



# CONSUMER BUYING BEHAVIOR IN AUTOMOBILE SECTOR AND HOW IT WILL GET IMPACT AFTER COVID-19

Angel Georgia Mary<sup>a</sup>, Archana J.S<sup>b</sup>, Lavanya S<sup>c</sup>, Monishree B<sup>d</sup>, Nivethitha R<sup>e</sup>  
<sup>a,b,c,d,e</sup> I MBA, DEPARTMENT OF MANAGEMENT STUDIES, PANIMALAR, ENGINEERING COLLEGE, CHENNAI

## ABSTRACT

The Indian automobile industry is one of the largest in the world, and it continues to grow year after year. As a result of the ease with which automobile loans are available, as well as the rise in income structures and higher purchasing power of the middle class, there has been an increase in the number of vehicles on the roads during the COVID 19 pandemic. The goal of this study is to look into the purchasing habits of Indian car purchasers after COVID 19. A questionnaire survey was conducted to determine the many factors that influence vehicle buying decisions in India. A Google Forms questionnaire survey was prepared and sent to participants by e-mail, WhatsApp, Facebook, and other channels. The results of the survey were statistically examined and are shown below.

Keywords: Percentage Analysis, COVID 19, Pandemic, Automobile, Loan

## I. INTRODUCTION

The epidemic at COVID-19 serves as a stark reminder that the events depicted in the Black Swan are accurate and will have a significant impact on business and industry. In the aftermath of the recent pandemic, the globally integrated vehicle sector is particularly sensitive and exposed, and it is projected to have severe economic consequences in the following quarters. However, as China, which is growing at a faster rate than the rest of the world, shows, car supply chains must adapt swiftly. According to supply chain specialists, most organizations have the ability to overcome the current situation due to extremely low processing capacity and substantial unsold buffer stock inventory.

Although most organizations focus on supply concerns automatically and instantly, others fail to view this as a market problem affecting consumers in yet-to-be-determined ways. It won't be business as usual when markets recover from COVID-19 politically and socially. Customer trust would be severely harmed by probable job layoffs and income cuts, forcing others to postpone discretionary purchases such as automobile purchases. Consumer trust has been shattered around the world, according to a Wall Street Journal story, with many people not even considering buying a car after the outbreak.

Although all of the primary players in the automobile value chain (from OEMs to financiers to government dealers) appear to be exploiting intense financial opportunities in China, it appears that people are mostly buying cheaper versions of expensive models or buying automobiles to avoid using public transportation (recent IPSOS polls).

## II. LITERATURE REVIEW

A pandemic like COVID 19 has rarely, if ever, struck the Indian passenger vehicle (PV) industry. As a result of the BS4-to-BS6 transition, this has been affected, and it will not only slow down, but it may also force consumers to modify their

car-buying habits. Major activities have been ceased or conducted out remotely, with development halted and showroom lockout reduced to zero. According to the Car Dealer Associations Federation, dealership reductions had dropped to 45 percent by mid-March.

### III. MEETING CUSTOMER NEEDS

One thing we expect post-COVID consumers to do is respond and act differently. Customer behavior will shift over the next few years, and OEMs will need to adapt to identify and meet consumer expectations. There are four major changes taking place right now, all of which are either modern or are reinforcing current but still evolving trends.

Customers might find comfort and guidance in value marks that can return significant amounts of predictability. Customers can find ease and guidance in marks of values to which they can return considerable quantities of predictability. Values-driven vs Value search: Customers can find ease and guidance in marks of values to which they can return significant quantities of predictability. In the post-COVID era, consumers will be more risk apprehensive. They prefer well-known brands that can be purchased without risk. Only a rich customer experience, defined by a personal touch and superior brand promise, can assist trailing OEMs in combating this. Manufacturers must acknowledge the importance of focusing on their brand standards, daily promotional activities, and discount tactics on a worldwide scale, as well as the power and motivation to do so. To accommodate national sensitivities, international car manufacturers will increasingly be compelled to invest in making their goods relevant to local Diasporas. There is a significant differential for OEMs to recover from this crisis in the run-up to restoring demand as customers migrate from value-driven to value-driven.

Traditional Selling vs. Digital Connect: Under the new standard, operators and dealers will be required to increase customer connection through new-age digital offers such as virtual tours, video calls, and non-contact auto buying experiences, as well as complete the delivery of a customer car and keys delivered via drone right to the door! As innovation-related digital-age techniques for major consumer behaviors, boosters that connect the business with its clients and developing technology can be recognized and pre-empted. Whether motivated by influence or profit, COVID-19 will undoubtedly leave a transformed business in its wake. In today's context, OEMs must remain adaptable to shifting market demands as they transition from "affluence-driven" to "influence-driven." Consumers are more likely to want a healthy experience, with hyper-personalized expectations being preferred.

Apps that are related to safety, such as hygienic air filters, co-riders, accessible in-car offices, anti-bacterial content, and so on, can boost market spreads. The bulk of users are already hyper-connected and heavily influenced by digital media, and they continue to rely on their social media exposures. OEMs would need to make significant interface and pricing changes to match modern expectations, as omni channel's excellent customer service and unique product solutions demonstrate. OEMs should plan ahead and focus on brand activism while keeping individual marketing initiatives accessible. The idea would be to boost brand ambassadors while reducing word-of-mouth marketing. The rapid growth of supporters is vital to new releases' success. Activism will be the most effective instrument for raising consumer interest and maintaining a product's durability and rememberability as OEMs prepare to respond to and recover from the epidemic.

### IV. PURCHASE ONLINE

The majority of automakers have an electronic vehicle buying system in place as well. The impact of Covid-19 on customer behaviour, according to Vinay Raghunath, partner and head of EY India's Automotive Sector, should allow OEMs to focus on the increased complexity of their customer relationships, as well as the position of their distribution network and sales teams. "Selecting consumer segments will be a crucial success factor for an integrated physical (physical plus digital) platform with digitally enabled salespeople," he said. Dealerships, on the other hand, maintain their position. According to Rajeev Chaba, president and managing director of MG Motor India, a vehicle that you want to look at, touch, smell, and

drive, although most consumers choose a vehicle before visiting a dealership. "People will still go to showrooms to finalize their purchases."

## V. MOBILITY EXCHANGE

According to Kavan Mukhtyar, Partner and Chief, Automotive, PwC India, consumers who previously preferred shared mobility should consider purchasing autos, whether old or new. "The concept of social distancing will remain for a couple of quarters until it fades from customers' minds," says Gaurav Vangaal, associate director of IHS Markit. "We may see a reduction in mutual mobility usage, but this is contingent on a certain user segment." Harish Bijoor, a company analyst and the founder of Harish Bijoor consulting, believes ride-sharing companies like Uber and Ola would revive once the mystery around the Covid-19 virus epidemic fades. "Hard old clothing decay," he observes. Raghunath brings up an intriguing statistic: "On Indian roadways, total passenger kilometers are split into four categories: in-city work kilometers, intra-city personal kilometers, intercity and mutual kilometers. While a new movement is pushing for a continuous increase in "connected kilometers," it's important to keep an eye on customer behavior in the coming months as the commitment to social distance increases. In the short and medium term, it will have an impact on the use of both subcategories, as well as the portfolio and contact policies of PV OEMs."

## VI. FINANCIAL MOOD

According to the CEO snap survey "Lock-down effect of Covid-19 Pandemic" conducted by the Confederation of Indian Industry, around 52 percent of businesses anticipate job losses in each industry as a result of the Covid-19 outbreak and the accompanying lock-down and/or wage cuts. According to CARE Ratings, the cost of ownership of new PVs is likely to climb from 12 to 15% as a result of the introduction of BS6, improved protection rules, and higher insurance. As a result of this dual effect, certain PV models may be degraded. "In a more competitive market, a consumer who could manage the i10 might have upgraded to the i20 or bought the higher-end i10 model." "However, if additional sales do occur," Mukhtyar warns, "there may be a bias for low-end products." "Consumers may continue to look at cars as a lease, a rental, whether for six months or a year, or leasing options," he added. Nonetheless, making a decision on the influence on new car purchases is challenging.

Chaba (2018) of MG Motor India believes the outbreak will have a long-term influence on consumer views. First, people over 40 who have more money may adopt the YOLO (you only live once) philosophy and spend more on cars, fancy items, and vacations, resulting in increasing consumerism. Many residents are also considering new-energy vehicles since they are concerned that emissions will be dramatically reduced during the lockout.

According to brand expert Bijoor, the Covid-19 is a key issue that will alter behavior. The campaign "Why Borrow When You Can Borrow" will be expanded. Consumers must consider things from two points of view. One is from a fatalism standpoint, while the other is from an individualistic and intricate behavior perspective. Both initiatives are struggling to diminish the practice of automobile ownership, which has reached a breaking point.

## VII. RESEARCH METHODOLOGY

To investigate the influence of COVID-19 on the automobile sector, we employed a questionnaire that was issued to 50 people, with their responses being recorded and analyzed based on their responses. The research method was unconventional.

### OBJECTIVES

1. The purpose of this study is to see how COVID-19 affects the automobile industry.
2. The purpose of this study is to see how COVID-19 affects clients' purchasing decisions at car dealerships.

**DATA ANALYSIS**

Q-What is your gender?

- Male
- Female

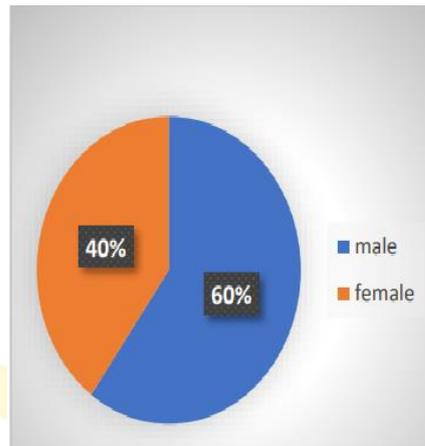


FIGURE 1:- MALE VS FEMALE

INTRPRETATION: We discovered that 60 percent of the 100 people who responded to the poll were men.

Q-What is your age?

- Under 18
- 19-28
- 29-35
- 36 Above

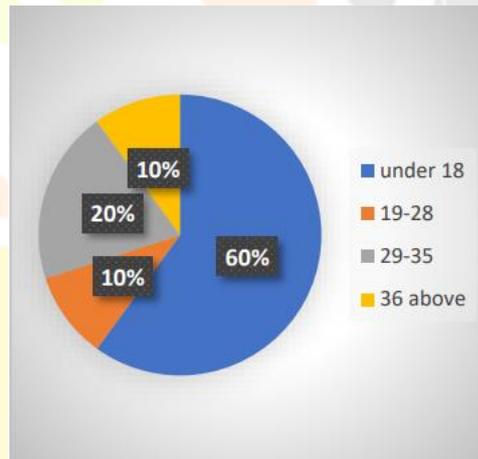


FIGURE 2:- AGE CRITERIA

INTERPRETATION: We discovered that 60 percent of the 100 people who responded to the poll were under the age of 18.

Q- Do you believe the COVID-19 epidemic will have a significant influence on the automotive industry's business?

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

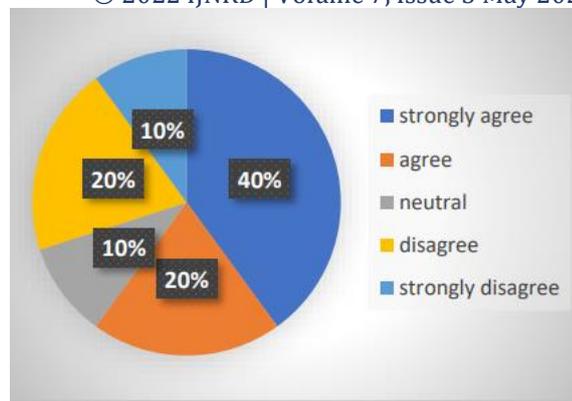


FIGURE 3:- IMPACT OF COVID ON AUTOMOBILE COMPANIES

INTERPRETATION: During the survey, we observed that 40% of 100 respondents believe the COVID-19 epidemic will have a substantial impact on vehicle businesses' operations, and that car companies are reluctant to provide potential consumers test drives.

Q- Do you believe that people's inability to afford cars is influencing their purchasing behavior as a result of their financial difficulties?

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

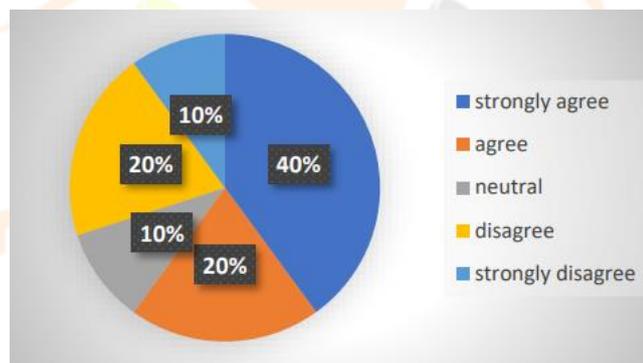


FIGURE 4:- FINANCIAL PROBLEMS VS PURCHASE BEHAVIOR

INTERPRETATION: We discovered during the poll that consumers are unable to acquire cars owing to financial difficulties, which is influencing their purchasing decisions.

Q- Do you believe that most automakers' decision to upgrade from BS4 to BS6 during the epidemic was a good one?

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

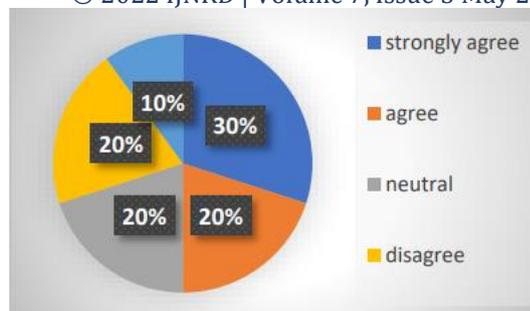


FIGURE 5:- DECISION OF BS4 VS BS6

INTERPRETATION: During the study, we discovered that 30% of the 100 respondents believe that most automobile firms' decision to upgrade from BS4 to BS6 during the epidemic was a bad one, and that offering test drives to potential car buyers is an important tactic of car sales.

Q- Do you believe that the economic downturn caused by the Covid-19 crisis has had an impact on vehicle company sales?

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

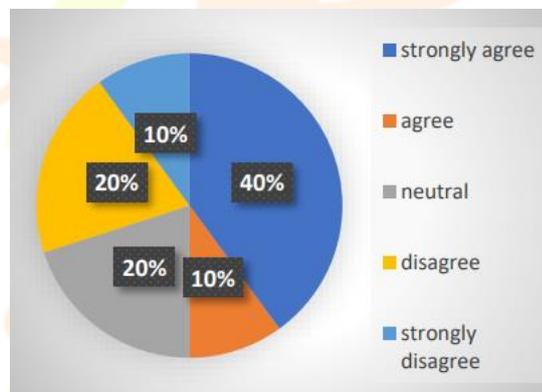


FIGURE 6:- IMPACT OF COVID-19 OVER SALES

INTERPRETATION: During the poll, we discovered that the economic downturn caused by the COVID-19 crisis had impacted vehicle company sales among 100 respondents.

Q- Do you believe that, in this epidemic situation, automobile firms should offer more discounts on cars to entice customers to purchase new vehicles?

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

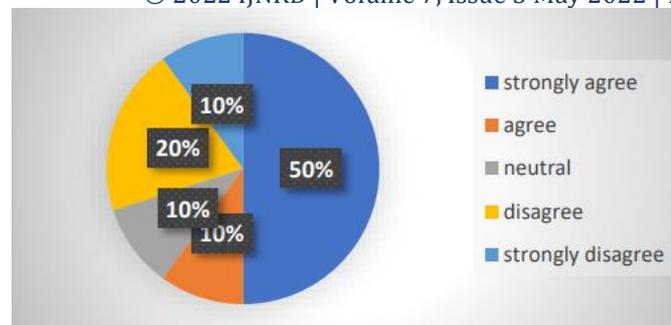


FIGURE 7:- DISCOUNT OFFERS VS ENCOURAGING CUSTOMERS

INTERPRETATION: During the poll, we discovered that 50 percent of the 100 respondents believe that in this epidemic condition, automobile firms should offer more discounts on automobiles to entice customers to buy new cars.

Q- Do you believe that the status of vehicle firms will improve further if new marketing methods are implemented during this pandemic?

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

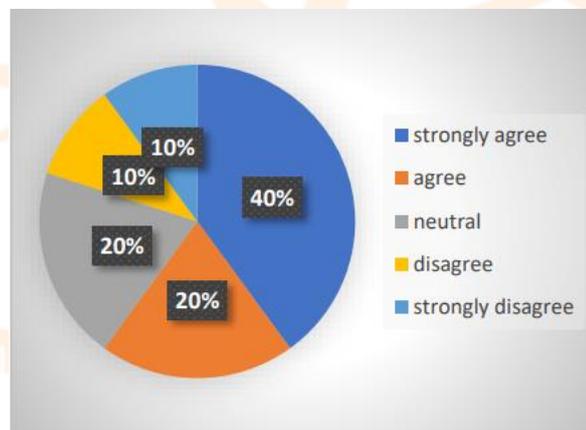


FIGURE 8:- AUTOMOBILE COMPANIES CONDITIONS VS NEW STRATEGIES

INTERPRETATION: During the study, we discovered that 40 percent of the 100 respondents believe that the situation of vehicle companies can improve further if new marketing methods are implemented during this pandemic crisis.

## VIII. CONCLUSION

The COVID-19 pandemic has wreaked havoc all across the world. The matter has become more pressing in recent weeks since the breakout of the coronavirus. While the pandemic is affecting practically the entire planet, its core is in Wuhan, China. China has been severely hit, and the country's economic growth has slowed significantly. Despite worldwide concerns over the Chinese product and increased global protection regulations, China's exports have declined sharply, with no signs of recovery.

China is the source of a large portion of India's imports. Our Chinese partners play a big role in the availability of Indian autos. And we don't mean that in a lighthearted way. China produced a record USD 4.5 billion in vehicle parts in 2018-19. China manufactures an amazing 27 percent of car parts, which are sold to Indian enterprises worth 4.5 billion dollars, as we previously reported. Even a little setback to our relationship will result in us paying a hefty price for the sector's expansion.

The catastrophic outbreak rendered Chinese manufacturing inoperable, thus putting a stop to India's automotive sector. According to the Chinese Automobile Manufacturers Association (CAAM), the industry's impact is so severe that several automakers are at risk of going bankrupt, causing a cascade of negative consequences in other vehicle markets, including India. The manufacturing facilities have been completely decommissioned, and as a result, we have missed the factory's Indian equivalents' vehicle offerings. India imports a wide range of automotive parts from China, including several vehicle designs.

According to ICRA, critical automotive parts such as fuel injection pumps, EGR units, computer components, turbochargers, airbag components, and other non-domestic products are the main non-domestic goods that can stymie the development of industrial vehicles, passenger cars, and two-wheelers. This drop is not being realized, according to tractor firms, because their component manufacture is placed inherently. Switching to suppliers outside of China appears to be the solution. However, this proves to be an improbable endeavor, as the change cannot be made abruptly and successfully. Even if the transition is underway, India's present supply is insufficient to fulfil demand, especially given the country's preparations to meet BS6 criteria.

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