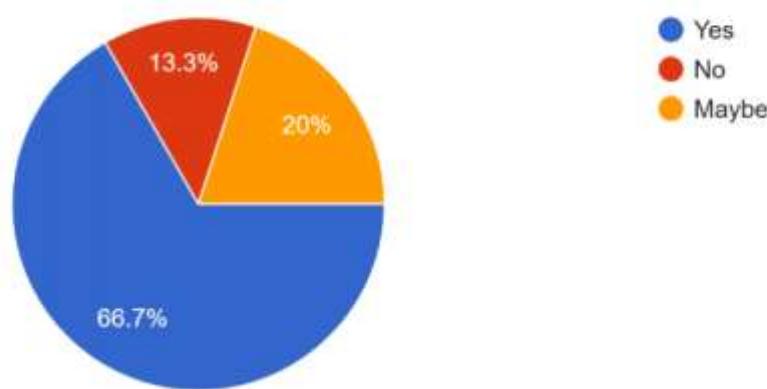
60 responses



### 10. Would you consider buying an automobile in the near future?

Would you consider buying an automobile in the near future?

60 responses



## CONCLUSION

The study highlights that automobile purchase decisions in the Indian market are influenced by a combination of practical and perceptual factors. The findings show that consumers place high importance on fuel efficiency, safety features, and brand reputation, indicating a preference for long-term value over just initial price. While price continues to be relevant, it is not the sole deciding factor, as consumers increasingly evaluate overall performance and reliability.

The growing influence of online reviews and recommendations from friends and family reflects a shift towards informed and experience-based decision-making. Additionally, the strong future purchase intent observed among respondents indicates sustained demand in the automobile sector. Overall, the study suggests that automobile brands must focus on building trust, communicating value-driven features, and strengthening digital engagement to effectively influence consumer purchase decisions and remain competitive in the evolving market.

## RECOMMENDATIONS

### 1. Focus on Value-Based Communication

Automobile brands should highlight fuel efficiency, safety features, and reliability in their communication, as these factors strongly influence consumer purchase decisions. Clear messaging around long-term value can help build trust among consumers.

### 2. Strengthen Digital Presence and Online Reviews

Since online reviews significantly impact buying behaviour, automobile companies should actively manage their digital presence across platforms such as Google, YouTube, and social media. Encouraging satisfied customers to share reviews can improve brand credibility.

### 3. Enhance Showroom and Test-Drive Experience

Showrooms should focus on providing informative and engaging experiences. Well-trained sales staff and smooth test-drive processes can positively influence purchase decisions and reduce buyer hesitation.

### 4. Leverage Word-of-Mouth and Referral Programs

Brands can introduce referral programs and loyalty benefits to encourage existing customers to recommend vehicles to friends and family, strengthening organic promotion.

### 5. Promote Safety and Innovation

Automobile manufacturers should emphasise advanced safety features and technological innovations to meet growing consumer expectations and differentiate themselves in a competitive market.

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