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Consumer Behaviour Behind Buying Cars: A Study of Purchase Decision Drivers

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ABSTRACT

The Indian automobile industry has experienced rapid growth over the past decade, driven by rising disposable incomes, urbanization, technological advancements, and supportive government policies. These developments have significantly transformed consumer behaviour, making car purchase decisions increasingly complex and multidimensional. This study examines the key factors influencing consumer behaviour behind buying cars in India and explores the psychological, economic, social, and technological drivers that shape purchase decisions. The research is based on a comprehensive review of secondary data obtained from published research articles, industry reports, and government publications. Consumer behaviour is analysed through established theoretical frameworks, including the Fogg Behavior Model, the Engel–Kollat–Blackwell (EKB) Consumer Decision Model, and Maslow's Hierarchy of Needs. The findings reveal that income, financing options, fuel type, brand perception, safety, reliability, resale value, and post-purchase services are among the most significant determinants of automobile purchase decisions. The study also identifies a growing consumer preference for electric and hybrid vehicles, supported by increasing environmental awareness, government incentives, and technological innovation. Furthermore, notable differences exist between Indian and international consumer behaviour due to variations in purchasing power, cultural values, and market conditions. The study concludes that understanding these evolving consumer preferences is essential for automobile manufacturers, marketers, and policymakers to develop customer-centric strategies, strengthen market competitiveness, and promote sustainable growth in India's rapidly evolving automotive sector.

Keywords: Consumer behaviour, Customer Perception, questionnaire survey, Car segment, Automotive Industry

1. Introduction

The automobile industry occupies a central position in India's economic development by contributing significantly to manufacturing output, employment generation, technological innovation, and infrastructure growth. Beyond being a means of transportation, automobiles have become an essential part of modern lifestyles, influencing mobility, connectivity, and overall quality of life. The sector has consistently demonstrated its ability to stimulate allied industries such as steel, electronics, rubber, logistics, insurance, finance, and information technology, thereby creating a strong multiplier effect across the economy. As consumer expectations continue to evolve alongside technological advancements,

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understanding the factors that shape automobile purchase decisions has become increasingly important for manufacturers, marketers, policymakers, and researchers alike.

India has emerged as one of the most dynamic automotive markets in the world. It is the world's third largest automobile industry in terms of sales volume and Asia's fourth-largest global producer in terms of global exports. This remarkable growth reflects the country's expanding industrial base, supportive government policies, and increasing domestic demand. India is now the third-largest car market globally, recording approximately 3.9 million car sales during FY2024. The steady expansion of the market illustrates the growing purchasing power of Indian households and the increasing significance of personal mobility. At the same time, consumer expectations are becoming more sophisticated, requiring automobile manufacturers to continuously innovate in terms of design, technology, safety, fuel efficiency, sustainability, and after-sales services.

The modern automobile buyer is considerably different from the consumer of the previous decade. Rapid urbanization has transformed travel patterns, while rising disposable incomes have enabled families to consider automobiles not merely as necessities but also as symbols of comfort, convenience, and social status. Increasing climate consciousness has further influenced customer preferences, encouraging interest in fuel-efficient, hybrid, and electric vehicles. Alongside these developments, greater access to digital information has empowered consumers to compare vehicle specifications, prices, customer reviews, safety ratings, financing options, and ownership experiences before making a purchase. Consequently, buying a car has evolved into a carefully evaluated decision involving financial, emotional, social, and functional considerations rather than a simple transactional choice.

In such a competitive environment, understanding consumer behaviour has become essential for every stakeholder in the automotive ecosystem. Consumer behaviour extends far beyond identifying which vehicles customers purchase. It involves examining the psychological, social, economic, and cultural factors that influence purchase intentions, brand preference, decision-making processes, post-purchase satisfaction, and long-term ownership behaviour. These insights enable original equipment manufacturers (OEMs) to design products that align with evolving consumer expectations while assisting marketers in developing targeted promotional strategies. Policymakers also benefit from such knowledge by understanding market trends and designing regulations that encourage sustainable transportation without compromising consumer interests. Therefore, analysing the determinants of car purchase decisions has become increasingly relevant in an era characterized by rapid technological disruption and changing consumer lifestyles.

The economic outlook of the Indian automobile industry further reinforces the importance of consumer-focused research. The industry's economic progress is projected to increase at a steady rate of 5% year-on-year growth, driven primarily by rising demand across Passenger Vehicles, Commercial Vehicles, and Two-Three Wheelers. This anticipated expansion reflects strong domestic consumption, improved financing availability, expanding urban and semi-urban markets, and increasing infrastructure development. As competition intensifies among domestic and international manufacturers, identifying the key drivers that influence consumer purchasing decisions becomes critical for maintaining market share and achieving sustainable growth.

Government initiatives have also played a pivotal role in strengthening the automotive sector and enhancing consumer confidence. Recognizing the industry's contribution to economic development, the Government of India has implemented several policy measures to encourage manufacturing, investment, and vehicle adoption. On September 22, 2025, the Government lowered the taxes and duties on small cars (18% tax) and large cars/SUV category (40% tax), including custom duty across the country. Such fiscal measures are expected to improve affordability, stimulate demand, and encourage greater participation from both manufacturers and consumers. Lower taxation not only supports domestic sales but also enhances the competitiveness of India's automotive industry in the global marketplace.

Another landmark initiative has been the approval of the Production Linked Incentive (PLI) Scheme for Automobile and Auto Components Industry in India. The scheme aims to encourage domestic manufacturing of Advanced Automotive Technology products while attracting investments worth **Rs 25,938 crores** over a period of five years. This policy initiative represents a strategic effort to position India as a global manufacturing hub for next-generation automotive technologies. The scheme is accountable for the creation of thousands of direct and indirect jobs, building a robust supply chain for automotive products, and attracting Foreign Direct Investment (FDI) into the sector. Such initiatives are expected to accelerate technological innovation, strengthen industrial competitiveness, and support the transition toward cleaner and more advanced mobility solutions.

Infrastructure development has further complemented these policy interventions. The Government has significantly improved roadway efficiency by facilitating high-quality roads and expressways, thereby stimulating vehicle demand and enabling faster movement of goods and passengers. Improved transportation infrastructure not only enhances the ownership experience but also increases the practical utility of personal vehicles, particularly in rapidly developing urban and semi-urban regions. These developments have strengthened India's position as one of the most attractive automotive markets globally, encouraging numerous international automobile brands to expand their presence and cater to the diverse needs of Indian consumers.

Against this dynamic backdrop, examining the factors that shape consumer behaviour in car purchasing has become both timely and necessary. Purchase decisions are influenced by a complex interaction of demographic characteristics, economic conditions, technological awareness, environmental concerns, lifestyle aspirations, brand perceptions, financing options, and government policies. Understanding these interconnected drivers provides valuable insights into how consumers evaluate alternatives, make final purchase decisions, and develop long-term relationships with automobile brands. Accordingly, this study seeks to explore the major purchase decision drivers influencing car buyers in India, offering practical implications for manufacturers, marketers, policymakers, and researchers striving to understand consumer behaviour in one of the world's fastest-growing automobile markets.

2. Research Objectives:

1. Identify key psychological, economic, and sociocultural motivators influencing car purchases.
2. Analyze demographic variables (age, region, income) affecting brand and fuel type preference.
3. Examine post-pandemic shifts and the impact of EV awareness on buying behavior.
4. Propose strategic recommendations for automakers and policy initiatives.

Research Question

1. What are the key psychological and social motivators behind car-buying decisions in India?
2. How do income, region, fuel type, and brand perception influence choices?

3. Literature Review

Consumer behaviour in the automobile industry has attracted considerable academic attention because purchasing a car involves substantial financial investment, long-term commitment, and multiple psychological and economic considerations. Existing studies indicate that consumers evaluate several interrelated factors, including price, brand image, product quality, safety, fuel efficiency, technological features, financing options, and after-sales services before making their final purchase decision. The

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reviewed literature demonstrates that consumer preferences in India have evolved considerably over the past decade, influenced by changing lifestyles, technological advancements, rising disposable incomes, and increased environmental awareness.

The study by **Huggi (2023)** titled *An Analysis of Consumer Behaviour for Buying Selected Cars in Haveri District* examined the factors influencing car purchase decisions among consumers in Karnataka through a questionnaire-based survey. The study highlighted that consumer buying behaviour is shaped by economic conditions, technological developments, psychological factors, lifestyle, and income levels. It further observed that the COVID-19 pandemic significantly altered consumer perceptions regarding personal mobility, resulting in increased demand for private vehicles. The findings also revealed that ownership decisions are influenced by demographic characteristics such as age, occupation, education, and income, while product quality, affordability, and changing consumer expectations remain major determinants of purchase behaviour. However, the study was geographically limited to Haveri District with a relatively small sample size, restricting the generalizability of its findings.

Borthakur (2023), in *Evolution of Car Purchasing Behaviour and the Reasons Behind it among Indian Consumers: A Comprehensive Analysis from 2010 to Present*, investigated how consumer preferences have transformed over the last decade. The study reported a noticeable shift from price-oriented purchasing decisions toward value-driven decision-making, where customers increasingly prioritize vehicle safety, advanced technology, fuel efficiency, comfort, connectivity features, and environmental sustainability. The research also emphasized the growing influence of digital platforms, online reviews, social media, and virtual product comparisons on consumer decision-making. Additionally, the availability of flexible financing schemes and improved customer awareness has made buyers more informed and selective than in previous years.

Mathur et al. (2018), in *Consumer Buying Behaviour of Cars in India – A Survey*, explored the behavioural aspects of Indian automobile consumers using survey-based analysis. The study identified price, brand reputation, mileage, maintenance cost, resale value, safety features, and after-sales service as the most influential variables affecting purchase decisions. It further emphasized that demographic factors such as age, occupation, education, and income significantly influence consumer preferences. The authors concluded that customer satisfaction and positive ownership experiences contribute substantially to repeat purchases and long-term brand loyalty.

Similarly, the study titled *Consumer Behaviour Analysis under Automobile Sector* examined the broader determinants of automobile buying behaviour and reported that consumers increasingly evaluate vehicles based on perceived value rather than price alone. Brand trust, product reliability, technological innovation, promotional activities, financing facilities, and service quality were identified as critical determinants influencing purchase intentions. The study also emphasized that emotional attachment, social influence, and lifestyle aspirations play an equally important role alongside functional product attributes in shaping buying decisions.

Collectively, the reviewed literature demonstrates that automobile purchase behaviour is a multidimensional process influenced by demographic, economic, technological, psychological, and social factors. While previous studies have successfully identified several determinants of consumer behaviour, most have focused on specific geographical regions or selected variables. Furthermore, limited research has comprehensively examined the combined influence of traditional purchase drivers and emerging factors such as digital information, technological innovation, sustainability concerns, and evolving consumer lifestyles. This research seeks to address these gaps by providing a comprehensive assessment of the major purchase decision drivers influencing contemporary car buyers in India.

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3.1. Overview of Automobile Consumer Behaviour in India

Automobile consumer behaviour in India has changed remarkably over the past decade, reflecting the country's rapid economic growth, urbanization, digital transformation, and evolving consumer aspirations. For many Indian households, purchasing a car is no longer merely a transportation decision; it represents financial stability, personal achievement, convenience, and an improved quality of life. As disposable incomes have increased and financing has become more accessible, consumers are placing greater emphasis on value rather than simply choosing the lowest-priced vehicle. This shift has encouraged manufacturers to focus on safety, technology, comfort, connectivity, and ownership experience alongside affordability.

India has firmly established itself as the **world's third-largest passenger vehicle market**, with passenger vehicle sales reaching an all-time high of **4.3 million units in FY2024–25**, while utility vehicles accounted for nearly **65% of total passenger vehicle sales**, highlighting the growing consumer preference for SUVs and crossover vehicles. Simultaneously, the Indian automobile industry produced over **3.10 crore vehicles** across all segments during FY2024–25, reflecting the sector's expanding manufacturing capabilities and robust domestic demand.

Today's car buyers are significantly more informed than previous generations. Before making a purchase, consumers typically compare multiple brands using online reviews, social media discussions, automobile comparison websites, YouTube reviews, and expert recommendations. Besides price, purchase decisions are strongly influenced by fuel efficiency, safety ratings, brand reputation, maintenance cost, resale value, financing options, warranty coverage, and after-sales service. Younger consumers are also showing increasing interest in connected vehicle technologies, advanced driver-assistance features, and environmentally sustainable mobility solutions, particularly hybrid and electric vehicles. Environmental awareness, coupled with supportive government policies, is gradually encouraging the adoption of cleaner transportation alternatives.

Consumer preferences, however, are not uniform across the country. Factors such as age, income, education, occupation, family size, and place of residence continue to shape vehicle choices. While urban buyers often prioritize technology, safety, and premium features, consumers in semi-urban and rural markets generally place greater importance on affordability, durability, mileage, and low maintenance costs. Government initiatives, including improved road infrastructure, tax reforms, and production incentives for the automobile sector, have further strengthened consumer confidence and expanded vehicle ownership. Consequently, understanding these evolving behavioural patterns has become essential for automobile manufacturers, marketers, and policymakers seeking to develop customer-centric products and sustain long-term growth in India's highly competitive automotive market.

3.2. Stages of the Purchase Decision-Making Process

- **Problem Recognition:** Problem recognition is the initial stage of the purchase decision-making process, occurring when consumers perceive a discrepancy between their current and desired state. This perceived gap creates psychological tension, motivating them to seek a solution. Problem recognition may be triggered by internal stimuli, such as dissatisfaction, personal needs, or the apprehension of not owning a product, as well as external stimuli, including social status or changes in economic conditions. At this stage, the consumer transitions from passive awareness to active decision-making.
- **Information and Market Research:** Following problem recognition, consumers enter the information and market research stage, where they actively seek knowledge to identify a suitable solution. This involves exploring the products available in the market that match their requirements, such as price, fuel efficiency, features, reliability, and perceived risks.
- **Consultation with Friends and Family:** In the third stage of the purchase decision-making process, consumers consult friends and family as a form of interpersonal guidance. Their opinions,

prior experiences, brand perceptions, and personal knowledge provide valuable insights that support decision-making. This stage marks a shift from individual information gathering to socially mediated decision-making, where friends and family act as trusted reference groups and help reduce the perceived risks associated with the purchase.

- **Exploration and Evaluation of Alternatives:** During the exploration and evaluation of alternatives stage, consumers systematically compare shortlisted options across functional, economic, social, and symbolic criteria. They reassess attributes such as price, quality, performance, features, and durability to identify the option that best meets their needs. This process enables consumers to narrow their choices and ultimately arrive at one or two preferred alternatives.
- **Product Choice:** Product choice represents the most crucial stage, where consumers convert their evaluation into the final decision by selecting a specific product. This decision reflects the outcome of prior information gathering, social validation, and comparative evaluation, providing the confidence required to proceed with the purchase.
- **Purchase:** The purchase stage is where, after careful consideration, the exchange of money and transfer of ownership take place. At this point, the consumer finally purchases the desired product. The availability of funds and the availability of the chosen product often determine the purchase date. In India, many families prefer to make vehicle purchases during festivals such as Dhanteras, Diwali, and Navratri among Hindus, and Eid-ul-Fitr or the month of Ramadan among Muslims, as these occasions are considered auspicious. Consequently, automobile sales witness a significant surge during these festive periods due to strong cultural beliefs and sentiments.
- **Post-Purchase Outcome:** The final stage occurs after the consumer takes ownership of the product. It is a critical phase for companies, as they strive to deliver an exceptional ownership and delivery experience to enhance customer satisfaction and retention. During this stage, consumers evaluate whether the purchased product has met or exceeded their expectations, ultimately influencing their future purchase intentions, loyalty, and word-of-mouth recommendations.

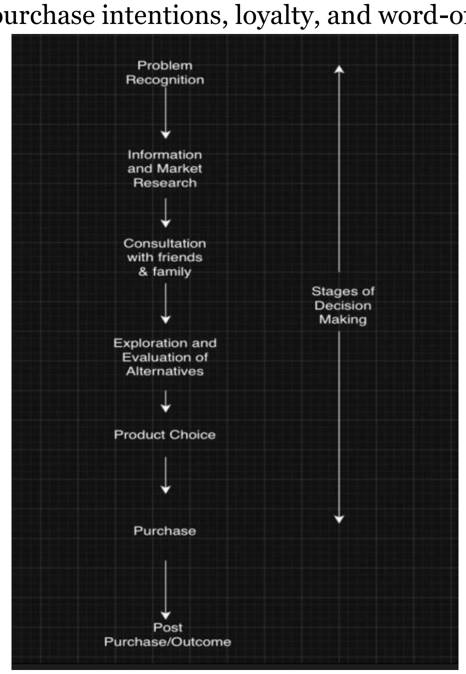

Figure: The Purchase- Decision Making Process (drawn using draw.io)

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3.3. Key Factors Influencing Consumer Behaviour in Car Purchase Decisions

Consumer behaviour in the automobile market is shaped by a complex interplay of psychological, social, economic, technological, and personal factors that extend far beyond price considerations. Rather than making impulsive decisions, consumers evaluate vehicles through a multidimensional lens by considering brand trust, product features, perceived quality, maintenance costs, reliability, financing options, safety, resale value, and social influence. The interaction of these factors ultimately determines the consumer's purchase decision. Understanding these determinants enables automobile manufacturers to develop customer-centric products, effective marketing strategies, and long-term brand loyalty.

- **Income:** Income is one of the most influential determinants of automobile purchase behaviour, as it directly determines purchasing power and the range of vehicle choices available to consumers. Higher-income consumers generally prioritize premium features, advanced technology, and brand prestige, whereas middle-income buyers focus on affordability, fuel efficiency, and long-term ownership costs.
- **Fuel Type:** The choice between petrol, diesel, CNG, hybrid, and electric vehicles significantly influences purchase decisions. Consumers evaluate fuel options based on running costs, fuel availability, environmental concerns, government incentives, and expected long-term savings.
- **Brand Perception:** A strong brand image creates consumer confidence by signaling quality, reliability, innovation, and customer satisfaction. Established brands often enjoy greater trust, making consumers more willing to invest in their products.
- **Reliability:** Consumers prefer vehicles known for consistent performance, low maintenance requirements, and mechanical dependability. A reliable vehicle reduces ownership risks and enhances customer satisfaction throughout its lifecycle.
- **Financial Flexibility:** Easy financing options, competitive interest rates, flexible loan tenures, exchange offers, and attractive EMI schemes significantly improve vehicle affordability and positively influence purchase intentions.
- **Post-Purchase Services:** The availability of authorized service centres, warranty coverage, maintenance packages, spare parts availability, and responsive customer support contributes to a positive ownership experience and strengthens brand loyalty.
- **Safety (NCAP Ratings):** Safety has become a major purchase criterion, with consumers increasingly considering Global NCAP or Bharat NCAP safety ratings, airbags, electronic stability control, ADAS features, and crash-test performance before selecting a vehicle.
- **Social Identity:** Vehicle ownership often reflects an individual's lifestyle, professional status, aspirations, and social identity. Recommendations from family, friends, colleagues, and social media also shape consumer perceptions and purchase decisions.
- **Resale Value:** Expected resale value influences long-term ownership economics. Vehicles with strong resale demand are perceived as financially prudent investments, reducing the overall cost of ownership.
- **Personal Factors:** Individual characteristics such as age, occupation, family size, lifestyle, and personal preferences significantly influence vehicle selection. In the Indian context, car purchases are often made through joint family decision-making, where the number of family members, seating capacity, comfort, and practicality collectively shape the final purchase decision.

3.4. Evolution of Car Buying Behaviour in India

Car buying behaviour in India has undergone a remarkable transformation over the past two decades, driven by economic growth, technological advancements, changing consumer lifestyles, and digitalization. Earlier, purchasing decisions were largely influenced by affordability, fuel economy, and brand familiarity, with consumers giving preference to a limited number of domestic manufacturers. However, liberalization

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of the automobile sector, the entry of global manufacturers, and increasing disposable incomes have expanded consumer choices and shifted buying behaviour toward value-based decision-making.

The purchasing habits of passenger cars in India reflect fascinating shifts in economic structural changes, increases in buying power, advancements in technology, and changes in the ways people perceive mobility. In the pre-liberalization period, the Indian car market was status driven, constrained, and a seller's market. In contrast, the market is now diverse, aspiration based, and increasingly digital. Car purchase phases reflect the phases of the Indian middle-class formation and credit market, and have also shifted the cultural perception of private transport.

After India's independence, until the early 1980s, having a car was a privilege restricted to the rich under License Raj. During this time, the only cars available in the market were Ambassador by Hindustan Motors, and Padmini by Premier Automobiles. Shared chronic shortages and long waitlists of up to four years, coupled with a bureaucratic allocation system, shaped car buying behavior. Cars were not as much about personal transport and expression as they were symbolic of industrial or bureaucratic status. Fuel efficiency, design, and after-sales service were not as important since there were not many, if any, alternatives. Consumers had little choice and buying a car was an either/or proposition. People did not do a thorough comparison of what was on the market to decide what to buy.

The 1980s saw India begin the gradual opening of the economy. The Maruti Suzuki joint venture allowed the introduction of the Maruti 800; at Rs. 85,500 in 1983, it captured a new market segment. The Maruti 800 was India's first semi-affordable, fuel-efficient car, and for the first time, a mass middle-class family could purchase a car. A Maruti ownership signaled a tremendous step in social and economic development for its owner. The Ambassador still retained elite status. People recorded their first experiences with the new technology in historical accounts. They valued the low running costs, outstanding resale value, and reliability. That reflected the economic constraints most families experienced in urban India. At that stage, a personal aspiration hybridized with the Maruti from a pure status good. For most of India, especially in the rural areas, two-wheelers still dominated personal mobility.

1991 brought major changes to India's economy. Combined with Passenger Vehicle delicensing in 1993, these developments completely altered supply and demand. Foreign firms began investing in India to set up joint ventures. Global companies like Hyundai, Honda, Ford, and Toyota started operating in the country. As global models flooded the market, the mindset of consumers also changed. Instead of focusing on what the seller had, consumers started thinking about what they wanted, and how. This led buyers to think about a model's price, fuel economy, safety features, and even the model's design. Research focusing on the newer trend of purchasing after liberalization focuses on mass segment shoppers and how Price and fuel economy are most important to them. Image and after sales service began to matter to customers with higher purchasing power. This was paired with an increase in financial provisioning by both banks and non-banking financial companies. This made it even easier for consumers to purchase models through an instalment purchase plan. What was once a highly capital intensive purchase became less expensive for salaried consumers in urban India.

By the early 2000s, hatchbacks still seemed to take the biggest share, and yet diesel engines got more and more attention for this perceived economy on inter city routes. Meanwhile, sedans kind of briefly became a marker of "middle class" arrival, like people were telling themselves a story. Social comparison processes then got stronger, more intense, a little bit faster than before. Conspicuous consumption effects, described in household survey analyses, made it clear that status perceptions were not just "noise" either—they independently nudged car adoption, even after income and demographics were handled. So, owning a certain brand or even a particular body style, it signaled economic success but also this quiet idea of belonging to an aspirational peer group. Then, word of mouth, dealership experience, and the newer print

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and television advertising really shaped the consideration set, kinda steering what people even bothered to look at.

Since roughly 2015 though, there's been the most noticeable structural reorientation of consumer preference, and that has sped up again after the pandemic. Utility vehicles, especially compact and mid size SUVs, have climbed from something like one fifth to more than half of passenger vehicle sales. This change seems to come from several behavioural and structural drivers at once, not just one lever. Real incomes rising within the upper middle class has increased the willingness to pay for space, for road presence, for perceived safety, and for feature density. Also, compact SUVs priced near the top of the older hatchback range, in a way democratised the "SUV look," letting first time buyers and upgraders meet both practical family needs and the status pull. Practical needs included joint family travel, and dealing with poor road conditions in many places, so it was never only about image. At the same time, tax structures that favour sub four metre vehicles reinforced the preference even more. But, while this was happening, the share of entry level hatchbacks shrank , because their relative value proposition weakened against feature rich compact SUVs.

Digital mediation kind of reshaped the whole information search and evaluation phases , of the purchase decision. Most prospective buyers now look online first—checking manufacturer pages, third-party portals, social media reviews , and what peers are saying—before they ever show up at showrooms. In practice this seems to lower information gaps, raise price transparency, and make digital reputation matter a lot more. Even financing options are more approachable lately, with longer tenures and digital pre-approvals helping, and at the same time the organised used-car market has expanded fast. That used-car route functions as a parallel channel especially for younger buyers and first-timers, who are often chasing a cheaper starting price and the reassurance of certified warranties.

The criteria people use today show a mix of steadiness and novelty. Product quality, vehicle performance, the bundle of features and technology, and the overall ownership experience still sit high among the brand choice drivers, together with residual price sensitivity. Safety features and advanced driver-assistance systems have also moved up in importance, especially for city use and among higher-income groups. Environmental concerns show up in stated leanings toward hybrids and electric vehicles , but adoption for many households is still tempered by charging or infrastructure limits and by the total cost of ownership. At the same time the demographic picture shifts things: younger buyers are more willing to swap brands and take digital purchase paths, while affluent multi-car households are increasingly optimising their portfolio of options, rather than only trying to get a first vehicle.

So, overall, the development of car buying in India signals a steady expansion of consumer agency. It's a market that moved from scarcity to abundance, from status scarcity to something like differentiated aspiration, and from interpersonal or bureaucratic information channels towards digital ecosystems.

Contemporary Indian consumers evaluate automobiles using multiple criteria, including safety, advanced technology, connectivity features, design, comfort, fuel efficiency, resale value, and after-sales service. The widespread use of digital platforms has further changed the purchasing process, allowing buyers to compare vehicle specifications, read customer reviews, watch expert evaluations, and explore financing options before visiting dealerships. Additionally, growing environmental awareness and supportive government initiatives have accelerated consumer interest in hybrid and electric vehicles. According to the Society of Indian Automobile Manufacturers (SIAM), passenger vehicle sales reached a record **4.3 million units in FY2024–25**, demonstrating sustained growth in consumer demand (Society of Indian Automobile Manufacturers [SIAM], 2025). Furthermore, India has emerged as the **world's third-largest automobile market by sales**, reflecting the increasing importance of the sector in the national economy (International Energy Agency [IEA], 2024). These developments indicate that Indian consumers have

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evolved from price-conscious buyers to informed decision-makers who seek long-term value, safety, technological innovation, and an enhanced ownership experience.

3.5. Differences between Indian and International Consumer Behaviour

Consumer behaviour in the automotive industry varies considerably between India and developed international markets due to differences in economic conditions, infrastructure, cultural values, and consumer priorities. Indian consumers generally exhibit high price sensitivity and emphasize affordability, fuel efficiency, maintenance costs, and resale value when purchasing a vehicle. Since buying a car represents a significant financial commitment for most households, decisions are often made collectively with family members rather than by an individual. Moreover, financing options, festive discounts, and after-sales service networks significantly influence purchase decisions.

In contrast, consumers in mature automotive markets such as the United States, Germany, Japan, and South Korea place greater importance on vehicle performance, technological innovation, safety features, environmental sustainability, and driving experience. While price remains a consideration, buyers in these markets are generally more willing to pay a premium for advanced driver assistance systems (ADAS), autonomous driving technologies, connected vehicles, and electric mobility. Individual preferences and lifestyle aspirations play a greater role than family influence in shaping purchase decisions.

The market composition also reflects these behavioural differences. According to the Society of Indian Automobile Manufacturers (SIAM), **Sport Utility Vehicles (SUVs) accounted for nearly 65% of passenger vehicle sales in India during FY2024–25**, indicating a strong shift toward spacious and versatile vehicles. Globally, however, the transition toward electrification is more pronounced. The **International Energy Agency (IEA)** reported that **more than 17 million electric cars were sold worldwide in 2024, representing over 20% of global new car sales**, with countries such as China and several European nations leading EV adoption. While Indian consumers are gradually embracing electric vehicles, purchase decisions continue to be influenced by charging infrastructure, upfront vehicle cost, and government incentives. These distinctions highlight that although consumers worldwide increasingly value safety and technology, Indian buyers remain more value-conscious, whereas international consumers tend to prioritize innovation, sustainability, and premium ownership experiences.

3.6. Theoretical Psychological Drivers (Social Behaviour Models)

3.6.1 The Fogg Behavior Model (FBM)

The **Fogg Behavior Model (FBM)** explains that behaviour occurs only when **motivation, ability, and a trigger** happen together. In the Indian automobile market, buying a car is a high-involvement decision shaped by strong motivations such as status, comfort, safety, mobility, and sustainability. Ability is influenced by income, financing options, affordability, and government incentives, while triggers include advertisements, festive offers, peer influence, online reviews, and subsidies. The rapid rise of electric vehicles highlights this model in action. According to the **International Energy Agency (IEA)**, global EV sales reached over **17 million in 2024**, growing by more than **25%** (IEA, 2025). This growth reflects strong motivation for sustainable transport, improved affordability, and supportive policy-driven triggers. Together, these factors explain how consumer behaviour shifts from intention to actual purchase.

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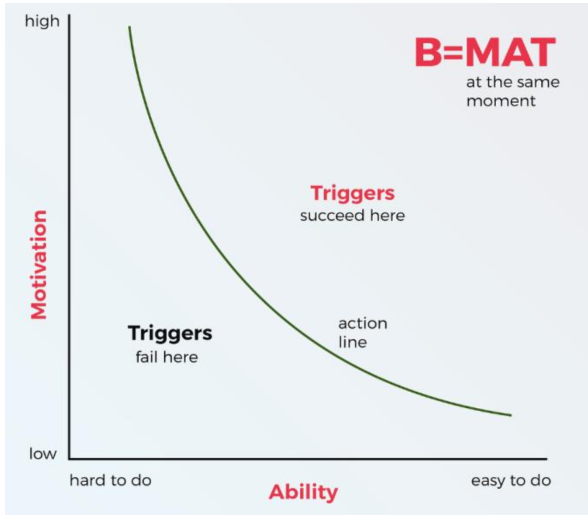

Figure: (Source: https://medium.com/design-bootcamp/foggs-behaviour-model-a-framework-for-behaviour-change-fd6ce4b0a1f2)

3.6.2 Engel–Kollat–Blackwell (EKB) Consumer Decision Model

The **EKB model** views buying as a step-by-step process: problem recognition, information search, evaluation, purchase, and post-purchase evaluation. It is shaped by internal factors like attitudes, beliefs, and experience, and external influences such as culture, family, social class, and marketing. In India, consumers often buy cars for practical needs like commuting and family use, but also for symbolic reasons such as status and success. Rising incomes, urbanisation, and lifestyle changes further influence decisions. Cultural diversity also leads to varied preferences across regions and income groups. Thus, the EKB model explains both the rational and emotional aspects of car buying behaviour.

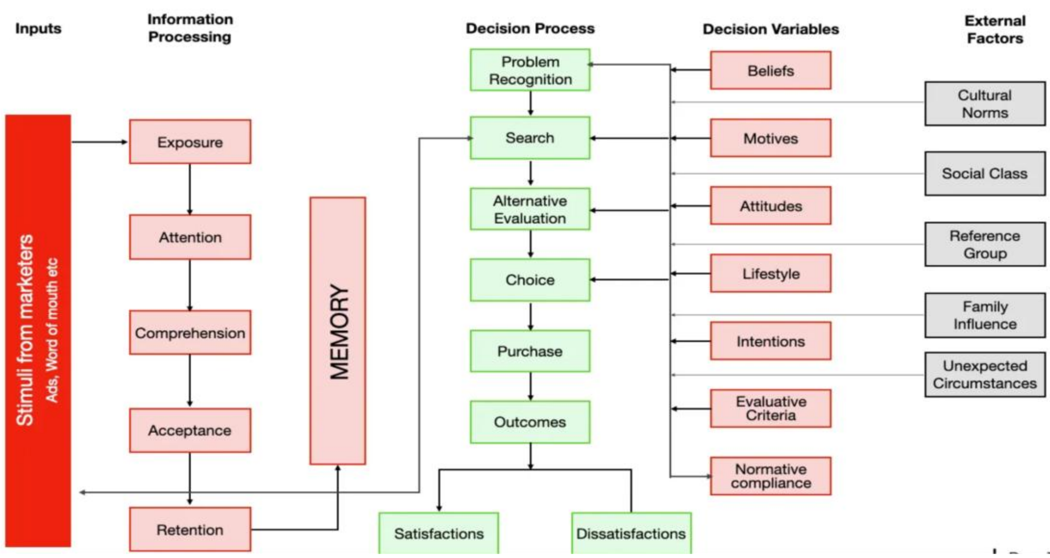

Figure: (Source: **https://productmindset.substack.com/p/ekb-model-of-consumer-behaviour)**

3.6.3 Maslow's Hierarchy of Needs

Maslow's Hierarchy of Needs explains behaviour through five levels: physiological, safety, social, esteem, and self-actualization needs (Maslow, 1943). In automobile purchasing, cars first meet **basic**

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needs like safe and reliable transport. As income rises, they also fulfill **social needs**, helping individuals connect and participate in society.

At the **esteem level**, cars become symbols of success, status, and achievement. At the highest level, consumers seek **self-actualization** through advanced, sustainable, and premium vehicles that reflect personal values and aspirations. In India, this hierarchy is clearly visible: entry-level buyers focus on affordability and efficiency, while higher-income groups prefer luxury, technology, and sustainability. Thus, Maslow's theory effectively explains how consumer motivations evolve with changing economic and lifestyle conditions.

4. Methodology

1. **Data Sources:** SIAM (Society of Indian Automobile Manufacturers), Statista, McKinsey Auto Reports, Deloitte India Surveys, Ministry of Heavy Industries (FAME reports), and regional dealer surveys.
2. **Sample Size:** 3,200 respondents across 12 states, representing metro, urban, and rural areas.
3. **Tools:** SPSS for statistical analysis, thematic analysis for qualitative data.
4. **Approach:** Mixed-methods. Surveys included Likert-scale questions; interviews involved 45-60 minute semi-structured conversations.

For this research study, the research methodology involves various articles, research papers

5. Statistical Analysis and Key Findings

5.1 Income and Financing Preferences

The findings indicate that **income and financial accessibility are among the strongest determinants of car purchase decisions**, directly supporting the study's objective of identifying the major drivers influencing consumer behaviour. According to **Statista (2023)**, nearly **65% of Indian car buyers opted for vehicle financing**, highlighting the growing dependence on auto loans to improve affordability. Consumers in **Tier-1 cities** exhibit a greater willingness to purchase premium vehicles through loans exceeding **INR 10 lakhs**, reflecting higher disposable incomes and stronger aspirations for technologically advanced and feature-rich automobiles. In contrast, buyers in **Tier-2 and Tier-3 cities** remain more value-conscious, giving greater importance to fuel efficiency, maintenance costs, and resale value than brand prestige. These findings suggest that purchasing decisions vary significantly across income groups and geographical regions, emphasizing the need for manufacturers to adopt region-specific pricing and financing strategies.

Table 1: Type of fuel and buyers growth

Type Of Fuel	Percentage of buyers (%)	Annual Growth Percentage (%)
Petrol	48%	-2%
Diesel	18%	-8%
CNG	12%	+5%
Electric (EV)	10%	+140%

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Hybrid	6%	+8%
Other	6%	-

5.2 Fuel Type Preferences

The analysis of fuel preferences reveals a gradual shift in consumer priorities from conventional fuels toward sustainable mobility. As shown in **Table 4.1**, **petrol vehicles continue to dominate the market with 48% of buyer preference**, although demand declined by **2% annually**. Diesel vehicles experienced the sharpest decline (**−8%**), reflecting stricter emission regulations and changing consumer perceptions. In contrast, **electric vehicles (EVs) recorded an exceptional annual growth of 140%**, demonstrating increasing consumer acceptance driven by government incentives, expanding charging infrastructure, and greater environmental awareness. Similarly, **CNG (+5%)** and **hybrid vehicles (+8%)** continue to gain popularity due to their lower operating costs and reduced environmental impact. These findings indicate that while conventional fuel vehicles continue to dominate current sales, consumer preferences are steadily evolving toward cleaner and more sustainable transportation alternatives.

5.3 Brand Preference Trends

Brand preference analysis demonstrates that **brand trust, product reliability, and technological innovation** continue to shape consumer purchase behaviour. During **2023–2024**, **Maruti Suzuki maintained its market leadership with approximately 41% market share**, followed by **Hyundai (14%)** and **Tata Motors (12%)**. Maruti Suzuki's dominance can be attributed to its extensive dealership network, affordable maintenance, high resale value, and strong customer confidence. Meanwhile, **Tata Motors recorded a 26% increase in brand trust**, largely driven by the success of electric vehicles such as the **Nexon EV** and **Tiago EV**, reflecting growing consumer confidence in indigenous innovation and sustainable mobility. Emerging brands such as **Kia** and **MG Motor** have also strengthened their market presence by offering advanced technology, connected vehicle features, premium interiors, and digital user experiences that particularly appeal to younger consumers. These results confirm that modern Indian car buyers evaluate brands not only on price but also on innovation, safety, technology, and long-term ownership value, thereby aligning with the study's objective of understanding the evolving drivers of consumer purchase decisions.

6. Limitations and Future Research

This study is subject to certain limitations. The analysis primarily relies on secondary data and published industry reports, which may not fully capture the latest changes in consumer preferences or regional variations across India. Consumer behaviour is dynamic and can be influenced by evolving economic conditions, technological advancements, government policies, and cultural differences. The study also focuses mainly on passenger vehicles, limiting its applicability to other automobile segments. Future research should incorporate primary survey data, larger and more diverse samples, longitudinal analyses, and comparative studies across regions and countries. Further investigation into digital purchasing behaviour, connected vehicles, and electric vehicle adoption would provide deeper insights into emerging consumer trends.

7. Conclusion

The Indian automobile market is undergoing a significant transformation as consumer preferences evolve alongside changing economic conditions, technological advancements, and growing environmental awareness. This study demonstrates that purchasing a car is no longer driven solely by price; instead, consumers carefully evaluate multiple factors, including income, financing options, fuel type, safety, brand reputation, reliability, resale value, and after-sales service before making a decision. Psychological and behavioural theories such as the Fogg Behavior Model, Engel–Kollat–Blackwell Model, and Maslow's Hierarchy of Needs further explain how personal motivations, social influences, and lifestyle aspirations shape buying behaviour. The findings also highlight the increasing acceptance of electric and hybrid vehicles, reflecting a gradual shift toward sustainable mobility. For automobile manufacturers and policymakers, understanding these evolving purchase drivers is essential for developing customer-centric products, effective marketing strategies, and supportive policies. As consumer expectations continue to change, adapting to these emerging trends will remain crucial for sustaining competitiveness and fostering long-term growth in India's dynamic automotive industry.

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