

Project Dissertation Report on Research on Buying and Selling pattern of Pre - Owned Cars in India

Submitted in the partial fulfilment of the requirements for the award of the degree in

MASTER OF BUSINESS ADMINISTRATION

Submitted By:

Harsha Tyagi

2k20/EMBA/16

Delhi School of Management, New Delhi

Under the Guidance of:

Ms. Deepali Malhotra

Professor



DELHI SCHOOL OF MANAGEMENT

(under Delhi Act 6 of 2009, Govt. of NCT of Delhi)

**Delhi Technological University, Shahbad Daulatpur,
Main Bawana Road, Delhi, 110042, India**

CERTIFICATE

This is to certify that **Harsha Tyagi**, Roll No.: **2K20/EMBA/016** student of Master of Business Administration (Executive 2020 – 2022) at Delhi Technological University, Delhi has accomplished the project titled ‘**Research on Buying and Selling pattern of Pre - Owned Car in India**’ under my guidance and to the best of my knowledge completed the project successfully, for the partial fulfilment of the course in 2nd semester of the course Executive MBA.

Signature of Guide
(DSM)

Signature of Head

Seal of Head

Place:

Date:

DECLARATION

I am Harsha Tyagi, student of **EMBA 2020-21** of Delhi School of Management, Delhi Technological University, Bawana Road, Delhi – 42, at this moment declare that the innovative project report “**Research on Buying and Selling pattern of Pre - Owned Car in India**” towards continuous evaluation for the minor project, is the original work conducted by us.

The information and data given in the report are authentic to the best of my knowledge.

This report is not being submitted to any other University for the award of any other Degree, Diploma, or Fellowship.

Place:

Harsha Tyagi

Date:

ACKNOWLEDGEMENT

I express my sincere gratitude to all those who have directly or indirectly helped me in completing this project.

I express my profound gratitude to my mentor Ms Deepali, Delhi School of Management, Delhi Technological University for her consistent support & guidance. I express my sincere thanks to all the staff of DSM, especially the ones who have taught us and have helped us enhance our knowledge.

Last but not the least, I would like to pay my gratitude to my beloved and respectable parents, and family members for their blessings and constant support in the completion of the project work.

Place: New Delhi

Harshaa Tyagi

Date: 15th May 2022

Signature of Candidate

TABLE OF CONTENT

CERTIFICATE	2
DECLARATION	3
ACKNOWLEDGEMENT	4
TABLE OF CONTENT	5
ABSTRACT	8
AN INTRODUCTION TO THE INDUSTRY OF AUTOMOTIVES	10
The Indian Automobile Industry	12
The Consumer Purchasing and Disposal Plan a numbers of steps	16
Step 1. Take the first step. Need to be Recognized	16
Step 2. Information Lookup	17
Step 3. Evaluation of the Product	17
Step 4. Choosing and Purchasing a Product	17
Step 5. After you've purchased anything, you should use it for a while before evaluating it.	17
Step 6. Disposal of Product	17
Personal preferences/choices influence purchasing behaviour	18
Personality	18
Self-Concept	18
Gender	18
Age and the stage of Life	18
Lifestyle	18
Factors Affecting a user's purchasing pattern/behaviour	19
Motivation	19
User's Perspective	19
Attitude of the User	20
User's Buying Patterns/Behaviour are influenced by Societal Factors	20
Culture of the User	20
Subculture(s) of the User's	20
Social Class of the User's	20
Opinion Leaders and Reference Groups	21
Family of the User/Consumer's	21
GLOBAL INTRODUCTION TO THE USED CAR INDUSTRY	22

The Used Car Market in the United States	23
The Used Car Market in the United Kingdom	25
China's Used Car Market.....	26
Market for Used Car in India.....	27
The Used Car Market in India has evolved through Time.....	28
Segments of Used Car	29
METHODOLOGY OF RESEARCH	31
The Study's Purpose.....	32
The Project's Scope	32
Problem Statement.....	32
The Study's Objective.....	32
Goals that are Specific	32
Hypothesis of Research.....	33
Design of the Study	33
Methodology of Research:.....	33
Review of the Literature	34
Implications of Research.....	35
Managerial	35
Dealership	35
Consumer	35
Organization.....	35
Findings and Outcomes:.....	35
Testing Hypotheses.....	39
H1: The brand of a used car has no bearing on the buyer's decision.....	39
H2: The price of a used car, as well as the cost of repair and maintenance, have no bearing on the buyer's selection.....	39
H3. The quality of a used car has no bearing on the buyer's decision	40
H4. The aesthetic appearance of a used car has little bearing on the buyer's decision.....	40
GAP IN SUPPLY AND DEMAND.....	41
Factors influencing a customer's decision that are related to the brand.....	44
Customer's Decision is Influenced by Price-Related Factors	45
Customer's Decisions are Influenced by Quality Related Factors	47
Customer's Decision are Influenced by Aesthetic Look Related Factors.....	49
Role of the Opinion Leader	50

CONCLUSION.....	53
RECOMMENDATIONS	54
APPENDIX.....	55
REFERENCES.....	59

ABSTRACT

Consumer behavior study is quite a challenging task. If a company wants to survive, it should be able to compete well by understanding the consumer mindset. Used Car Market is a key growth indicator in develop countries while it is a emerging automobile segment in the developing markets like India. Generally, this market is observed w.r.t new car. A ratio between Used Car sales & New Car sales provides the market size & opportunity for growth.

Indian economy has witnessed consistent GDP growth in last 2 decades which increased the new car sale and total car park. Frequent launching on new models by all the OEMs and entry of new OEMs in India has increased the used car sales and right now used car sales is

1.3 times of new car sales.

Although market is 1.3 times of new car but still there is a huge gap between demand & supply of used cars. A famous theory given by an American economist Mr. George Akerlof is used to describe the problem of Demand & Supply gap issue in Indian used car market. This theory stated that the quality of goods traded in a market can degrade in the presence of information asymmetry between buyers and sellers, In last market left with bad quality products and then no buyer to purchase these lemons.

Each market is shifting from only Brick & Mortar platform to digital platform, presence of many online websites like Cars24, Cardekho etc. are creating a big challenge for offline players in India as well. Market is divided among organized, semi-organized, unorganized and customer to customer sale. Earlier unorganized players very dominating in the market now organized players has increased their foothold.

The main purpose of this research is to understand consumers of used car market. Focus area was to understand the impact of factors linked with Brand, Price, Quality & Aesthetic on consumers' decision making while buying a used car. Also, it has been explained why there is gap between demand & supply in used car market and what's the role of opinion leader in used car market.

The project was started with literature review and gap identification. It was found that Brand, Price & Quality are representing very limited interest of the customer. On the other hand, there are no of factors which are linked to these categories. Further, most of the decision-making

sub-factors related to these 4 main categories were identified. Secondary data with results was extracted from other report & researches. To collect primary data a questionnaire was designed, floated and it was filled by participants. 28 responses were received from participants which was analyzed. The findings show that there is a positive relationship between Brand, Price & Quality of used car on consumer buying behavior while the Aesthetic criteria doesn't impact the behavior. There were 4 hypotheses out of which 3 stands rejected and 1 stands not rejected. Brand is combination of brand of the product and outlet brand both. Price factor involves price of the car, insurance cost, maintenance cost, fuel cost and finance options. Quality is dependent upon mileage, car condition, no of owners, age etc. While aesthetic looks like color are not impacting the decision.

Consumers are trying to shop at online as well as offline stores, but they are happy to sell the cars online but wants to buy only offline. It is evident from the study that both the platform will co-exist. Online platforms are very good in lead generation while offline stores give confidence to the actual buyer as well as seller.

Role of opinion leader is very much recognized in every decision making of a customer. There is a rise in demand of field expert in used car space who can guide the buyers and fill the void of limited knowledge, but maximum people are still relying upon their known's feedback.

AN INTRODUCTION TO THE INDUSTRY OF AUTOMOTIVES

History: Several technological advancements have reshaped the current vehicle business. Initially, the United States was the driving force in this industry, and the American economy has weathered many ups and downs over the years. However, a recent spike in car demand in China has altered the landscape of automobiles. However, the car industry encountered a number of obstacles in the twentieth and twenty-first centuries, including a downturn in the industry, OEM globalisation, and bankruptcy.

Before 1900: The Birth of the Vehicle Industry: A series of advancements and the tireless efforts of many other stakeholders have made the automobile concept a reality. Karl Benz, a German inventor, created the first modern vehicle. The 3-wheeler 'Motorwagen,' which was initially produced in 1886, was the first automobile. Later, Benz added four wheels, an oil tank, and brakes on the backside to this vehicle.

1900-10: Vehicles for normal families: During the first few years of the twentieth century, automobiles had a small market, and the main reason for this was the high price and long manufacture time. It put this product out of reach for the ordinary population in terms of price and availability. However, between 1904 and 1908, a total of 241 companies began developing automobiles with a focus on the American market. Ford introduced a new product in 1908, the Model T, which was the first car to be offered and promoted to the typical family. Incremental sales spawned the world's largest automobile and automobile-related business.

1911-20: The assembly line brought down automobile prices: The Model T's popularity stemmed from the assembly line's premise, and mass production made the product inexpensive. In 1913, Henry Ford invented the assembly line

The spike in car demand from 1921 to 1930: This was a period of tremendous growth for this burgeoning sector, as an increasing number of people purchased their first automobiles. Many more small vehicle firms, as well as the Chrysler Corporation, began making automobiles during this decade. According to the University of Michigan, prior automotive companies were able to make and sell 5 million cars each year before the 1929 stock market crisis, which ushered in the Great Depression.

1931-40: Sluggish sales during the Great Depression: The automotive industry took a hit during the Great Depression, with half of the companies failing during the 1930s. Consolidation in the auto industry began during the onset of the Great Depression, when tiny and specialised automobile businesses combined with the biggest players, giving birth to larger, stronger organisations.

There was less specialisation, but the 'Big Three' emerged as a powerful force, and organised labour was at a crossroads. Workers who had been laid off were in high demand, as was experienced labour. The United Auto Workers Union (UAW) was founded in 1935.

1941-1950: The Automobile Industry in World War II: World War II aided the United States' recovery from the Great Depression. In 1942, the government shut down all of the major vehicle manufacturing and repurposed their remaining inventory for military use. Consumers could only purchase if they could establish a pressing necessity. Military-oriented production leads to significant technological advancements.

Freeways and automobiles for Americans, 1951–60: With the end of World War II, the highway network, which had been in place since the 1920s, increased at an exponential rate during the 1950s. Automobiles became an inextricable aspect of the American way of life.

1961-1970: Safety is the new concern: Manufacturers focused on producing safer automobiles in order to meet the needs of current customers. Seat belts were first introduced by Studebaker-Packard, and they were made standard on all of their vehicles. The buyers' next expectation was for powerful engines and capacious vehicles.

1971-1980: The Great Oil Crisis prompted the development of fuel-efficient vehicles: During the 1970s, the world's worst oil crisis led manufacturers to develop fuel-efficient vehicles. It didn't last long, though, as automakers quickly returned to making fast and powerful vehicles.

1981-90: Rising vehicle demand in India and China, where already low-cost personnel and materials were available, made it easier for firms to relocate their facilities to these nations between 1981 and 1990. OEMs may now export lower-cost vehicles to industrialised countries all around the world.

1991-00s: In the 1990s, there were concerns about resources and the environment, and SUVs (Sport Utility Vehicles) were becoming more popular. Stable gas prices made people less concerned about environmental issues later on, when they grasped the importance of climate and pollution. As a result, technological improvements such as increased car production powered by electric batteries have resulted. The first hybrid automobiles, featuring a tiny gas engine and an electric motor, were produced in the late 1990s.

After 2000: Smaller, more fuel-efficient vehicles: By 2005, 11 countries accounted for 80 percent of global production, indicating a levelling of the playing field and a considerable increase in global rivalry. During the first few years of the new century, automobile manufacturers catered to customers who want strong cars, with the (SUV) reigning supreme. During the Great Recession of 2008, banks tightened their lending standards, and fewer people could now afford to purchase a high-priced vehicle. Fuel got more expensive at the same time. Because fuel prices were skyrocketing, many car owners traded their larger vehicles and purchased smaller vehicles that were more economical and had lower fuel costs. When the slowdown was gone, gas and hybrid engines were dominating the sector, and fuel efficiency and economic thinking were still present.

Recent Developments in the Automobile Industry: New concepts such as automobile sharing, leasing, and used car sales are altering the market landscape. Millennials are unconcerned about owning a car or a home. Pay-per-use gives them more money in their pockets to spend and enjoy their time by travelling and trying out new products. All vehicle manufacturers were obliged to adapt their strategies and diversify their businesses in order to meet the changing market needs as a result of the electric and hybrid car concepts. Tesla has been a big success in the electric car market, while platforms like Uber, Lyft, and Ola are gaining prominence in the sharing economy. The autonomous vehicle will be the next great change in the coming days.

The Indian Automobile Industry

The Indian automobile industry is the world's fourth largest, with annual sales increasing by 9.5 percent and a total volume of 4 million vehicles (excluding two-wheelers) in 2017. In FY18-19, passenger car sales climbed by 2.7 percent, 2-wheeler sales increased by 4.8 percent,

and 3-wheeler sales increased by 10.27 percent. Exports increased by 14.5 percent, while CV increased by 14.5 percent. India is expected to become the world's third largest car market by 2026. India is the world's largest tractor manufacturer and the world's second-largest bus manufacturer. In terms of commercial production, India ranked seventh in 2018. India was ranked third in the world for heavy truck manufacture.

Figure 1: The Indian Automobile Industry's Success Factors

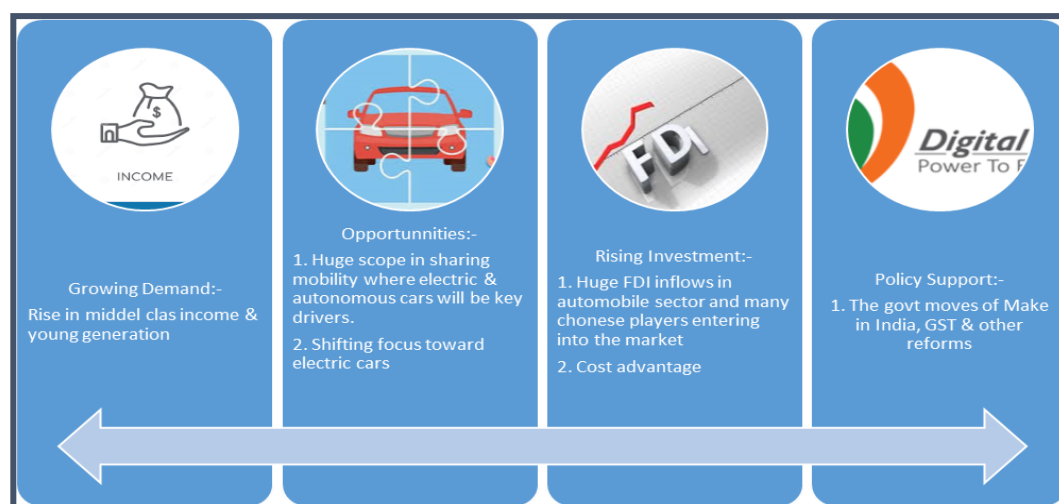


Table 1: Supporting Statistics for the Indian Automobile Industry

Category	2014-15	2015-16	2016-17	2017-18	2018-19
Commercial Vehicles	6,14,948	6,85,704	7,14,082	8,56,916	10,07,319
Passenger Vehicles	26,01,236	27,89,208	30,47,582	32,88,581	33,77,436
Two Wheelers	1,59,75,561	1,64,55,851	1,75,89,738	2,02,00,117	2,11,81,390
Three Wheelers	5,32,626	5,38,208	5,11,879	6,35,698	7,01,011

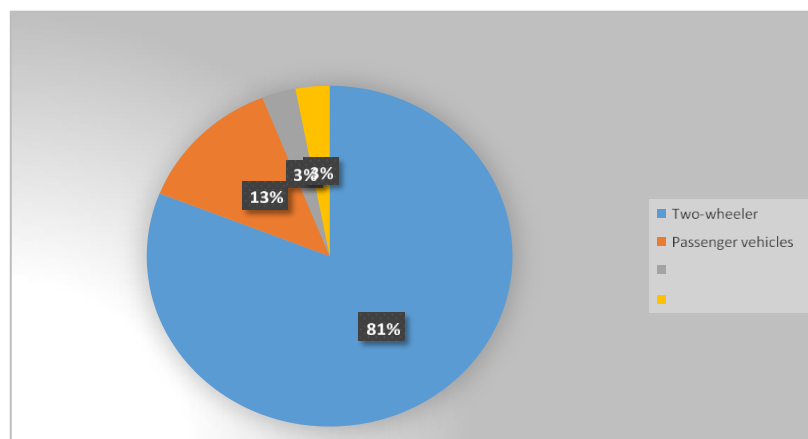
Two-wheeler categories are dominant in India in terms of volume, thanks to a sharp increase in middle-class and young population income. India is the world's largest manufacturer of two- and three-wheeled vehicles at the moment. There has been an increase in demand for two-wheelers in industrialised countries, followed by a period of deflation. Furthermore, businesses are focusing on the rural market in order to maximise their existing resources, and it has

supplied them with a new source of revenue. India is rapidly establishing itself as a significant exporter of automobiles.

Market Size: Between 2013 and 2019, total domestic car sales grew at a 6.71 percent compound annual growth rate (CAGR), with 26 million vehicles sold in FY19. From 2013 to 2019, domestic car production rose at a 7% compound annual growth rate (CAGR), with a total of 30.92 million vehicles produced in FY19.

In FY19, CVs had the highest annual growth rate of 17.5 percent across all sectors, followed by a 10.3 percent increase in 3-wheeler sales. India's premium motorcycle sales topped one million units in 2018. Luxury automobile manufacturers have also had a lot of success in this top sector. Mercedes-Benz gained first place in the SSI luxury category in 2018, according to J D Power.

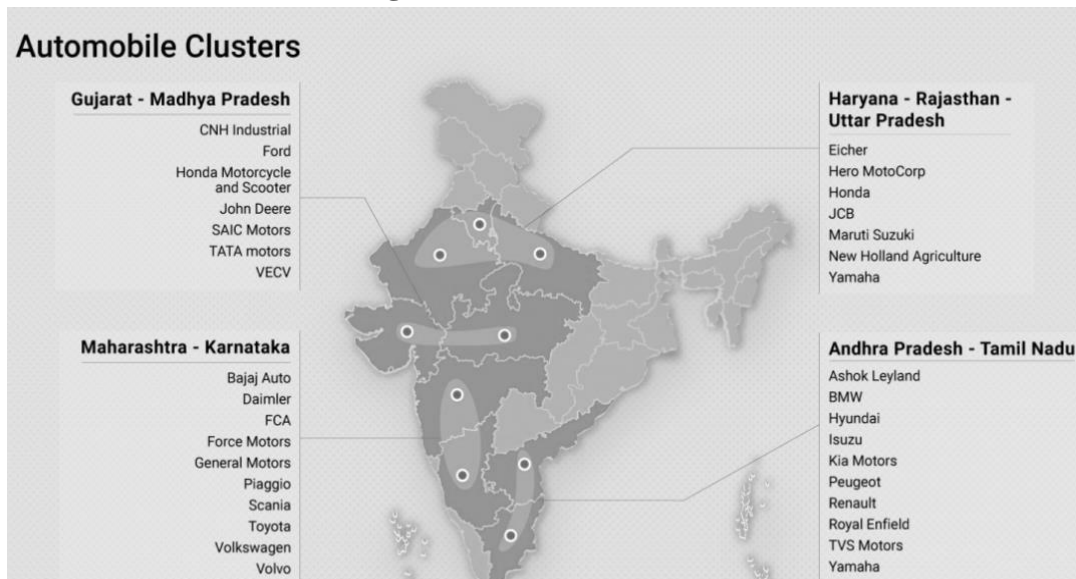
Figure 2: Sales data by sub-sector



Investments: All automakers are investing across various parts of the business as part of a plan to speed up production and supply in response to rising demand. Between April 2000 and March 2019, the industry received US\$ 21.38 billion in FDI. The Department for Promotion of Industry and Internal Trade (DPIIT) has given this information.

India's five fast expanding auto hubs offer a lot of potential as a basis for exporting to Southeast Asia and the Middle East and North Africa.

Figure 3: Auto Cluster in India



We've selected some of the most recent investments in the auto industry below.

- Ashok Leyland is planning for an investment of Rs 10 billion (US\$ 155.20 million) where more than 20 new models in commercial segment will be launched.
- Hyundai's US\$ 1 billion investment in India by FY20 and US \$ 310M by SAIC Motor.
- Luxury car brand Mercedes Benz also increased its production capacity.
- Honda & Mahindra are planning for huge investment in EVs & sharing mobility.
- MG Motors & Kia Motors has started manufacturing & sale of its first model in the India.
- Tesla, Citroen, Great Wall Motors are planning to move into the market in next few years.

Government Initiatives: The Indian government has long favoured foreign investment in the vehicle industry, allowing 100% FDI via the automatic method. I've listed a handful of the Indian government's recent projects below:

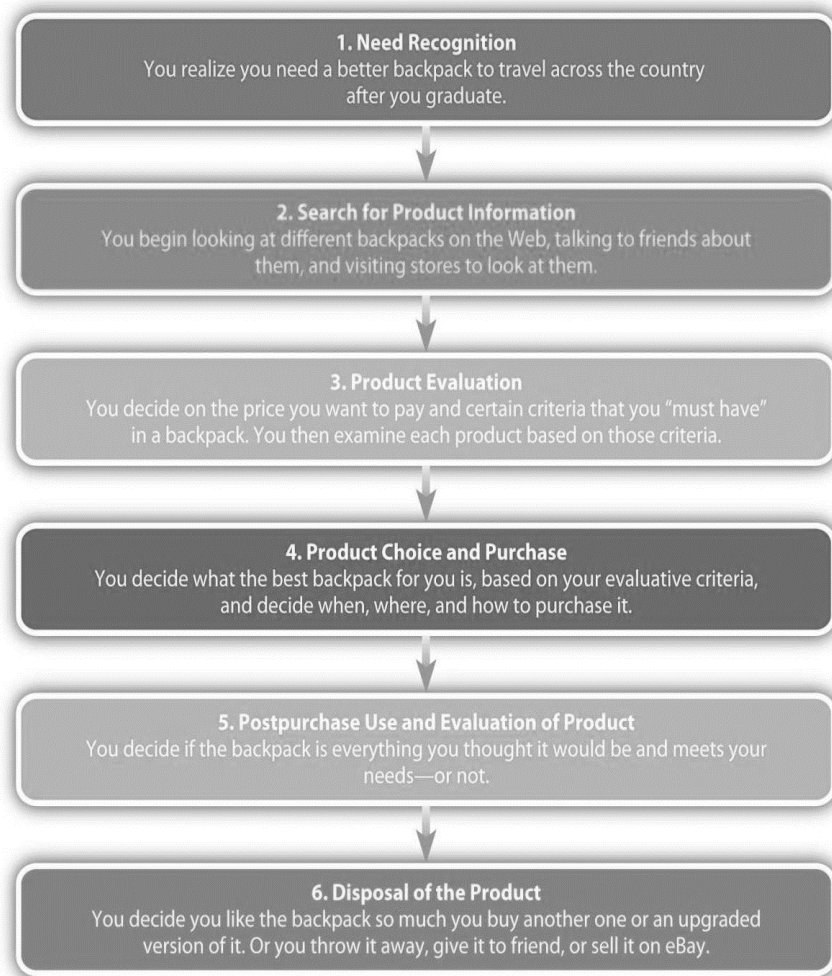
1. The government plan to make the country a manufacturing hub and R&D centre.
2. With NATRiP, an R&D centre of total cost around US\$ 388M will be setup.
3. Ministry of Heavy Industries has selected eleven cities across India for launching of electric vehicles which will be used for Public Transport. It will come under the FAME scheme of Hybrid and EVs.
4. FAME II has been introduces in February 2019, where total funding will be Rs 100 Billion. GST slab for EVs & parts is 5%.

The Road Ahead: Automobile firms' success will be determined by the availability of steel at a lower cost, trained and low-cost labour, and robust R&D facilities. The industry also offers excellent investment options as well as direct and indirect employment opportunities for skilled and unskilled personnel. By 2026, the Indian automotive sector is anticipated to be worth between Rs 16 and Rs 18 trillion. In 2018, two-wheelers are predicted to expand by 9%.

The Consumer Purchasing and Disposal Plan a numbers of steps

The purchasing decision of a consumer is a regular process that contains several steps and is frequently influenced by advertisements. The phases of the consumer purchasing process are depicted in the diagram below:

Figure 4 : Purchasing and Disposal Procedures



Step 1. Take the first step. Need to be Recognized

Marketers encourage customers to recognise or feel the need for a specific product. Amazon suggests a combination when purchasing a product online, such as a mobile cover with a mobile phone, similar to a credit card with lounge access for frequent travellers.

Step 2. Information Lookup

You may already have a credit card, but you will try to find similar goods from other brands or banks with which you do business, limiting the brand search to the same brand with which you have an account or use a credit card.

Step 3. Evaluation of the Product

Different sorts of credit cards are available from various institutions. However, because evaluating all of them is onerous, you limit the evaluation criteria.

Step 4. Choosing and Purchasing a Product

At the end of the day, the buyer will decide which product to purchase. It's possible that one of the cards was better, but the salesperson's approach was ineffective.

Step 5. After you've purchased anything, you should use it for a while before evaluating it.

When you buy anything and find out it's not what you expected, you get post-purchase dissonance/remorse buyers.

Step 6. Disposal of Product

Previously, neither the maker nor the buyer considered the disposal strategy while making a purchase. However, customers and society are increasingly concerned about how they will dispose of the product. It can be given as a present after use, recycled, 100% waste, resold, and so on.

Most of the time, when making a purchasing choice, buyers do not evaluate all of the processes and may skip forward to the next step. Like Salt, Coke, and Fuel, you make a snap judgement without gathering or evaluating information. This is referred to as a low-involvement purchasing decision. On the other hand, when purchasing large-ticket things such as a car, refrigerator, or air conditioner, you follow all of the procedures and make a high-involvement purchasing decision.

Personal preferences/choices influence purchasing behaviour

Personality

The top five personality traits that psychologists have in common are as follows:

1. Transparency: Openness to new experiences.
2. Discipline level: Self Awareness
3. Extrovertism: Shyness or extroversion are two types of extrovertists
4. The ability to come to a consensus. Is it simple to get along?
5. The sixth personality attribute is neuroticism. What level of vulnerability do you have to unpleasant emotions?

Self-Concept

Do you consider yourself to be a positive or negative individual? What do you want to be known for? Whether you're smart, popular, or more "goth," there's a style for you.

Gender

When it comes to acquiring items, men and women have different preferences. Because their physiological needs differ.

Age and the stage of Life

As you've gotten older, you've probably noticed that your purchasing habits have shifted. A baby, a teenager, and an elderly person all have different needs and wants.

Lifestyle

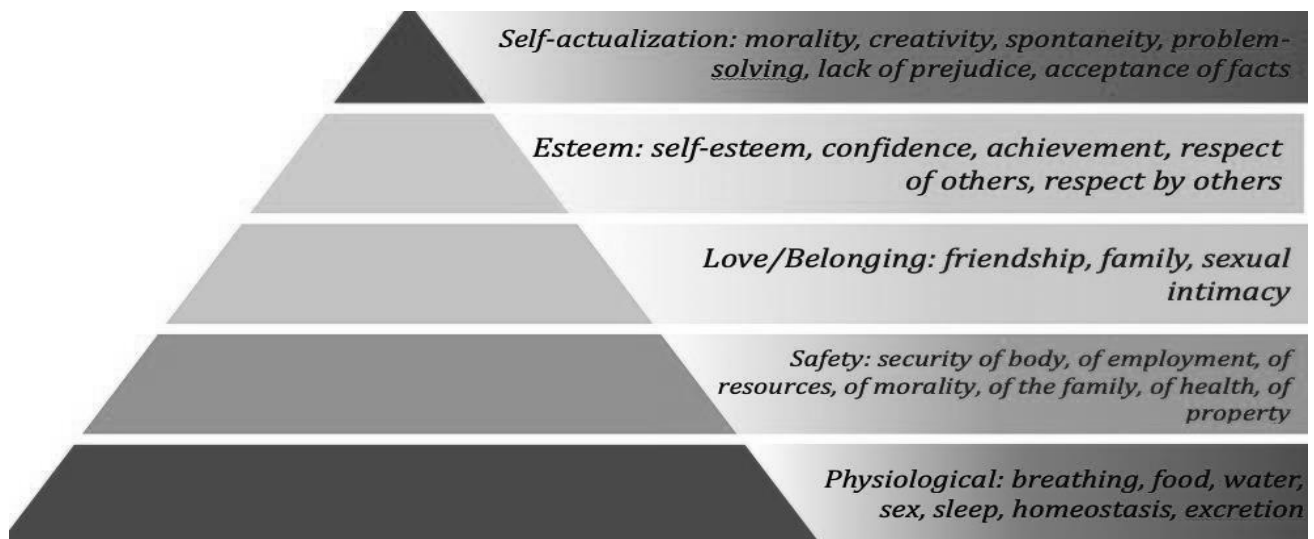
Companies have begun to look more carefully at consumers' lifestyles in order to better understand and engage with them. A well-designed questionnaire and appropriate client feedback or input from in-depth interviews might reveal information about their lifestyle. When

he's not at work, where does he go? Who does he prefer to converse with? What topics does he enjoy discussing?

Factors Affecting a user's purchasing pattern/behaviour

Motivation

Figure 5: Maslow's Hierarchy of Needs



People must first meet their basic needs, such as food, drink, and sleep, before they can begin to meet higher-level requirements, according to Maslow.

Following the global economic crisis of 2008, sales of new automobiles fell precipitously around the world, with the exception of Hyundai vehicles. Hyundai ran a marketing campaign at the time that told clients that if they couldn't make the payments, they could return the automobiles without harming or hurting their credit. As a result of Hyundai's success, other carmakers have begun to offer similar schemes.

To relieve the anxieties of would-be homebuyers, banks began offering "worry-free" mortgages.

User's Perspective

The process of analysing everything around you and how your brain processes it is known as perception. The difference is made by combining all five senses—sight, hearing, touch, smell, and taste.

Attitude of the User

"Attitudes" refers to people's "mental roles" or emotional feelings toward things, brands, institutes, and services.

User's Buying Patterns/Behaviour are influenced by Societal Factors

Culture of the User

Culture refers to a society's shared beliefs, traditions, practises, and attitudes. This has an impact on the items you purchase.

Subculture(s) of the User's

When a tiny group of people inside a civilization has diverse hobbies, faiths, racial backgrounds, and so on. It established a subculture, similar to how Hispanics, Asian Americans, and blacks, among others, exist in the United States.

Social Class of the User's

Table 2: This is a strategy for classifying people based on their socioeconomic status.

Class	Type of Car	Definition of Class
Upper-Upper Class	Rolls-Royce	People with inherited wealth and aristocratic names (the Kennedys, Rothschilds, Windsors, etc.)
Lower-Upper Class	Mercedes	Professionals such as CEOs, doctors, and lawyers
Upper-Middle Class	Lexus	College graduates and managers
Middle Class	Toyota	Both white-collar and blue-collar workers
Working Class	Pontiac	Blue-collar workers
Lower but Not the Lowest	Used Vehicle	People who are working but not on welfare
Lowest Class	No vehicle	People on welfare

Opinion Leaders and Reference Groups

Of course, you're likely to know someone who isn't wealthy but drives a Mercedes or other high-end vehicle. This is due to the fact that consumers have reference groups. A consumer's reference group is a group with which he or she identifies and want to be a member. If you've ever wished to be a professional basketball or other sports player, you're in good company. This is something that marketing experts are aware of. That's why companies like Nike use celebrities like Michael Jordan to promote their products.

Opinion leaders are those who have specialised knowledge in a particular field. Consumers value these individuals and frequently seek their advice before purchasing goods and services. An example is an information technology specialist who is well-versed in computer brands. These people's purchases are frequently at the cutting edge of emerging trends.

Family of the User/Consumer's

One of the key determinants of buying behaviour, according to market analysts, is the buyer's family. When it comes to consumption habits, a person is more like his parents. Many of the things that a person buys and doesn't buy are influenced by what his parents buy and don't buy. Consider the soap a person used as a child, the toothpaste his parents bought and used, and even the "brand" of politics he favours (Democratic or Republican).

GLOBAL INTRODUCTION TO THE USED CAR INDUSTRY

Used cars, also known as secondhand cars, pre-owned cars, and pre-owned vehicles, are sold both online and offline (traditional second hand car stores). According to Technavio's market research experts, the POC market will expand by 7% between 2018 and 2022. Car subscription services and the impending concept of vending machine locations for dispensing old automobiles will drive the most demand.

Because of the extremely competitive market, new car models are being introduced on a continuous basis, increasing competition. This is the most important element influencing the global used car market's growth from 2018 to 2022. Factors such as increased purchasing power, new technological advancements, and readily available financing options have prompted customers to purchase new car models, with old vehicles being traded in for the new car, providing used car buyers with more options. As a result, the used car sector has seen rapid growth. OEMs are focusing on specific demographics, and demand from these groups is changing. For example, millennials desire fuel-efficient SUVs and crossovers. These dynamic factors have encouraged people to sell their old cars and replace them with newer models. These expanding numbers of new automobile models are paving the way for better and in better condition autos to be available and sold.

The next major transformation will be through digital channels, where organised players have already begun to dominate this market with a halo effect. The lack of trust in developing countries is a problem, and organised actors are working to improve the market.

Furthermore, rising wages, luxury automobile demand, a shorter car ownership cycle, increasing export-import, and a two-wheeler owner wanting to better their living style by purchasing used cars are all driving market expansion.

In frontier and emerging markets, limited financing/loan choices stymie market expansion. New automobile sales, on the other hand, are surging as a result of more affordable financing alternatives with low interest rates. Year after year, organised players get a larger portion of the market. Some automakers, such as Toyota, MSIL, and VW, have entered the used car market and are using their relationships to offer better lending choices to used car purchasers.

The used automobile market is dominated by unorganised companies in underdeveloped nations and brick-and-mortar stores in developed ones. The park and sale strategy is used by small players who do not maintain inventory and instead rely on clients to park their cars for sale. Their method of earning money and generating income is through commission. However, new technology and investments in startups have paved the way for organised and semi-organized players to expand. The largest market is predicted to be in Asia-Pacific, followed by North America and Europe.

The used automobile market has become more complex and volatile in 2019, according to Cap HPI, due to variations in the pricing of old cars and the increased adoption of new platforms.

The Used Car Market in the United States

Because of the early rise of new automobiles and the great disposable income of consumers, used cars have always dominated the US market. America is not only competing on its own soil, but also exporting a large number of vehicles to foreign countries. The economy's buying circumstances are constantly favourable. In 2017, used car sales totaled 39 million, up 1.8 percent from the previous year. The demand for new cars declined by 2% over the previous year. The digital transformation has improved used car retailing greatly. This current digital retailing broadens the consumer base while also increasing their awareness of their possibilities.

In the United States, the used automobile market is more than twice as large as the new car industry, and it is increasing at a considerably faster rate. McKinsey & Company is a consulting firm.

Figure 6: New Vs Used Car sale in the United States

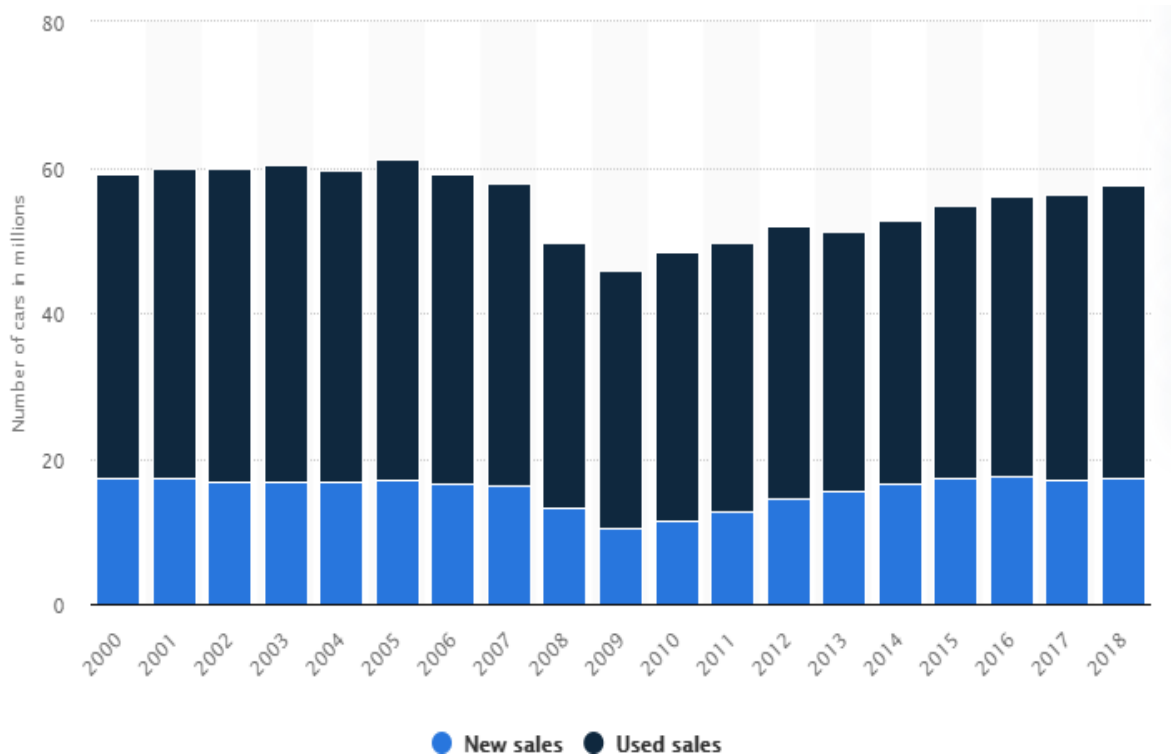
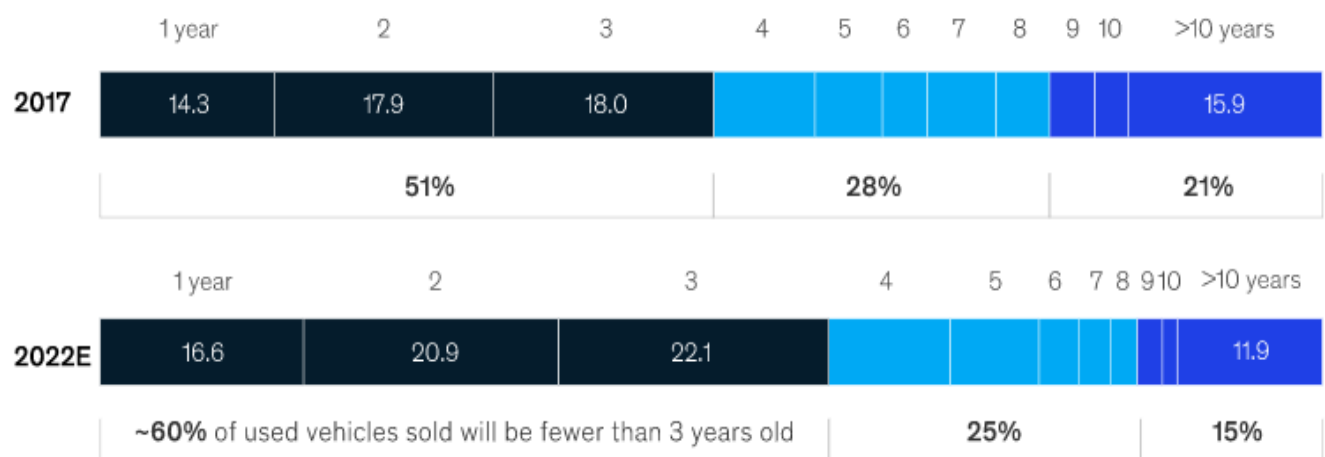


Figure 7: Transaction by Vehicle's age

Used vehicles are becoming increasingly younger in a shift largely driven by greater off-lease supply and newer certified preowned vehicles.

US used-vehicle market share by vehicle age, %



Note: Figures may not sum to listed totals, because of rounding.
Source: Edmunds.com; Frost & Sullivan; McKinsey analysis

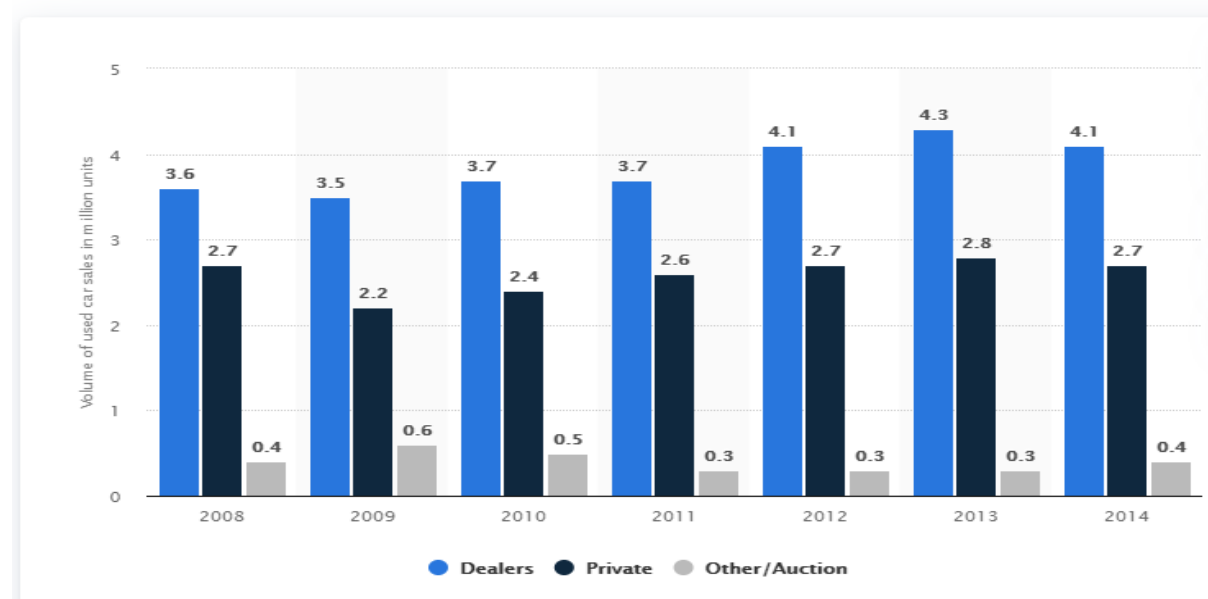
The Used Car Market in the United Kingdom

The automotive sector in the United Kingdom is undergoing a challenging era, with issues such as the WLTP effect, BREXIT, and diesel-related news, among others, causing sales statistics to vary and supply levels to be uncertain.

Nonetheless, improved lending choices have given promise to the used automobile segment's expansion. According to the SMMT, a total of 7.9 million used automobiles were sold in 2018, with a 2.1 percent reduction in total volumes.

Figure 8: Used Car sales in the United States

(in million units sold)



In the new automobile market, finance penetration is 90%, whereas in the used car market, it is 50%. Figure 4.3: New vs. Used Car Sales in the United Kingdom.

The slowing development of new automobile sales has given used car companies an opportunity to expand. Although diesel is not popular in new cars, it is in high demand on the used car market.

The impact of BREXIT on the used automobile market would be minor in the first six months, but stock days are increasing. The used automobile market was unaffected. OEMs with operations in the UK, on the other hand, used to reap the greatest benefits from free material transfers across the EU to obtain parts, final components, and assembled cars.

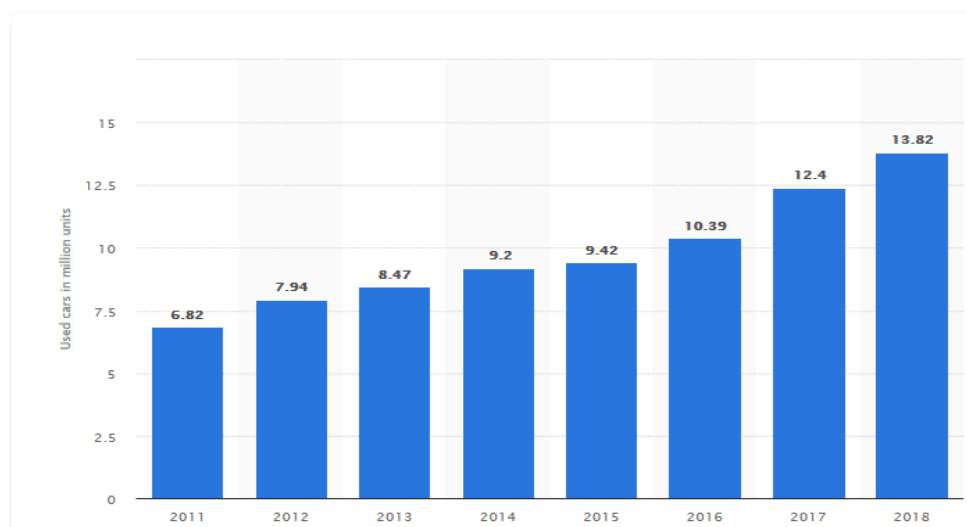
Untimely increases in stock volumes indicate market instability and suggest that the United Kingdom's vote to leave the EU has had a significant impact on used car demand. In addition, a looming oversupply situation leads to discounting in order to speed up stock turnover, lowering residual values.

China's Used Car Market

China has the world's largest new car market, with 24.4 million vehicles sold in 2016. In 2017 and 2018, the number of used cars sold was over 13 million. This figure differs from other nations, where the Used Car to New Car Sale ratio is greater than 2, whereas in China, it is very low, now standing at 0.5. It is predicted to climb in the next years as a result of used car exports and changing consumer behaviour in China.

Figure 9: Year-on-Year (YoY) Used Car Sales in China

(in million units)



Between 2010 and 2015, the Chinese used automobile market grew at a CAGR of 17%. In addition, user automobile taxes in China are substantially higher. As a profit centre, the certified POC market has yet to be thoroughly explored.

The largest impediment to the expansion of used automobile sales, according to Jiang Shan, head of Power Information Network, is "lack of confidence." The next point of worry is that

transaction taxes on used vehicles sold in other jurisdictions are higher. As a result, pricing and trust difficulties have hindered the expansion of China's used automobile market.

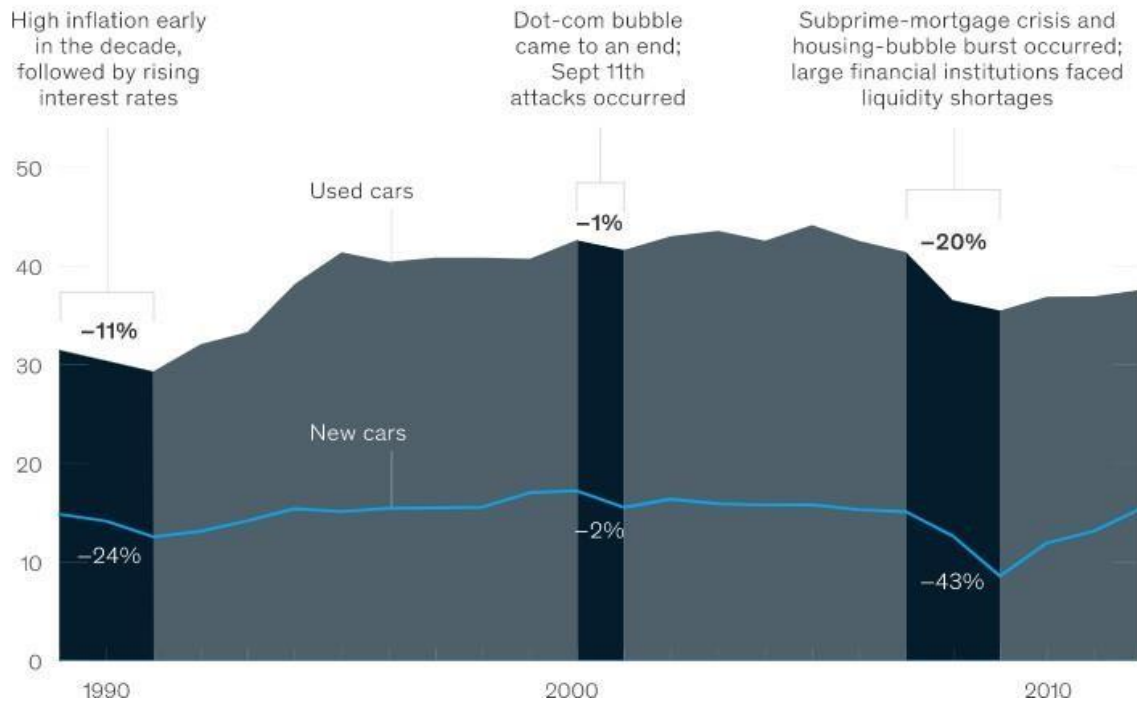
According to Piston, franchised dealerships accounted for 5% of used car retail, while less than 10% of dealers have a used car sale outlet. The main stakeholders in this segment are independent dealers' networks and C2C transactions. Online is also gaining a foothold in the market, albeit at a slower pace. Finally, WardsAuto predicted that true growth in China's used automobile market will emerge between 2019 and 2023, with a 20 percent growth rate.

Market for Used Car in India

With a population of 138 million people and a total household population of roughly 27 million, India will be the second largest consumer market in the next decade. The automobile industry has demonstrated in the past that it has the ability to adapt to the changing needs of the people. Despite the fact that several OEMs have exited the market and new ones have entered in this century, the industry has only one focus: the needs of consumers. Domestic passenger vehicle sales in India are on a bumpy road, with a significant drop in numbers compared to the previous fiscal year, but the used car market appears to be less affected by the manufacturing slowdown. Similarly, a Mckinsey report on the US car market found that the used car market is less concerned about economic slowdown than the new car market.

Figure 10: Trend in used car sales

Used- and new-vehicle sales peak-to-trough decline in sales volume, million



Mahindra First Choice, one of the largest used car players in India, saw a 40- to 50 percent YoY increase in POC cars in FY19, while the overall POC market grew by 12%.

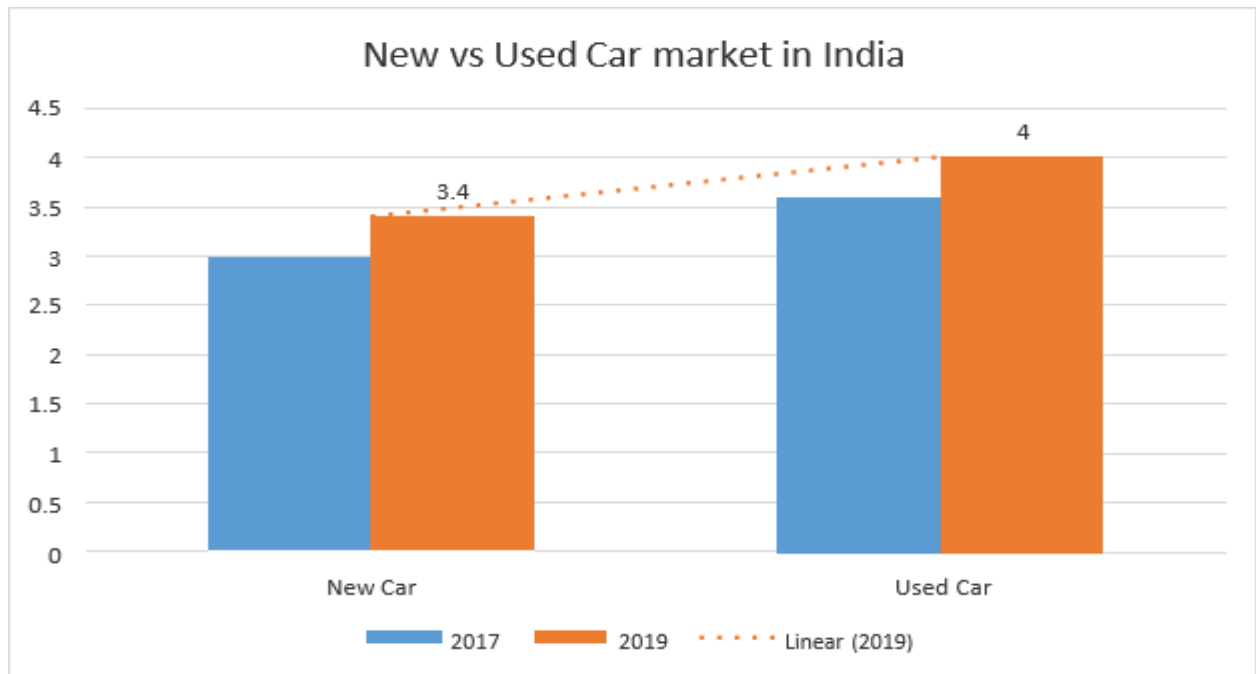
Existing domestic market participants are facing fresh challenges from companies such as Cars24, Car Dekho, Car Trade, and others. These internet platforms make it simple to trade in vintage autos. This channel is extremely useful for customers, since it increases their understanding of price and also informs them of the impact of automobile condition on pricing. Previously, the largest hurdle to used car trading was pricing awareness.

The Used Car Market in India has evolved through Time

Organized players may acquire consumer confidence and create a Brand image for the channel in an unorganised sector by having a strong digital presence and a Brick & Mortar idea. It leads to Mahindra First Choice's robust double-digit growth, but the formalisation of this industry is still in its early stages.

During a slowdown, the used car market in India grows at 1.2 times the rate of the new car market, with either an increase in used car supply or a flat growth in numbers.

Figure 11: Shows the rise of new cars against used cars in India.

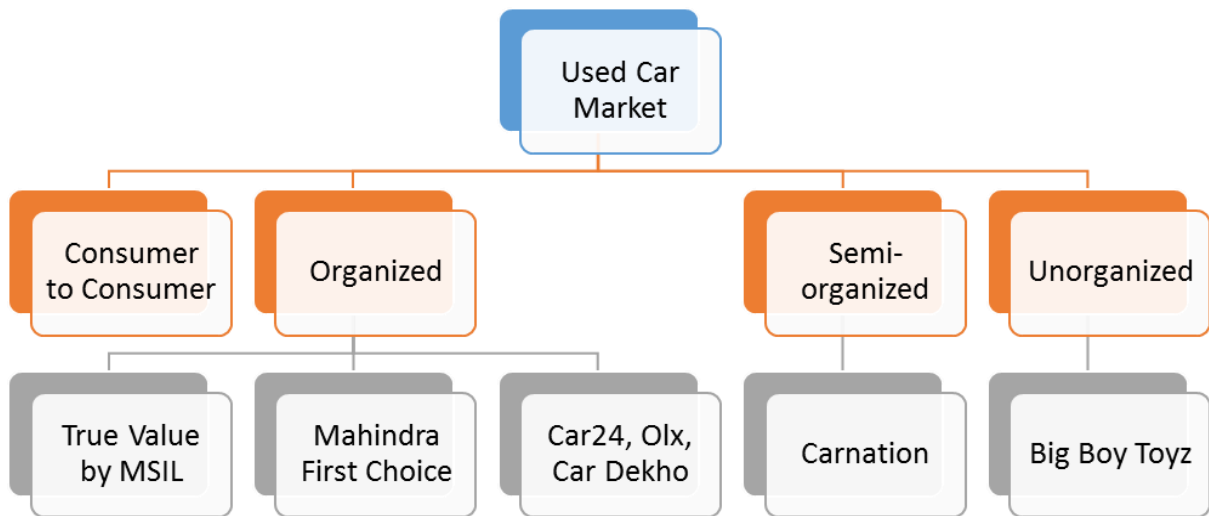


Segments of Used Car

There are four sorts of players in this industry in India. Prior to the 1990s, there was a long time of ownership and a scarcity of secondhand cars. Because transactions were only between customers at the time, it provided a C2C division. Small brokers arose later to provide a marketplace for buyers and sellers by limiting stock supply. This broking network exploded in popularity.

A few firms, such as Carnation, formed a semi-organized category by offering used car buy and sell as well as servicing.

Figure 12: Market Category for Used Cars



Many Indian organised companies have followed the lead of US market players such as CarMax in building certified vehicle segments for their customers. Platforms like Manheim auction, on the other hand, are still unavailable in growing areas like India.

C2C Market: A free exchange of goods and services between two parties based on trust and a connection.

Unorganized / independent used car dealers: The industry's oldest players, unorganised dealers entice buyers by removing any suspicions and subjective prejudices about the seller and the things they sell. The most straightforward purchase procedure, but with little inventory to present and sell, with the bulk of cars falling into the uncertified category, with no warranty.

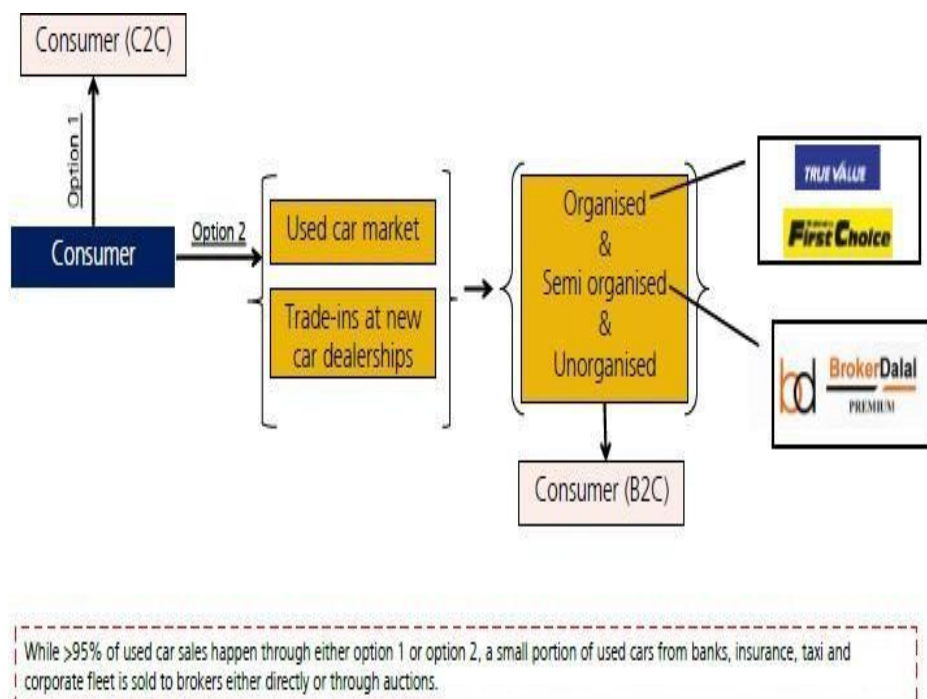
Used car dealers who are organised (True Value, First Choice, etc.): This kit combines the benefits of both semi-organized and independent players. OEM dealers back them up, giving customers piece of mind when they visit and buy from them

METHODOLOGY OF RESEARCH

This project is a small attempt to learn more about the buying habits of Indian used car buyers. Each non-consumable object has a distinct resale value that varies by category. Cars, for example, have a shorter time to resale than houses. With a CAGR of 15%, Pre-Owned Vehicles (Used Cars) are a fast growing section of the Indian automotive industry. Previously, the Indian used automobile market was dominated by unorganised companies such as brokers and agents. New startups and automotive companies, on the other hand, are now attempting to gain market share in the used car sector in order to maintain their brand image by increasing the resale value of their sold and operational models in the marketplace. As a result, customers are driven to websites that provide a selection of vintage car models, both online and offline.

New car sales in India are well-established and understood by most OEMs. In India, the average volume of used automobile sales is currently 1.3 times that of new car sales, with projections of 3 to 4 times in the next ten years. The used car market is still in its infancy, and there are a variety of customer segments at various socioeconomic levels that necessitate an understanding of used car consumer behaviour.

Figure 13: Methodology of Research



Source: JM Financial, India Blue Book

The Study's Purpose

Customers evaluate items based on a range of variables when determining whether to buy or sell a used car, and the used car industry is competitive. Any company that wants to dominate the used car market must first consider these factors in order to strategize and gain a competitive advantage.

The Project's Scope

The purpose of the research is to figure out how pre-owned car buyers and sellers buy and sell, as well as the supply and demand imbalance produced by price variations. In this study, which is primarily conducted in the Delhi/NCR area, primary data is collected via an online questionnaire.

Problem Statement

We'll try to figure out what elements impact used car customers' buying and selling decisions in this research. What role does an opinion leader play in making decisions?

The Study's Objective

The primary purpose of this study is to identify the most essential elements that influence used automobile buyers and sellers' decisions, as well as how external influences influence these characteristics.

Goals that are Specific

- To comprehend the reasons for the supply and demand imbalance in the used car market.
- To see if consumers prefer buying or selling a used car on an online or physical platform.
- Learning about the brand-related factors that influence a customer's decision.
- To think about the price factors that influence a customer's decision.
- To comprehend the quality-related influences on a customer's decision.
- In a consumer's decision, how important is the aesthetic component?
- Recognize the influence of opinion leaders and the reference community on the customer's decision.

Hypothesis of Research

H1: The brand has no bearing on a used car buyer's decision.

H2: The price of a used car and the cost of service and maintenance have no bearing on a buyer's decision.

H3: Quality has no bearing on a used car buyer's decision.

H4: Aesthetic appeal does not play a significant role in used car purchases.

Design of the Study

Methodology of Research:

In this exploratory and descriptive study, existing studies and open source data were examined and analysed. After that, a survey was conducted to better understand and assess the true needs of used car buyers. As a result, a questionnaire based on the study's problem statement and objectives was created and distributed.

- **Data sources:** For this report, data was acquired from both primary and secondary sources.
- **Primary Method:** It's a tool for gathering new data for the first time that's unique in character. An online Google form was used to collect the study's primary data. Primary data was acquired from the study's target audience of young professionals working in Delhi/NCR and potential used automobile buyers.
- **Secondary Data:** Secondary data is information gleaned from an existing database. For this study, it includes content from newspapers, journals, business reports, and open-source information from the internet.

Random sampling was used to collect the sample or data in an online fashion utilising a Google form. A total of 63 responses were received, all of which were thoroughly examined. The questionnaire was created using the Google Docs programme. The survey is distributed to a large group of people via social media e-mails and WhatsApp messages

Review of the Literature

Mahindra First Choice's Indian Blue Book: A detailed Market Report (2019) on the Indian used car market.

New platforms, used cars: The changing US used car industry was studied to see how to accelerate sales, according to a McKinsey report.

Dr. Shiva Shankar's research paper is titled "A study on customer behaviour toward pre-owned cars in India." KC. It is stated in this research paper that there is a market for both used and new cars, and that the market is very active in this segment. The goal of this study was to learn about customers' preferences for used and new cars. In addition, this study report aims to comprehend the impact of customer behaviour on the market.

A used car is less expensive than a new car on the market. When it comes to the depreciation rate of a used car, it is far lower than that of a brand-new car purchased from a dealership. A survey was done to determine the nature of the second-hand car demand in India, which is estimated to be 1.4 million cars every year (Carazoo 2012).

India has the largest car market in the world. In India to get loan to buy the car is comparably quite easy and income level of the population is also increasing that is driving the automobile firms to create new models for various sector of the cars. We can see that the market for used cars is growing at the same rate as the market for new cars.

According to a new study, India's second-hand automobile market is predicted to increase at a CGRA of more than 22% from 2011 to 2014, reaching 3.9 million units by the end of 2014. (RNCOS E-Services Private Limited 2011).

Car owners are aware of their vehicle's flaws and have an advantage over potential buyers in terms of vehicle quality. "Economic studies suggest that used car prices fall at a steady exponential pace with age (Susan Rose Ackerman 2007)."

Identification of the Gap: It's unclear why a seller with a decent car can't sell it. There's a need to look into whether there are any other factors that could influence the used automobile transaction, as well as what the price, quality, and brand attributes are.

Implications of Research

Managerial

It will assist working professionals in appreciating the most crucial aspects determining a used car buyer's or seller's decision. What approach should they devise to improve the conversion of the inquiries/leads they are receiving? How can the supply and demand disparity be narrowed?

Dealership

A dealership can reduce inventory by understanding the demand and supply gap problem. Leading elements that can assist them better convert the leads they're getting, as well as how they can manage their used car inventory and meet POC client demand.

Consumer

Consumers would be able to recognise the most significant factors to consider when buying or selling a used automobile

Organization

A corporation should design a strategy while keeping the competition's moves and client needs in mind. The preference for offline vs. online platforms reflects the requirement for both offline and online platforms.

Findings and Outcomes:

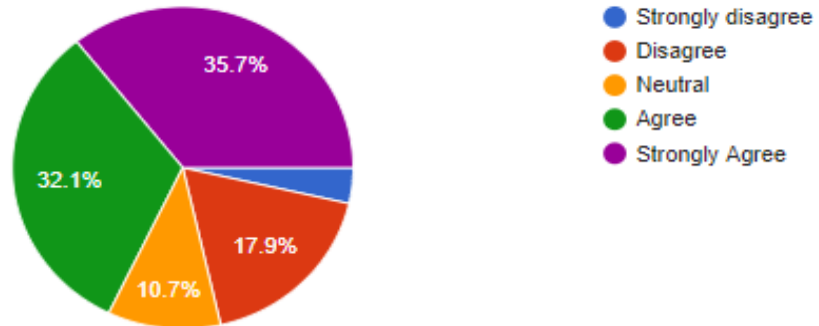
We employed the survey approach to investigate consumer satisfaction in the used automobile business among Indian nationals. The data for our survey was collected online using Google Forms. A series of questions were offered to the audience.

This study includes 72 percent of viewers between the ages of 26 and 35, who own the majority of the stake and work for multinational corporations. 53.6 percent of male customers answered to the survey, while 46.4 percent of female customers did.

Figure 14: A graph depicting only the car as a mode of transportation.

To what extent do you see the car only as transport tool

28 responses



When asked whether they see the car as a transportation tool or a fashion item/luxury vehicle, nearly 67.8% said yes, agreeing that it is more often used as a transportation tool.

Figure 15: A graph depicting how customers like to acquire a used car.

If you want a buy a used car where would you go to buy

28 responses



According to poll results on how customers want to purchase/sell vehicles, 35.7 percent of Indian customers prefer to search online and buy the automobile offline on sites like cars24, while just 14% prefer to buy and sell both online. This demonstrates that customers still prefer to purchase a car through a dealership.

Figure 16: A graph depicting the factors that influence the decision to buy a used car.

When you are deciding on used car buying following factors would be critical

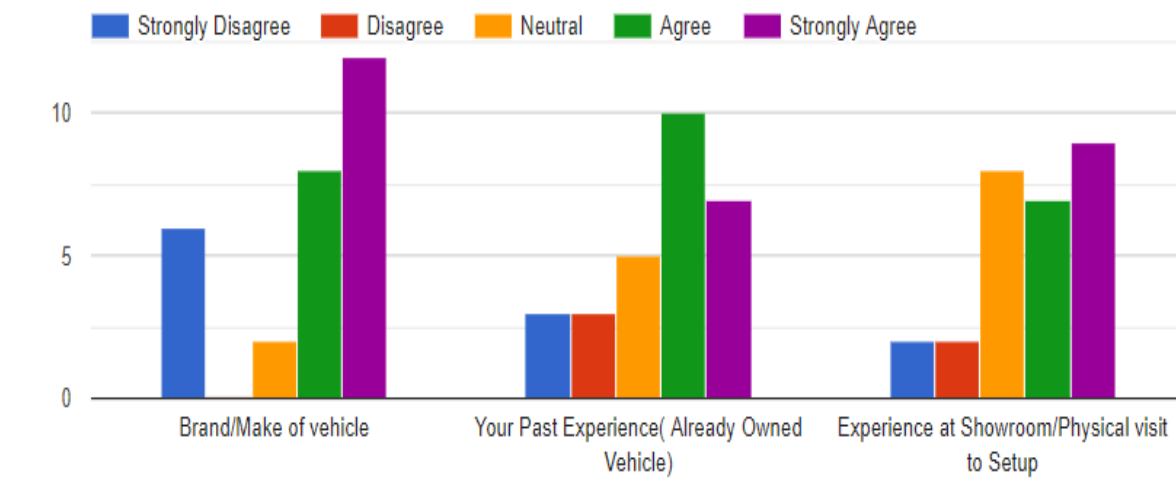
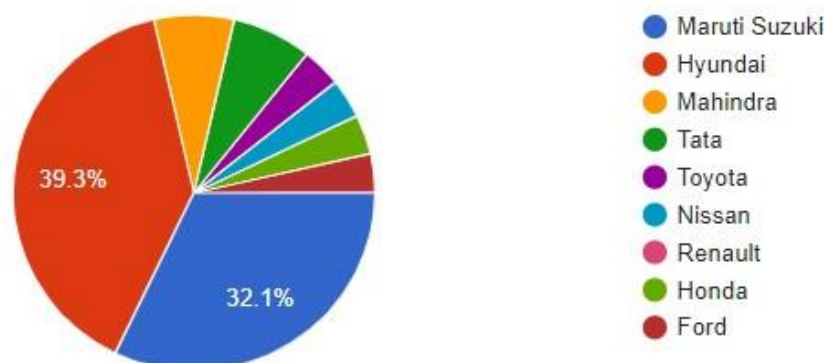


Figure 17: Customer preference for car brands.

If Owned Car, which Brand/Make do you have

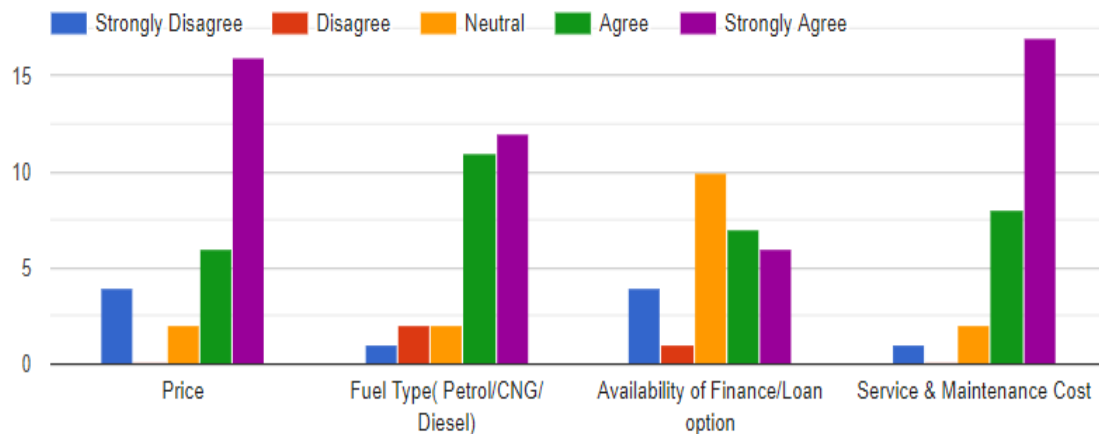
28 responses



When asked if they prefer vehicle brand, past experience, or dealership visit experience before buying a used automobile, buyers stated that brand is more important to them when buying a used car. We can see from the pie chart that Indian customers prefer to acquire a Hyundai or Maruti used car over any other automobile brand.

Figure 18: A graph depicting the amount of agreement on the criteria that are important when buying a used car.

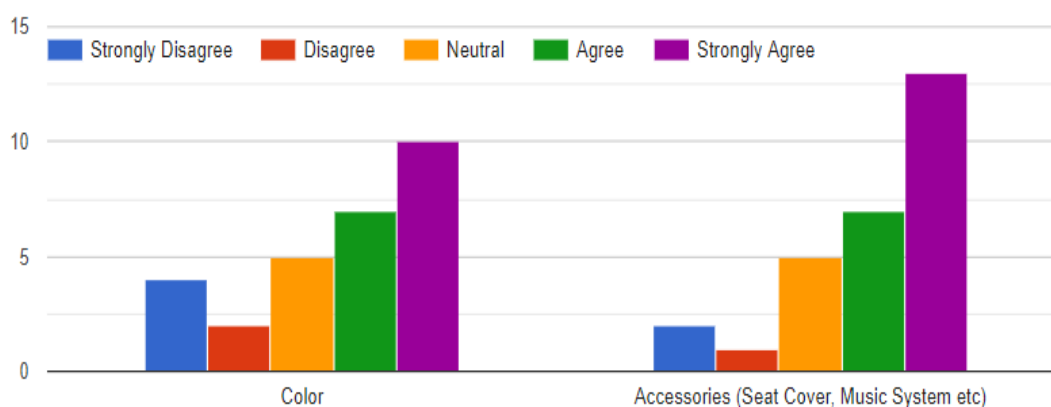
Please indicate your level of agreement with the following factors which play a vital role at the time of used car buying *



When customers were asked which variables, such as price, fuel type, loan availability, service & maintenance cost, they prefer before purchasing a used automobile, they replied price and service & maintenance cost are the most important to them.

Figure 19: A graph depicting an important aesthetic component.

Following factors would be important from the aesthetic look point of view at the time of used car buying *

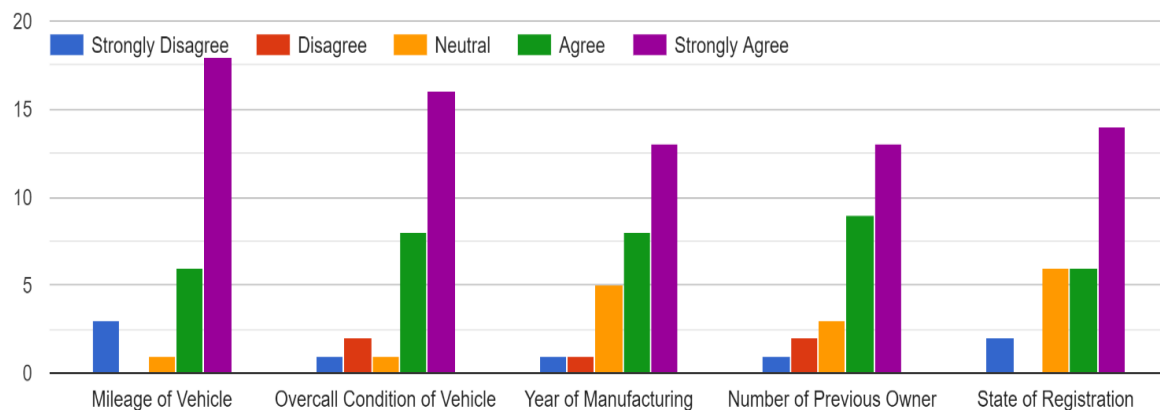


Apart from the automobile pricing, a company's focus on what vital features a consumer looks for when purchasing a car is critical before forming a strategy to penetrate the mass customer

market. As a result, when we questioned Indian customers whether they prefer the colour of the car (aesthetic appearance) or accessories such as a seat cover or a music system, they accorded aesthetic appearances a lower priority than accessories.

Figure 20: Graph of the Quality Parameter.

Quality parameters indicated below would impact the decision of used car buying *



We all know that the quality of an automobile is a critical component that influences a customer's purchasing decision. When questioned about quality factors, customers ranked vehicle mileage first, followed by overall automobile condition, which they prefer when purchasing a used vehicle.

Testing Hypotheses

H1: The brand of a used car has no bearing on the buyer's decision

The brand has a positive association with the customer's purchasing decision, based on the observations and data presented above. As a result, the idea that Brand has no bearing on a used automobile buyer's decision has been **disproved**.

H2: The price of a used car, as well as the cost of repair and maintenance, have no bearing on the buyer's selection.

According to the aforementioned findings and observations, pricing has a positive association with a customer's purchase decision. As a result, the premise that price has no bearing on a used automobile buyer's decision has been **disproven**.

H3. The quality of a used car has no bearing on the buyer's decision

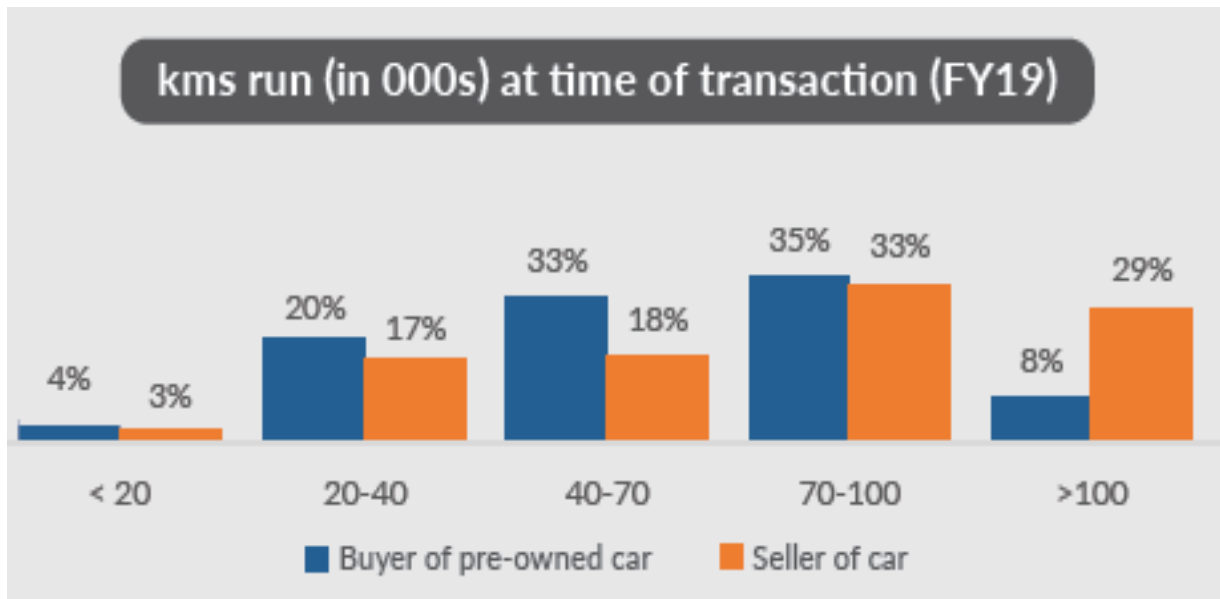
Quality has a favourable association with a customer's purchasing decision, as evidenced by the observations and results presented above. The most important contributing elements are quality characteristics such as the car's mileage and overall condition. As a result, the hypothesis that quality has minimal bearing on a used automobile buyer's decision is **disproved**.

H4. The aesthetic appearance of a used car has little bearing on the buyer's decision

Aesthetic does not appear to have a positive impact on a customer's purchasing choice, according to the findings. As a result, the notion that appearance has no bearing on a used automobile buyer's decision is **neither rejected nor accepted**.

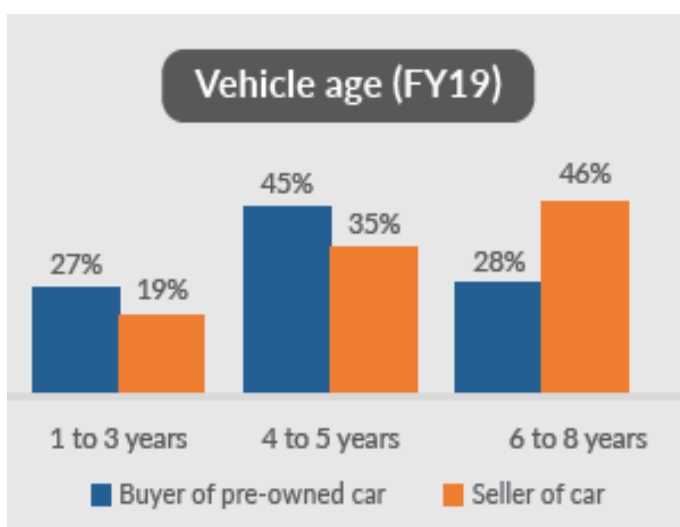
GAP IN SUPPLY AND DEMAND

Figure 21: A graph depicting the mileage of automobiles.



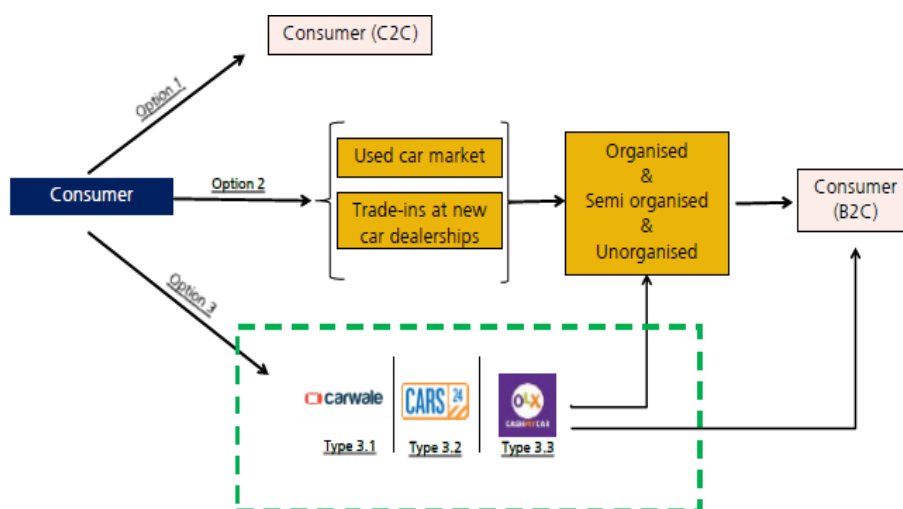
The mileage of an automobile is a fundamental indicator that provides the first indication of its condition; the lower the mileage, the better. According to a survey conducted by Indian Blue Book, the majority of used car purchasers prefer vehicles with less than 70,000 kilometres on the odometer, while the majority of sellers prefer vehicles with more than 70,000 kilometres on the odometer. It results in a massive demand and supply imbalance.

Figure 22: Age of the vehicle graph



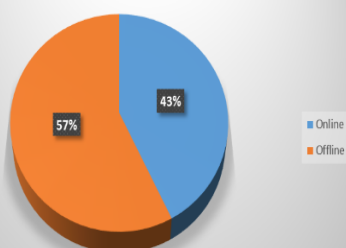
Similarly, the vehicle's age is a significant aspect that determines a buyer's decision. The majority of buyers in this area are looking for a car that is less than 5 years old, while the seller wants to sell it after that time. The classic article "The Market for 'Lemons'" by George Akerlof was published in 1970. This term refers to market failures caused by incomplete knowledge, asymmetry, and the cost of dishonesty. It represented a problem in the used automobile market, where a buyer wants to acquire a car and begins bargaining with market sellers. Due to knowledge and data restrictions, he is unaware of the many sorts of cars available on the market. The most common citrus fruits are lemons and oranges. The word "lemon" refers to cars that are sold in good faith but whose true condition is subpar, which the buyer will discover over time as the car is utilised. In truth, only the vendor knows the car's exact condition. An Orange, on the other hand, is a car in great shape that may be a good long-term investment. Again, the seller is fully aware of the vehicle's genuine level of efficiency. A buyer would have a tough time distinguishing different cars with identical features, appearance, and feel. As a result, the buyer must choose a middle ground, with the automobile's price being the average price for a car of medium quality (Akerlof describes quality as q and car price as p). In comparison to their consistency q , oranges and lemons have a similar price p . Lemon sellers will make money, but orange sellers will lose money, and they will begin to leave the vehicle because selling below market pricing, whether it is a lemon or an orange, indicates that the vehicle is worth less than market value, and consumers will assume it is a lemon. It's also reasonable to assume that if we know the automobile we're selling is reliable, we'll demand more than the average market price, because the average includes some lemons.

Figure 23: Business model for used cars



Source: JM Financial, India Blue Book

Selling Platform Preference

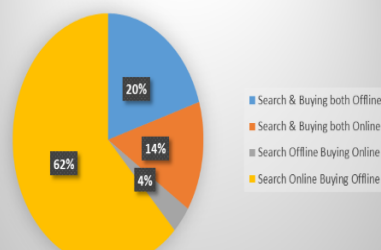


1. Customer are moving from Offline platform to Online.

2. Digital pricing tools are helping customers to get the right price for their cars. Increasing customer awareness regarding the pricing.

3. Aggregators working as a link between sellers & buyers.

Buying Platform Preference



1. Offline platform are dominating when the buyers are going to buy a car

2. However, Online platform is right medium for enquiry generation

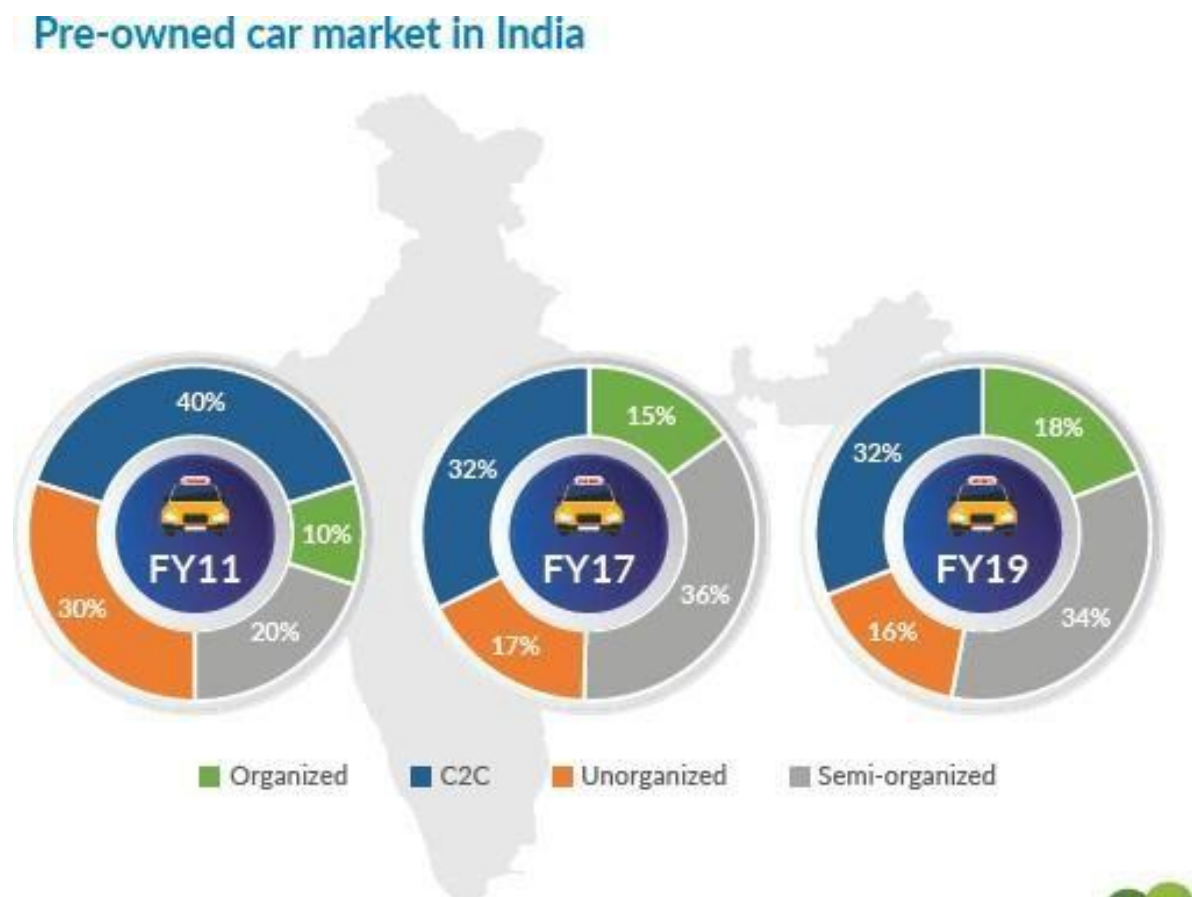
3. Touch & feel, car conditions, quality reliability are the key reasons for dependency upon offline channel

Factors influencing a customer's decision that are related to the brand

People, organisations, and enterprises regard brands as important assets because they reflect the whole image captured in the minds and hearts of customers. The "Coca Cola" and "Pepsi" brands earn a lot of money in terms of sales.

A company's most valuable asset, aside from internet platforms and the bricks-and-mortar notion, is its name. A brand is a distinctive label, emblem, or other feature that identifies one seller's goods or service from that of other vendors. The offline market for buying old automobiles, as we showed in the previous analysis, is a place where both organised and unorganised actors compete.

Figure 24: India's Pre-Owned Car Market



It has been established that the brand of the car is not the only factor that determines a consumer's decision. The brand of the goods as well as the brand of the selling outlet will influence used automobile buyers' decisions.

According to the report's findings, both components have a favourable link with the overall brand factor. Because each used car is a one-of-a-kind product, this concept has been comprehended by organised used car players. As a result, brand awareness can be built through a positive consumer journey and an enjoyable outlet experience. Mahindra First Option and True Value have a statewide presence thanks to used car retailers, and these outlets have helped to build a solid brand.

Furthermore, OEMs have begun to market certified products for their brands, following CarMAX's business model of differentiating itself through certified automobiles.

Used cars at CarMax are CarMax certified and not certified by an OEM.



Customer's Decision is Influenced by Price-Related Factors

Price is a broad concept when it comes to used products, especially when buying a used car. It takes into account a number of criteria when evaluating a commodity's cost of ownership and determining the right price.

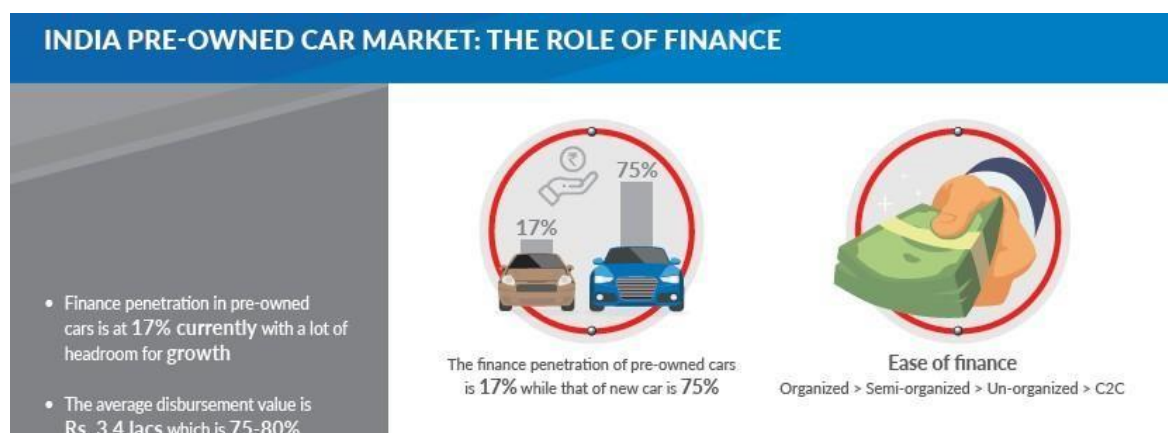
According to Kotler & Keller, "price is the only aspect of the marketing mix that creates income; the other elements generate costs" (2012). Consumers' purchase decisions are also based on their perceptions of prices and what they believe the current actual price is, according to them. A important marketing goal is to understand how people arrive at their price perceptions.

- **Odd even price:** Odd pricing has been clarified in several ways. Consumers may perceive an exceptional pricing to be considerably cheaper than it actually is, according to one theory. Customers estimate a \$4.99 price to be closer to \$4 than nearly \$5.
- **Bundle pricing:** Product bundle pricing is a pricing strategy in which several items, services, or some combination of them are sold to customers as a single package with a

single price. There have been a few study articles published so far on various elements of package pricing.

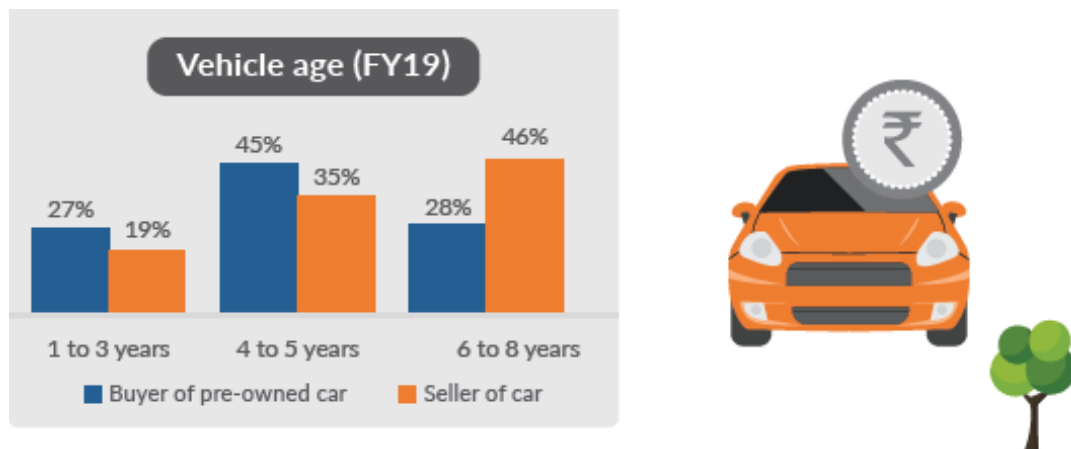
- **Promotional pricing:** Gedenk (2002) discusses the short- and long-term consequences of promotional pricing on a company. Consumers are switching to a certain store that offers promotional rates in the short term, according to him. Brands that participate in regular promotional pricing are also attracting customers.
1. **Car cost:** Because each commodity has a shelf life and depreciates over time, the price/cost of the car reduces with time. A depreciated pricing becomes the real price for buyers and dealers of used autos. A customer's next move is decided on the basis of the basic cost features. A customer is willing to spend more for a used car if he believes it has the features and quality he need. This is the most significant aspect for both buyers and sellers, as stated in goal 1, resulting in a demand and supply disparity in this business.
 2. **Car Fuel:** The type of fuel used determines the cost of ownership, as diesel engines receive greater mileage than gasoline or compressed natural gas engines. Gasoline is more expensive than diesel and compressed natural gas (CNG). Petrol automobiles, on the other hand, are less expensive to maintain than diesel and compressed natural gas vehicles.
 3. **Finance alternatives:** Easy financing and borrowing options have helped the vehicle business grow. The used car market does not have access to the benefits of this service. Financing contributes for only 17 percent of used car sales, but 75 percent of new automobile sales.

Figure 25: Pre-owned Car market in India



The findings of the investigation revealed that this aspect has a weak relationship with a customer's purchasing choice.

Figure 26: Vehicle Age

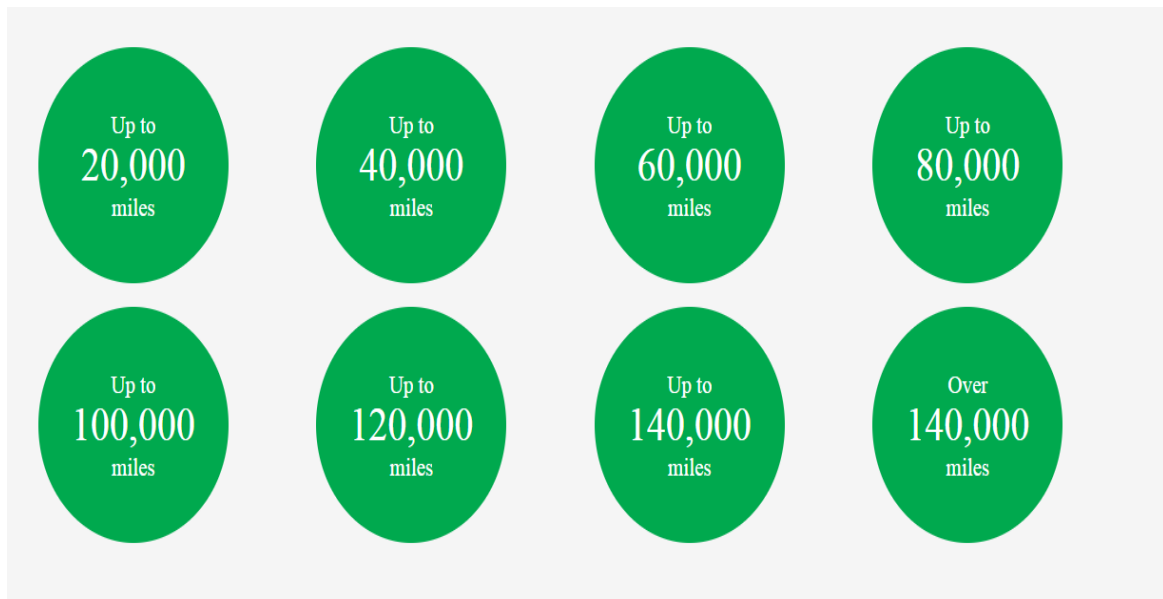


Customer's Decisions are Influenced by Quality Related Factors

1. **Car Mileage:** When purchasing a used car, the most significant quality criterion that each buyer looks for is the car's mileage. If the mileage is higher, the car will be used more. Depreciation would be higher as a result, resulting in increased long-term ownership expenses. According to the conclusions and findings, it has a definite link to consistency. When buying a used car, mileage is an important consideration, but it is easy to overlook. It's easy to get caught up in discussions about the best mpg cars or other performance metrics. Low or high mileage has an impact on the car's purchase and resale value, as well as the expected maintenance and servicing costs. The average yearly mileage is 12,000 miles, therefore a car with less than 60,000 miles after five years is considered low. If it's a lot more, it's considered high.

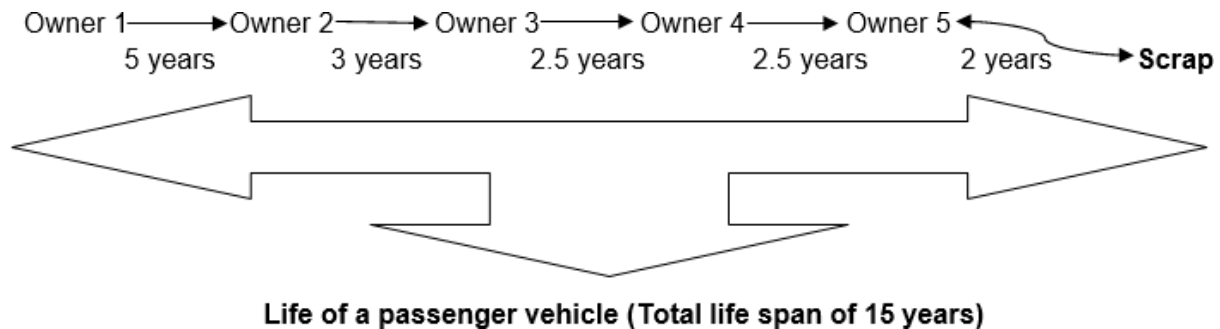
The following model is the most straightforward for calculating a car's value depreciation depending on mileage. Every modification to the band results in a 20% reduction in the current pricing.

Figure 27: Miles range table



2. **Car condition:** The mechanical and physical conditions of a vehicle are the next two obvious variables that explain its state. Accidents, repainting, excessive noise, and driving concerns are all signs that the vehicle is in poor condition. Even the consumer is aware of this and seeks expert assistance. The condition of the vehicle has a significant impact on its worth. A car's condition is often categorised as average, decent, or superb. If the customer likes the car's appearance and it's in good working order, the customer may be entitled to a fair price. It also demonstrates how the vehicle has been treated and cared for in general. Good automotive maintenance attracts customers by indicating that the vehicle is in good hands and is being properly maintained.
3. **Year of Manufacturing (Age):** A car's life is determined in most areas of the world, after which it is discarded. The point at which automobiles must be scrapped in India, on the other hand, is not clearly defined. The age and mileage of the car are the primary causes of the demand and supply gap. A competent authority may grant an extension to a car that is about to approach the end of its legal life. However, regardless of the odometer reading or the state of the car, if they consider it unfit, it cannot be driven on the lane. Until the government introduces legislation that can practically access each car's state and offer fitness certificates, cars that are old on paper will continue to be scrapped regardless of their actual condition. This is one of the most crucial factors in establishing a product's worth.

Figure 28: A car's Life cycle



4. **Previous owners:** The number of prior owners and the car's age are strongly associated, thus the less previous owners, the lower the risk and maintenance cost. It argues that owning an automobile that only one person can drive is typically the best option. The majority of purchasers want a car with only one previous owner. There are numerous reasons why purchasing a used car from the original owner remains a top priority for used car purchasers.
5. **Registration state:** In general, a consumer prefers to buy an automobile in his home state or in the state where he plans to drive it. In any other case, a NOC from the RTO, as well as other documentation, would be required at the time of the name change and resale. This work is simple in one state, but it creates significant difficulties when moving from one state to another.

Customer's Decision are Influenced by Aesthetic Look Related Factors

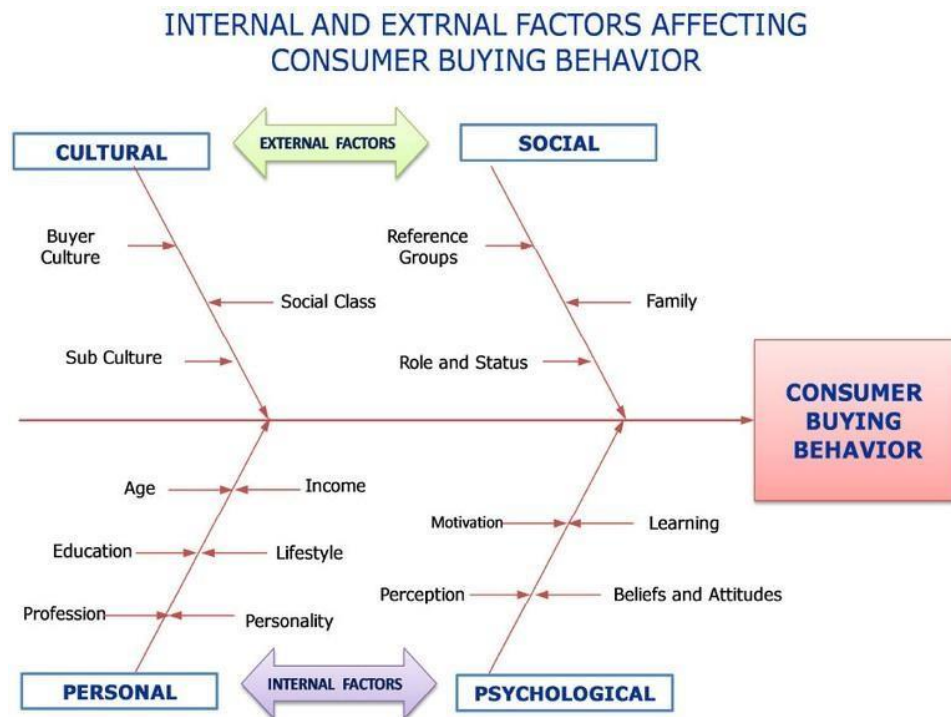
The appearance and feel of an automobile is the next important criterion, although it does not appear to be a deciding factor in the purchase of a new car. Consistency and pricing, on the other hand, are more important than aesthetic appearance.

1. Color is all about the trend; it may have been popular when the same new model of automobile was produced, but small scratches and post-collision damage necessitate repainting in used cars. The colour of an automobile can have a positive or negative impact on its resale value.

2. Customization and personalization effects such as music systems, customised lighting, and so on would not make a pleasant impression on the customer, and he would not be prepared to pay extra for them.

Role of the Opinion Leader

Figure 29: Internal and external influences influencing customer purchasing behaviour are depicted



"Someone whose views are highly regarded and used by the respondents to assist in making decisions across a range of conditions like what types of clothes to wear, where to have major household items repaired, and how to discipline children," according to opinion leaders. This individual could be a friend, clergyman, social group member, relative, or public figure whose counsel is based on public remarks). R. Burt (1999) defines opinion leaders as "opinion brokers" who "transfer knowledge across social boundaries between communities." They aren't so much at the top as they are on the outside of things, and they aren't so much leaders within groups as they are brokers between them. L. Corey (1971) defines opinion holders as "reliable and knowledgeable persons who exist in practically all primary classes." They are "models" of opinion and can have a huge impact on marketing activities through word-of-mouth interaction

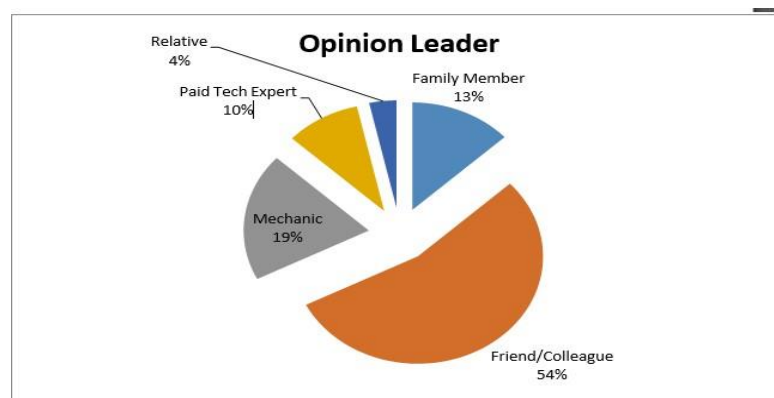
with circles of family, coworkers, and friends. According to Glock and Nicosia, opinion leaders "serve not just as sources of information, but also as sources of social pressure against a specific option, as well as social encouragement to sustain the choice once chosen." Opinion leaders are "those trustworthy and knowledgeable people who exist in virtually all primary communities, who are the 'models' for opinion within their community, who listen to and read the media, and who then pass on knowledge and power to their circle of relatives, colleagues, and acquaintances," according to Berelson and Steiner.

Figure 30: Characteristics of the opinion leaders

Characteristics of opinion leaders

Following attributes of opinion leaders are shown as:

- | | |
|---|---|
| 1. Enjoys life | 13. Has all around knowledge |
| 2. Has common sense | 14. Evaluates you fairly |
| 3. Utilizes you to test his or her ideas | 15. Is available when you need him or her |
| 4. Motivates you to follow his or her advice | 16. Looks like you |
| 5. Does not care what social group you associate with | 17. Expresses empathy towards others; identifies with them |
| 6. Belongs to the same social group as you do | 18. Is wealthy |
| 7. Can easily evaluate you for what you are | 19. Is mature |
| 8. Has high degree of professionalism | 20. Makes you follow rules; enforces norms on you |
| 9. Has strong opinions on many things | 21. Quite experienced about life |
| 10. Is not modest | 22. Likes to give advice so others will do those things he or she is afraid to do |
| 11. Is down to earth, practical or pragmatic, not pretentious | 23. Not afraid to give an opinion |
| 12. Gets jealous of other opinion leaders | 24. Does not stand out in a crowd |



Because buying a used car involves a complex combination of quality, price, and brand concerns, purchasers frequently seek advice from friends and family members on which brand and price range is appropriate for a certain quality product.

CONCLUSION

A buyer and seller for a used car are looking for a dependable, safe, and convenient means of transaction in an emerging market with a shortening car ownership cycle. Previously, however, only the seller was aware of the product's quality and pricing. Buyers are increasingly more aware of and improving their product knowledge using online pricing tools and details available at offline stores/on the internet public domain.

Many other sub-considerations influence a used automobile buyer's buying choice in addition to the four basic factors of brand, price, quality, and aesthetics.


Customers are growing faith in opinion leaders, and they are becoming a requirement of the organised market.

RECOMMENDATIONS

1. When it comes to the commodities in question, it is vital to understand the purchasing patterns and expectations of consumers in a certain country.
2. A range of factors influence a used automobile seller's or buyer's selection. When dealing with the used car market, all factors must be taken into account.
3. The internet platform and the brick-and-mortar model will coexist because each product is unique and has its own set of features. In this circumstance, physical proof, as well as the touch and feel of the goods, are critical.
4. It takes time for opinion leaders, such as technical experts, to educate consumers. This specialist service is still underutilised in the United States, and there is space for growth. As a result, both new and established businesses can plan and strategize around this business necessity.

APPENDIX

Buying Behavior of Second Hand Car

 **harshatyagi_2k20emba16@dtu.ac.in** (not shared)
[Switch account](#)

To what extent do you see the car only as transport tool

☐ Strongly Disagree

☐ Disagree

☐ Neutral

☐ Agree

☐ Option 5

If you want to buy second hand car where would you go to buy

☐ Search online and buy offline (Local /Known/ car 24)

☐ Search offline buy online

☐ Search and buying online

☐ Search and buying offline (Local /Known/ car 24)

☐ Search and buying offline (Authorized workshop of Manufacturers)

☐ Offline and online both

When you are deciding on used car buying following factors would be critical

☐ Brand/ Make of Vehcile

☐ Your Past Experience (Already owned Vehicle)

☐ Experience at showroom /Physical visit to setup

As per you how important is Brand for you to buy the car

☐ Strongly Disagree

☐ Disagree

☐ Neutral

☐ Agree

☐ Strongly Agree

As per you how important is past experience for you to buy the car

- ☐ Strongly Disagree
- ☐ Disagree
- ☐ Neutral
- ☐ Agree
- ☐ Strongly Agree

As per you how important is experience at showroom /Physical visit to setup for you to buy the car

- ☐ Strongly Disagree
- ☐ Disagree
- ☐ Neutral
- ☐ Agree
- ☐ Strongly Agree

If Owned car, which brand you will prefer

- ☐ Maruti Suzuki
- ☐ Hyundai
- ☐ Mahindra
- ☐ Tata
- ☐ Toyota
- ☐ Nissan
- ☐ Renault
- ☐ Honda
- ☐ Ford

Please indicate your level of agreement for the factors that plays vital role at the time of used car buying

- ☐ Price
- ☐ Fuel Type (Petrol/CNG/Diesel)
- ☐ Availability of Finance/Loan option
- ☐ Service and Maintenance Cost

Service and Maintenance Cost is very important when you buy second hand car.

- ☐ Strongly Disagree
- ☐ Disagree
- ☐ Neutral
- ☐ Agree
- ☐ Strongly Agree

Price factor is very important when you buy second hand car.

- ☐ Strongly Disagree
- ☐ Disagree
- ☐ Neutral
- ☐ Agree
- ☐ Strongly Agree

Fuel type is very important when you buy second hand car.

- ☐ Strongly Disagree
- ☐ Disagree
- ☐ Neutral
- ☐ Agree
- ☐ Strongly Agree

Availability of Finance/Loan option is very important when you buy second hand car.

- ☐ Strongly Disagree
- ☐ Disagree
- ☐ Neutral
- ☐ Agree
- ☐ Strongly Agree

Factors would be important from the for aesthetic point of view at the time of second hand car buy

- ☐ Color
- ☒ Accessories

Color option is very important when you buy second hand car.

- ☐ Strongly Disagree
- ☐ Disagree
- ☐ Neutral
- ☐ Agree
- ☐ Strongly Agree

Accessories option is very important when you buy second hand car.

- ☐ Strongly Disagree
- ☐ Disagree
- ☐ Neutral
- ☐ Agree
- ☐ Strongly Agree

Which all are the quality parameter that will affect your buying behavior of second hand car

- ☐ Mileage of Vehicle
- ☐ Overall condition of Vehicle
- ☐ Year of Manufacturing
- ☐ Number of Previous Owner
- ☐ State of Registration

Submit

Clear form

This form was created inside of Delhi Technological University. [Report Abuse](#)

Google Forms

REFERENCES

- (PDF) *car buying behaviour in India* - researchgate.net. (n.d.). Retrieved May 3, 2022, from https://www.researchgate.net/publication/353954063_Car_Buying_Behaviour_in_India
- (PDF) *the impact of pricing on consumer buying behavior in Saudi Arabia : Al-Hassa Case Study*. ResearchGate. (n.d.). Retrieved May 3, 2022, from https://www.researchgate.net/publication/301753990_The_Impact_of_Pricing_on_Consumer_Buying_Behavior_in_Saudi_Arabia_Al-Hassa_Case_Study
- Bera: Issue 2 automotive industry: Automotive history*. (n.d.). Retrieved May 3, 2022, from <https://www.loc.gov/rr/business/BERA/issue2/history.html>
- Change ahead in India's complex used-car market*. RMSAuto.cn. (2017, October 5). Retrieved May 3, 2022, from <https://rmsautomotive.cn/en/change-ahead-in-indias-complex-used-car-market/>
- Chaudhry, S. A., & Irshad, W. (1970, January 1). [PDF] *leadership and its role in buyer decision making: Semantic scholar*. [PDF] Leadership and Its Role in Buyer Decision Making | Semantic Scholar. Retrieved May 3, 2022, from <https://www.semanticscholar.org/paper/Leadership-and-Its-Role-in-Buyer-Decision-Making-Chaudhry-Irshad/0684c0572fc4f14282cfb6596d771c20740d9f53>
- Department of Industrial Policy and Promotion (DIPP)*. MyGov.in. (2017, February 15). Retrieved May 3, 2022, from <https://www.mygov.in/group/department-industrial-policy-and-promotion-dipp/>
- Evaluation of the Indian pre-owned car market offerings & capturing the ...* (n.d.). Retrieved May 3, 2022, from https://dasweltauto.co.in/docs/India_Pre-Owned_Car_Market_Study.pdf
- Global used car market 2018-2022: Key insights and forecasts: Technavio*. Business Wire. (2018, September 6). Retrieved May 3, 2022, from <https://www.businesswire.com/news/home/20180906005803/en/Global-Car-Market-2018-2022-Key-Insights-Forecasts>
- Has the UK used car market undergone a seismic shift? guest opinion*. AM Online. (2019, February 21). Retrieved May 3, 2022, from <https://www.am-online.com/opinion/2019/02/20/has-the-uk-used-car-market-undergone-a-seismic-shift-guest-opinion>
- Improving the supplier sustainability - theseus.fi*. (n.d.). Retrieved May 3, 2022, from <https://www.theseus.fi/bitstream/handle/10024/147337/Final%20Thesis.pdf?sequence=1>
- Lange, D. (n.d.). *Topic: Cycling*. Statista. Retrieved May 3, 2022, from <https://www.statista.com/topics/1686/cycling/>

- Shah, P. (2021, March 8). *Financialexpress*. The Financial Express. Retrieved May 3, 2022, from <https://www.financialexpress.com/auto/industry/volkswagen-frost-sullivan-to-develop-used-car-market-study-for-india-pre-owned-car-business-das-weltauto-certification-warranty-service-second-hand-pre-owned/2208666/>
- Siamindia.com. (n.d.). Retrieved May 3, 2022, from <http://www.siamindia.com/statistics.aspx?mpgid=8&pgidtrail=14+Journal+Paper>
- A study on consumer behavior towards pre- owned cars in India.*” (n.d.). Retrieved May 3, 2022, from https://www.worldwidejournals.com/paripex/recent_issues_pdf/2016/November/a-study-on-consumer-behavior-towards-preowned-cars-in-india_November_2016_1204016950_9707723.pdf
- A survey - researchgate.* (n.d.). Retrieved May 3, 2022, from https://www.researchgate.net/publication/327070602_Consumer_Buying_Behaviour_of_Cars_in_India_-_A_Survey
- Uploads.carandbike.com.* (n.d.). Retrieved May 3, 2022, from <https://uploads.carandbike.com/ibb/research/reports/ibb-cnb-pre-owned-car-market-2021.pdf>
- Used car market becoming more 'complex and volatile', says CAP HPI.* RMSAuto.cn. (2019, September 24). Retrieved May 3, 2022, from <https://rmsautomotive.cn/en/used-car-market-becoming-more-complex-and-volatile-says-cap-hpi/>
- Used car market of India: Trends and demand analysis, 2021-2030.* P&S Intelligence. (n.d.). Retrieved May 3, 2022, from <https://www.psmarketresearch.com/market-analysis/india-used-car-market>
- Used car remarketing and vehicle inventory management software.* RMS Automotive. (2022, February 17). Retrieved May 3, 2022, from <https://rmsautomotive.eu/>
- Used car remarketing and vehicle inventory management software.* RMS Automotive. (2022, February 17). Retrieved May 3, 2022, from <https://rmsautomotive.eu/>
- Yumpu.com. (n.d.). *Abhinav National monthly.* yumpu.com. Retrieved May 3, 2022, from <https://www.yumpu.com/en/document/view/12872784/a-study-on-consumer-buying-behaviour-for-used-cars-in-pune-city/6>