

# Press Release

## **J.D. Power Asia Pacific Reports: Vehicle-Buying Behavior among Consumers in India Increasingly Differs by Region**

### Shorter Vehicle Delivery Time Strongly Influences Dealership Selection

**SINGAPORE: 30 SEPTEMBER 2013** — The criteria used by new-vehicle buyers in their shopping process have become strikingly different among the various regions of India, according to the J.D. Power Asia Pacific 2013 India Escaped Shopper Study<sup>SM</sup> (ESS) released today.

During the past five years, several shifts have occurred among new-vehicle buyers in the various regions of India pertaining to shopping behavior, the ownership experience and how the vehicle is used. These shifts include:

- A surge of first-time new-vehicle buyers is a regional phenomenon limited to the East and the West regions of India. Nearly 70 percent of buyers in the West and 57 percent of buyers in the East are purchasing a new vehicle for the first time. In contrast, the proportion of first-time new-vehicle buyers has declined over time in the North region and has remained nearly unchanged in the South.
- Although attractive design and styling has increasingly become the most influential reason for vehicle selection among buyers in the North region, it has been declining in the South, where new-vehicle buyers frequently state good fuel efficiency as a reason for purchase.
- New-vehicle buyers in the South region are more methodical in their purchase process—which involves conducting extensive preliminary research, visiting dealerships, taking test drives and negotiating—compared with buyers in the North who tend to do less research before visiting the dealership and rely on the salesperson for information and are less likely to test-drive the vehicle.
- Internet usage for research during the vehicle-shopping process has increased in the South region to 42 percent in 2013 from 21 percent in 2009. In contrast, in the North, where shoppers are highly influenced by the opinions of friends and relatives in deciding on their vehicle purchase, Internet usage for research has declined to 13 percent in 2013 from 20 percent in 2009.
- While the number of households owning multiple vehicles is at least 1.6 times higher in the North than in any other region, the average number of people riding in vehicles is much higher in the West and the South regions.
- The penetration of small cars is declining at a faster pace in the North region, with consumers increasingly preferring larger vehicles.

“One of the likely drivers behind these changes is the pace of urbanization, which is resulting in the resurgence of multi-generation families living either under one roof or in close proximity to their relatives, especially in the North,” said Mohit Arora, executive director, J. D. Power Asia Pacific. “While this is resulting in a higher monthly household income, thereby enabling younger people to afford a vehicle, purchase decisions are also likely to be influenced by the growing family size.”

According to the study, while dealer closest to the potential buyer's home continues to be the most influential reason for dealer selection, it has been declining during the past five years. Immediate delivery is increasingly emerging as a key consideration in choosing a dealer, cited by 16 percent of customers as the most influential reason for selecting a dealer in 2013, up from 8 percent in 2009.

The study finds that longer delivery time is the second-most-influential reason for rejecting a vehicle that shoppers had initially considered purchasing. An increase in vehicle delivery time to 12 days in 2013 from five days in 2009 has likely driven this as a key consideration during the purchase process, as 17 percent of shoppers in 2013 have rejected the vehicle they initially considered due to the longer delivery period.

"Vehicle buying in India is triggered both by rational and emotional needs," said Arora. "It is one of the most visible marks of social progress. The decision to buy a vehicle is usually finalized over a period of time. Once the decision is made and the payment and other formalities are completed, new-vehicle owners want to immediately show off their prized possession."

According to Arora, manufacturers, dealers and financiers that are better able to train their staff, align their processes and coordinate to provide a faster turnaround time stand a better chance to gain customers.

Overall customer retention has improved by 2 percentage points to 40 percent in 2013, compared with 38 percent in 2012. In 2013, only three of the eight brands included in the study have improved their customer retention rates from 2012, while five have declined year over year. Mahindra and Maruti Suzuki have particularly high customer retention rates among automotive brands in India.

"Customer retention is a function of several factors, including brand image, product range, ownership experience and sustained presence in India," said Arora. "Brands that are able to perform well in all of these areas tend to have higher retention rates."

Maruti Suzuki is the most considered nameplate among vehicle shoppers for a ninth consecutive year, with 37 percent of all shoppers eventually purchasing one of its models. New-vehicle buyers who purchase Ford and Fiat models shop around the most before purchasing their vehicle, while buyers of such national brands as Tata, Mahindra and Maruti Suzuki are least likely to consider another model during the shopping process.

The 2013 India Escaped Shopper Study is based on responses of 8,687 buyers and 3,271 rejecters of new cars and new utility vehicles who purchased their vehicle between September 2012 and April 2013. The study, which examines the reasons why new-vehicle shoppers consider but ultimately reject certain models in favor of another, was fielded from March through July 2013.

#### **About J.D. Power Asia Pacific**

J.D. Power Asia Pacific has offices in Tokyo, Singapore, Beijing, Shanghai and Bangkok that conduct customer satisfaction research and provide consulting services in the automotive, information technology and finance industries. Together, the five offices bring the language of customer satisfaction to consumers and businesses in Australia, China, India, Indonesia, Japan, Malaysia, Philippines, Taiwan and Thailand. Information regarding J.D. Power Asia Pacific and its products can be accessed through the Internet at [www.jdpower.com](http://www.jdpower.com). Media e-mail contact: [xingtliu@jdpower.com.sg](mailto:xingtliu@jdpower.com.sg)

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