

It's all in the brand

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FOR many Indians owning a car was just a dream till the Maruti 800 came along in the mid 1980s and shook the industry out of its stupor. The fifteen-odd years since then have seen a virtual car revolution in the country; both the number of brands available and the number of cars on the road have increased in geometric progression. Today, almost every major international car manufacturer is present in the country.

But what is it that makes an increasing number of Indians decide to buy a car, despite having, in many instances, to borrow substantial sums of money for this? How do potential car buyers go about the task of buying a car? What are their sources of information on the various brands of cars in the market? How do they actually decide on a particular car brand or model? Does advertising influence their choice of brand? Where do they find the money to buy a car? Questions such as these abound.

To provide an answer to these questions, *Business Line* commissioned *Project Beatle*, a *Business Line*-Indica Research survey, to decipher the mind of the Indian car buyer. The findings of the study are the basis of this issue of *Urban Pulse*.

The study drives home the point that branding is here to stay. This is especially true of a category such as cars, where it is often difficult to distinguish between competing models on purely technical or functional parameters. The brand thus becomes the most meaningful differentiator and a 'safe' choice.

And while functional factors do trigger the decision to purchase a

Graphic by J.A.Premkumar



Methodology

Urban Pulse is *Business Line's* research-based publication, with each issue examining a different theme. The focus of the current issue is 'buying a car'.

The study, conducted in October-November 2000 by Indica Research Bangalore, had two modules: a qualitative round followed by a quantitative round. The qualitative segment, which was conducted in New Delhi, took the form of four focus group discussions. While two separate focus groups were conducted for the owners of Maruti 800s and Maruti Esteems, the third group targeted the owners of cars such as the Matiz, the Zen, the Santro and the Ikon. The final group focused on the owners of the Lancer, the Opel and the City.

The quantitative module covered 875 respondents in five cities – Bangalore, Chennai, Hyderabad, Mumbai and New Delhi. Approximately 80 per cent of the respondents from the five centres belonged to the SEC A classification. Of these 52 per cent were from the SEC A1 segment and the remaining 26 per cent from the SEC A2 segment.

The results of the qualitative and quantitative modules were distilled to obtain information on issues such as why people buy a car, factors that affect the purchase process, how people go about buying a car, the factors that influence the choice of brands, how car purchases are financed, consumer perceptions of the different car finance companies and so on. ■

The study found that both rational and emotional factors trigger the decision to buy a car and also operate throughout the purchase process.



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car, the wheels are most often set in motion by emotional need-based factors. The study found that the more rational reasons for buying a car are frequently sparked off by the psychological benefits that owning a car bring. Emotions also work throughout the purchase process, right down to the choice of the brand.

A slight variation of Maslow's hierarchy of needs operates in this category, with three levels instead

of the conventional four. At the bottom of the pyramid is the first-time buyer, for whom a car conveys a sense of belonging. For those at this level factors such as family and peer pressure and the need to upgrade from a two-wheeler exert a great deal of influence. Also working on the minds of those at this stage of the hierarchy of needs is the craving to own a car. And once this craving has been satisfied the result is a feeling of belonging, achievement and confidence.

At the next level is the desire for a car as a status symbol. Here, ownership of a car is a reflection of who you are. At this level, choice of a car is influenced by factors such as performance, quality and after-sales service. In addition to that is the need to move up the social ladder and to be seen to be doing so. A car ceases to be merely a mode of transport, but also becomes a message to the world. So aspects such as luxury and comfort matter to those at this level.

And at the top of the pyramid is the desire for self expression through the car one owns. A person at this level is more likely to be driving a particular car because he

feels it's an expression of his personality. Thus a wealthy person could drive a jeep because he believes that it is a reflection of his zest for the road less travelled.

A thought-provoking point thrown up by the survey is the view that advertising does not have any impact on the choice of a particular brand by the prospective buyer. While a fair proportion of the respondents declared that they did take a dekko at car ads, only a very small number said that they believe the information in these ads. Also a cause for thought is the sentiment expressed by a good number of the respondents that advertising is really not needed in a category such as cars.

The study also had bad news for all those Web sites on cars. Only a very small proportion of the respondents used this medium to gather information prior to purchase, and still fewer actually trust the information they got off the Net.

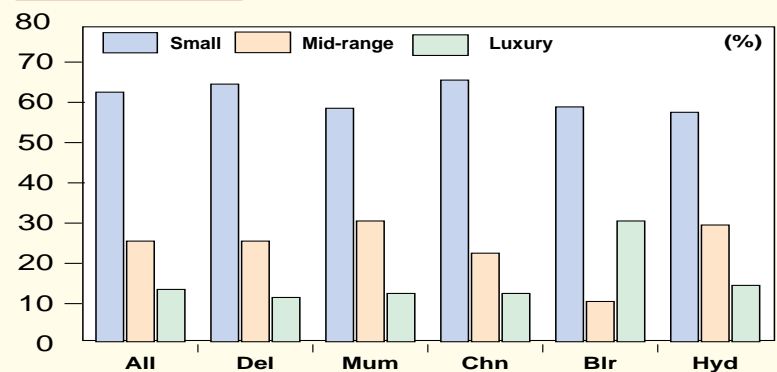
And for financing their purchase most of the respondents opted to use multiple sources, with some respondents going in for as many as four sources. Personal savings were

the primary source for most buyers, followed by loans from private banks and public sector banks.

With more car brands set to enter the country, and existing players planning to launch new models, the options available to the prospective buyer are going to increase. However, taking a decision on which model to buy is also going to get more challenging. For the Indian car buyer it's perhaps time to get more market savvy. ■



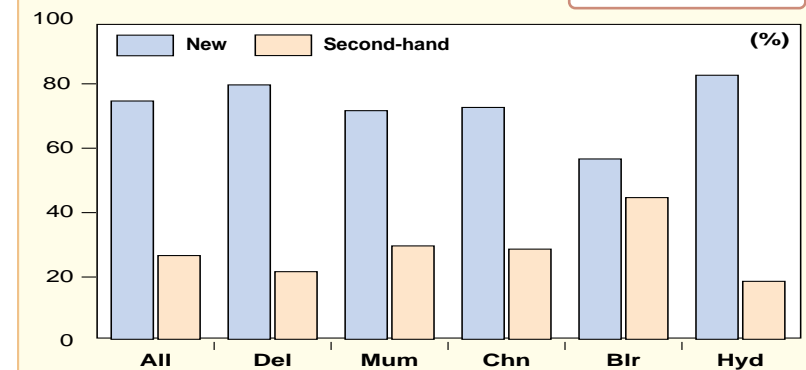
Size of car owned



In some cases column totals may not add up to 100 per cent as multiple responses were elicited from respondents.



Ownership: New vs second-hand cars



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