



International Seminar on September 16th, 2024
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Advertising Effectiveness and Price Sensitivity in Automobile Consumer Behavior: A Case of Maruti Suzuki Cars in Nagpur

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Abstract

Automotive is a very volatile and Omni consumer's sensitive area or sensitive point to players such as advertising techniques and the price variables. This research aims to investigate the performance of advertising appeals and price sensitivity as factors influencing the buying behavior of Maruti Suzuki cars in Nagpur market. In this research, both qualitative and quantitative data are collected to analyze the consumption experiences of customers and their reactions to ad messages and changes in automobile prices. Primary data was collected from 250 Maruti Suzuki users or buyers, 50 selected dealers and 10 industry specialists using structured questionnaires and interviews. The study establishes that although the study confirms that advertising has a major influence on brand awareness and recall which are aspects that are key to the purchase decision, consumers are most likely to be guided by the price factor, which is also determinant to the purchase decision. It presents the major findings on consumer attitudes, marketing communication efforts, and the executive decision making as a synthesis of rational and emotional criteria. Strategies that should be employed by automobile marketers are; – Improper ad placement and pricing strategies should be adjusted to match new markets such as Nagpur. The findings of this research extend knowledge of regional consumer behaviour and provide suggestions on optimisation of marketing strategies in the automobile sector.

Keywords: Advertising Effectiveness, Price Sensitivity, Consumer Behavior, Maruti Suzuki, Automobile Industry, Nagpur Region

Introduction

The automobile industry of India is one of the biggest industries and is observed having high growth rate, technological innovation and changing consumer trends. In this changing market environment the role and the function of advertising and prices are considered crucial to the consumption decision. Maruti Suzuki, which has a leading position in the market of automobiles in India, has ensured its market leadership through fine performance of vehicles, reasonable prices, and quality advertisements.

A place connection that pulls consumers toward the automobile sector depends on brand association, price determining factors, advertises impact, characteristics of the automobiles, and perceived emotional association with the brand. Through print media, electronic media and the social media, advertising is used as a communication tool of brands, benefits of products and competitiveness. On the other hand, price sensitivity, the level to which the customers are sensitive in regard to the price of the product or services is still an influential parameter especially in Indian markets.

Therefore, the Nagpur region, an emerging industrial and commercial centre of Maharashtra, is postulated as an appropriate venue of qualitative research to explore consumer behavior in the automobile segment. Higher urbanization rates, growth in disposal income of the population, and the existence of evolving set of consumers make the region a suitable context in which to examine the relationship between advertising effectiveness and the price elasticity. Hence, the current study of factors that affect consumer decision making is set within the Nagpur automobile market where Maruti Suzuki has a dominant presence.

The extent of the impact of Advertising Effectiveness and Price sensitivity towards the choice of Maruti Suzuki cars in Nagpur has not been investigated and this forms the research question of this study. It aims at finding out the level of effectiveness of advertising techniques in



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improving the ability to evoke a purchase interest as well as the degree to which the fluctuations in price impact consumers' propensity to buy.

In this respect, by responding to objectives, this research enhances the knowledge of consumer behaviour with regard to the regional context, and can thereby provide benefit to the marketers of automobiles, as it provides practical advice how to improve the advertising and the price positioning strategies.

Literature review

Research on Consumer behavior with regards to advertising and the factors of price sensitivity has received increased attention by academics and firms in the last few years especially in the automobile industry. This section draws on literature published on the relationship between advertising, price sensitivity and consumption especial in the automobile industry.

As we know, advertising is still one of the most important aspects of brand message delivery and consumer interaction. Mukherjee and Mishra (2020) and Gupta and Kumar (2020) both highlighted that digital marketing including social media, video advertisement, and influencer marketing affect consumer recognition and advertising recall. In their study, they proved that personalisation and relevance in the advertisements have high impact with the target audience which enhances purchase interest.

Building on the ideas of this article, Sharma et al. (2021) examined the efficiency of IMC in the automobile sector. The authors underlined that the integration of conventional (TV, radio, print) and modern media multiply brand renown and consumer faith. They also confirmed that middle-class viewers from Tier II cities, such as Nagpur are more responsive to emotional appeals and Value-Advertising.

The authors have argued that price sensitivity especially amongst automobile buyers in the emerging markets is the sole determinative of auto buyer behavior. Choudary and Singh (2020) pointed out that high price sensitivity is prevalent in Indian consumers because of income pressures, perceived value for prices and price positioning strategies. Of these, it highlighted that price promotions including rebates, rent-to-own packages, and trade-in schemes have a significant impact on customers' buying decisions.

According to Patel and Roy (2021), the change has come closer to the conclusion that consumers residing in small cities today also compare price and ownership costs such as maintenance and fuel efficiency while shopping. To meet this clientele, their studies pointed out the need to strike a balance between cost and quality.

The effects of both the advertisement and the price sensitivity have been analyzed in the latest researches. In the study Rao et al. (2021) examined consumer behaviour in regional markets and showed that while advertising increases brand recall, price drives purchase. As their studies pointed out, the middle-income consumers are deeply concerned with the efficient communicating and the reasonable prices.

According to Verma & Mishra, 2022 on consumer behavior in the economic recovery period, the consumers are now inclined towards the value arena more than ever before. To the researchers' surprise, price sensitivity was found to rise during economic instability, meaning that establishing competitive pricing approaches could become critical to retaining as numerous customers as possible. In the same period, some advertising appeals such as credibility, safety, and reliability shifted into the limelight.

There have been many studies done in regard with Maruti Suzuki's position in India market. More recently, Joshi et al. (2022) for the same firm and tiered markets in India pointed out that their marketing appeals as reflected in advertisements, such as affordable prices, high fuel efficiency, and familial messaging are closely matched to consumers' psyche. The same study also observed that price leadership has been the hallmark of Maruti Suzuki's competitive strategies.



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Likewise, examining consumer behaviour in consumer durables for Maharashtra, it was reported that place factors like Nagpur is sensitive to promotional offers, EMI options and after sale service added benefits. Consumers who receive information regarding these features are likely to be influenced on their purchase decisions by advertising campaigns.

Technological developments that have occurred within the last decade have revolutionized the automobile advertising space. Elaborately, Khan and Ali (2023) pointed out that the use of artificial intelligence and big data to contextualise advertising content for targeted consumer segments. From their investigations, they found out that it was easier to tap into higher engagement levels and greater ROI through digital campaign for automobile brands.

In addition, Pandey and Sinha (2023) noted that the available price transparency, comparison tools in the digital space also raised the consumers' price sensitivity. Thus, the consumer is now a more informed one that looks for this optimum point where pricing has met marketing appeal making it important for a marketer to find this balance between price appeal and advertising appeal.

Summary of Key Findings

The reviewed literature highlights the following key trends: Emotional appeal, online media and the use of intensive integrated communication all improve advertising communication. Price sensitivity is still a major element of influence, more so in new regional markets such as Nagpur. In other words, consumers want to feel that brands communicate with them directly but to avoid the high cost associated with brands people still want quality brands accompanied by good rebates at reasonable prices. That is primarily because of Maruti Suzuki's better advertising strategies, its efforts to offer products at cheaper prices, and the research it has made to know the preferences of the people in those states. As a result, this literature review lays down the foundation for studying the correlation between advertising efficiency, price elasticity, and consumers' behavior in the aforementioned automobile market – Nagpur – particularly taking into account Maruti Suzuki as a case study.

Objectives of the Study:

- To evaluate the effectiveness of advertising strategies in influencing consumer behavior for Maruti Suzuki cars in Nagpur.
- To assess the role of price sensitivity in determining consumer purchase decisions.
- To analyze the relationship between advertising effectiveness, price sensitivity, and consumer behavior in the automobile sector.
- To provide insights and recommendations for improving marketing strategies for automobile manufacturers in regional markets.

Hypothesis of the study

Null Hypothesis (H_0): Advertising strategies do not have a significant influence on consumer behavior for Maruti Suzuki cars in the Nagpur region.

Alternative Hypothesis (H_1): Advertising strategies have a significant influence on consumer behavior for Maruti Suzuki cars in the Nagpur region.

Research methodology

Consequently, this study uses a mixed research method to investigate the impact of both advertising effectiveness and price sensitivity on the consumers' behavior regarding the Maruti Suzuki cars in the Nagpur area. The primary data was collected through self-developed questionnaire survey from select Maruti Suzuki car users/buyers, and from automobile dealers. Close-ended and Likert scale based questions were used in the questionnaire to measure the respondent perception of advertising campaigns, price sensitivity and its influence on their buying behaviour. A target of 250 respondents was selected employing a stratified random sampling method by age, income, and occupation. Moreover, a set of semi-structured interviews with professionals and Maruti Suzuki dealers were conducted in order to obtain



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qualitative data on companies' current marketing and consumers' tendencies. Secondary information was obtained from journals, industry reports and company publications to situate the study findings under the automotive industry. In the analysis of quantitative data, descriptive and inferential tools such as frequency analysis, correlation and regression analysis was used according to the Lincoln and Guba (1985) embedded protocol. The collected data was analyzed qualitatively thematically to determine certain tendencies and patterns. Thus, the given approach provides a broad and systemic coverage of the link between advertising, price sensitivity, and consumer behavior concerning the regional automobile market.

Data analysis and discussion

Table 1 – Descriptive statistics

Variable	Categories	Frequency (n)	Percentage (%)
Gender	Male	160	64.0
	Female	90	36.0
Age Group	18-25	50	20.0
	26-35	85	34.0
	36-45	65	26.0
	46-55	30	12.0
	Above 55	20	8.0
Income Level (Monthly)	Less than ₹20,000	45	18.0
	₹20,000 - ₹40,000	90	36.0
	₹40,000 - ₹60,000	70	28.0
	₹60,000 and above	45	18.0
Education Level	Undergraduate	60	24.0
	Graduate	130	52.0
	Postgraduate and above	60	24.0
Car Ownership	New Car	175	70.0
	Used Car	75	30.0
Awareness Through Advertising	Yes	220	88.0
	No	30	12.0
Price Sensitivity	Highly Sensitive	105	42.0
	Moderately Sensitive	95	38.0
	Less Sensitive	50	20.0

The demographic and behavioral characteristics of the participants in this study using the 250 respondents' descriptive statistics give the researchers a summary of the participants' characteristics. Number of respondents by gender show 64.0% male and 36.0% females, which state that there are more males involved in decision making of purchasing an automobile.

With regard to age target group distribution, the highest percentage is observed among the 26-35 years (34.0%), followed by the 36-45 years (26.0%) and 18-25 years' persons (20.0%). From this it can be made that the young and middle aged people are the main target market of automobiles in the Nagpur area. Conversely, the younger individuals of age 46-55 account for 12.0% while those above 55 years 8.0%, smaller part imply that the older people are less concerned or may have low buying power.

The income group of the respondents reveal that 36.0% of the respondents earn between



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₹20,000 and ₹40,000 per month and 28.0% of them earn ₹40,000 to ₹60,000 per month. Another 18.0% each belongs to the groups of Below ₹20000 and ₹60000 or more above respectively. This shows that the majorities of the respondents are in the middle-income class, and this bracket is highly conscious of its spending and especially when investing in automobiles.

Regarding the level of education, the highest level mentioned by the respondents was graduate (52.0%), while undergraduate and postgraduate education respondents were equal, 24.0%. This goes a long way to showing that education played a role in the decision making process though influenced by adverts and price.

Subdividing along the newly and used car ownership, majority owns new cars at 70.0% own new cars while 30.0% own used cars. This phenomenon shows a high demand in new vehicles, which could be driven by update in features, availability and accessibility to financing as well as influence from advertisement.

Another revealing study identified that advertising awareness is also substantial, 88.0% of the participants agreed that advertisement impacted awareness of Maruti Suzuki cars. This goes to show the promotional campaigns have indeed created the customer friendly image recall in customers.

Lastly, in price sensitivity, 42.0 percent respondents are sensitive to price followed by 38.0 percent moderately sensitive and rest 20.0 percent less sensitive. From this therefore, it is clear that price strategies are very essential for decision making among the middle income buyers in Nagpur.

The findings suggest that general developments in advertising awareness and perceived price sensitivity combined are the main predictors of consumer behavior in the identified target market segments in relation to acquiring and using various goods and services. The results themselves form the basis for a future research on the interconnection between advertising techniques, cost and the choice of automobiles.

Table: Correlation Analysis between Advertising Strategies and Consumer Behavior
(N=250)

Variable	Advertising Awareness	Advertising Media (TV)	Advertising Media (Digital)	Purchase Intent	Price Sensitivity
Advertising Awareness	1.00	0.65**	0.70**	0.55**	0.40**
Advertising Media (TV)	0.65**	1.00	0.60**	0.45**	0.38**
Advertising Media (Digital)	0.70**	0.60**	1.00	0.50**	0.35**
Purchase Intent	0.55**	0.45**	0.50**	1.00	0.42**
Price Sensitivity	0.40**	0.38**	0.35**	0.42**	1.00

The correlation analyzed offers understanding into the nature of ad strategies in relation to consumer response for Maruti Suzuki cars in Nagpur.

Advertising Awareness and Advertising Media (TV): The association is quite strong and shows that a moderate positive relationship exists between independent variable, the extent of TV advertising and dependent variable, consumers' awareness level of Maruti Suzuki cars with coefficient of multitanglement $r = 0.65$. The analysis of the data stressing the idea that with the TV ad metric growing consumer awareness also raises, supports the hypothesis that the traditional media has a tremendous impact on consumers.



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Advertising Awareness and Advertising Media (Digital): This positive correlation coefficient of 0.70 means that digital advertising in fact is more effective than television advertising in increasing consumers' awareness. That is why digital platforms seem to play a higher role of attracting consumer attention compared to traditional advertising either being more appealing or more effective.

Advertising Awareness and Purchase Intent: The coefficient of consumer awareness obtained from the analysis of the advertisement strategies for the particular products indicates a moderate positive correlation and this means that consumer awareness leads to positive intention to purchase the products. This explains that when a consumer is more aware of the brand, then he has perceived chance to think for a Maruti Suzuki car which shows that the advertisement is playing vital role in purchasing.

Advertising Media (TV) and Purchase Intent: A moderate positive correlation with $r = 0.45$; indicates that TV advertisements also supports the increase of purchase intent; though not as greatly as digital advertisements. Although TV media remains prominent, it may be less or less directly linked to the top-of-the-funnel goal of driving purchase intent compared to the digital mix.

Advertising Media (Digital) and Purchase Intent: The findings also include a moderate positive relationship between digital advertising and purchase intention, which is at 0.50 of coefficients, which goes to support the assertion that the mass media platforms play a crucial role in influencing the buying decisions consumers make. A prime example is the use of advertisement and with more and more consumers exposed to the digital media, their likelihood to consider the purchase rises, noting the ever increasing role of the digital media on consumer trends.

Price Sensitivity: Price sensitivity extends modest positive relationship with advertising awareness ($= 0.40$), TV advertising ($= 0.38$) and digital media ($= 0.35$). This implies that the number of consumers who are susceptible to advertising messages are still high but, their decisions maybe greatly influenced by price, therefore there is need to establish advertisement messages that align themselves with value or discount.

Purchase Intent and Price Sensitivity: A positive relationship between purchase intent and price sensitivity indicates that the price-sensitive consumers still have the intention of purchasing the products with an appreciation of the price or discounts adopted by the advert that is 0.42. This mean that even in mature markets advertising messages may be useful in reaching out to price sensitive consumers.

More so the study reveals that digital media advertising has the strongest impact on consumer's awareness and conversion intention for Maruti Suzuki cars than TV Advertising. Pricing information ad appeals have positive effects for both forms of advertising on the price sensitive consumers while consumers decision making might also be highly influenced by pricing information in the ad appeals. Exploring the role of media communication particularly through advertising media in Nagpur region with special reference to digital media reveals that communication is a major determinant of purchase intentions among consumers.

Conclusion

The objectives of the study were to; Analyse the impact of various forms of advertisement campaigns on the customer's buying behaviour and,; Assess the impact of price sensitivity on the buying behaviour of the customers as far as the Maruti Suzuki car brands in Nagpur/auto market were concerned. Based on the findings from the correlation analysis and statistical tests, the following key conclusions can be drawn:

This paper shows that ad techniques, particularly through electronic media, play a crucial role in influencing consumer behaviour in Nagpur area. Digital advertising signifies a stronger positive relationship with consumer consciousness ($r = 0.70$) and purchase behavioural intention ($r = 0.50$). This means that today's strategic, mostly web-based advertising message are essential for consumers' interaction and impact their purchasing decisions. Television also



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occupies a considerable place in advertising yet seems to be factors less impactful than digital advertising.

As far as advertising awareness is concerned, it has moderate positive relationship with purchase intention, $cl = 0.55$ which in practical terms means that in case the consumer is aware of the Maruti Suzuki cars through advertising then He/ she falls into the consideration set of the brand. This goes to support the need to guarantee an adequate level of advertising to grab the attention of the potential buyer as well as the disposition to actually purchase the product.

The study also pays much attention to price sensitivity, where the relationship between price sensitivity and the different advertising techniques is moderate. Even so, price sensitive consumers are influenced by advertising and their buying behaviour is significantly informed by the price factor. This is the reason why when using adverts the promotional strategies or probable price incentives should be included so as to appeal for the price sensitive segment.

Another interesting finding is the impression that consumers in the Nagpur region are somewhat sensitive to digital advertising and that the tendency will persist with the developing media. But it means that many advertisement instruments known for the long history such as TV is still important but in a secondary position. The study establishes that complex, simultaneous advertising across both offline and online platforms will most likely have the greatest impact on consumer behavior. In a bid to set direction for Maruti Suzuki and other automobile companies, this research have it that, practical investment in digital advertising campaigns, creating awareness of the brand is key to influencing purchase intentions. Furthermore, any information that is sensitive to price, like offers or instalment prices within advertising campaigns, can convince the price-sensitive group and improve the general impact of marketing.

In conclusion, advertising tactics are an essential factor influencing consumers' behavior in the Nagpur area and greatest emphasis should be placed on advertising targeting the digital media. Continuing the call to modernise the strategies utilized by marketers, references should be made towards the increased concern for improving the existing levels of awareness and purchase intention, as well as targeting the particular needs of the buyers-from the lowest sensitivity to price.

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