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Marketing Practices in Car Industry: A Customer Overview

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Abstract: Automobile is a sign of technical wonder by human kind which satisfies one of the most basic needs of the human being i.e. the mobility. Automobile/car industry is a major constituent of surface transport and plays a vital role in economic growth of a nation. Being one of the fastest growing sectors in the world, the dynamic growth phases of automobile/car industry in India is explained mainly by marketing aspects like nature of competition, customer demand and so on. In recent times, marketing is no longer a functional department charged with a limited number of tasks rather it drives vision, mission and strategic planning of the business concern. It includes decisions like who the company wants as its customers; which of their needs to satisfy; what products and services to offer; what prices to set; what channels of distribution to use; what promotional tools to use and appropriate environmental analysis for developing effective partnerships. These decisions in short are known as 'Marketing Practices' of any concern. Today, marketing has become part and parcel of every industry and so does the automobile industry as it is becoming emerging sector of the economy. Hence, this research paper is an attempt to study the customer outlook on marketing practices prevailing in car industry along with the production profile of it.

Keywords: *Mobility, Marketing Practices, Emerging Sector, Surface Transport.*

I. INTRODUCTION

In recent times, the car market in India has emerged as a 'rising sector'. India being the second most populated country in the world with over 1.25 billion people but still a meagre percentage of population currently owns automobiles. Further, the growth rate of Indian economy is also high as compared to developed nations, which attracts the presence of huge demand in the car automobile industry. The Indian car automobile industry is one of the key drivers that stimulate economic growth of the country. The study of history of car automobiles in India can be grouped into two groups i.e. before globalization and after globalization. Before globalization, there were few car automobile players operating in India like MAHINDRA&MAHINDRA, TELCO, MARUTI UDYOG LIMITED, HINDUSTAN MOTORS. But with the advent of globalization, car automobile industry market in India became a dynamic version of an open market. As India is on the path of fastest growing economies of the world, most companies in different nations view India as a potentially lucrative market. In the era of globalization, country like India is becoming a global manufacturing hub for multinational companies like TOYOTA, AUDI, BMW, GM, FORD, RENAULT, NISSAN, HONDA, HYUNDAI, MITSUBISHI MOTORS, FIAT, CHEVROLET, SKODA, MERCEDES and VOLKSWAGON. With this, the production potentials of passenger car vehicles in India have increased manifold. Further, in countries like India, for most of the people living a healthy lifestyle, purchasing a car is the second most significant and expensive decision next to purchase of a house. Hence, it is expected that car automobile industry in India will play a significant role in fostering the growth of the economy through effective customer base as well as effective marketing mix.

II. OBJECTIVE OF THE STUDY

The present study includes following objectives:

- To assess the production of passenger car vehicles in India.
- To analyze the product performance in car automobile industry in India.
- To assess the pricing level in car automobile industry in India.
- To assess the distribution channel mechanism in car automobile industry in India.
- To assess the promotional mechanism in car automobile industry in India.

III. METHODOLOGY

Sources and collection of data: The study is purely a blend of primary data as well as secondary data. Considering the primary data base, questionnaire is prepared for extracting relevant information. Further, the secondary data is collected from various sources such as books, online journals, published automobiles websites, articles, reports etc.

Sample size: For the purpose of study relating to this research paper, the sample size 'n' is taken as 100.

Analysis and interpretation of data: For the purpose of organization and presentation of data tables and pie diagrams are used. Further for the analysis of data, percentage analysis, Indices, is used and finally data analyzed will be used to derive conclusion of the study.

IV. SCOPE OF THE STUDY

The scope of the study defines the area covered under it. The present study emphasizes on the status of car automobile industry in India on the basis of customers reviews and various reports and stats as well as papers relating to automobiles. Specifically, the study is confined to passenger car vehicles. Finally, the study also takes into consideration the efficiency of marketing practices performed by car automobile industry to some extent.

Production trends of Passenger car vehicles in India

The car automobile industry in India has emerged as a 'sunrise sector' of the economy. It has also been observed that the status of passenger car vehicles in India is steadily enhancing over the years in terms of production.

Table: 1

YEARS	PASSENGER CAR VEHICLES PRODUCTION	INDICES (2005=100)
2005	12,09,876	100
2006	13,09,300	108
2007	15,45,223	128
2008	17,77,583	147
2009	18,38,697	152
2010	23,57,411	195
2011	29,82,772	247
2012	31,23,528	258
2013	32,33,561	267
2014	30,72,651	254
2015	32,21,419	266

Source: SIAM

It is very evident from the above table that the production data of past 11 years reveals that passenger car vehicles production was 12,09,876 units in the year 2005 which rose up to 32,21,419 units in the year 2015. Further, the production of

passenger car vehicles registered 2.7 times growth during the said period. The main reason behind it was increased income level of households leading to increased demand for vehicles.

Product performance in car automobile industry in India

Generally, a product is said as bundle of utility. Product is the core factor around which the marketing strategies of an entity are laid. Generally, product performance includes concept of product, product classification etc. As per the study, product performance has judged on the grounds of overall quality and characteristics that a customer looks for in purchasing a car.

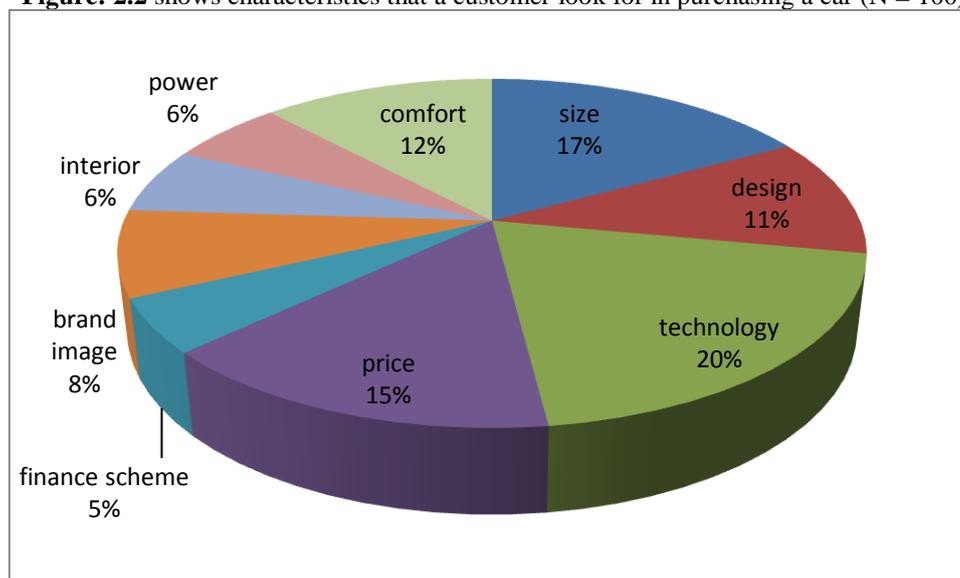
Table: 2.1 shows customer overview about Indian cars (N = 100)

Very good	14%
Good	48%
Average	30%
Bad	5%
Very bad	3%
Total	100%

Source: Compiled from Questionnaire

It is very evident from the table 2.1 that most number of customers has rated quality of Indian cars as good i.e. 48%. On the other extreme side, very minimum percentage of customers has rated quality of Indian cars as very bad i.e. 3%.

Figure: 2.2 shows characteristics that a customer look for in purchasing a car (N = 100)



Source: Compiled from Questionnaire

It is very clear from the figure 2.2 that maximum percentage of people (i.e. 20%) go for the technology as a prime characteristic factor to look for in purchasing a car. On the other side, only 5% of people prefer to have finance scheme as a prime characteristic factor in purchasing a car which is least among all the factors. The main reason behind it is that we live in a highly dynamic and technological environment where technology is considered as prime characteristic factor to look for in purchasing a car.

Pricing level in car industry in India

Ordinarily, 'Price' is the value which buyer passes on to the seller in lieu of services rendered by seller. Further, pricing is considered as the most important element of marketing practices. A right product at the right place with effective promotion cannot be sold until and unless it is appropriately priced. As a part of study, we can say that pricing is the only element in marketing practices that decides the revenue in relation to car industry. As per the study, the pricing performance has been judged on the basis of opinion of customers about Indian cars.

Table: 3 shows opinion of customers in percentage about the price of Indian cars (N=100)

Very High	8%
High	29%
Average	54%
Low	9%
Very Low	-
Total	100%

Source: Compiled from Questionnaire

The table 3 clearly states more than half of the customers (i.e. 54%) under study believes that price of Indian cars are average or say normal. On the side, no customers are of the opinion that price of Indian cars is very low.

Distribution channel mechanism preferred in car industry in India

The distribution channel mechanism includes the requirement of choice of place, physical distribution decision of industry, mediators' role, level of distribution channel, dealer network, inventory management and variety of other factors relating to it. Hence, it is also considered as an integral element of marketing practices. So far as the study is concerned, reviews of customers regarding distribution channel mechanism are decided on the basis of offline and online mode.

Table: 4 shows reviews of customers regarding distribution channel in case of car purchase (N=100)

Online	28%
Offline	72%
Total	100%

Source: Compiled from Questionnaire

It is apparent from the above table that the majority percentage of customers (i.e. 72%) goes for offline mode. On the other hand, only 28% of customers go for online mode. The reason behind it is that customers feel offline mode more safe and genuine so far as purchase and delivery of car is concerned.

Promotion mechanism in car industry in India

The promotion mechanism generally includes promotional objectives, relevance of promotion, and impact of media selection, promotional budget decisions and various other factors related to it. As per the study, reviews of customers regarding promotion mechanism are decided on the basis of promotional tool.

Table: 4 shows the opinion of customers regarding promotional tool they prefer while purchasing a car in percentage (N=100)

Advertisement	44%
Sales promotion	14%
Direct selling	21%
Publicity	21%
Total	100%

Source: Compiled from Questionnaire

The above table clearly exhibits that 44% of the customers prefer advertisement as a promotional tool in relation to purchasing of a car. On the other extreme, only 14% customers prefer sales promotion as a tool of promotion in the context of purchasing a car. Hence, it can be said that although advertisement is non-personal form of presentation still creates a healthy positive impact in the mind of customers so far as purchasing of car is concerned.

V. SIGNIFICANCE OF THE STUDY

In the recent years, the car industry in India has been emerged as one of the fastest growing manufacturing industry in India. One of the major reasons behind such tremendous growth is the persistent rise in general income level of households and the resultant increase in demand. In this way, the study of it becomes essential as the car industry currently owns 13 percent market share of the overall automobile industry.

VI. FINDINGS OF THE STUDY

- ✓ As per the findings, the production of passenger car vehicles registered 2.7 times growth during 2005-2015. The main reason behind such increase is increased income level of households leading to increased demand for vehicles.
- ✓ The findings relating to customer overview about Indian cars states that most number of customers has rated quality of Indian cars as good i.e. 48%. On the other extreme side, very minimum percentage of customers has rated quality of Indian cars as very bad i.e. 3%. Hence, the situation of Indian cars as per the customer overview is satisfactory.
- ✓ The findings that exhibit the characteristics that customers look for in purchasing a car states that maximum percentage of people (i.e. 20%) go for the technology as a prime characteristic factor to look for in purchasing a car. On the other side, only 5% of people prefer to have finance scheme as a prime characteristic factor in purchasing a car which is least among all the factors. The main reason behind it is that we live in a highly dynamic and technological environment where technology is considered as prime characteristic factor to look for in purchasing a car.
- ✓ As per the findings, the opinion of customers about price of Indian cars states that more than half of the customers (i.e. 54%) under study believes that price of Indian cars are average or say normal. On the side, no customers are of the opinion that price of Indian cars is very low.
- ✓ The findings relating to reviews of customers regarding distribution channel in case of car purchase displays that the majority percentage of customers (i.e. 72%) goes for offline mode. On the other hand, only 28% of customers go for online mode. The reason behind it is that customers feel offline mode more safe and genuine so far as purchase and delivery of car is concerned.
- ✓ The findings relating to the opinion of customers regarding promotional tool they prefer while purchasing a car reflects that 44% of the customers prefer advertisement as a promotional tool in relation to purchasing of a car. On the other extreme, only 14% customers prefer sales promotion as a tool of promotion in the context of purchasing a car. Hence, it can be said that although advertisement is non-personal form of presentation still creates a healthy positive impact in the mind of customers so far as purchasing of car is concerned.

VII. CONCLUSION OF THE STUDY

In recent times, automobile industry is emerged as the sunrise sector for the economy. The main reason behind such tremendous growth is increase in general income level of households resulting in increased demand for passenger vehicles. Apart from this, customers are also showing keen interest in relation to marketing practices prevailing in automobile industry. On a conclusive note, one can say the future of automobile industry is very bright on account of active participation of customer in manifold disciplines.

VIII. LIMITATIONS OF THE STUDY

- Time constraint: Although I had worked hard to select the area of my interest but due to lag of time I would not be able to cover all aspects as the data is more of primary in nature.
- Data reliability: The secondary data published by the annual reports of different companies, various reports of SIAM (Society of Indian Automobile Manufacturers) and Confederation of Indian Industry report etc. have their own limitations. Hence, the reliability of data is put to question mark to some extent.
- Primary data base: Last but not the least limitation associated with the study is that it is more of primary in nature. Further, if the study is based on primary data, it in itself is a time and cost consuming deal. Another limitation associated with the study is the respondents are limited in numbers.

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