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Consumer Perception of Automobile Pricing and Marketing Strategies in the GST Era

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***Abstract*—The Goods and Services Tax (GST) has altered the tax environment in which automobile manufacturers, dealers and consumers operate in India. Changes in the tax structure can affect the final price of a vehicle, the transparency of price communication and the promotional approaches used by automobile brands. The present study examines consumer perception of automobile pricing and marketing strategies in the GST era, with specific reference to Coimbatore. A descriptive research design was adopted. Primary data were collected through a structured questionnaire from 110 respondents selected through convenience sampling, while secondary information was drawn from relevant publications and reports. Percentage analysis and the chi-square test were identified as the principal analytical tools. The descriptive findings indicate that tax benefits were the most important purchase-related factor (47.27%), followed by price (25.45%). EMI and loan schemes emerged as the most frequently preferred marketing strategy (31.82%), while GST-based discounts were also considered influential (29.09%). Respondents attached considerable importance to GST break-up information in advertisements, with 38.18% rating it as very important. Invoice explanation (44.55%) was the most trusted method of communicating price and tax information. The study concludes that consumers do not assess automobile purchases only on the basis of brand image or promotional appeal; perceived tax benefits, price clarity and transparent documentation play a central role in shaping confidence and purchase evaluation.**

***Index Terms*—Consumer perception, GST, automobile pricing, marketing strategy, pricing transparency, Coimbatore.**

I. INTRODUCTION

Tax policy influences market behaviour by affecting product prices, business costs and the information available to consumers. In India, the introduction of the Goods and Services Tax (GST) replaced a multi-layered indirect tax structure with a more unified framework. Prior to GST, the automobile sector operated within a system involving taxes such as excise duty, value added tax and other levies that could vary across jurisdictions. The transition to GST was intended to simplify indirect taxation, reduce cascading effects and improve the movement of goods across the country.

The automobile industry provides an appropriate setting for examining the consumer-side effects of tax reform because vehicle purchases involve relatively high financial commitment. A change in the tax component of the final price may influence affordability, comparisons between models and perceptions of whether the quoted price is fair. At the same time, automobile firms and dealers may modify promotional messages, financing offers and price communication in response to the tax environment. Consequently, consumer perception of GST cannot be considered only as a matter of tax awareness; it is also connected with marketing communication and confidence in the information provided at the point of purchase.

The present study investigates these issues from the perspective of consumers in Coimbatore. It focuses on the relationship between GST-based pricing, marketing practices and purchase-related perceptions. The study is based on a structured survey of 110 respondents and gives particular attention to the factors that matter most during automobile purchase, the marketing approaches respondents consider effective, the importance they attach to GST information in advertisements and the communication channels they trust when evaluating prices.

II. REVIEW OF LITERATURE AND RESEARCH GAP

The literature summarized in the source study presents a broadly consistent picture: consumer responses to GST are shaped by awareness, education, income, price expectations and the clarity of tax information. Studies listed in the review report moderate levels of awareness in the automobile sector, appreciation of a more transparent tax system and continuing concerns regarding price increases and the interpretation of tax slabs. Other studies indicate that higher awareness is generally associated with a more favourable perception of GST and that demographic characteristics can influence consumer attitudes.

The reviewed work also suggests that the effect of GST on consumer behaviour is not uniform across products or customer groups. Research on durable goods and automobile markets points to mixed responses, particularly where changes in the perceived final price alter the attractiveness of different purchase options. The existing discussion therefore supports the need to examine pricing perceptions together with the way tax information is communicated.

A gap remains in the integration of three connected dimensions: purchase factors, marketing strategy and trusted communication of GST-related price information. Many discussions of GST concentrate on taxation and awareness, whereas the consumer's actual decision environment also includes financing offers, promotional campaigns, invoice explanations and price disclosures. The present study addresses this gap by bringing these dimensions together within a consumer perception framework for the automobile market in Coimbatore.

III. OBJECTIVES OF THE STUDY

1. To examine consumer perception of automobile pricing in the GST environment.
2. To identify the marketing strategies considered effective by automobile consumers.
3. To assess the importance attached to GST break-up information in automobile advertisements.
4. To identify the purchase-related factors that influence consumer evaluation of automobiles.
5. To examine the communication methods that consumers consider most trustworthy for price and tax information.

IV. RESEARCH METHODOLOGY

The study adopted a descriptive research design because the purpose was to describe consumer awareness, perceptions and preferences relating to automobile pricing and marketing in the GST environment. Both primary and secondary data were used. Primary data were collected through a structured questionnaire containing close-ended items designed to capture demographic characteristics, purchase priorities, perceptions of marketing strategies, the importance of GST disclosure and preferred methods of communication.

The area of study was Coimbatore and the period of study was six months. Convenience sampling was used because of time and accessibility constraints. A total of 110 respondents formed the sample. The source study identified percentage analysis and the chi-square test as the statistical tools. The results available in the supplied document, however, present descriptive percentage findings for the variables reported below; therefore, the discussion in this article is limited to those documented results and does not infer unreported chi-square outcomes.

V. RESULTS AND DISCUSSION

5.1 Profile of Respondents

The age distribution was diverse, although respondents above 40 years represented the largest group. The occupational profile was dominated by private employees. The income distribution also showed participation from multiple income categories, supporting the inclusion of consumers with different levels of purchasing capacity.

Variable	Category	Percentage
Age	Below 20	22.73%
Age	20–30	20.00%
Age	31–40	10.00%
Age	Above 40	47.27%
Occupation	Student	20.00%
Occupation	Private employee	43.64%
Occupation	Government	19.09%

	employee	
Occupation	Business	10.91%
Occupation	Others	6.36%
Monthly income	Below ₹25,000	40.91%
Monthly income	₹25,001–₹50,000	13.64%
Monthly income	₹50,001–₹1,00,000	15.45%
Monthly income	Above ₹1,00,000	30.00%

The demographic profile is relevant because perceptions of automobile prices are likely to vary with purchasing capacity and market exposure. The relatively large share of respondents above 40 years and the substantial representation of private employees suggest that the sample includes individuals who may be actively involved in high-value purchase decisions. At the same time, the presence of students and lower-income respondents broadens the perspective to include potential and aspirational buyers.

5.2 Important Purchase Factors

Purchase factor	Percentage	Interpretation
Price	25.45%	Second most important factor
EMI options	4.55%	Lowest reported priority
Tax benefits	47.27%	Most important factor
Brand image	14.55%	Moderate influence
After-sales service	8.18%	Limited direct priority

Tax benefits emerged as the strongest purchase-related factor, selected by 47.27% of respondents. This result highlights the importance of the tax component in consumer evaluation of automobile affordability. Price ranked second at 25.45%, while brand image accounted for 14.55%. After-sales service and EMI options received comparatively lower shares. The pattern suggests that consumers in the sample were particularly sensitive to the financial consequences of taxation and the overall monetary value associated with the purchase.

The prominence of tax benefits is important for automobile marketers. Promotional communication that merely highlights product features may be less persuasive when consumers are uncertain about the final financial burden. Clear communication of eligible benefits, the relationship between base price and final payable amount, and the limits of any promotional claim can therefore strengthen perceived value.

5.3 Perceived Effectiveness of Marketing Strategies

Marketing strategy	Percentage
GST-based discounts	29.09%
EMI and loan schemes	31.82%
Transparent price breakdown	14.55%
Digital promotion campaigns	20.00%
Showroom promotions	4.55%

EMI and loan schemes were considered the most effective marketing strategy, with 31.82% of responses, closely followed by GST-based discounts at 29.09%. Digital promotion campaigns accounted for 20.00%, while transparent price breakdowns and showroom promotions received 14.55% and 4.55%, respectively. These findings indicate that affordability-oriented marketing has a stronger immediate appeal than purely location-based promotions.

The result also shows that consumers respond to two related forms of financial communication: a reduction or perceived benefit in the price and a mechanism that makes payment manageable over time. In the automobile market, where the transaction value is high, financing and tax-linked offers may therefore function as complementary tools. Nevertheless, such strategies need transparent terms because consumer trust can decline if the advertised benefit differs from the final invoice.

5.4 Importance of GST Break-up in Advertisements

Level of importance	Percentage
Not important	27.27%
Slightly important	8.18%
Moderately important	20.91%
Very important	38.18%
Extremely important	5.45%

A combined 64.90% of respondents rated the inclusion of GST break-up information in advertisements as either important to some degree, with 38.18% selecting the 'very important' category and 5.45% selecting 'extremely important'. At the same time, 27.27% considered such information not important. This distribution suggests that detailed tax disclosure is highly valuable for a substantial segment, although not every consumer requires the same level of information before forming a purchase intention.

For marketers, the practical implication is that price communication should be layered rather than overloaded. Advertisements can provide a clear headline price and a simple indication of the tax-related structure, while detailed explanations can be made readily available through dealer interactions, digital pages and invoices.

5.5 Trusted Methods of Price and Tax Communication

Communication method	Percentage
Transparent bills	15.45%
Invoice explanation	44.55%
Price break-up on website	25.45%
Dealer communication	5.36%
Financial advisor explanation	8.18%

Invoice explanation was the most trusted communication method, receiving 44.55% of responses. Price break-up information on the website ranked second at 25.45%, followed by transparent bills at 15.45%. Dealer communication and financial advisor explanation received lower shares. The finding is notable because the most trusted source is a formal, transaction-linked explanation rather than general promotional communication.

This pattern reinforces the importance of documentary clarity. Consumers may be exposed to advertisements before purchase, but confidence appears to increase when the final amount and its components are explained in a formal and verifiable manner. Automobile companies can use this insight by ensuring consistency between advertisements, website quotations, dealer estimates and final invoices.

VI. MAJOR FINDINGS

- Tax benefits were the leading purchase factor, selected by 47.27% of respondents.
- Price remained the second most important purchase factor at 25.45%.
- EMI and loan schemes were the most effective marketing strategy at 31.82%, closely followed by GST-based discounts at 29.09%.
- Digital promotion campaigns had a meaningful but lower influence at 20.00%.
- GST break-up information in advertisements was rated very important by 38.18% of respondents.
- Invoice explanation was the most trusted communication method, with 44.55% of responses.
- Website price break-ups were preferred by 25.45%, indicating the value of accessible digital information.
- The overall pattern points to a strong relationship between perceived affordability, tax transparency and consumer trust.

VII. CONCLUSION

The study demonstrates that consumer perception of automobile pricing in the GST environment is closely associated with perceived financial value and the clarity of information provided during the purchase process. Among the factors measured, tax benefits had the greatest influence on purchase evaluation, while financing schemes and GST-linked discounts were considered particularly effective marketing approaches. The importance assigned to GST break-up information and the strong preference for invoice explanations further indicates that consumers value verifiable price communication.

For automobile manufacturers and dealers, the central lesson is that pricing strategy and communication strategy should operate together. A competitive offer may attract consumer attention, but confidence is more likely to be sustained when the final payable amount is explained consistently across advertisements, digital platforms, dealer interactions and invoices. In this sense, transparency should be treated not only as a compliance requirement but also as an element of customer trust.

The study is limited by its convenience sample, sample size and geographic concentration in Coimbatore. It also relies on respondents' perceptions, which may not fully reflect actual historical price comparisons. Future research may use larger probability samples, compare multiple cities and examine whether demographic variables are statistically associated with GST awareness, pricing fairness and purchase intention.

VIII. RECOMMENDATIONS

- Automobile brands should present the final price and major tax-related components in a simple and consistent manner.
- Marketing campaigns should combine affordability messages with clear terms and conditions.
- Dealer personnel should be trained to explain invoice components and tax-related charges accurately.
- Official websites should provide easily understandable price break-ups and financing information.
- Future promotional strategies should avoid ambiguity between headline discounts and the final payable amount.

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