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## **A STUDY ON IMPACT OF COVID-19 ON BUYING BEHAVIOUR OF CARS**

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### **ABSTRACT**

The Covid-19 pandemic has affected almost every economy, it also affects the automobile industry all over the world. Also, the perception and views of people are changing due to covid-19. People tend to prefer private mobility rather than shared mobility due to covid-19. Also, the financial stability of people is greatly affected due to the pandemic. Buying behaviour is a crucial aspect of forecasting demand for a product. Understanding the psychology of buyers is very important to meet the needs of the customers in order to sustain in the marketing environment. As we are slowly returning to normal state it is expected that the demand for cars will keep on increasing. This paper attempts to focus on the impact that covid-19 has made on the buying behaviour of cars. This will be helpful in understanding the need of the buyers post pandemic on buying a car.

**KEYWORDS:** Covid-19, Automobile Industry, Buying behaviour, Social distancing, Demand

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### **INTRODUCTION**

The outbreak of COVID-19 pandemic, which is labelled as black swan event (Burch et al., 2016), has not only caused an adverse impact on the health of the people all over the world but also effected the socio-economic activities of the countries all over the world. To flatten the curve of pandemic, the governments of almost 162 countries have announced strict shutdown of national and international borders, travel restrictions and lockdown measures. Therefore, the markets of the world's largest economic countries and others are operating in a fear of disruption of global financial markets. The major areas such as global supply chains, trade, agriculture industry, automotive industry, electronic industry, travel, and tourism industry, and so on have been severely disrupted because of the outbreak of COVID-19..

The COVID-19 epidemic has pushed the global economy and humanity into a disaster. In the attempt to control this pandemic, the governments of all the countries have imposed a nationwide lockdown. Although the lockdown may have assisted in limiting the spread of the disease, it has brutally affected the country, unsettling complete value-chains of most important industries. The epidemic is having a foremost impact on all features of industries which includes the automobile sector, with key manufactures either completely close following the orders passed by local governments or running an organization with least staff at manufacture units to remain their personnel secure. Over the last 12–18 months, the automobile field had already undergone significant delay due to structural modification openings with the goods and services tax, axle-load reforms, shift to shared mobility, liquidity crunch, and so on industries had faced major effect and has roughly been at a complete idle since 24 March due to the COVID-19's lockdown. Extended truncation of customer demand due to the lockdown is observed drastically distressing auto manufacturers. The majority of the companies are starving the support of R&D (Research and development) to maintain core functions and potentially getting back the growth made on mobility technologies as well as alternate fuel.

The covid-19 pandemic has changed the entire pattern of demand for cars. Consumers tend to prefer private transports rather than shared mobility. The buying pattern of people has been changing post the covid-19 outbreak. Till 2019 sales of pre-owned cars were roughly on par with new cars. But, due to financial crisis of people and extended waiting time customers suddenly preferred a pre-owned car. These behavioural patterns are needed to be studied as consumers nowadays are trying to settle down with every new wave of pandemic. This study on Impact of covid-19 on buying behaviour of cars will be useful for car market in the upcoming day.

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### **REVIEW OF LITERATURE**

In the live Mint on 14<sup>th</sup> April 2020, Maruti Suzuki chairman R.C Bhargava said “there is a possibility of a car boom after the lockdown is lifted, as social distancing becomes a common practice. However, the sales of automobile will increase but it will surely take time. **Koushik Chatterjee (2021)**, Opined that covid-19 impacted badly on the performance of automobile industries in India. In some companies' sales did not cross any zero amount. People dropped their plan of vehicle ownership due to the uncertainty of income. Most of them travelled through their own vehicles rather than public vehicles. Lockdown and social distancing were important factors in the car boom.

**Gurupratap Boparai (2020)**, Opined that the WTO has predicted that by 2020 global trade will fall by 13-32% in various markets and over 20% in 2021. Indian automotive industry also witnessed staggering 18 months. He further added that the strength of this industry depends on Indians desire for an improved lifestyle and safe personal mobility. Tax deduction in GST might be the solution to overcome the negative sentiment about buying.

**Kavan Mukhtyar and Yogesh Thakar (2020)**, Opined that normalcy in China and South Korea and Indian lockdown provided U-shaped recovery. Consumer preference shifted towards individual health, hygiene and cleanliness during travel. Consumers expected to switch towards personal mobility rather than shared mobility. Buyers sentiments and spending habits towards buying new cars have created a demand for used cars. Lower domestic sales resulted in a reduction in revenue and lower capacity utilisation for Indian automotive suppliers.

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## OBJECTIVES OF THE STUDY

To analyse the travel preference of people before and after pandemic.

To analyse the impact of Covid-19 on buying behaviour of Cars.

To assess the demand for Cars in the Automobile industry.

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## METHODOLOGY OF THE STUDY

Secondary data were collected from various sources which includes articles and websites.

### *IMPACT OF COVID-19 ON TRAVEL BEHAVIOUR*

**Desire for personal mobility:** Due to the outbreak of Covid-19 travel pattern has been changed dramatically. Health, hygiene, safety, Social distancing were given primary importance during travel. This has resulted in a wide range of shift towards personal mobility. Public transport and shared mobility are considered less safe with regard to covid-19 infection. Families with old people and children are in fear of shared mobility. Hence, the desire for personal mobility keeps on increasing which will result in the increase in demand for cars

### *IMPACT OF COVID-19 ON BUYING BEHAVIOUR OF CARS*

**Financial stability:** Covid-19 has greatly affected the nation as well as individual economy. Many of them lost their job during the pandemic and their primary focus was to satisfy their primary needs. Most of them who had an idea of buying a car have now postponed their purchase due to financial instability caused by covid-19

**Customer Expectations:** Customer expectations before pandemic is not as same as the expectations after the outbreak of the pandemic. Hygiene, cleanliness, attractive offers, Discounts, Credit facilities were given primary importance by the customers after covid-19. Most of them are willing to buy a car if range of additional products and services are provided with an attractive price.

**Pre-Owned Car:** Till 2019 sales of pre-owned cars were roughly on par with new cars. Due to financial instability and extended waiting time, customers in the post covid-19 era are preferring used cars as well. So, the demand for used cars also keeps on increasing.

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## CONCLUSION

Covid-19 has altered the mobility preferences of people. It has also altered the buying behaviour of customers. Customers having the willingness to buy a car are postponing their purchase due to extended waiting time and financial crisis which makes them to shift their interest towards pre-owned cars. Automobile companies giving attractive offers providing suitable credit facilities, ensuring quick delivery of cars, flexible payment methods are in greater chance of attracting customers as most of them have a willingness to buy a car in the future.

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