A Study on Consumer Behaviour and Preferences for Luxury and Affordable Cars in Gujarat

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Abstract:

Introduction: In India's car market, there is a striking coexistence of luxury manufacturers and value-based players. **Methods**: This research takes place in Gujarat, an area where the sale of luxury cars is outperforming other Indian states. A mixed-methods research methodology based on surveys and focus groups will be used to investigate the factors that determine the preferences of Gujarati consumers for luxury besides affordable cars. **Results**: Several factors were investigated, including the appeal of luxury brands, fuel economy concerns, safety, practical usage of cars, and the social effects of having a car, to understand consumer preferences for cars. The results are expected to offer practical guidance for the manufacturers and the marketers in better understanding the consumers in this emerging market. **Conclusion**: The motivation to purchase business cars shows some gender differences, whereas luxury car purchases reveal no significant gender disparity, with luxury goods users generally exhibiting similar needs.

Introduction

Globalisation has resulted in a significant impact on the automotive industry and has led to the entry of many prominent foreign companies into the industry within the Indian market. Ford, General Motors, Honda, Toyota and other companies have set up manufacturing facilities in India through joint ventures with local companies. Taking advantage of India's FDI policy, these brands have won the hearts of Indian car buyers with their new features and quality promises (Kariappa, 2015). The term "luxury" reflects the application of art to useful items and embodies the idea of beauty. Luxuriance is illuminating, much like light. Luxury goods enhance our enjoyment and subtly appeal to all of our senses. Luxury is associated with the upper class (Barakati *et al.*, 2024).

The automobile industry in India has witnessed significant growth, attracting the attention of analysts, policymakers, and researchers (Krishna & Narasimham, 2018). It has become a major player in today's transportation by combining design, technology, and performance to meet the needs of customers worldwide. The automobile industry in India, especially in the state of Gujarat, has witnessed significant growth in recent times. The increasing demand can be attributed to rapid growth and improved infrastructure, resulting in a viable market for both commercial and luxury properties. Today, the automobile industry is one of the most profitable sectors (Shende, 2014). Moreover, the dealers contend that the demand for luxury cars is higher among young, aspiring customers. There is much more demand than supply of the vehicles. For a few models' delivery dates were in the year 2024 during bookings in the year 2023 and still the customers were prepared to wait. Additionally,

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there has been growth in the demand for higher segments because the majority of the young buyers are looking for cars with added features and higher engine specifications. This, along with new launches of models, is what gives rise to the demand. Moreover, the growth of sales would have been even stronger had it not been for the persistent supply chain problems. Overall, in the entire segment of passenger vehicles, there is a positive trend in terms of purchasing stylish and multi-functional vehicles.

Due to increasing disposable income and easy access to finance in rural and urban areas, more and more people are looking for cars. Luxury cars are often seen as a symbol of fashion and sophistication by affluent buyers, especially from cities like Ahmedabad and Vadodara, who seek high performance and social status. The luxury goods market continues to have a positive impact on the global economy (Sharma *et al.*, 2024). Luxury goods are a popular market not only in developing countries but also in emerging markets. This study aims to explore the desires, motivations and intentions of car buyers in Gujarat. By understanding these factors, a better understanding can be provided to those involved in the automotive industry.

Review of Literature

There are many studies in existing literature that have examined the purchasing habits of Indian automobile consumers. Knez, Jereb and Obrecht (2014) found that many buyers prioritise features such as price, availability, fuel efficiency, and safety while buying four wheelers. In contrast, Yürük-Kayapänar and Ergan (2021) focused on luxury buyers and noted that their choices are often influenced by social status and brand names while purchasing cars.

Verma (2013) highlighted how market liberalisation has led to the growth of the Indian luxury automobile market, while Gokhale, Mishra and Veluchamy (2021) studied the decision-making processes of luxury consumers. De Silva, Khatibi and Azam (2020) found a link between the concept of socialisation and the consumption of luxury goods, indicating a change in culture in developing economies like India.

Many factors, such as health, personality, and behaviour, also influence car choice (Solanki, Singh, & Chauhan, 2020). Evans *et al.* (2007) discuss how consumer perceptions and attitudes, especially among car owners, are changing. Sankar (2006) studied how consumers in India viewed international car brands and local car brands and highlighted that brand awareness has a significant impact on the buying behaviour of Indian consumers. Akber and Kumar (2012) provided an insight into consumer behaviour by stating that economic factors such as price and income as well as cultural factors such as attitude and lifestyle play a significant role in the purchasing decisions of car buyers.

Methodology

This study uses a mixed methods approach to investigate consumer preferences towards luxury and commercial vehicles in Gujarat. It combines quantitative research with qualitative methods such as focus groups and in-depth interviews to answer questions that cannot be answered by numbers alone (Busetto, Wick & Gumbinger, 2020). Convenience sampling is used, which means selecting participants who are easily accessible, with the age group of 18 years and above (Rahi, 2017). For quality, the researcher will use thematic analysis while analysing the data. This study used descriptive cross-sectional research to investigate consumer behaviour, preferences, and factors affecting their choice of luxury cars. expression. The analysis was conducted using SPSS 2020 software and P values were calculated for each test. A critical level of 5% was set to guide the decision to accept or reject a particular view. In addition, it aims to understand how gender influences why people prefer luxury cars to cheaper options. The research also explores the relationship between consumers' perceptions of luxury cars and affordability and social relationships.

Data collection

Primary data is collected for the study through surveys, focus groups, and interviews with customers, a few dealers and industry experts. Government data, market research, and industry publications are

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used as secondary data to track trends in the automotive industry. The two focus groups included 5–6 participants each from different backgrounds, including age, gender, income level, and car ownership, allowing for open discussions about their experiences and preferences for luxury and budget cars. In addition, in-depth interviews with experts such as car dealers, marketers, and automotive analysts provide valuable insight into business and consumer behaviours around car purchasing.

Data analysis

Through focus groups and interviews, several key points were uncovered that shed light on the reasons behind consumer choice for luxury or commercial vehicles. Firstly, demand for luxury goods, where many participants viewed luxury goods as prestigious and successful. Additionally, many consumers viewed luxury cars as their social symbol and hence social influence significantly impacted their purchases. Secondly, participants emphasised value for money, fuel efficiency, reliability and low-cost maintenance, indicating practicality and value as another factor leading towards the purchase of cars. Thirdly, safety was a major concern, being one of the prime factors influencing their buying behaviour irrespective of whether consumers prefer to buy a luxury or affordable car.

ANOVA Analysis

Analysis of Variance (ANOVA) is conducted to see if gender has a statistically significant impact on the motivations for purchasing luxury versus affordable cars. The hypotheses for this analysis are:

Results

Null Hypothesis (H0): There is no significant correlation between gender and the reasons people choose luxury cars over more affordable models.

Alternative Hypothesis (H1): Gender significantly influences the reasons people prefer luxury cars compared to less expensive models.

Table 1: Influence of Gender on reason for buying cars

Motivation for Cars	Sum of Squares	df	Mean Square	F	Sig.
Affordable Cars	5.170	1	5.170	3.381	0.067
Luxury Cars	0.655	1	0.655	0.442	0.507

For affordable cars, the p-value of 0.067 suggests a marginally significant difference in motivations between men and women, indicating that they may have different reasons for choosing these options, although this difference might also be due to random variation. In contrast, the p-value of 0.507 for luxury cars shows no statistically significant difference in motivations between genders, implying that both male and female consumers have similar reasons when it comes to purchasing luxury vehicles.

A Chi-Square test was conducted to examine the relationship between consumer perceptions of luxury and affordability in cars and societal trends. The hypotheses for this analysis are as follows:

- **Null Hypothesis (H0)**: The perception of luxury and affordability in cars is not statistically correlated with societal trends.

- **Alternative Hypothesis (H2)**: The perception of luxury and affordability in cars is statistically correlated with societal trends.

Table 2: Relationship between perception of consumers and affordability

Test	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	19.814	12	0.071
Likelihood Ratio	22.342	12	0.034
Linear-by-Linear Association	1.894	1	0.169
N of Valid Cases	200		

The Chi-Square statistic of 19.814 gives a p-value of 0.071, which is just above the typical threshold of 0.05. This suggests there might be a connection between societal trends and how people view luxury and affordable cars, though caution is advised as the significance is borderline. Additionally,

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25% of the expected counts in the analysis were below 5, which could impact the reliability of the results. Despite these limitations, the findings indicate potential relationships that should be explored further.

Discussion

Based on existing literature, brand preferences can be understood through six key factors: product reliability, price, trendy appeal, frequency of promotions, trustworthiness, and the emotional connections consumers have with the brand (Shrivaastava & Menon, 2022). Additionally, consumers often seek to signal their status through luxury purchases, which goes beyond just affording the high prices (Geiger-Oneto *et al.*, 2013). The intangible qualities of luxury brands can significantly shape how consumers feel about them (Fuentes, Vera-Martinez & Kolbe, 2023).

However, this research shows that while men and women may differ slightly in their preferences for business cars, their reasons for wanting a luxury car are similar. This suggests that companies can use the same marketing strategy for luxury cars, but they should adapt their approach to affordable models. It is important to pay attention to social and economic factors because they affect the quality of cars that consumers buy. For example, a strong economy may encourage more people to buy luxury cars, while a weak economy may cause them to choose cheaper options. Companies need to adapt to these trends and adjust their marketing strategies accordingly. For example, if a celebrity is seen driving a certain car, it could make the car famous. Businesses can use this information to tailor marketing to specific customers.

The study draws attention to the disparities in Gujarati consumers' tastes and behaviour between luxury and budget-friendly automobiles. Affordable automobiles serve practical and financial priorities, whereas luxury cars satisfy social, emotional, and aspirational demands. These findings are consistent with studies by Altaf, Perumal, and Hussin (2017), Thulasi and Raju (2018), and Shrivastava (2018), which demonstrate that socioeconomic position, cultural factors, and perceived value have a major impact on consumer decisions. Future research may examine the impact of new trends like electric cars and environmentally friendly practices on state consumer behaviour in greater detail, offering useful information to automakers hoping to adjust to changing tastes in Gujarat's market.

Conclusion

This study investigates consumer preferences towards luxury and automotive industry in Gujarat and provides insights from various analyses. The results of variance analysis show that there are some gender differences in motivation to purchase business cars, while there is no significant difference in luxury cars, and people who use luxury goods will have similar needs. Chi-square analysis suggests a link between social relationships and consumer sentiment, Care should be taken with these findings because of their importance. Complexity reflects the need for business plans. By understanding the diverse motivations of customers and the impact of social influence, stakeholders can better tailor their products and marketing efforts to meet the needs of the dynamic market. Future research should delve deeper into this topic to enhance understanding of consumer behaviour in this context.

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Conflict of Interest

The authors declare that they have no competing interests.

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