Role of Consumers’ Perception and Attitude in Car Buying Behaviour: A Review

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Abstract

In the current scenario, automobile industry is one of the major industries contributing towards the GDP of the nation. Even today, for any middle class household, purchasing a car is viewed as a decision of greatest importance. Owing to various factors, the households’ car ownership has been growing at a tremendous rate. The objective of this review paper is to explore and understand the influence of consumers’ perception and attitude towards car buying. The present study uses the existing literature to explore the data extracted from databases of extensive repute such as Emerald, Science Direct, Taylor and Francis amongst others. The pertinent dimensions revealed by the previous studies are perception and attitude. The extant literature indicates that both perception and attitude plays a pivotal role in shaping consumers’ decision towards purchase of a car. The results depict that amongst the perception factors, consumers’ perception regarding the other modes of transport plays a mixed role in the car buying decision. Customers also pay attention to the cars’ country of origin and the level of comfort, safety and flexibility provided by the cars. And among the various attitudinal factors, travel freedom is found to be an emerging contributor towards purchase of cars. Also, pro environmentalism emerged as a significant deterrent towards car buying. The findings of the study reveal that in order to stay in the top of their game, the leading automobile giants need to manufacture cars which assures comfort, safety, depict a sense of freedom and also take into account the environmental concerns, consumers’ perception about the other transport modes. The results will provide valuable

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suggestions to the automobile manufacturers and other stakeholders regarding consumers’ attitude and perception while purchasing the cars.

**Keywords:** Car ownership, Perception, Attitude, Automobile Industry

1. **INTRODUCTION**

The Indian automobile industry is growing by leaps and bounds. According to Society of Indian Automobile Manufacturers reports, the industry produced a total of 29,075,605 vehicles in the year 2017-2018 compared to 25,330,967 vehicles in 2016-2017, marking a rise of 14.78 percent over last year. The sales pattern reveals a similar trend in the growth direction. Within a period of five years (Financial Year 2013-18), the overall domestic sales rose at 7.01 per cent Compound Annual Growth Rate (CAGR). The importance of automobile industry can be asserted from the fact that it accounts for 7 percent of the GDP (Karunakar, 2017). The automotive industry in India is flourishing at a fast pace and is anticipated to maintain the vigorous growth in the future. The Automotive Mission Plan 2026 forecasted a four-fold growth in the Indian automobile industry by the year 2026.

The Indian automotive industry is mainly divided into four major segments: two-wheelers, three-wheelers, passenger vehicles and commercial vehicles. The passenger vehicle segment is further subdivided into passenger cars, vans and utility vehicles. Sports utility vehicles (SUVs) and the mid-sized cars are gaining popularity among the consumers in the passenger car segment.

Over the past few decades, Indian automobile industry is witnessing an immense growth. This massive growth is attributable to factors such as growing economy, rising disposable income with the consumers, availability of easy finance alternatives, increasing urbanisation levels, better road infrastructure, availability of spare parts in the near vicinity (Shende, 2014), middle class and young population. (India Brand Equity Foundation (IBEF), 2018). Along with all these factors, policy support by the government in the form of Auto Policy 2002, Automotive Mission Plan 2016-2026, Make in India initiative contributed in boosting up the growth of this sector.

The leading auto players are slowly and steadily shifting towards the Indian market, reason being the strong growth prospects, better infrastructure on one hand and stagnating automobile sector in markets like US and Japan (Karunakar, 2017). 100 percent Foreign Direct Investments in the automobile sector contributes further towards the growth of the industry.
These days, there is a growing complexity in the behaviour of the consumers towards the travel decisions which makes it imperative to understand the attitudes and perceptions of the consumers towards travel and towards buying patterns of automobiles and cars in particular.

2. OBJECTIVES

- To understand the scenario of the automobile industry globally as well as domestically; and
- to gain an insight into the perception and attitude variables influencing consumers’ car buying decision

3. METHODOLOGY

The paper analysed in this review have been collected from the secondary sources of data. The papers have been extracted from the database of extensive repute such as Taylor & Frances, Emerald Insight and Science Direct amongst others. Also, search of the websites, newspaper and magazine articles relevant to the automobile industry was carried out in order to obtain a more comprehensive perspective.

4.1 GLOBAL SCENARIO OF THE AUTOMOBILE INDUSTRY

Automobiles are considered significant in shaping up the modern societies (Beck, 2013) and since the 1960s, automotive sector has been playing a vital role for the improvement of individual and workforce mobility (Prieto&Caemmerer, 2013).

In 2017, around 98.9 million vehicles were produced globally (ACEA, 2018). According to the reports of European Automobile Manufacturers Association, in 2018, registration of passenger cars across the European continent in 2018 amounted to 18.1 million units; Japanese cars market observed stability in the market with sales of new passenger cars amounting to 4.4 million units. Throughout 2018, Russian car market depicted positive signs owing to better economic conditions leading to a growth rate of 14 percent. In South Korea, the demand for passenger cars went up by 2.4 percent in comparison to 2017 and India showed a positive growth during 2018 with a 6.2 percent rise in sales of passenger cars. On the other hand, countries like China, Turkey revealed a downward trend.

China accounted for 29.4 percent of the global car sales and was the topmost seller of passenger cars despite having a 3.5 percent decline in passenger car sales in 2018 as against 2017.
4.2. OVERVIEW OF THE INDIAN AUTOMOBILE INDUSTRY

For almost three decades after the independence, production of the automobiles was restricted to a limited number of manufacturers such as Standard Motors, Premier Automobiles and Hindustan Motors. The real change in the automobile industry emerged with the inception of the economic reforms in 1991. The economic liberalisation of 1991 resulted in many foreign auto players entering the Indian market for doing the operations in India, identifying India as a fresh market opportunity (Saranga, 2009). The globalisation of the automobile industry has paved the way for the further growth of the industry.

Indian automotive industry is worlds’ fourth largest in the manufacturing of vehicles, with the country being the fourth largest producer of cars also (IBEF, 2018; Invest India, 2019). The Indian automobile market is dominated by the two-wheeler segment followed by the car segment with the market share of 81 percent and 13 percent respectively. In 2017-2018, passenger vehicles’ sales grew by 7.89 percent. Within the passenger vehicle segment; vans, passenger cars and SUVs grew by 5.78 percent, 3.33 percent and 20.97 percent respectively indicating the growing demand of SUVs among the consumers (SIAM, 2018).

As per the reports of India Brand Equity Foundation (IBEF), the sales of passenger vehicles increased by 19.65 percent in may, 2018 and the overall exports of the automobile industry rose by 24.03 percent in april, 2018. Indian passenger vehicle segment sales were over 3.2 million units in 2017-2018 and are expected to reach to 10 million units by FY 2020.

4.3 PERCEPTION

Perception is a widely recognised concept for travel behaviour in the extant literature. (Sarkar&Mallikarjuna, 2017). Values and perceptions are considered significant in deciding the behaviour of consumers towards travel (Sunkanapalli et al., 2000).

4.3.1 Country of Origin

Country of origin is the “country that a manufacturers’ product or brand is associated with” (Narteh et al., 2012; p. 518). Han and Terpstra (1988) found a considerable effect of country of origin on automobiles. Häubl(1996) asserted that there is an indirect influence of “Made in” information on the behavioural intention and attitude towards the vehicles. Also, there is a substantial effect of country of origin for perceived quality than for the purchase likelihood and attitudes (Verlegh&Steenkamp, 1999). Similarly, country of design exerts a considerable effect
on automobiles’ perceived quality. Along with this, country of manufacture also plays a significant role in influencing the automobiles (Hamzaoui & Essoussi & Merunka, 2007). Ede and Panigarhi (2000) studied how African-American consumers perceived U.S. made automobiles and Japanese automobiles and it was found out that as compared to their American counterparts, Japanese automobiles are found to be of superior quality, more novel and for the elites. While considering a cars’ country of origin, it was observed that in the small cars segment, consumers are more likely to buy a domestic brand which is not the case in higher segment cars (Prieto & Caemmerer, 2013). Now-a-days, a new trend has emerged as a result of globalisation. Consumers are now engaging in culture of brands’ origin for the information source regarding product quality rather than the country of origin (Lim & O’Cass, 2001).

4.3.2 Cost

Cost exerts a considerable influence on the decision to purchase a car. Consumer these days are more responsive to changing purchase costs of car rather than the fuel costs (Dargay, 2002). That is the reason why vehicle models with minimal purchasing and operating costs are preferred by households (Bhat et al., 2009). A study conducted in Guangzhou in China evaluated car to be better than transit on all dimensions, except for costs, indicating that for many people, affordability is the deciding factor for travelling by car (He & Thøgersen, 2017). Cao and Mokhtarian (2005) stated that the higher cost associated with acquiring a new car reduces the chances of buying a car during the short term. Similarly, Lam et al. (2000) observed an inverse relationship between usage costs of car and chances of owning cars. Moreover, a negative impact of the cost of travelling was found on choosing any mode of transportation (Glickman et al., 2015). Thøgersen (2018) found that among the different transport-related lifestyle segments identified, urban-cost conscious travellers had fewer cars. Cost of the car prevented many consumers from using the cars (Beirão and Cabral, 2007). Besides that, a higher overall cost of cars resulted in consumers switching to the public transportation (Van Vught et al., 1996).

4.3.3 Comfort

While purchasing a car, the most sought after factor is the level of comfort being provided by car. Vidyavathi (2012) found driving comfort to be a salient feature for the passenger cars. Verma et al. (2016) revealed that people who lay more emphasis on comfort have a higher probability of purchasing cars in the future. After the person has bought the car, there begins a comparison of the comfort level in the cars and the public transportation, and consumers
discontentment with the public transportation results in more reliance on cars (Verma, 2015). Likewise, paucity of comfort in the public transportation leads to a greater demand for cars among the consumers (Beirão & Cabral, 2007). Contrary to that, Paulssen et al. (2014) stated that the growing importance of comfort and convenience while commuting results in more preference for public transport.

4.3.4 Safety
Safety is emerging out as an important determinant in the car buying decisions due to increase in the number of accidents reported every single day. Individuals perceiving car as a safe mode of travel have higher chances of driving (Cao et al., 2006). Cars are comparatively safer than the other modes of transport like bicycle and bikes (Ho & Yamamoto, 2011; Verma, 2015). Oakil (2016) observed that with the newborn, travelling by the car is considered safe.

4.3.5 Flexibility
Perception towards flexibility being provided by the various modes of transportation plays a major role in selecting the mode of transportation (Sarkar & Mallikarjuna, 2017). Flexibility has a significant effect on the selection of mode choice and a longing for flexibility increases the tendency of car usage (Paulssen et al., 2014). Van Vugt et al. (1996) and Şimşekoğlu et al. (2015) revealed that flexibility increased the preference for cars. One of the main reasons for people to switch to the cars is the level of flexibility provided by the cars (Sunkanapalli et al., 2000). Fylan and Caveney (2018) observed that cars provide flexibility to an individual in terms of going to the places of choices, at the time convenient to them and without having to wait over for public transportation.

4.3.6 Perception about other modes of transport
Scarcity of a good public transit results in increased car ownership (Verma, 2015). The better quality of services provided by public transportation has the power to attract car users (Scheiner & Holz-Rau., 2007; Redman et al., 2013; Ritter & Vance, 2013). On the contrary, Yagi and Managi (2016) depicted that the growth of public transportation will exert a minimal effect on car ownership. Owing to the inconvenience, public transportation is least preferred for longer distance tours (Belgiawanet al., 2016). This is supported by the finding of Van Vugtet al. (1996) which suggested that public transportation was preferred more for the short trips than for the long ones. Anable (2005) assessed various travel behaviour segments and found that health or economic constraints were the reasons ‘reluctant drivers’ opt for public transportation.
Regarding the other modes of transportation, bicycle trips were considered exciting and walking was considered more relaxing by the consumers (Gatersleben & Uzzell, 2007). Transit modes like bicycle and bus were discerned as inferior to cars (Eriksson & Forward, 2011). Conversely, one with no plans to purchase a car in the near future, perceived that with the availability of a good public transportation and bicycle infrastructure, there is no requirement of a car (Verma et al., 2016). Similarly, Tao et al. (2019) stressed on the need for quality public transport in order to increase the use of public transport. Beirão and Cabral (2007) revealed that car users who were deeply attached with their cars showed a negative feeling for the public transportation. One of the interesting finding of the study conducted by Ho and Yamamoto (2011) stated that the bus drivers’ attitude played a key role in attracting people towards using more of public transport and less of cars.

4.4 ATTITUDE

Attitude refers to “the degree to which a person has a favourable and unfavourable evaluation or appraisal of the behaviour in question” (Ajzen, 1991; p. 188). Attitude exerts a considerable influence on the travel behaviour (Bagley & Mokhtarian, 2002; Anable, 2005; Steg, 2005). Van et al. (2014) suggested that among the six Asian countries, attitude contributed significantly towards using the cars. Similarly, Verma et al. (2016) concluded that attitude was important for car ownership among the youngsters.

4.4.1 Pro-environmentalism

Pro-environmental behaviour is “the behaviour that harms the environment as little as possible or even benefits the environment” (Steg & Vlek, 2009; p. 309). Cao and Mokhtarian (2005) asserted that the individuals caring for the environment reduce their car travelling in order to protect the environment. There is a direct impact of pro-environmental travel attitude on the availability of cars (Van Acker et al., 2014). Considering the harmful effects of car usage on the environment, people showed more affinity for the public transport (Van Vuget et al., 1996). Kopnina and Williams (2012) analysed the role of environmental awareness in shaping the attitudes of children towards car and found a low level of environmental concerns among the children from lower income families in comparison to other children. Anable (2005) ascertained different travel behaviour segments and found that aspiring environmentalist did not give up car use in entirety but reduced car usage to a large extent for health and environmental reasons and car-less
crusaders did not abandon car ownership for environmental reasons. On a similar note, Thøgersen (2018) pointed out that in daily life, unenthusiastic car drivers and family-oriented travelers are making the least and engaged travelers and the cost-conscious travelers are making the most environmental-friendly travel choices. Conversely, Delbosc and Currie (2014) observed that the environmental concerns have no impact on travel choices of the young Australians. Unlike the study of Van Acker et al. (2014), which revealed a direct link between pro-environmental travel attitude and car availability, Eriksson and Forward (2011) revealed that car users are not interested in using pro-environmental travel modes.

4.4.2 Travel Stress

Travel stress is the “perceptual, emotional, behavioural and physical responses made by an individual to the various problems faced during one or more of the phases of travel” (DeFrank et al., 2000; p. 59). Gatersleben and Uzzell (2007) found delays, inconvenience and danger to be the main reasons contributing to travel stress. Besides that, a direct relationship was observed between the stress during the journey and the travel time, travel distance and perceived travel time. Moreover, car usage was considered stressful. A higher level of travel stress among the consumers resulted in travelling comparatively shorter distance (Redmond & Mokhtarian, 2001; Schwanen & Mokhtarian, 2005). In comparison to the walkers or cyclists, travelling through the cars for work related trips were discerned as more stressful (Anable & Gatersleben, 2005). Beirão and Cabral (2007) and Fatmi and Habib (2017) stated that the stress involved in commuting through the cars induced the consumers to shift to public transportation.

4.4.3 Travel Freedom

There is a direct relationship between travel freedom and travelling by a personal vehicle (Redmond & Mokhtarian, 2001; Schwanen & Mokhtarian, 2005). An individuals’ love for travel depends heavily on the individuals’ association with the automobiles providing freedom (Ory & Mokhtarian, 2005). Fylan and Caveney (2018) asserted that driving provides a sense of independence to the young people. Similarly, a study conducted by Belgiawan et al (2016) stated that the students consider aspects related to independence or freedom as most significant while purchasing a car. Car usage instils a sense of freedom among the consumers (Mann & Abraham, 2006; Gatersleben & Uzzell, 2007; Hickman, 2019). Cars are perceived superior than the other
modes of transportation in terms of travel freedom (Anable & Gatersleben, 2005; Beirão & Cabral, 2007).

4.4.4 Pro-high Density

Car buying decision is influenced by the location choice (Scheiner & Holz-Rau, 2007). A low level of car ownership is found in the households residing in population-dense areas (Goetzke & Weinberger, 2012; Wong, 2013). This is supported by the finding of Van Acker et al. (2014) which stated that there is a low level of car availability in the dense areas having a good local accessibility. Van Acker and Witlox (2009) suggested that high density and good accessibility locations reduced the demand for car usage and increased the demand for public transportation, cycling and walking. Similarly, car usage is more in less dense and lower accessibility areas (Scheiner & Holz-Rau, 2007). Choo and Mokhtarian (2004) concluded that individuals with stronger pro-high density attitude are more inclined towards buying SUVs and luxury cars.

5. CONCLUSION

Over the years, Indian automobile sector has grown at a fast pace and is expected to continue this progress further. The surging middle class consumer entices the global manufactures towards India.

The key growth drivers of the automobile industry highlighted by the studies were consumers’ rising disposable income, improving road infrastructure, easy financing schemes to name a few. Besides that, Governments’ policy initiatives in form of Automotive Mission Plan 2016-2026, Make in India also contributed towards the development of the industry.

The basic aim of this review was to understand the consumers’ perception and attitude towards the car industry. Consumers varied significantly in their perceptions towards the cars. Perception about the other modes of transport appeared to be the most important determinant for car purchase decisions. Comfort, flexibility and safety assured by the cars resulted in greater car ownership among the consumers. Attitudinal variables also highlighted the consumers’ travel behaviour and preferences for cars. Car is much more than just a means of transport for the people. For the people, car is a way to reflect the status, prestige and power. Considering the environmental attitude, mixed emotions were represented by the consumers for car purchase or use.
To sum up, it can be concluded that in order to understand the consumers’ perspective towards the car industry, it is imperative to gain insights of the dimensions such as attitudes and perceptions which will indicate whether a consumer has a liking for the product or not.

References


