2 Brand Preference of Tata Nano: Problems and Satisfaction Level of Consumers from Glocal Perspectives

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Abstract

Transport is an important aid for better hiring. Four –Wheelers are becoming more popular especially among the people belonging to upper middle income group. There are wide choice of brands there is a shift competition among the manufacturers and marketers to attract the attention of buyers. People prefer a specific model of car among different brands for various reasons like price, maintenance, fuel efficiency, appearance, durability and resale value.

Today a four- wheeler industry plays a significant role in the Indian economy.

One of the very important characteristics of economic development is the transformation of luxury goods into necessary goods. In recent times one of such goods, which has been highly demanded by the customers is four wheelers. The four wheeler is an indicator of good standard of living. Hence an attempt has been made on the brand preference of four-wheeler problems and satisfaction of consumers.

Introduction

The 4 - wheeler is little more than a century old but the last fifty years have gone into refining the basis of engineering and fine-tuning the technology. The Indian 4 - wheeler industry saw the completion of one full circle from being a net importer of vehicles of domestic manufacturer. India has been considered as a wider market for passenger automobiles and many foreign manufacturers are consistently trying to enter into the Indian market. The automobile industry was included in the first schedule of the Industries act of 1951.

Introduction of Tata Nano

Manufacturer -Tata Motors

Also called - One-lakh car

Production - 2008

Assembly- Pantnagar Uttarkhand, India, Charodi, Gujarat, India (since June 2010)

Class- City car

Body style- 4-door

Layout - RR layout

Engine- 2 cylinder SOHC petrol Bosch multi-point fuel injection (single injector) all aluminium 624 cc (38 cu in)

Transmission - 4 speed synchromesh with overdrive in 4th

Wheelbase - 2,230 mm (87.8 in)

Length - 3,099 mm (122.0 in)

Width -1,495 mm (58.9 in)

Height- 1,652 mm (65.0 in)

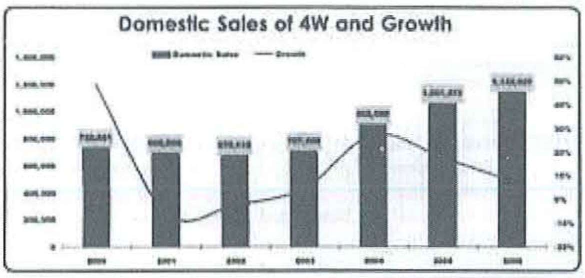
Kerb weight -600 kg (1,300 lb)–635 kg (1,400 lb)

Designer - GirishWagh, Justin Norek of Trilix, Pierre Castine

Four Wheeler Industry in India

The 4 -wheeler industry in India has not quite matched up to the performance of its counterparts in other parts of the world. The primary reason for this has been the all-pervasive regulatory atmosphere prevailing till the opening up of the industry in the mid-1990s. The various layers of legislative Acts sheltered the industry from external competition for a long time. Moreover, the industry was considered low-priority as cars were thought of as "unaffordable luxury".

Initially in the post-liberalisation period, the automotive sector, especially the passenger car segment, saw a boom. The buoyancy in the sector was derived primarily from economic vibrancy, changes in Government policies, increase in purchasing power (especially of the upper middle class), improvement in life styles, and availability of car finance. The passenger car industry was finally deregulated in 1993, and many companies, both Indian and foreign (like Daewoo, Ford, General Motors, and DaimlerChrysler), entered the market. However, the smooth sailing was suddenly disrupted in the last quarter of FY1996. The automobile industry, which contributed substantially to industrial growth in FY1996, failed to maintain the same momentum between FY1997 and FY1999. The overall slowdown in the economy and the resultant slowdown in industrial production, political uncertainty and inadequate infrastructure development were some of the factors responsible for the slowdown experienced by the automobile industry. In FY2000, the sector experienced a turnaround, posted positive growth rates and witnessed the launch of many new models. But the spectacular growth in FY2000 was followed by a decline in FY2001 and only a marginal growth of 0.5% in FY2002.

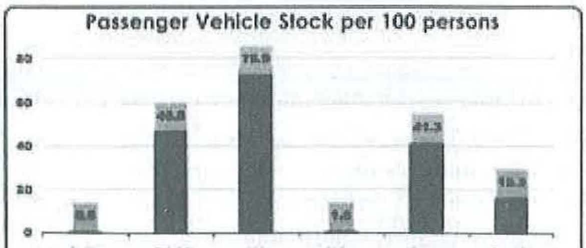


Source: http://www.fadaweb.com/review_06.htm

However, since FY2003, industry sales have increased at a 3-year CAGR of 17.4% to 1.14 million in FY2006. Although there was a slowdown in FY2006, after the high growth in FY2004-05, the recent high growth has been on the strength of an increase in the disposable income of middle-income salaried people, release of pent-up demand, and easy availability of credit.

Low Penetration, but Rising Share of World Production

Although the Indian automobile industry has come a long way since the deregulation in 1993, India does not rank well among its global peers in many respects, viz., the contribution of the sector to industrial output, number of cars per person, employment by the sector as a percentage of industrial employment, number of months' income required to purchase a car, and penetration of cars.



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However, the major car manufacturers worldwide consider India a good potential market and they foresee a large future demand here. As can be seen from the table below, India is now a major global producer of cars, with India's share in world production increasing from 1.6% in 2000 to 2.7% in 2005.

Two things that stunted growth of the Indian automobile industry in the past have been low demand and lack of vision on the part of the original equipment manufacturers (OEMs). However, the demand has picked up after the liberalisation of the regulatory environment, and global OEMs who enjoy scale economies both in terms of manufacturing and research and development (R&D) entered the Indian market. This has resulted in a significant shift in the way business is conducted by suppliers, assemblers and marketers.

Spending on Vehicles and Transport

India's private final consumption expenditure (PFCE) on transport was estimated at around Rs. 3,124 billion in FY2005, accounting for around 16.5% of total PFCE. This comprises 3 categories: personal transport equipment, operation of personal transport equipment, & purchase of transport services.

India's PFCE on transport Rs. in Billions

CY	2005	2006	2007	2008	2009	2010
Value at constant prices - Rs Billion	**1499.56**	**1686.83**	**1769.11**	**1976.42**	**2211.59**	**2473.08**
Personal transport equipment	91.78	91.09	94.11	107.83	122.46	127.68
Operation of personal transport equipment	470.81	547.81	592.29	674.58	770.55	882.08
Purchase of transport services	937.27	1047.93	1082.61	1194.06	1318.58	1463.67
Value of current prices - Rs Billion	**1499.56**	**1768.61**	**1923.41**	**2236.01**	**2631.68**	**3124.19**
Personal transport equipment	91.78	96.72	102.25	117.08	133.40	145.68
Operation of personal transport equipment	470.81	568.77	630.84	743.70	917.47	1173.39
Purchase of transport services	937.27	1103.12	1190.52	1375.23	1580.81	1805.12

Source: http://www.fadaweb.com/review_06.htm

In terms of PFCE, the share of transport in total PFCE has witnessed rapid growth since the mid-1980s. By comparison, the share remained at around 3-5% till the mid-1980s.

The motor vehicles sector is also an important source of central excise duties. Central excise duty collections from motor vehicles were Rs. 54.70 billion during FY2005, accounting for 6% of central excise duty collections.

Central excise collections from vehicles

Rs. in Millions

FY	2005	2006	2007	2008	2009	2010
Vehicles for transport of persons	25952	28619	23766	24846	21411	27392
Other Vehicles	15287	16803	15338	17216	20615	27306
Total	41239	45422	39104	42062	42026	54698
% of central Excise	6.7%	6.7%	5.4%	5.1%	4.2%	6.0%

Source: http://www.fadaweb.com/review_06.htm

Demand Characteristics

Passenger Cars

In developed markets, engine capacity and wheel-base are the bases of segmentation of passenger cars: price does play a role but only up to a point. Since affordability is the most important demand driver in India, the domestic car market has until now been segmented on the basis of vehicle price. Price-based competition takes place in a continuum rather than in segments since nearly all the models are launched in multiple versions at different price points. As a result, a higher-end variant may compete with a lower-end variant of a car in a segment above it.

MUVs

The MUV segment consists of vehicles that are suited to both rural and urban areas. In rural areas where the roads are usually bad, these vehicles are used as goods carriers and also for public transportation. Northern and Western India account for nearly two-thirds of the demand for MUV. Specifically, in States like Rajasthan, Madhya Pradesh, Uttar Pradesh and Maharashtra, the demand for

MUVs is the largest. There are three segments of buyers for MUVs: the private market, Government, and the Defence. Until the 1990s, the Government and Defence segments accounted for the largest share of the market. The reduction in Government and defence spending since the 1990s has substantially reduced sales to these two segments. This has pushed private sector purchases into greater prominence.

There are three sub-segments of the UV / MUV segment: the hard-top, soft-top and pick-up. The hard-top version consists of the higher-end Sports Utility Vehicles (SUVs) that have been present in the Indian markets since FY1999. Following the success of the higher-end SUVs, the share of the hard top segment in total MUV sales has registered an increase. Soft-top MUVs, which are largely dependent on sales in the rural and semi-urban markets where the vehicles serve as modes of mass transportation (maxi taxi), have witnessed a contraction in volumes in recent years. The declining share of the soft-top sub-segment is attributable largely to the increasing acceptance of SUVs as an alternative to soft-tops (and even higher end-cars). That apart, soft-top sale have also been affected by a decline in rural income, increase in sales tax in some states, increase in diesel prices, enforcement of strict emission control norms, and restraints on the issue of licences to use soft-top vehicles as rural taxis.

Demand Structure

When the industry was deregulated in 1993, the global carmakers chose to operate in the high price-high value segment. However, the strategy did not work as the market for premium and luxury vehicles in India was not large enough. MUL was entrenched in the low price-low value segment, and given its scale economies, it could not be dislodged. In the latter half of the 1990s, foreign car manufacturers changed their strategy. It was still difficult to remove MUL from its market leadership in the dominant low price-low value segment as scale economies formed the basis of competition in this segment. Thus, the global players changed the price-value equation by offering superior value at a price that was still higher than that of the Maruti 800 and Omni, but significantly lower than of the cars in the high price-high value segment. The process gained momentum in FY2000 when the growth in the car market was led by the Compact segment.

Although the compact segment now accounts for 65% of domestic sales of passenger cars, in recent years, the mid-size segment has captured a rising share of the market, and since 2004, sales in the mid-size segment have exceeded sales in the mini-segment. The growth in this segment has been led by new launches, lower prices, and the significant success of four models - MUL's Esteem, Honda's City, HMIL's Accent, and TML's Indigo. Introduction of stripped down versions of the vehicles in the Mid-size segment, attractive pricing by manufacturers (who also offer sales incentives) coupled with lower rate of interests and easy availability of finance have facilitated the growth of this segment.

Low Penetration Levels

Although India's 4W sales have increased in recent years, penetration levels are low at around 0.9%. Till the last decode, the industry was considered low¬priority as cars were thought of as 'unaffordable luxury', and treated as such through Government policies. Although reduction in excise duties, favourable Government policies, and lower prices have resulted in significant increase in penetration, India's passenger car penetration is low by global standards-1.3% in Chino, 59% in EU, and 81% in the US. Estimates from National Sample Survey 58th Round (2002) indicates that ownership of four-wheelers (car or jeep) is restricted to about 4.4% of urban households, and 0.6% of rural households. During 2002-03, ownership of cars/jeeps was restricted to around 0.9 million households in rural areas, and

2.57 million households in urban areas. Car penetration is high in Chandigarh, Delhi, Goa, and Kerala. However, penetration is extremely low in the eastern states of Bihar, West Bengal, Orissa; and central states such as Madhya Pradesh and Chattisgarh.

World Passenger Car Production thousand units

Production						Share %				
CY	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010
Japan	8118	8618	8478	8720	9016	20.4	20.8	20.2	19.6	19.6
Germany	5301	5123	5145	5192	5350	13.3	12.4	12.3	11.7	11.6
US	4879	5019	4510	4230	4321	12.3	12.1	10.7	9.5	9.4
Korea	2471	2651	2768	3123	3357	6.2	6.4	6.6	7.0	7.3
France	3182	3293	3220	3227	3113	8.0	8.0	7.7	7.2	6.8
China	704	1102	2019	2480	3078	1.8	2.7	4.8	5.6	6.7
Spain	2211	2267	2399	2403	2098	5.6	5.5	5.7	5.4	4.6
Brazil	1502	1520	1505	1863	2009	3.8	3.7	3.6	4.2	4.4
UK	1492	1630	1658	1647	1596	3.7	3.9	3.9	3.7	3.5
Canada	1275	1369	1340	1336	1356	3.2	3.3	3.2	3.0	2.9
India	**655**	**704**	**908**	**1178**	**1264**	**1.6**	**1.7**	**2.2**	**2.6**	**2.7**
Russia	1022	980	1010	1110	1068	2.6	2.4	2.4	2.5	2.3
Mexico	1001	960	774	903	990	2.5	2.3	1.8	2.0	2.2
Belgium	1059	937	792	857	896	2.7	2.3	1.9	1.9	1.9
Italy	1272	1126	1026	834	726	3.2	2.7	2.4	1.9	1.6
Others	3684	4059	4415	5451	5769	9.3	9.8	10.5	12.2	12.5
Total	39826	41328	41969	44554	46009	100.0	100.0	100.0	100.0	100.0

Source: http://www.fadaweb.com/review_06.htm

Literature review

A study on "Brand image among refrigerators" conducted by Ranganathan et.al. (1995) with the objective to examine the image of the selected that most manufacturers seem by seal that their job is over once the sales deed is executed and the products delivered. So they take little effort to solve the complaints received from the customers. They have also suggested that the manufacturers should take steps to overcome the problems to avoid negative image of the brand.

A study conducted by Rajasekhar (2002) in the topic "Fairness creams study on the market trends and brand preferenced" was an attempt to know the level of awareness and the brand preference of fairness creams. They have concluded that the brand Fair & Lovely tops the preference by 78% of the awareness group, Fair ever with 66% and Emami Natural fairness 48% ...

A study conducted on "Brand Ectonsion" with preference to Arun(Hanson Aero products limited)" by madhavi et.al., (2004) to identify the product most suitable for pretension for the brand name "Arun". They have conducted that in case of chocolates brand "arun most compete with brand Parry's as the competitor a head from the study it was found that majority would buy the product but the company must maintain quality, price , etc.

A study conducted by Ravichandran and Narayanrajan (2004) conducted a study on "Factors determining no brand preference of television with a special reference to Thoothukudi district in Tamilnadu" and analyse the relationship between T.V and brand preference

Objectives of the Study

1.To analyse the problems faced by consumers of Tata Nano Car

2.To ascertain the level of satisfaction of consumers about the brand.

Methodology and sample design

The study is purely based on primary data. The primary data were collected through personal interview with the help of a structured interview schedule. The present study is related to consumers of Tata Nano Car

To study the problems and satisfaction level of consumers of Tata Nano 100 sample

Respondents were selected in the Bangalore city by adopting convenience sampling method. the sample consists of people such as businessmen, employees and professionals.

Statistical tools used

The primary data collected from 100 sample respondents are analysed with the help of statistical tools such as Garrett ranking technique Linkert scaling technique and Chi-square test.

Weighted ranking analysis

As per this method, weighted score(fx) is calculated by multiplying the assigned score value(x) and the number of respondents(f) is totalled and the rank is assigned on the basis of the total score. The factors scoring the highest value are considered as the most important factor. Rank is assigned on the basis of descending order to the total score.

Problems faced by the consumers of TATA NANO CAR

Transport is an important aid for better hiring. Tata Nano is becoming more popular especially among the people belonging to middle class income group. There is a stiff competition among the manufacturers and marketers to attract the attention of buyers. People prefer Tata Nano car for various reasons like price, maintenance, fuel efficiency, appearance, duration and resale value.

Demerits of TATA NANO CAR

On the basis of information collected from respondents through pilot study and consultation through experts it is found that two – wheeler users are facing the following problems like

- There is a single blade windscreen wiper in the Tata Nano by which the all part of windscreen does not clear in rain.
- The width of front and rear tyres of Tata Nano are differences from each together, so you have to control the speed on the turn.
- There is no any stepney tyre (spare tyre) for front tyres. But in very emergency you can use rear stepney instead front tyres for some times.
- If you get any problem in engine of Tata Nano then you have to open nuts of engine from inside of car then your hand will be reach to the engine of car.
- Fuel refilling in Tata Nano is a little problematic. One has to open the bonnet every time to refill the petrol.
- You can not move the seats to front and rear of Tata Nano except driving seat.
- There is no any rear view mirror in left side . No any point is available for fit a rear view mirror in left side , so you can not fit a mirror yourself , so you may face problem the back from left side.
- The spare part of Tata Nano will be available at only authorised Tata Nano Showroom.
- In the Basic car of Tata Nano the central locking, air conditioning and fog light facilities are unavailable.
- Maximum speed of this car is 105 Km. / Hr.

Satisfaction level of Tata Nano consumers

To measure the satisfaction level, factors such as price, service station, design, safety, engine performance,engine sound, resale value, a five point Linkert scale was used.

Recommendations

- In the present study, it is found that the factor of resale value has been ranked by all the sample respondents as first and most significant factor to purchase of two – wheelers. Hence, it is suggested that manufacturers Tata Nano to be taken effective steps to boost up image of their resale value. By doing so, two – wheeler manufacturers can increase their sales and profit.
- In the present study, it is suggested that the Tata Nano manufacturers have to take the necessary steps to improve the awareness among the people by taking the following measures.
- In the present study, it reveals that there is a tough competition among the competitors. Hence it is recommended that each competitor must take appropriate steps to attract. The customers providing various features.

Conclusion

Today there are number of brands of four – wheelers are available in the market and they differ in price , quality, quantity, style and colour etc. in the present technology era , it can be easily said that all middle class people are also using this situation, four wheelers producers are also come up with different names but consumers prefer to purchase their favourable brand due to various reasons. The present study reveals that majority of the sample respondents prefer to buy Tata Nano car for its best price, service station, design, safety, engine performance, engine sound, resale value For this reason, they can be easily marketed.

Hence the manufacturer should pay special attention to the factors like price, service station, design, safety, engine performance, engine sound, resale value make their business more successful and to satisfy the need of the consumers.

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