



An Analytical Study on Customer Preferences on Luxury Car Companies in Hyderabad Metropolitan Region

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ABSTRACT

Luxury cars are often considered conspicuous consumption, where their purchase mainly to show off one's wealth. The luxury cars have been fast to adapt to the present generation. Brands improvise and adapt to the advancements by finding alternatives to be sustained in the business and also be in contact with their customers. The current research is aimed to understand the customer preferences, where, a survey was conducted with 225 respondents through questionnaires developed to study the customer preferences on the selected luxury cars. The obtained data was analysed using Chi-square analysis, percentage analysis, cross tabs, graphs and pie charts in Jamovi software. This study shows that there was an increase in the purchase of luxury cars for personal and intercity/state travelling as the purchase power and customer passion towards the luxury cars has been improved.

Keywords: Luxury cars, Brand Preferences, Customer preference, Purchase power, customer behaviour

Introduction

Luxury brands are regarded as images in the minds of consumers that comprise associations about a high level of price, quality, aesthetics, rarity, extraordinariness and a high degree of non-functional associations (Heine, K., 2017). Luxury cars are often considered conspicuous consumption, where their purchase mainly to show off one's wealth. The reason behind people buying luxury goods changes as some think high-priced goods are of higher quality, some feel a way of accomplishment and a few feel a rise of self-esteem or providing a sense of belonging. Luxury cars have an income elasticity of demand greater than 1, which means people buy more of them as their income rises. Brands improvise and adapt to the situation by finding alternatives to be sustained in the business and also be in contact with their customers. Luxury cars producers now need to come up with creative ways to draw attention to their core market and generate curiosity among people throughout the world.

A study by Woillez et al. (2020) found that economic uncertainty is high as recent events wreak havoc on lives, livelihoods, and businesses. Sarah (2020) states that luxury brands have made significant changes to adapt to the evolving situation.

Recent global events have dealt a deadly blow to humanity and industries worldwide (Mukherjee, 2020). These events have brought about major changes, resulting in a paradigm shift in consumer behaviour. If the crisis has severely impacted all industries, they should accelerate their efforts to adapt to the situation (Jain, 2020). Amid these challenging times, every company's first priority is to protect the health and safety of employees, consumers, and business partners.

While recent events have made 2020 a hard year, firms can be confident that with careful planning and execution, the luxury-goods industry can weather the crisis and emerge stronger (Achille and Zipser, 2020).

Mercedes has seen a 25 per cent month-on-month increase in sales post the lifting of the lockdown, and expected the sales to go up slowly during the festive seasons in the month of October and November and also another reason for them expecting the sales to grow is because of the new launch in their product line (Goods & Regni, 2019). Luxury automobile manufacturers such as Mercedes-Benz and Audi are keeping a positive attitude and want to proceed with their planned projects and launches.

They are also reconsidering their strategies and expecting the sales to be normal by serving its customers on the online platform (Berghaus, 2020). Based on the previous literature, it was observed that all the luxury industries have been affected by the crises and this has led to the changes in the customer preferences. It is necessary for the companies to take this crisis as a challenge and come up with strategies and positive attitude in order to do business. Digital initiative is filling the gap between brands and consumers through continual dialogue, building trust and interacting with the right audience in the right way, but very limited research is available on this aspect. Hence, the current study seeks to evaluate customer preferences and retailer strategies for luxury car manufacturers during recent global events.

Statement of Problem

Demand for luxury cars escalates when a person's wealth or income rises. Typically, the greater the share increases in income, the greater the share increase in luxury product purchases. Luxury cars are expensive; thus the wealthy have typically been disproportionate customers.

Those who were not wealthy don't usually buy luxury cars since a greater percentage of their income goes to need-based expenses in order to live. Usually when it comes to luxury products the consumers would surely want to buy after touching or testing them. But it is not possible now for customers to buy luxury cars the way they bought them before, the reason being the crises. The crises have changed the way of buying and selling. Understanding consumer preferences for selected luxury car brands has become crucial for retailers, as it enables them to take the right steps to sustain their business and retain customers. This study aims to comprehend these preferences and suggests strategies that luxury car companies can adopt to continue thriving. Key areas of focus include innovative product displays and the provision of delightful contactless services tailored to customer preferences.

Methodology

Development of Questionnaire

A well-structured questionnaire was designed to collect the information about the customer perception on the luxury cars.

Study participants

A randomized sample collecting strategy was utilized to recruit 225 respondents from upper-middle and higher-income groups in and around Hyderabad. Questionnaires were designed to investigate client preferences for certain luxury automobile brands. Simultaneously, the tactics of these luxury automobile companies were investigated to see how they regained sales.

Data collection

Data was collected using the developed questionnaire by in-person interviews. Those who were not available for in-person interviews were requested to fill the questionnaire using google forms.

Data analysis

The analysis for the data obtained by random sampling is done by using the techniques like Chi-square analysis, percentage analysis, cross tabs, graphs and pie charts. Jamovi software was used for the above analysis. P-value less than 0.05 is considered as statistically significant.

Results and Discussion

Demographic data

Among the total of 225 respondents 55.5% were found to be male (n=125) and 44.5% were found to be female (n=100). Further, the age of the population was found to be highest for the age between 24-35 years with 48.8% (n=110), followed by the age above 35 years with 42.2% (n=95), and was least in 18-23 years of age (Table.1).

Table no. 1- Gender proportion and age classification of respondents

Gender	Age			Total
	18-23	24-35	Above 35	
Male	5	62	58	125
Female	15	48	37	100
Total	20	110	95	225

*Source: Primary data (Structured questionnaire)

Customer preference on technological displays of cars

Customers preferred 3D displays the most, with around 52.9% (n=119) out of 225 respondents. This was followed by 44.9% who chose augmented or virtual reality, 40% (n=90) who preferred watching YouTube videos, and 26.2% who preferred live streaming for contactless comprehension of luxury vehicles (Table 2). When the display technologies are delineated among the ages, the Chi-square test results relating to the age of the respondents and the technology for product display preferred showed a significant relation (0.037) between age and live stream where, customers aged between 24 -35 prefer live streams majorly as per table no. 3. There was a significant relation (P=0.006) between age and 3D Display and customers aged above 35 prefer 3D displays majorly. Further, there is a significant relation (P=0.021) between age and AR/VR technology and customer aged above 35 prefer AR/VR display trends.

Table no.2- Technology of product display preferred

Display Technology	Preference	Count	Proportion
YouTube Videos	Not Selected	135	0.6
	Selected	90	0.4
3D Displays	Not Selected	106	0.471
	Selected	119	0.529
AR/VR	Not Selected	124	0.551
	Selected	101	0.449
Live stream	Not Selected	166	0.738
	Selected	59	0.262

*Source: Primary data(Structured questionnaire)

Table.3- Relation between the display technology and age

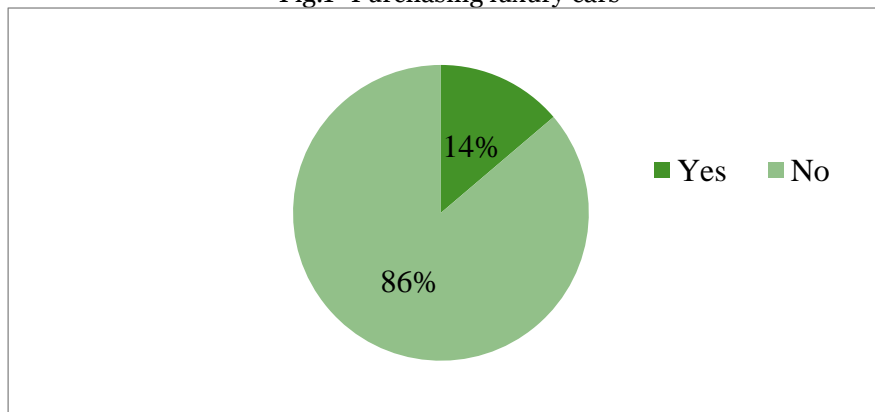
3D Displays			
Age	Not Selected	Selected	P-value
18-23	16	4	0.006
24-35	51	59	
Above 35	39	56	
Live stream			
18-23	12	8	0.037
24-35	76	34	
Above 35	78	17	
AR/VR technology			
18-23	7	13	0.021
24-35	70	40	
Above 35	47	48	

*Source: Primary data (Structured questionnaire)

Luxury cars purchase: Understanding customer preferences and strategies for sustained Business

It was observed that out of the 225 respondents, about 14% (n=32) of the customers in Hyderabad have purchased luxury cars, indicating that the purchasing of luxury cars hasn't decreased (Fig.1).

Fig.1- Purchasing luxury cars



Preferred method of purchasing cars

Among 225 respondents, 52.6% of the respondents prefer to purchase luxury cars by visiting the car showroom and buying through a dealer whereas 38.9% of the respondents prefer to purchase it offline but only 8.5% preferred to do research on the brand and purchase their cars online (Table.3).

Table no. 3 Method of purchasing

Method of purchasing	Count	Proportion
Visit showroom & buy through dealer	118	0.526
Research online but buy offline	88	0.389
Research & purchase online	19	0.085

*Source: Primary data (Structured questionnaire)

Focus of the luxury car brands

Out of the 225 respondents, most of the respondents i.e., 59.1% of the customers have responded that the focus should not only be building brand image & loyalty. Further, 57.8% of the respondents prefer that the luxury car brands should focus on safety and security of their products and 56.4% prefer that the brands must focus on building a customer-brand relationship. Approximately 50% preferred to focus on the advanced technologies.

Table no. 4- Main focus of brands

Main focus of brands	Preference	Count	Proportion
Customer based relationship	No	98	0.436
	Yes	127	0.564
Personalization	No	132	0.587
	Yes	93	0.413
Advance Technology	No	112	0.498
	Yes	113	0.502
Build brand image & loyalty	No	133	0.591
	Yes	92	0.409
Safety & Security	No	95	0.422
	Yes	130	0.578

*Source: Primary data (Structured questionnaire)

Mode of information about the Car brands

The Chi-square test results relating to the car brand chosen by the respondents and the way they get updated about the brand/product information shows a significant relation ($P=0.033$) between the car brand and the way they get updated. The information about Mercedes was updated majorly through social media channels and Toyota Fortuner users are updated about the brand/product through friends and family. The source of updates differs from brand to brand and source to source.

Table. 5 - Car brand ways they get updated about the luxury car brand they own

Mode of information update						
Car Brands	Social media	Newspapers	Magazines	friends & family	Other	Total
AUDI	9	3	3	6	0	21
BMW	5	0	1	8	0	14
MERCEDES BENZ	14	1	2	5	1	23
ROLLS ROYCE	4	0	1	1	0	6
JAGUAR	5	1	3	5	0	14
VOLVQ	10	4	1	7	0	22
BENTLEY	0	1	2	4	0	7
LAND ROVER	2	2	1	0	0	5
RANGE ROVER	6	5	2	2	0	15
MINI	8	2	3	6	0	19
LEXUS	5	0	1	0	1	7
MASERATI	1	0	4	1	0	6
PORSCHE	3	3	3	4	0	13
TOYOTA FORTUNER	17	9	3	23	1	53
Total	89	31	30	72	3	225
Value	72.2			P	0.033	

Customer buying behaviour after Price change among different income levels

Among 225 respondents, 70.2% earns below 10 Lakh, followed by 18.6% earns 10-20 Lakh, 6.2% earns 20-40 Lakh and 4.8% earns more than 40 Lakh. Further, 33.7% (n=76) of the total respondents prefer to buy luxury cars irrespective of the income group.

The Chi-square test results showed no significant ($P=0.146$) relation between the income of the respondents and the customer buying behaviour post price changes. Among the 158 respondents, that earns below 10 Lakh, 60 respondents among them still prefer buying luxury cars even after price changes. This indicates that, irrespective of the income levels of the respondents, they would still purchase luxury cars even if there are significant price changes. Hence there is no significant relation between income and price change.

Table.10- Customers buying behaviour after price changes among different income levels

Income	Yes	No	Maybe	Total	P-value
Below 10,00,000	60	41	57	158	0.146
10,00,000-20,00,000	11	14	17	42	
20,00,000-40,00,000	3	8	3	14	
Above 40,00,000	2	3	6	11	
Total	76	66	83	225	

*Source: Primary data (Structured questionnaire)

From the study on customer preferences, it can thus be inferred that, customers buying behaviour towards luxury car brands has not been heavily impacted. With the income levels of the users being high, their purchasing decision is not affected by price changes. Customers are preferring safety & security over the brand's image as a factor to be influenced to purchase cars. Certain relations have been proved through chi-square tests between the technologies of product display as per the age groups. Hence, it can be understood that customers are expecting advancement in terms of technology in their purchasing journey.

SUMMARY AND CONCLUSION

To summarize, this study sought to examine and comprehend client preferences for certain premium brands. According to the report, people made purchases for personal and intercity/state travel because they were concerned about public transit. Customers also expressed a preference for purchasing following major price adjustments, reflecting their enthusiasm for luxury automobiles. According to De Silva et al. (2020), perceived luxury consumption, general life worth, self-identity, experience value, brand consciousness, and brand love all have a favourable impact on consumer attitudes toward luxury.

Further, luxury brand marketers have the potential to create marketing promotional messages that are focused on specific verticals. These messages could highlight attributes such as power, exclusivity, superiority, experiential value, alignment with broader life values, and brand affinity. Another study by Gokhle et al., 2021, indicate that price, style, social factors, fuel efficiency, performance, safety, space, and brand have a substantial impact on the intention to purchase luxury cars. By targeting individuals who possess a vertical orientation, luxury brand marketers can enhance the persuasiveness and effectiveness of their messages. Researchers that seek to examine the consumer's connection with brands have acknowledged brand love as a novel marketing idea (Kaufmann et al., 2016; Vernuccio et al., 2015). The measurement of attitude towards luxury can be determined by consumers' perception of the level of luxury associated with a brand (Vigneron & Johnson, 2004). According to Nobre (2011), the strongest connection with a brand was observed for products that elicit significant consumer engagement, such as autos. According to Sproles and Sprotles & Kendall (1986) and Zhang and Kim (2013), luxury brand consciousness refers to the inclination of consumers to acquire well-known luxury products.

In order to increase its sales, the company should fill in the gap of its customers getting updated from newspapers and magazines as well. And as there are a greater number of customers getting updated about the brands from social media, it should convert them to consumers by advertising in different ways to attract them. A study done by Dash & Sharma (2019), indicate that all three media sources make substantial and favorable contributions. Digital marketing exhibits the highest level of reaction, surpassing newspapers, magazines, and display events by nearly fivefold. This observation underscores the efficacy and economic viability of digital media. The brands should work on increasing brands exclusivity in order to generate more sales. The luxury cars brands should understand its customer expectations and make changes in doing their business according to the trends. They should come up with creative presentation ideas for displaying the cars by using latest technologies like 3D Display and Augmented Reality/Virtual Reality.

Customers continue to prefer to purchase automobiles in person at the dealership. As a result, marketers must try to give clients with a consistent experience across all platforms. Understanding consumer expectations and rethinking corporate strategy to be more customer-centric can help businesses stay in business.

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