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ORIGINAL ARTICLE

AN ANALYSIS OF MARKET POTENTIAL ANALYSIS TOWARDS SMALL CAR SEGMENT WITH SPECIAL REFERENCE TO SELECTED CITIES IN TAMILNADU

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Abstract:

In recent years small segment cars became more popular due to its low price and its attractive features. In Indian market the small segment cars have more welcome from all the parts of India. This research was carried to found the market potential to the small car industry in India For this study the structured questionnaire was carried and the study concluded with the 600 respondents. It shows that market potential for the small car segment in Indian consumers overwhelm and Indian customers are the potential buyers to the small car segment.

KEYWORDS:

Small cars, Segment, Market potential, Tamil Nadu

INTRODUCTION

The Indian passenger-car industry has been on the continuous growth trajectory in the recent past aided by different contributing factors of national development namely robust economic activity, increased environmental regulations, emerging organised retail industry, government's increased focus on rural development, and development of infrastructure including roads supported by availability of funds for new projects as well as for easy vehicle financing for prospective buyers. The industry seems to be breaking out of its conventional cyclical trends and of the different sizes of cars. The small car segment has exhibited robust growth in production and sales over the last few years.

The small-car segment has always been the high growth segment of the Indian automobile market right from the very first launching of the small-car in the Indian market by Maruti Udyog Company in 1983. The multiplied growth of the same today, in many ways, reflects the psychographics and demographics of the car purchasing population in India. As such, for many years, small cars have accounted for a major part of the revenue of the fast expanding passenger-car market. But the best thing about the demand for small cars is that there are upgrades possible even in this segment – attending to the mature levels that the Indian car industry has reached. Further, Indian consumers now want the latest technological and functional features in such cars and are not ready to wait for long to get the latest models from foreign car manufacturer as they did in the past. Now there are enough loc and multinational players in the Indian market.

REVIEW OF LITERATURE

Once a topic has been decided, it is essential to review all relevant material which has a bearing on the topic. Infact review of literature begins with a search for suitable topic and continues through out the duration of the research work. Since a research report, either a dissertation or a thesis, is supposed to be a study of indepth aim and contribution to knowledge, a careful check should be made that the proposed study has not previously been carried out. Analysing the study in the field of car marketing has attracted much of the researchers and practitioners. There has been continuous research in the field of automobile industries and its marketing strategy in the industry. Through there is no dearth of document evidence in the field of automobile industry, studies particularly in marketing of small cars it is a field in the infant stage in India, when compared to other countries in the west. However the available contribution from the following authors and researchers and reviewed and a brief account of the review is given in this chapter.

Yankelovich (1964) in his article entitled “New criteria for market segmentation”, highlights that the non demographic segmentation of automobile market is more complex than that of the watch perfume, retail and computer market. The segments crisscross, forming intricate patterns. Their dynamics must be seen clearly before automobile sales can be understood. Segmentation analysis leads to atleast three different ways of classifying the automobile market viz., value segmentation, aesthetic concepts and susceptibility to change along non demographic lines, all of which are important to marketing planning.

Bloom and Kotler (1975), in their study entitled “strategies for high market share companies”, recommended that the organisations' goals should not be to maximize market share, but rather to attain the optimal market share. Capturing a dominant share of a market is likely to mean enjoying the highest profits of any of the companies serving that market. It can also mean winning the leadership, power and glory that go with such dominance but high market share can also mean headaches. Companies possessing it are tempting targets for actual and potential competitors, consumer organisations and government agencies.

Eisenstodt (1993), in his article entitled “A Billion People Market” examines the Suzuki Motors' market share in the global market. It is learned from the study that Suzuki's share is a relatively small player's in Europe. It met with a loss when amalgamated with Santana Motor in Spain and later its venture in Hungary which began production had regained the market from loss zone to profit zone by introducing Escudo recreational vehicle which is very popular in Japan and hits the competition by introducing low cost mini-cars and sub compact types and sell them in the affluent parts in the world.

Flint (1994) highlights the importance of right product and through such product impress the people. The author basically a financial man, who till to set goals such as market share and work back to product – whereas others especially, car people start with product. The author highlights the tactics to boost profits without increasing market share, if the cars catch on with the public, because the company don't need to spend much rebate and can cut back on low profit fleet sales.

Walle (1994) in his article entitled “The Japanese in the automotive Motor Market”, highlights that remanufactured automotive components were commonly available in the United States and Europe in early 1980s through ATK, a Japanese firm and its marketing arm ATK North America. They began to remanufacture Japanese engines in Japan and market them in the United States. At one level, the experiences of ATK demonstrated a universal strategy which business to business marketers should follow: avoid channel conflict or accept the consequences. ATK create channel conflict as a result of its opportunistic marketing which did result in short term profit.

Sundaram (1997) in his article entitled, “Automobile Industry-Focus on Joint Ventures and New Models”, highlights that the government policy of delicensing foreign collaborations have brought about a sea change in India in the automobile industry which witnessed with different car models (in 1995) and now it has got more than 50 different models to satisfy the requirements of the middle and upper middle classes. The current economic situation is also conducive for the growth for the industry and the demand for vehicles hence, the Indian automobile companies associate with the foreign partners and are introducing latest models. He also pointed out that after liberalization many multinationals like Dawoo, Peugeot, General Motors, Mercedz Benz and Fiat came into the Indian market.

Anandan, Nandhini and Muthuselvan (2000) in their study, entitled “Automobile Sector-Shifting Gears to Strategic Alliances”, outline the broad perspective of strategic alliance and their role in globalization. Strategies of firms in the automobile sector in the Indian scenario, common pit falls in strategic alliances and how this may be avoided are all highlighted. Four types of strategic alliance such as managerial dimension, co-operation and competition and conflict were classified taking the extreme values, it is found that high and low conflict potential and co-operative interaction, strategic alliances could be practised in three ways namely, pre-competitive, non-competitive and competitive. Certain issues of ownership, autonomy and flexibility, clear delineation of roles, adding value to partners could confront the conflicts.

Bhargava (2000) in his article entitled “Passenger Car Industry- Maruti Maintains the Lead”, highlights that the passenger car industry in India during the past two decades have registered an impressive growth. The author analysed the production trends, sales trends and external trade by selecting four years' data from 1994-1997. The analysis on the performance of Indian passenger-car industry, during the said 5 years shows that Maruti has maintained its lead by surpassing all the established competitors as well as the new entrants.

OBJECTIVES OF THE STUDY

1.To study the marketing performance of cars in general and in particular to the study area chosen by this researcher.
2.To ascertain the marketing strategy employed by the various small car manufacturers.
3.To analyze the factors that influence the buyers the purchase of small cars.

METHODOLOGY

The validity of any research depends on the systematic method of collecting the data and analyzing the same in a logical and sequential order. In the present study, an extensive use of both primary and secondary data were made.

Sampling Design

For collecting primary data, field survey technique was employed in the study area. First hand information pertaining to the behaviour, satisfaction and benefits accrued by various small car owners were collected from six hundred sample respondents.

The geographical distribution of the sample respondents is exhibited in Table 1.1.

TABLE 1.1

GEOGRAPHICAL DISTRIBUTION OF RESPONDENTS IN THE STUDY AREA

S.NO	NAME OF THE AREA	TOTAL	REGION
1	Eastern Tamilnadu	150	I
2	Western Tamilnadu	150	II
3	Southern Tamilnadu	150	III
4	Northern Tamilnadu	150	IV
	Total	**600**	

RESULTS & DISSCUSSIONS

TABLE NO. 2

FACTORS INFLUENCED TO PURCHASE THE PARTICULAR CAR

(in percentage)

S.No.	Attributes	Highly influenced	Moderately influenced	Occasionally influenced	Seldom Influenced	Not Influenced
1.	Maintenance Cost	107 (17.8)	240 (40.0)	207 (34.5)	43 (7.2)	3 (0.5)
2.	Price Range	79 (13.2)	251 (41.0)	229 (38.2)	41 (6.8)	0
3.	Family members	55 (9.2)	297 (49.5)	232 (38.7)	15 (2.5)	1 (0.2)
4.	Fuel consumption	52 (8.7)	191 (31.8)	327 (54.5)	27 (4.5)	3 (0.5)
5.	Style	46 (7.7)	224 (37.3)	250 (41.7)	76 (12.7)	4 (0.7)
6.	Appearance and Comfort	82 (13.7)	274 (45.7)	171 (28.5)	67 (11.2)	6 (1.0)
7.	After sales service	53 (8.8)	212 (35.3)	182 (30.3)	127 (21.2)	26 (4.3)
8.	Engine power	71 (11.8)	250 (41.0)	144 (24.0)	111 (18.5)	24 (4.0)
9.	Road Grip	108 (18.0)	257 (42.8)	199 (33.2)	35 (5.8)	1 (0.2)
10.	Safety feature	139 (23.2)	318 (53.0)	129 (21.5)	13 (2.2)	1 (0.2)
11.	Seating space	104 (17.3)	302 (50.3)	178 (29.7)	8 (1.3)	8 (1.3)
12.	Leg space	57 (9.5)	275 (45.8)	212 (35.3)	54 (9.0)	2 (0.3)
13.	Boots space	66 (11.0)	271 (45.2)	208 (34.7)	50 (8.3)	5 (0.8)
14.	Availability of spare parts	54 (9.0)	283 (47.2)	231 (38.5)	24 (4.0)	8 (1.3)
15.	Nearest service station	63 (10.5)	204 (34.0)	279 (46.5)	42 (7.0)	12 (2.0)
16.	Resale value	51 (8.5)	220 (38.5)	243 (40.5)	71 (11.8)	15 (2.5)
17.	Free Gift/offers	72 (12.0)	256 (42.7)	226 (37.7)	38 (6.3)	8 (1.3)
18.	Latest technology	60 (10.0)	237 (39.5)	224 (37.3)	70 (11.7)	9 (1.5)
19.	Parking convenience	89 (14.8)	226 (37.7)	208 (34.7)	57 (9.5)	20 (3.3)
20.	Advertisement	71 (11.8)	210 (35.0)	270 (45.0)	37 (6.2)	12 (2.0)
21.	Brand image	79 (13.2)	327 (54.5)	163 (27.5)	20 (3.3)	11 (1.8)
22.	Pick up	70 (11.7)	318 (53.0)	180 (30.0)	21 (3.5)	11 (1.8)
23.	Social status	80 (13.3)	285 (47.5)	177 (29.5)	51 (8.5)	7 (1.2)

TABLE NO 3 SATISFACTION LEVEL OF THE RESPONDENTS AFTER THE PURCHASE OF CAR

S.No.	Attributes	Highly Satisfied	Satisfied	Neither Satisfied nor Dissatisfied	Dissatisfied	Highly dissatisfied
1.	Fuel consumption	123 (20.5)	249 (41.5)	192 (32.0)	28 (4.7)	8 (1.3)
2.	Choice of colors	54 (9.0)	288 (48.0)	207 (34.5)	42 (7.0)	9 (1.5)
3.	Tube less Tyre	71 (11.8)	282 (47.0)	178 (29.7)	34 (5.7)	35 (5.8)
4.	Styles	65 (10.8)	321 (42.5)	153 (39.5)	21 (3.3)	40 (1.3)
5.	Look and comfort	80 (12.5)	255 (47.0)	237 (38.7)	20 (3.3)	8 (1.3)
6.	Disk Break	75 (12.5)	282 (47.0)	232 (38.7)	8 (1.3)	3 (0.5)
7.	Engine power	106 (17.7)	17.7 (42.7)	106 (32.0)	17.7 (6.3)	106 (1.3)
8.	Road Grip	57 (9.5)	196 (32.7)	283 (47.2)	47 (7.8)	17 (2.8)
9.	Safety feature	89 (14.8)	321 (53.5)	159 (26.5)	19 (3.2)	12 (2.0)
10.	Seating space	49 (8.2)	344 (57.3)	179 (29.8)	19 (3.2)	9 (1.5)
11.	Leg space	88 (14.7)	227 (37.8)	207 (34.5)	65 (10.8)	13 (2.2)
12.	Boots space	142 (23.7)	237 (39.5)	178 (29.7)	35 (5.8)	8 (1.3)
13.	Alloying wheels	104 (17.3)	231 (38.5)	210 (35.0)	45 (7.5)	10 (1.7)
14.	Resale value	69 (11.5)	262 (43.7)	196 (32.7)	40 (6.7)	33 (5.5)
15.	Air-condition	88 (14.7)	285 (47.5)	157 (26.2)	36 (6.0)	34 (5.7)
16.	Brake condition	98 (16.3)	306 (50.5)	158 (24.5)	20 (2.0)	18 (1.5)
17.	Air-pollution	129 (21.5)	303 (50.5)	147 (24.5)	12 (2.0)	9 (1.5)
18.	Lighting power	111 (18.5)	232 (38.7)	221 (36.8)	28 (4.7)	8 (1.3)
19.	Brand image	90 (15.0)	234 (39.0)	202 (33.7)	48 (8.0)	26 (4.3)
20.	Pick up	147 (24.5)	290 (48.3)	119 (19.8)	31 (5.2)	13 (2.2)
21.	Audio system	73 (12.2)	279 (46.5)	187 (31.2)	41 (6.8)	20 (3.3)
22.	Power Windows	115 (19.2)	241 (40.2)	194 (32.3)	33 (5.5)	17 (2.8)
23.	Centre lock	207 (34.5)	231 (38.5)	88 (14.7)	22 (3.7)	52 (8.7)
24.	ABS safety	108 (18.0)	232 (38.7)	158 (26.3)	81 (13.5)	21 (3.5)
25.	Wiper	84 (14.0)	221 (36.8)	154 (25.7)	78 (13.0)	63 (10.5)
26.	Power steering	73 (12.2)	254 (42.3)	144 (24.0)	81 (13.5)	48 (8.0)
27.	Parking convenience	166 (27.7)	216 (36.0)	110 (18.3)	52 (8.7)	56 (9.3)
28.	Ground clearance	152 (25.3)	237 (39.5)	99 (16.5)	68 (11.3)	44 (7.3)

From the above analysis it is observed that the sample respondents' level of satisfaction towards after sales service. It is noted from the analysis that maximum of the respondents are satisfied with the services towards the Fuel consumption, Choice of colors, Tube less Tyre, Styles, Look and comfort , Disk Break, Engine power, Safety feature, Seating space, Leg space, Boots space, Alloying wheels, Resale value, Air-condition, Brake condition, Air-pollution, Lighting power, Brand image, Pick up, Audio system, Power Windows, Centre lock, ABS safety, Wiper, Power steering, Parking convenience and Ground clearance at the maximum level. On the other hand, most of the respondents are neutrally satisfied with the Road Grip.

TABLE NO. 4

LEVEL OF SATISFACTION TOWARDS PRICE OF THE CAR

S.No.	Attributes	Highly Satisfied	Satisfied	Neither Satisfied nor Dissatisfied	Dis-satisfied	Highly dissatisfied
1.	Maintenance cost	130 (21.7)	192 (32.0)	159 (26.5)	75 (12.5)	44 (7.3)
2.	Price range	105 (17.5)	266 (44.3)	133 (22.2)	43 (7.2)	53 (8.8)
3.	Service charges	208 (34.7)	196 (32.7)	111 (18.5)	58 (9.7)	27 (4.5)
4.	accessibility	138 (23.0)	238 (39.7)	134 (22.3)	48 (8.0)	42 (7.0)

It could be understood from the above analysis that maximum (32.0%, 44.3%) of the respondents are satisfied with the maintenance cost and Price range respectively. It is followed by 34.7 percentage of the respondents are highly satisfied with the service charges and remaining 39.7 percentage of the respondents are satisfied with the accessibility. It is found from the above analysis that majority of the respondents are satisfied with the maintenance cost and price range.

FINDINGS & SUGGESTIONS

Many present owners of small cars opined during the study that the salesmen in small car marketing were unable to answer the queries related to the operation and performance of small cars. Hence, it is suggested that the salesmen should be properly trained both in the marketing aspects and for the requisite technological knowledge about small cars as well. At present, the younger generation and the middle aged working in software industries and MNCs are earning very attractive salary and they could be potential buyers. But, the age-wise analysis of level of satisfaction of this study showed that the old age respondents have perceived the maximum level of satisfaction than the young and the middle age category. In order to fulfil the expectations of the young generation a proper market survey should be conducted to ascertain their needs and expectations, and accordingly they should be fulfilled to satisfy the young and middle aged customers and entice this lot to buy small cars.

It is stated already that the findings of sex-wise analysis indicates that male respondents of small cars have been satisfied more than the female respondents. Hence, though the size of the car is small and limited, it should be designed according to the taste and preferences of female respondents. Similarly, married people's requirements may also be favourably considered with the provision of additional features. Since only the unmarried consumers are the satisfied category now. Agriculturists owning small cars have expressed their pleasure in using small cars as it is. Whereas, professionals and employee categories of consumers are expecting more in small cars. Their priorities may also be considered favorably when the companies launch their next model. Income-wise analysis showed that the respondents earning below 3 lakhs and 4 lakhs are not satisfied with the performance of small cars.

Hence, it is suggested that the small car companies should identify the above group and fulfill their wants and need to bring in more from this group to buy small cars. Small car user respondents having small and medium size family are not satisfied on par with large family respondents. To satisfy the respondents of small and medium size family, more sophistication may be incorporated in the small cars. Since the respondents belonging to joint family have perceived the maximum level of satisfaction than the nuclear family respondents the small car designers should take special care to provide adequate space in the cabin of small cars. Since respondents possessing normal wealth and medium wealth have expressed dissatisfaction in using small cars. Hence, it is recommended that their views may be invited and considered to solve their problems and improve their satisfaction. It is learned from the analysis that small car users using it for business purposes and own purposes are not fully satisfied. Hence, their views may be collected and accordingly a remedial measure should be initiated. Regarding small car owners' major complaint of charging high rate and the undue time taken for servicing the cars, it is suggested that moderate, service charges may be collected and the car may be delivered after service in time or as per schedule

CONCLUSION

‘Small is beautiful' could very well be the summation statement regarding India's car market.

Though India's Auto Industry is nowhere near or as developed as China's, investment has started pouring into the small-car segment. Global auto companies such as Hyundai (HYMZY) and Honda (HMC) and local ones such as Tata Motors and the Maruti Udyog (MUL), a subsidiary of Japan's Suzuki Motor are steering with plans to launch more new small car models that they hope will click with India's financially emerging middle class.

While India is the fabled “back office of the world”, the Prime Minister of India Dr.Manmohan Singh and his government have got big aspirations to build the country's manufacturing sector up, and the small-car manufacturing industry is a huge priority. The sector received a big boost in late February, 2007 when the government announced plans to reduce excise duties on small cars from 24% to 16% to spur investment.Indian Automobile Industry has got significant growth potential, given its existing low penetration levels, fast growing economy and favourable demographics with significant youth population, the burgeoning mid and high income group and the increasing urbanization. The domestic economic scenario is robust in the wake of the cyclical upturn in industrial activity, which is currently being witnessed now. This augurs well for a demand for automobiles in India.

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