

A REPORT

ON

Analysis of Car

Industry in India on the Basis of

Consumer Preferences

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It has been a great pleasure for me to work on this project. My sincere thanks to Prof. Sreeja Bhattacharya for giving me an opportunity to work on this project whereby I was given an exposure to the consumer market for Car Industry which helped me to increase the span of our knowledge and developed my thinking on more practical lines. I thank her for her guidance and support throughout the time when I was working on this project.

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INTRODUCTION

Objective:

The aim of the project was, to study and find the preferences of consumer for a specific car. Up to the end of nineties it was the monopoly of the Maruti Udyog. Now Indian Car Industry is one of the most competitive industries of the world. So the consumer is also differentiating while purchase. We surveyed that on what points the consumers were differentiating between various models and brands. The main motive was to know what consumer wants in the car these days.

Research methodology:

The methods adopted to collect information on small car market were mainly through primary data. We did a survey in the city Bangalore which is the most important IT hub of India. We made questionnaires and did survey. The areas we visited were those where most of the people visit often like shopping malls, parks and major car dealer showroom like Advait Hyundai, Trident Hyundai, Mandovi motors etc. We also interviewed these dealers.

Quick glance into Indian Car Industry:

Having expanded at a brisk pace in recent years to touch an annual output of 1 million units, the Indian car industry is all set for its busiest ever period of new launches. It is estimated that nearly 50 new models or variants of existing models would be launched over the next year or so, taking the total number of models and variants available to nearly 250, a far cry from the days when consumers had to choose from just two or three models. One of the most competitive industries of the world, Indian car industry is today at a place which is hard to be reached by any industry easily. Most of the consumers are small car buyers. So, small car segment includes a large part of consumers whereas luxury segment only serves a niche market.

The country now produces more compact cars than the whole of Europe. If the current growth rate in compact cars is maintained, India would beat Brazil very soon to become the second-largest manufacturer of small cars behind Japan over the next few years.

Although the automobile industry in India has come a long way, when compared with many other countries, India does not rank well in many respects like the contribution of the auto sector to industrial output, number of cars per person, auto sector employment as a percentage of industrial employment, number of month income required to purchase a car and penetration of cars.

OVERVIEW OF VARIOUS COMPANIES IN THE **INDUSTRY**

Maruti Udyog Limited:

The first company in India to mass-produce and sell more than a million cars. It is largely credited for having brought in an automobile revolution to India. To this day it is the market leader in India in its segment.

GM Motors:

General Motors is one of the largest car manufacturers in the world. In India it produces car with the brand name Chevrolet. It mainly produces luxury cars but also it has a model Chevrolet Spark which is a good competitor in small car market, in luxury market its main car is Chevrolet Optra.

Hyundai Motors:

Hyundai Motors is the world's Sixth Largest Automaker. Hyundai motors has various models of cars in the market. The one flag ship car for Hyundai is Hyundai Santro they are strong competitors for Maruti.

Mitsubishi Autos:

Mitsubishi Autos has limited models in India, its flagship model is Mitsubishi Lancer, which is a luxury car in India.

Tata Motors:

Tata Motors Ltd, is a part of Tata group. Its flagship model is Tata Indica V2. It is one of the most important car in the small car segment.

Skoda Motors:

Making entry into India with its model Skoda Octavia, Skoda also serves niche segment of luxury car segment. With a very limited number of models in India.

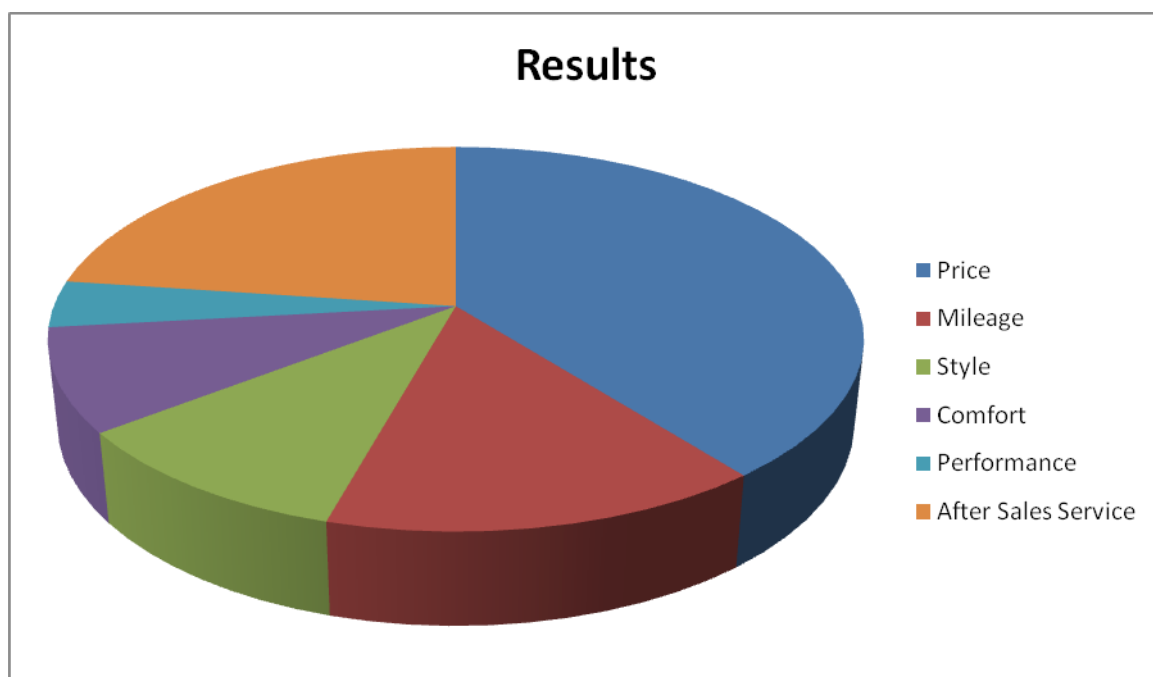
KEY VARIABLES STUDIED

We studied the consumer preferences depending on the various variables such as price, maintenance cost, comfort, mileage, brand, durability, looks, etc. The surveyed people replied to us on the basis of ranking between 1 to 7. They ranked as per their thought and replied as. One of the survey questionnaire has been shown above which shows how people replied for the various variables. Then we studied these variables in the software SPSS (Statistical Package for Social Sciences). On the basis of the results, we came to know that it is the price which matters most for the consumers in buying the cars, after that it is the maintenance cost, mileage, style, etc. On the basis of which we made a report and submitted to our faculty Prof. Sreeja Bhattacharya.

RESULTS OF THE SURVEY

Following are the results which we found as per our survey about what a consumer sees while buying a car. We have divided the various variables into few factors so as to make calculations less and to make it easy to understand. We can clearly see that it is the price which matters most for a consumer to buy a car, after price comes after sales service provided by the company, after that comes the mileage following style

comfort and performance. It is to be noted that these are the results as per our survey of sample size of 120 people however actual results may vary because the sample size required for studying the actual Indian car industry is very large and as it was a small educational project for us, we were not in a position to handle such a large size of survey. On the basis of these results, we came to know that Tata's small 1 lakh car which is soon to be a launched should be a success in India, as most of the people don't buy cars because it is not in their reach. This is also as per our survey but as I have already disclosed that the original results may vary because of the sample size requirements.



CONCLUSION

Cheap, fuel-efficient and versatile, compact hatchbacks are by far the most popular vehicles in India's rapidly growing auto market. Consumer is day by day becoming conscious about his buying. Companies have to work hard to reduce the prices of the cars to survive in the market. They have to add more and more features in the car as innovation is one of the main factors which can increase sales.

As Tata is going to launch the 1 lakh car, and consumers are price conscious, it can be referred that the car will be good success in the market.

Consumers differ the purchase on the basis of the factors mentioned above. The companies should consider these factors and come with effective strategies to cope with the competition. As by the entry of various new players competition is increasing day by day. They have to work very hard, to survive in the market. Indian car industry is growing at a very rapid rate. At this rate, all the companies have to be consumer specific. Indian car industry will be a very big industry soon.

EXECUTIVE SUMMARY

On the project of consumer preferences in car industry, we surveyed 120 people with the help of a questionnaire. People replied to the questionnaire on the basis of ranking between 1 to 7. They replied on the various factors such as price, mileage, style, performance, looks, etc. On the basis of these replies we concluded various results with the help of software SPSS (Statistical Software for Social Sciences). We came with the results that it is the price which matters most for a consumer, after that is after sales service followed by mileage, comfort, style and performance. On the basis of these results we recommend the companies to follow a consumer centric approach and work hard to reduce the prices and provide a good after sales service.

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ANNEXURE

Survey Questionnaire

Questionnaire on Cars

Questionnaire No. C001

Sir/Madam,

This research project is a part of our curriculum. This is a **general study** of Cars. We seek only your general views about consumer durable goods company and **not specific to any particular one**. We thank you for your co-operation and assure you complete confidentiality of the information you will so kindly, sincerely and patiently share with us.

Services rendered							
1.Price	1	2	3	4	5	6	7
2.Maintenance cost	1	2	3	4	5	6	7
3.Comfort	1	2	3	4	5	6	7
4.Mileage	1	2	3	4	5	6	7
5. Colour	1	2	3	4	5	6	7
6. Brand	1	2	3	4	5	6	7
7.Central lock	1	2	3	4	5	6	7

8.AC/ Non AC	1	2	3	4	5	6	7
9.Power steering	1	2	3	4	5	6	7
10.Radial tyres	1	2	3	4	5	6	7
11.Music system	1	2	3	4	5	6	7
12.Leg space	1	2	3	4	5	6	7
13.Durability	1	2	3	4	5	6	7
14.Fog light	1	2	3	4	5	6	7
15.Horse power(Engine)	1	2	3	4	5	6	7
16.Fuel capacity	1	2	3	4	5	6	7
17.After sales services	1	2	3	4	5	6	7
18.Availability of spares	1	2	3	4	5	6	7
19.Two wheel/four wheel drive	1	2	3	4	5	6	7
20.Overall look	1	2	3	4	5	6	7

We sincerely thank you for giving up a part of your valuable time and parting with very useful information which will help us a great deal in our research project. We would like to share our findings of this research with you in near future *.

Sincerely yours,
Semester II Students,
Icfai Business School,
Bangalore

Date:7th November, 2007

** In case you are interested, please give your name, address, e-mail address and contact number(s) below.*

THANK YOU