

## **Adoption of Digital Marketing Methods in Car Purchase Decisions With Special Reference To East Singhbhum District of Jharkhand**

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### **Abstract:**

This paper deals with finding the key variables that help a customer make a passenger car purchase decision in the Indian Market. The customer journey from the ideation stage to the final stage has gone through a metamorphosis in the current day world, owing to the changing trend in the digital marketing space. Internet combined with social media have made the purchase cycle very smooth for the customers. With more options, the customers are able to make better choices, while sitting in their home. The concerns however are the problems of information overload and trust factor that is not viable in an online setup. It becomes important therefore to understand the variables that determine the customer journey to make relevant interpretations. To achieve this objective a thorough review of available industry reports and academic research that has happened in the field of use of digital marketing communication in the marketing of passenger cars with special reference to Indian market has been carried out and important factors that affect and determine the trends has been analysed.

**Keywords:** Digital Marketing Communication, Purchasing Behaviour, Indian Car Market, Passenger Cars.

### **Introduction:**

Technology is impacting the way consumers behave at large across the world. The present-day customer has become even more smart, empowered and informed on account of this change. There is a deluge of information options available at the click of a button that makes information easily assessible at a fraction of the cost of what it was available earlier and at the blink of an eye.

The present-day customer has become more demanding, thanks to the options and platforms various companies are already providing them. Companies, marketers and advertisers are therefore hard pressed to provide the new generation customer with an experience that they enjoy and stay loyal to the existing company.

Adding to the latest trends the last mile penetration of internet and rise in the use of smart phones has ensured more and more consumers are now exposed to the digital medium than ever before. Digital is changing not just the way products are designed, the products are consumed but also the way after sales service is provided and the way customer reviews are managed online.

Cars of the future cannot be sold with the marketing communication methods that worked in the past. There is a sea change in the way the two parties-the customer and companies communicate in the new digital landscape when involving a car purchase decision.

The new age customer is changing. The old marketing methods do not work on the customers of the new age, shoppers are spending more and more time online and they are better equipped today compared to most of the salesmen in the automobile dealerships-thanks to the amount of information that is available online. An Accenture survey of 10,000 car purchasers shows the average consumer spends between 13 and 15 hours researching online before writing a check.

Automakers, dealers and digital marketers therefore are forced to align their marketing communication to cater to the changing profile of the new customer. Just a few decades ago where customers were finding the digital marketing communication challenging for most of the products online, now find the once very difficult purchase options a breeze.

But online purchases come with their share of problems. Buying a car from a dealership entails long wait times sometimes even running into months, with lots of formalities that makes the purchase very cumbersome for the customer. Purchasing a new car remains a low trust, high stress and low transparency exercise for the customer. The customer feels intimidated in the traditional dealerships (Deloitte 2021).

Owing to the above complications, customers are slowly and steadily migrating to the online mediums available to do the pre-purchase research and comparison activity.

### **Objectives Of The Study**

The specific objectives of the present study are:

- a) To know about the perceptions of consumers towards digital marketing initiatives basis of latest market trends.
- b) To study the latest research that has happened in the adoption of digital marketing methods and their impact on the final car purchase decision for customers.
- c) To study the impact of demographic profile of customers over the digital choices they make while making the purchase.

### Major Studies On Adoption Of Digital Marketing Of Passenger Cars

Author/ Organization (Year)	Major Findings
<b>Grant Thornton (2021)</b>	<ul style="list-style-type: none"> <li>➤ Automobile industry in India to grow at 12.7% CAGR between 2019-26 to reach USD 512 billion by 2026.</li> <li>➤ India has 120 vehicles for every 1000 people, which is expected to reach 300 per 1000 in the next decade.</li> <li>➤ Dealer websites have been seeing increased user traffic. Maruti Suzuki has seen five times growth in its sales through use of digital marketing communication.</li> <li>➤ OEMs are partnering with financial institutions for providing hassle free loans.</li> <li>➤ Online videos are playing a bigger role in car buying decisions.</li> </ul>
<b>Boston Consulting Group (2017)</b>	<ul style="list-style-type: none"> <li>➤ Consumers are increasingly looking for greater ease, individual customization, and seamless experience.</li> <li>➤ Three out of four new car buyers research online before purchasing a car.</li> <li>➤ 43% of buyers are decided on the model before they visit the dealership</li> <li>➤ 42% of the buyers consider internet as the most important source for selecting cars online.</li> <li>➤ There has been a marked increase in site traffic as high as 50% in the last four years and mobiles are contributing the most to this growth.</li> <li>➤ The biggest pain points in making the final car purchase decision includes negotiation of final price, delay in loan financing, lack of advice on the proper car fit.</li> </ul>
<b>Bain &amp; Co. (2020)</b>	<ul style="list-style-type: none"> <li>➤ Almost 70% of the annual auto sales will happen by help of digital marketing communication, which is 2.3 times the present value.</li> <li>➤ Mobiles will continue to dominate the search. At 80% of the research mobiles will rule the roost thanks to smartphone penetration and mobile data connections.</li> </ul>
<b>Think with Google (Dec 2018)</b>	<ul style="list-style-type: none"> <li>➤ 90% of the car buyers research online before making the purchase</li> <li>➤ Once at the dealership 65% of the buyers continue to research on their mobiles</li> <li>➤ Average walk ins have decreased to 2 per purchase from 4 per purchase in the last three years.</li> <li>➤ 55% of car related searches are coming from non-metro cities.</li> <li>➤ 56% users visited the dealer website making it the third biggest digital medium.</li> <li>➤ There has been a 400% increase in the search for dealers near me for passenger cars.</li> <li>➤ 79% of the auto buyers find answers and reviews on YouTube before making the purchase.</li> </ul>
<b>EY 2020</b>	<ul style="list-style-type: none"> <li>➤ 90% of Indians research their options online before buying a car.</li> <li>➤ 44% of Indians have agreed to purchasing a car online.</li> <li>➤ 27% car buyers consider dealership and salesman crucial followed by price and brand.</li> <li>➤ 58% say they will choose a traditional dealership even in 2025.</li> </ul>
<b>KPMG 2018</b>	<ul style="list-style-type: none"> <li>➤ Nearly 7 out of 10 people face friction on print, outdoor and radio at the top of four-wheeler purchase funnel</li> <li>➤ Women expect sales assistance, while men want swift</li> </ul>

	<p>response from four-wheeler brands</p> <ul style="list-style-type: none"> <li>➤ Mobile is expected to influence about 8 in 10 four-wheeler purchases by 2022</li> </ul>
<b>Haute École de Gestion de Genève (HEG-GE)</b>	<ul style="list-style-type: none"> <li>➤ Customer visits to the dealerships have declined and customers when they visit the dealership go there informed, which is at times even greater than the sales representative themselves.</li> <li>➤ Companies today are forced to have an online presence or they risk going unnoticed and even losing out on business.</li> <li>➤ Not every customer is digital and yet they are potential customers</li> </ul>
<b>Deloitte Insights</b>	<ul style="list-style-type: none"> <li>➤ The best experiences in life are those which are personalized. Many car manufacturers are making investments to increase consumer engagement through mobile based virtual reality graphical user interface.</li> <li>➤ Through digitalization the manufacturers and dealers can reach where the customer are instead of asking the customer to come to the showroom in a time where the sale numbers are softening across the globe.</li> <li>➤ Digital solutions drive operational efficiencies, reduce overhead, empower sales staff and increase transparency while reducing friction in the sales process.</li> <li>➤ Some aspects of the showroom experience can be hard to 'digitize'</li> </ul>
<b>Capgemini Consulting</b>	<ul style="list-style-type: none"> <li>➤ As virtual technologies develop, we may soon approach a time where new vehicles are bought without being viewed in real life- the possible amazonification of automotive sales.</li> <li>➤ 72% of customers surveyed indicated a willingness to buy a new car online. This ever-increasing hunger for a completely digital purchasing cycle continues to disrupt manufacturers, and we believe we are on the edge of a major change in the industry.</li> <li>➤ In the near future Amazon will start selling cars, in a similar fashion to Alibaba in China currently.</li> <li>➤ Millennials have forced automakers to see the retail landscape with a new perspective. With the advent of internet boom, on-the-go information and social media explosion, the car buyers of today are better equipped than the buyers of yesteryears. Old marketing tactics don't work on them. The millennials are forcing the entire automotive sales ecosystem to introspect deeply on the current buying process.</li> </ul>

### **Materials & Methods:**

The present research aims to examine the consumer buying behaviour for passenger cars in East Singbhum.

The data (200 questionnaires mailed, 148 responses received) was analysed using the latest version of SPSS software. CronbachAlpa was used to find the reliability of the scale. Binary Logistic Regression was performed.

Cronbach Alpha was found to find out the reliability of the scale with scores as below:

<b>Parameter</b>	<b>Question Used To Test The Reliability Of Scale</b>	<b>Cronbach's Alpha Score</b>
<b>Need Recognition</b>	Digital Marketing creates the urge in me to inquire about the purchase	*
<b>Search For Information</b>	When inquiring about cars I use Digital Marketing more than old traditional methods Digital marketing enabled me to take the decision to purchase faster Digital Marketing gives ample of choices, and plenty of information compared to Traditional Marketing Digital Marketing helps me make smarter and better decisions compared to Traditional Marketing Digital Marketing options reduce the necessity to make multiple visits to the physical showroom I save on research costs when using Digital Marketing channels compared to Traditional Marketing Options	0.946
<b>Evaluation Of Alternatives</b>	I can easily find expert advice on Digital Marketing compared to Traditional Marketing I will choose a car that has got more positive Customer Reviews than the one with less reviews I love the fact that I can compare multiple brands online through Digital Marketing options. I will get the best deal for my car using Digital Marketing options available	0.9
<b>Selection &amp; Purchase</b>	After researching online, I use the opinion of my friends, family, and colleagues to make the final car purchase decision My friends, family and colleagues keep suggesting me to choose from the options available on Digital Marketing To make my purchase decision even more informed and smart I would subscribe to online forums, blogs and newsletters Based on inquiry and information available through Digital Marketing I am willing to book and purchase a car online.	0.805
<b>Post Purchase</b>	I recommend my friends, family and colleagues about exciting offers available online. I am open to posting my recommendation/feedback about the car purchase decision online	0.693

## The Sample

		Statistics			
		3. Your Age	4. Your Highest Qualification	5. Your Occupation	6. Annual Household Income
N	Valid	148	148	148	148
	Missing	0	0	0	0

## Frequency Table

3. Your Age					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-25	58	39.2	39.2	39.2
	25-35	72	48.6	48.6	87.8
	35-45	18	12.2	12.2	100.0
	Total	148	100.0	100.0	

4. Your Highest Qualification					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Graduation	58	39.2	39.2	39.2
	Intermediate	20	13.5	13.5	52.7
	Matriculation	2	1.4	1.4	54.1
	Others	4	2.7	2.7	56.8
	Post Graduation	64	43.2	43.2	100.0
	Total	148	100.0	100.0	

**Table 1: Demographic Variables Age & Highest Qualifications**

Out of the 148 respondents 48% belonged to the 25-35 age bracket, young and aspirational, while 12% population belonged to age bracket 35-45 which who are comparatively settled in their lives. 43% of the respondents are post graduates where adoption of digital technologies would be higher. More than 51% of the entire population set were in the salaried and self-employed and 42% of the population belonged to income class 5 lakh and beyond.

### 5. Your Occupation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Business	14	9.5	9.5	9.5
	Home Mak	2	1.4	1.4	10.8
	Others	10	6.8	6.8	17.6
	Salaried	58	39.2	39.2	56.8
	Self Emp	18	12.2	12.2	68.9
	Student	46	31.1	31.1	100.0
	Total	148	100.0	100.0	

### 6. Annual Household Income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	2	1.4	1.4	1.4
	10-20 Lakhs	24	16.2	16.2	17.6
	20 Lakh Plu	4	2.7	2.7	20.3
	5-10 Lakhs	38	25.7	25.7	45.9
	Below 1 lak	2	1.4	1.4	47.3
	Below 5 Lak	76	51.4	51.4	98.6
	No income	2	1.4	1.4	100.0
	Total	148	100.0	100.0	

**Table 2: Demographic Variables Occupation & Annual Household Income**

### **HYPOTHESIS:**

Based on the research objectives, the following hypotheses were formulated.

**Ho:** There is no significant relationship between digital marketing initiatives adopted by manufacturers, marketers and distributors and the final car purchase decision

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### **Results & Observations:**

The responses of the customers were analysed by trying to fit a regression equation among the variables with view to assess the strength of relationship and model future relationships among the variables: usage of website, reviews, online forums, social media websites and other digital media with reference to the final purchase decision the customers make.

From Table 3 one can easily see there is a significant relationship between the usage of websites and the customers decision to make the final purchase decision as the significance value is 0.003 which is less than 0.05 is significant at 95% confidence levels. On the basis of the above statistic, we can reject the Null Hypothesis that there is no significant relationship between digital marketing initiatives adopted by manufacturers, marketers and distributors and the final car purchase decision and accept the Alternate Hypothesis.

The table also shows that other variables online forums, social media websites and other digital media do not have any significant relationship and do not majorly impact the final car purchase decision for the current population set.

**Variables in the Equation**

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1 <sup>a</sup>	9. When buying a car you prefer to check the information from the company website	.876	.291	9.036	1	.003	2.402
	10. When buying a car you would most likely check all the online reviews about the purchase	-.302	.365	.683	1	.408	.739
	11. When buying a car you would want to check all the social media posts about that purchase	-.403	.338	1.422	1	.233	.669
	12. When buying a car you would like to check information on various online communities	-.205	.383	.286	1	.593	.815
	13. When buying a car you would check information on traditional mediums (like newspaper, TV, radio, friends etc)	-.106	.353	.090	1	.765	.900
	Constant	2.744	1.294	4.493	1	.034	15.546

a. Variable(s) entered on step 1: 9. When buying a car you prefer to check the information from the company website, 10. When buying a car you would most likely check all the online reviews about the purchase, 11. When buying a car you would want to check all the social media posts about that purchase, 12. When buying a car you would like to check information on various online communities, 13. When buying a car you would check information on traditional mediums (like newspaper, TV, radio, friends etc) .

### **Table 3: Binary Logistic Regression Applied On The Sample**

#### **Conclusion:**

The study elucidates that there is a mixed response to the digital marketing practices being adopted by customers in the East Singhbhum region. Apart from websites, the respondents have not shown any significant inclination in adoption of digital marketing initiatives. Websites remain the primary source of research for a vast majority of the customers.

However, in the light the recent trends and industry reports which highlight digital marketing initiatives are seeing an increasing trend among the new age customers, companies must ensure they have a strong presence on the website. The website must be the one stop solution for all the customer queries, product comparison, reviews and must have links to the important social media posts which can impact the car purchase decision.

#### **Limitations Of The Study**

- a) The present study seeks the desired information from 148 respondents belonging to East Singhbhum District which may not represent the entire population.
- b) It is really difficult to accurately predict the consumer behaviour based on this data as it keeps on changing according to the time and moods of the consumers. These attitudes may change from time to time. Hence the responses reflect their contemporary views of the prevailing conditions.



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