

The consumer isn't a
moron; she is your
wife.

-David Ogilvy



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DRIVING THROUGH CONSUMER'S MIND

Considerations For Car Purchase



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ABOUT THE STUDY

PURCHASE
DRIVERS

CONSIDERATION
SET

BRAND
PERCEPTION

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PURCHASE DRIVERS

- ❑ Top reasons for vehicle purchase:
 - Satisfy family needs
 - New technology available
 - Need larger vehicle/ more space
 - Afford to buy
 - Improve fuel efficiency
 - Improve reliability
 - Purchase vehicle with a better brand

For first time buyers:

- In case of first time buyers the study found that satisfying **Family needs** is the major motive in purchasing a new car and where as **Branding** stood last.
- Same kind of results were seen in case of **Gen X** and **Gen Y** categories have expressed similar requirements for their first car

For repeat buyers:

- **Sophistication** is major motive for re-purchase.
- Factors such as **New technology** and **Larger space** proved to be driving forces for purchasing against Branding.
- In case of Gen X and Gen Y categories, the former one preferred for larger car space and latter one preferred technology upgrade as a driving force for re-purchase of cars.
- Time between the first and second time purchase is around **6-7 years** after having travelled for **50-55k** kilometers.

Mapping the consumer mindset

- **3-5 brands** mostly considered by buyers, both first time and repeaters.
- The trend seems to hold line even during periods of economic recession, and during peak growth periods
- This can be attributed to the typical Indian mindset of exploring all possible options before finalizing on one.
- SUV customers lookout for more options when compared to hatchback and sedan buyers. This can be attributed to the launch of **Crossovers** and **Mini SUV's**

Buying trends across the segment

- **Indian automobile customers** go through repeat purchase, as such they do not behave any differently than a first time buyer.
- This can be attributed to the change in innovation and technology over a period of 4-5 years by the time when they change their cars.
- Not much brand loyalty is displayed, and customers tend to browse as many as 6-7 cars across 3-4 brands before finalizing one
- The number of alternatives considered remains the same for non-luxury and luxury cars

Rural Vs Urban

- Rural customers tend to opt for lesser number of options, when compared to the urban market.
- Rural market still has issues with several parameters like point of service location and rugged roads. Many cars cannot handle that toughness.
- A brand like Mahindra heavily caches in on that factor

Rural Vs Urban

Top 20 Cars by Sales Volume



Choice of Rural Market

- From the sales chart, it is clear that the 18 year old Bolero is giving a tough time to all the new entrants
- All the factors discussed prior gave the Mahindra product a massive edge over other brands when it came to conquering the rural market.

That would be my bolero



Urban Market examined

- When it comes to urban buyers, an over whelming number of the buyers, of late seem to follow a trend of sticking to one brand
- Brand loyalty, support of OEM's , buy back options and most importantly easy financing options made available to the clients who are repeat buyers, by the company itself is one of the core reasons behind this paradigm shift

Gen X- Gen Y trends

- Urbanized Gen X buyers, owning a premium hatchback, or an A3-sedan, costing between 6-8 lakhs seems to be more experimenting with the brands
- A sizable 40 percent of them seems to have considered more than 6 cars prior to purchase
- In contrast, less than 20 percent of the Gen Y population has considered that many cars before purchase

This is the market ecosport
targets



BRAND PERCEPTION

Key Influencers

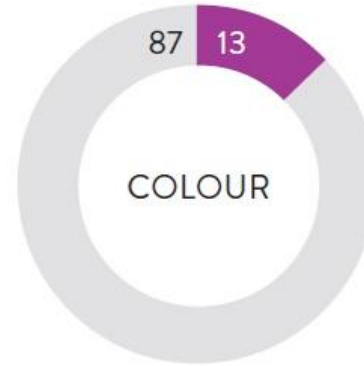
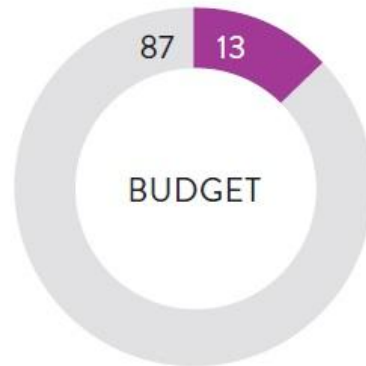
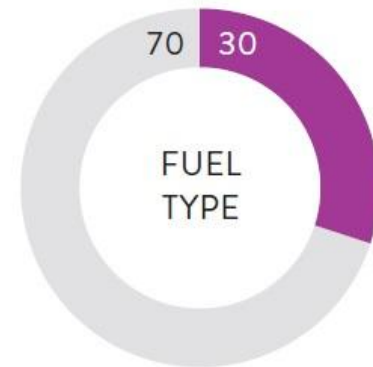
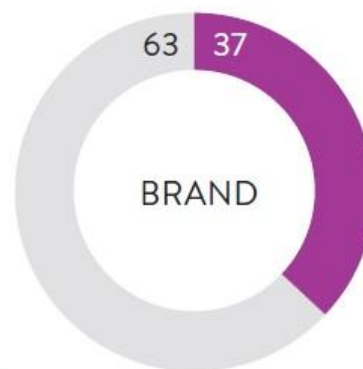
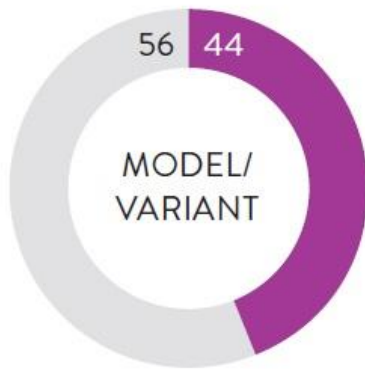
- Consumers considered a number of brands but ended up making purchase from among 3-5 brands.
- Looking on the brands considered by existing car owners, we can see that SUV owners have considered more number of brands as compared to van/minivan owners.

Last Purchase Consideration By Vehicle Type

- There are a number of factors that changes the initial plan of the consumers, there is a shift from what they initially considered and what they finally selected.
- As there is only 13% people changing the considered model based upon price of the vehicle, which further intensifies the view that Indian consumers is price driven.

Factors That Changes Initial Plan

FACTORS CHANGED FROM INITIAL PLAN



All figures in %

Source: Nielsen

Last Purchase Consideration By Car Value

- Based upon the responses, it was figured out that about 40% of consumers have considered only 3-4 brands from 2-12laks value segment.
- Consumers have considered more number of brands while making a purchase at high price points.

- Based upon the owners rating for their respective brands, maximum owners have rated there brands high in brand reputation and performance and handling followed by overall quality and safety.
- Least points were given to the fuel efficiency and resale value. But as they are happy with what they have.

CONCLUSION

- The Indian car buyer comes across as a very rational person during the entire process, contrary to the popular notion of car buying being a very.....

emotional



- There are very practical reasons to buy a car - space, need of the family or to upgrade to a higher quality of vehicle. Once the need for a car is established, the buyer looks for quality of service, product reliability and re-sale value.
- Given the factors, the potential buyer looks at several products, presumably at the same price point, and tends to make the final selection. This appears to be a deliberate and a detailed process.

The lessons for the OEMs

- It helps to appeal the rational side of the buyer.
- While the brand itself and the perceptions around it are important, the buyer looks at the quality of the dealership for service, vehicle reliability and resale value to shortlist the brands.
- The chance of almost all brands to get into the consideration of a buyer seems bright.

- Consumers not complaining should not to be misunderstood to mean satisfaction and brand loyalty! Most of the consumers would tend to look at all possible options before making the next buying decision, at least, at the present moment.
- While only a very small number of customers seem to be loyal to a brand, the population, however, seems to be growing. This would, therefore, suggest a need to revisit loyalty programs to make the ownership experience compelling.



That's all Folks!
Any Question?

Thank

You!