

Findings,  
conclusions,  
recommendations  
and scope for further  
research



Chapter -VI FINDINGS, CONCLUSIONS, RECOMMENDATIONS AND SCOPE FOR FURTHER RESEARCH This research was broad based, involving multi dimensional study of all possible factors influencing the Personal Market in general and Small Car Market in particular. There are very important findings related to influence of socio-economic issues of Indian middle class, infrastructural issues like development of roads, government policies, price and cost of running and maintaining the car etc.

Performance of Tata Motors Nano car, which is the smallest car, in the small car segment, and was positioned to meet the requirement of a spatial segment of Indian buyer was also studied extensively. 6. 1 Findings and Conclusions Major findings and conclusions drawn from the study are listed below -1. 71 percent of respondents have shown their preference towards low engine capacity cars to get higher fuel efficiency. It shows that in future only cars giving higher fuel efficiency will be preferred by Indian consumers. . 73percent of the respondents have shown their preference toward small cars as due to increased traffic and congestion on roads. As vehicle population is increasing continuously and size of city roads started appearing narrow, it can be concluded that small cars will prove sustainable in the future. 3. 74 percent of respondents have shown their preference towards small cars due to parking convenience of roads. In cities due to phenomenal increase in number of vehicles, parking is proving to be a big problem.

Parking of small cars is a bit easy and therefore, in future people are likely to prefer small cars. 210 4. In recent past car manufacturers have launched a number of models of small cars with comparable features of big cars,

consequently small car owners can now enjoy all these features in small cars also. In all 73 percent of respondents have expressed their happiness due to this reason endorsed the purchase of small car. 5.

In India still personal disposable income of majority of respondent is not so high that they can afford to buy a big car and therefore, 71 percent of the total respondents have expressed their opinion that their disposable income permit them to buy only a small car and thus small cars are going to be sustainable in Indian car market. 6. In India due to increase in literacy rate and also desire to lead a comfortable life have induced the people to observe small family norm, which can easily be accommodated in small cars, the of choice people is, therefore, shifting towards small cars. 0 percent of total respondents have expressed the view that small car is good for them as they have small family. 7. 70 percent of the total respondents have expressed their opinion that they prefer the small cars as repair facility is available easily and next to their door for the repair of the same. 8. In past few years the number and percentage of women in employment is increasing steadily. Such women employee prefers the small cars due to variety of reasons. 76 percent of the total respondents have expressed their agreement to the fact that increased women employment has boost the sale of small cars.

As this trend is going to persist, the future of small car is bright. 9. Increased affluence and easy availability of loans and finance facilities have led to many two wheeler users to buy their first car which is normally a small car. This has made the small cars sustainable in Indian car market. 78 percent of total respondents have endorsed this fact. 10. In past few years urban as well as rural affluence has increased. This has boosted the trend of urbanization.

This in turn induces the people to buy 211 ars. In all 77 percent respondents are of the opinion that growing urban population has boost the market of small cars in India. 11. In past one decade a phenomenon improvement has taken place in the road network. This has induced the sale of small cars in India. 81 percent of the total respondents are of the opinion that improved conditions of roads even in small cities have led to increase in demand of small cars. 12. Government of India has formulated such policies which stimulate the sale of small cars. 2 percent of total respondents are of the opinion that favorable government policy has boost the sale of small cars. 13. Price of the cars as well cost of spares, parts and component also govern the choice of a car. Normally price of small cars as well cost of spares, parts and components are comparatively low and affordable. Therefore, people prefer to buy small cars. This fact was endorsed by 74 percent of the total respondents. Thus it appears that small cars are going to be sustainable in Indian market. 14. The cost of repair and maintenance is comparatively very low in case of small cars.

This also remains one of the considerations in forming the decision to buy a car. 83 percent of the total respondents are of the opinion that lower cost of repair and maintenance has influenced their decision to buy a small car. 15. Government levies taxes on small cars by low rate and rate of insurance of small cars is also very low as compare to big cars which are higher priced, therefore large number of people opts for purchase of small cars. A majority (68%) of the respondents have shown their agreement towards this. 16.

About 3/4th of the total respondents are of the opinion that small cars are still preferred choice of Indian consumers therefore, it can be concluded that

small cars will be sustainable in Indian car market. 17. 77 percent of the respondents are of the opinion that constantly rising costs of inputs and fuel prices will contribute to the sustainability of small cars. 18. Small cars prove sufficient to meet the family needs of Indian middle class and therefore, small cars remain preferred choice of Indian middle class. 212 This fact was endorsed by 82 percent of the total respondents.

Therefore it can be concluded safely that small cars are going to be sustainable in Indian car market. 19. Over the years a status consciousness has developed among Indian middle class and to fulfill this need they prefer to buy small car as most of them can not afford to buy a big car. Therefore, small cars remain a preferred choice of Indian middle class. 82 percent of the total respondents have endorsed this view and therefore it can be concluded that small cars will be sustainable in Indian automobile sector. 20. Indian middle class consumer is buying a car for either as a necessity or for comfort.

The financial constraint therefore does not permit him to have the luxury of expensive, out of reach big cars. 82 percent of the total respondents of this study are of the same opinion. Looking to large base of middle class population in India, it can safely be concluded that small cars are going to be sustainable in Indian car market. 21. Parking of cars at residence is proving a difficult proposition now-a-days. Indian middle class resides normally in compact houses, parking space in these houses is limited or non-existent.

In such conditions Indian middle class finds it is more comfortable with small cars. 83 percent of the total respondents acknowledged this fact and endorsed that the parking convenience at residence induces middle class to  
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buy a small car. Thus it is concluded that small car will be sustainable in Indian car market. 22. Family and peer pressure often plays an important role in making buying decision of a vehicle. In case of Indian middle class this pressure induces them to buy small car. 68 percent of the total respondents were of the opinion that this pressure induces the Indian middle class to buy the small cars. Therefore, small cars will remain a preferred choice of Indian middle class. 213 23. Working women in general and from middle class in particular prefer to buy a small car due to driving and parking comforts offered by such cars. Therefore, small car is a preferred choice of Indian Middle class working women. About 84 percent of total respondents have endorsed this fact. As the number of middle class women employees is on increase continuously, it can be concluded that small cars will sustain in the Indian automobile sector. 4. The focus of current middle class families is more on spending and enjoying life. Their personal disposable income has also increased substantially. The desire to lead a comfortable life is motivating them to buy a car, and with the financial constraint more than often it is small car. Therefore, popularity of small cars is increasing. 80 percent of respondents have shown their agreement that desire to lead comfortable life among middle class will contribute to the sustainability of small cars. 25. Of late Indian middle class has become status conscious.

One of the simple ways to exhibit the status consciousness is to buy a car. Therefore, more and more middle class people are embarking upon the decision to buy a car. This fact is going to contribute to the sustainability of small cars in Indian automobile sector. 83 percent of the total surveyed respondents have expressed their agreement to this. 26. Number of middle

class people is on continuous increasing in Indian, since small car is a preferred choice of this segment, it can be concluded that small car will sustain in Indian market. This view has been endorsed by 81 percent of the total respondents. 7. A very small car launched by Tata Motors is not sustainable in Indian automobile sector as 82 percent of the respondents have expressed their opinion against Nano it is perceived as not safe and stable. 28. Tata Motors Nano is not preferred by Indian consumers in spite of being low price and more fuel efficient, as almost 97 percent of the respondents have 214 expressed their agreement to this. Thus price of car and fuel efficiency of it, are not only the factors taken into consideration by Indian consumers while making purchase decision for cars.

Their decisions are governed by other factors also like safety, features, driving comfort, status, convenience, etc. 29. Nano is not even preferred by Indian consumers as suitable for “” Only for City use” car.. 91 percent of the respondents have expressed this view. 30. Nano is not a preferred choice of Indian consumers, neither as a first car nor as a second or additional car. 88 percent of respondents have disown it as their choice as a first car and 93 percent of respondents have disown it as their choice as second or additional car. 31. Tata Motors Nano car was positioned as a better alternative for two wheeler.

However those who are using two wheelers for their personal and family use and can afford to buy at least a small car are also having hesitation in buying Nano. 93 percent of the respondents have that they would not like Nano to take out their family instead of scooter or a motor bike. Thus it can be concluded that Tata Motors Nano has lost it's initial charm and hype created

in Indian car market. 32 Out of the total surveyed respondents (1500) , 1271 respondents have acknowledged that they are using small car , remaining of respondents said they are not using a small car.

This implies that Indian car market scene is still dominated by small car. 33. 79 percent of the respondents those using small car have expressed their satisfaction with a small car. Remaining 21 percent of respondents were not satisfied by with the small car. This very high satisfaction level with the users, is clear indication of sustainability of small car in Indian market. 34. 83 percent of the total respondents have acknowledged that they would like to recommend the car currently being used by them to the prospective buyers.

This again shows that most of the car users are satisfied with their 215 present car, whether big or small, and they would like to recommend the same to the prospective buyers. This study has already established the fact that the sale of small car is dominating, this response further support the sustainability of small car in Indian market. 35. This study also reveals that 73 percent of the respondents have expressed their opinion that small car will be the preferred choice of Indian Middle Class and will sustain in Indian car market. 6. RECOMMENDATIONDS AND SUGGESTIONS For this study the

questionnaire was so designed to get a clear idea about the preferences, choices, socio- economic issues, financial constraints, influencing factor of government actions and policies, consumer profiles etc. Since the study covers interest of all stake holders of Indian automobile sector, the recommendations are grouped under the following• Recommendations for the car and auto component manufactures. • Recommendations for auto finance organizations. • Recommendations for policy planners- •

Recommendations for prospective car buyers. One important finding coming out of this study, which can change significantly the dynamics of Indian business, is shift in the consumer profile. Though the urbanization is taking place at a very high rate, it is the consumption of Rural India which is increasing at faster rate than Urban India. Therefore the recommendations for the basis of shift in consumer profile are grouped together, for the four segments of stake holders as specified above.

2.1 Recommendations for the car and auto component manufacturers

The fuel efficiency is one of the prime concerns of the car users and therefore it is recommended that the future car engine design should be based on fuel efficiency and not on high horse power.

2. The availability of repair facility is having influence on buying decision, and therefore it is recommended that the car manufacturer should address this requirement before introducing any high technology based models of small cars for Indian market.

3. The study reveals that the small car is preferred by working women.

Introduction of some variance of the car models having “ Women friendly accessories” will attract the women customers.

4. The cost of the spare parts is of concern of car users. To boost the sale of their product it is suggested that the auto component manufacturers, open their dealer networks and service outlets to meet customer’s requirements directly. This is already in practice for car batteries, tyres etc. The Auto electrical segment can also use this.

5. The study reveals that there is shift in consumer profile. The consumer in the rural area is having more stakes in consumption. Currently the car designs are for the urban users. It is recommended that to take

advantage of this shift some variance of car models can be designed to attract rural customers. 6. The Tata Motors Nano car is having low price and fuel efficient engine, but as the study reveals it is not accepted by consumers due to various issues like safety, durability, not suitable for long distance travel etc. It is recommended that car manufacture should take a note of this in designing the future models.

They are advised to conduct the extensive survey of consumers, particularly, of Nano users, that why a small car launched in Indian car market with a big fan fare could not pick-up and lost its charm in a very short p of time, so that they can revive Nano as per expectations of public and can make it a great success in Indian car market. 217 7. Although 79 percent of the small car users have expressed their satisfaction with the small car being used by them, but 19 percent of the respondents have also expressed their dissatisfaction with the small car which can not be termed as insignificant from any yardstick.

Small car manufacturers are advised to develop a suitable mechanism to identify such dissatisfaction and must take concrete steps to overcome their dissatisfaction. 6. 2. 2 i. Recommendations for auto finance organizations. One of the findings of the study is that financing of car purchase is key driver of auto industry. In the discussions it is felt that, as the disposable income is low in the beginning of the career and increases with the passes of time the initial Equated Monthly Installments (EMIs) are proved heavy and burdensome on the purchasers. ii.

It is therefore, recommended that auto finance companies can adopt a model of financing in which monthly payment in the initial period can be low, <https://assignbuster.com/findings-conclusions-recommendations-and-scope-for-further-research/>

with a gradual increase afterwards. 6. 2. 3 Recommendations for government and policy planners(i) The constantly increasing fuel prices on the one hand support the choice of small car but on the other hand the cost conscious consumer may stop shifting from two wheelers to car. The government, therefore, can take suitable policy decision to offset the impact of increased fuel price by reduction of other taxes and duties on fuel. ii) The study reveals the concern of the parking and traffic congestion on roads. It is recommended that “ Town Planers” and policy makers in the government should suitably address these problems. Looking to the shortage of parking area in the city following solutions can be considered(a) Providing high-rise parking setups with lifts. 218 (b) Parking plazas out side city, with rapid transport system connectivity to business areas. (c) Making it mandatory to use roof tops for parking, like basement is used of high-rise buildings. (d)

The traffic congestion on road, especially in cities, is often because of non adherence to the driving discipline by users. The traffic management system, therefore need to be made more efficient, active and accountable.

(iii) To further boost automobile sector, more reforms in this sector are required, Since the Auto Policy published in 2002, is already more then a decade old a working group of experts should be asked to come out a new policy frame work, taking into consideration the current status and challenges. 6. 2. 4 Recommendations for prospective car buyers. (i)

From this study one fact has come out clearly that, currently many models with many variances in each model, are available for a buyer. It is therefore recommended that in selecting a car the buyer should carefully evaluate the technical specifications, and match, the same with his needs. (ii) There are

different schemes with different auto finance organizations. With a careful study of the schemes available at the time of car purchase, substantial saving in car financing can be obtained. (iii) Tata Motors Nano car is not favored by majority of the respondents, due to their perceptions, related to safety, stability, status symbol etc.

However the manufacturer is continuously working to rectify these concerns. For the buyers having low disposable income, it is therefore recommended that at least considering the very low price of this car, the current model available at the time of purchase can be once again technically evaluated (iv) The government policies for protection of environment are also influencing the engine type and the fuel used in a car. It is therefore recommended that buyer should select a model which is having futuristic technology engine. 6. 2. 5 ESPECIAL RECOMMENDATIONS ON THE BASIS OF SHIFT IN

CONSUMER PROFILE This study reveals the fact that the ' Rural Market' of India is growing more rapidly than ' Urban Market'. The perception of car manufacturing industry as well as policy planners with the government in India has considered car as a commodity for urban population. This shift in the consumer profile if taken into serious consideration can lead to following recommendations 6. 2. 5. 1 Recommendations for the car manufacturers. The interior design of the cars for the future models can be reviewed, and new models or at least some variants of new models can have features suitable for rural buyer.

To give examples the long front seat of retro models can be reintroduced, the capacity of petrol tank can be increased etc. ii. The topographic <https://assignbuster.com/findings-conclusions-recommendations-and-scope-for-further-research/>

requirement of rural area can be considered for technical specifications, of the cars e. g. wheel size, road clearance etc. to make it more acceptable in rural India. It is necessary to provide additional protection against dust to the vital elements, like fuel injection systems, carburetors, ignition system etc.

iii. It is recommended that car manufacturers explore the possibility of introducing “ Four Wheel Drive” system in small car as well. iv.

The Personal car sales- net work currently focuses more on urban India, a shift is recommended in this approach. v. It is recommended that, after sale service net work is to be extended to rural area. Since the area to be serviced will be very large, a module having a central workshop with mobile service vehicles attached to it can also be considered. 220 vi. For the manufacturer like Maruti having major stake in small car segment, it is recommended that they can develop a system through which some selected fuel outlets can be used for providing authorized repair service by training the staff of fuel outlet. . 2. 5. 2 Recommendations for auto finance organizationsi. The current system of Equated Monthly Installments, is meeting the requirements of urban consumers which are generally fixed monthly income employees. The earning pattern of the rural consumers is different as it is seasonal. Therefore it is recommended that schemes where the option of repayment in unequalled installments, with a rider to make the complete repayment in a predefined period can be introduced. ii. The cooperative banks are generally very strong in rural India.

It is recommended that captive auto finance companies can start exploring the possibilities of working with these banks. 6. 2. 5. 3Recommendations for policy plannersThe growth in auto industry segment works as a catalyst for

the entire manufacturing sector. This growth is meeting the two very important key objectives of the government e. g. Improved GDP and more employment. It is therefore recommended that the policy planners in government should design the policies which can boost the sale of cars (small cars) in Indian rural market.

Some of the suggestions are as under. It is recommended that in place of uniform road taxes throughout the state, a system of differential taxes based on the type of the area in which a personal vehicle is in use can be implemented. ii. To increase the use of cars, more priority should be also given to the roads connecting the villages to nearby cities. 221 iii. It is recommended that like agriculture equipments the soft loan schemes, for rural user to be extended for Personal Vehicles iv.

Government should consider suitable tax incentives for the promotion of R & D in the automobile sector, which can be directly attributed to suitable vehicle for Rural India 6. 2. 5. 4 Recommendations for prospective car buyers. i. The service backup is very necessary for the high technology based cars. It is therefore suggested that buyer should examine this aspect carefully. ii. The road conditions may vary from the cities in the rural area. The car specifications required to be looked into, from this angle. 6. 3 Directions for Future/ Further Study i. The study pertains to study of sustainability of small cars in Indian automobile sector.

This study opens the scope for conducting future researches on the sustainability of big cars MPVs, SUVs, LCVs and heavy vehicles. ii. The study is confined to conduct the study of market sustainability; however, future studies may be undertaken for conducting the technical sustainability, social <https://assignbuster.com/findings-conclusions-recommendations-and-scope-for-further-research/>

sustainability, environmental sustainability, and financial sustainability of small cars or any other product. iii. The study also opens the avenue of conducting such study at international level covering different dimensions of sustainability of small cars. 222