

Impact of Monthly Family Income on Buying Behaviour of Small Cars: A Consumer Perspective

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Abstract: *The automobile sector has undergone significant transformation over the past decade, with the small car segment emerging as a preferred choice among a wide range of consumers. This study examines how monthly family income influences buying behaviour in the small car market. The analysis is descriptive in nature and focuses on understanding how income shapes consumer preferences, evaluation of alternatives, brand selection, and purchase decisions. It is observed that income plays a decisive role in determining not only the affordability of a vehicle but also the extent of information search and decision-making complexity. Consumers belonging to higher income groups tend to adopt a more analytical and feature-oriented approach, whereas those from lower income groups focus primarily on cost and utility. The study emphasizes the importance of income-based segmentation in designing effective marketing strategies for automobile companies*

Keywords: Monthly Income, Consumer Behaviour, Small Cars, Buying Decision, Automobile Industry

I. INTRODUCTION

The automobile industry in India has grown rapidly, driven by increasing income levels, urbanization, and improvements in infrastructure. Among the different segments, small cars have gained considerable importance due to their affordability, fuel efficiency, and suitability for everyday use. These vehicles are particularly popular among middle-income households, first-time buyers, and individuals seeking economical transportation options.

Consumer buying behaviour in the automobile market is complex and influenced by a combination of economic, social, and psychological factors. Among these, monthly family income stands out as one of the most critical determinants. It not only defines the financial capacity of a household but also shapes expectations, preferences, and purchasing priorities.

In practical terms, income determines whether a consumer can afford a car, what type of car they choose, and how they approach the decision-making process. For instance, a higher-income family may consider comfort, safety, and brand prestige, while a lower-income household may focus on basic functionality and affordability. Therefore, understanding the role of income is essential for gaining deeper insights into consumer behaviour in the small car segment.

II. REVIEW OF LITERATURE

Consumer behaviour has been widely explored in marketing literature, particularly in relation to high-involvement products such as automobiles. Researchers have consistently highlighted that income is a key factor influencing purchase decisions.

Earlier studies suggest that consumers with higher income levels tend to engage in extensive information search, evaluate multiple alternatives, and prioritize quality and brand image. These consumers are generally less price-sensitive and more inclined toward products that enhance comfort and social status.

In contrast, lower-income consumers often exhibit price-conscious behaviour. Their decisions are guided by affordability, fuel efficiency, and maintenance costs. They tend to limit their choices to options that fit within their budget and may rely more on personal recommendations or limited information sources.

Recent studies also indicate that income influences not only product choice but also the process of decision-making itself. Higher-income consumers are more likely to use digital platforms, compare specifications, and seek expert opinions. Lower-income consumers, on the other hand, may prioritize immediate needs and convenience over detailed analysis.

Despite the availability of extensive research, there remains a need to examine these patterns in specific contexts, particularly in emerging markets and semi-urban regions where income disparities are more pronounced.

III. OBJECTIVES OF THE STUDY

The primary objective of this study is to understand how monthly family income affects consumer buying behaviour in the small car segment. The specific objectives are:

1. To examine the role of income in shaping consumer preferences
2. To analyze how income influences evaluation of alternatives
3. To study the impact of income on brand selection
4. To understand how income affects purchase decisions and buying patterns

IV. RESEARCH METHODOLOGY

The study adopts a descriptive research design aimed at understanding behavioural patterns rather than establishing statistical relationships.

- **Data Source:** Combination of primary insights and secondary literature
- **Method:** Structured questionnaire and conceptual analysis
- **Target Group:** Small car consumers across different income categories
- **Scope:** Urban and semi-urban consumers

The approach focuses on identifying patterns and trends in consumer behaviour based on income differences.

V. IMPACT OF MONTHLY FAMILY INCOME ON BUYING BEHAVIOUR

5.1 Income and Evaluation of Alternatives

Monthly family income significantly influences how consumers evaluate different car options. Consumers belonging to higher income groups typically engage in detailed evaluation processes. They compare multiple brands, examine technical specifications, and consider additional features such as safety systems, infotainment, and design aesthetics.

These consumers are more likely to spend time researching and gathering information before making a decision. Their evaluation process is systematic and often involves online reviews, expert opinions, and dealership visits.

On the other hand, consumers from lower income groups tend to evaluate fewer alternatives. Their decision-making process is relatively straightforward and primarily driven by budget constraints. They focus on essential features such as price, mileage, and maintenance cost, often prioritizing practicality over additional features.

5.2 Income and Brand Preference

Income level plays a crucial role in determining brand preference. Higher-income consumers often prefer well-established brands that are associated with reliability, quality, and prestige. They may also opt for higher variants of small cars that offer enhanced comfort and advanced features.

In contrast, lower-income consumers tend to prefer brands that are known for affordability and value for money. Their choices are influenced by cost efficiency rather than brand image. For them, reliability and low maintenance cost are more important than premium features.

This difference highlights how income shapes not only what consumers buy but also how they perceive different brands in the market.

5.3 Income and Purchase Decision

The final purchase decision is closely linked to income levels. Higher-income consumers generally have greater flexibility in their choices and are less constrained by price. They may consider additional factors such as design, performance, and technological features when making a decision.

Lower-income consumers, however, approach the purchase decision with greater caution. Their focus is on affordability and long-term cost savings. They are more sensitive to price changes and may delay their purchase until they find a suitable option within their budget.

5.4 Income and Place of Purchase

The choice of purchase location is another aspect influenced by income. Higher-income consumers typically prefer authorized dealerships or company showrooms. They value factors such as product authenticity, warranty, and after-sales service.

Lower-income consumers may consider alternative purchase channels based on convenience and cost considerations. They may rely on local dealers or informal networks if it helps reduce the overall cost of purchase.

5.5 Income and Post-Purchase Behaviour

Income also affects post-purchase expectations and satisfaction levels. Higher-income consumers tend to expect better service quality and product performance. They are more likely to seek premium service experiences and may express dissatisfaction if expectations are not met.

Lower-income consumers, on the other hand, focus on cost efficiency and durability. Their satisfaction is often linked to whether the product meets their basic needs and remains economical over time.

VI. FINDINGS

The study reveals several important insights:

- Monthly family income is a key determinant of consumer buying behaviour
- Higher-income consumers adopt a more analytical and informed approach
- Lower-income consumers prioritize affordability and practicality
- Brand preference varies significantly across income groups
- Purchase decisions and channels are influenced by financial capacity

VII. CONCLUSION

The study concludes that monthly family income plays a vital role in shaping consumer buying behaviour in the small car segment. It influences every stage of the decision-making process, from evaluation of alternatives to final purchase and post-purchase satisfaction.

Understanding these differences is essential for automobile companies to develop effective marketing strategies and cater to the diverse needs of consumers.

VIII. SUGGESTIONS

- Develop product offerings tailored to different income groups
- Provide flexible financing options to improve affordability
- Enhance awareness through targeted communication strategies
- Focus on value-based marketing for lower-income segments
- Improve service quality to meet expectations of higher-income consumers

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