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A STUDY ON EMERGING TRENDS IN INDIAN AUTOMOBILE INDUSTRY AND ITS CUSTOMERS SATISFACTION

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Abstract

The essence of Modern Marketing concept is that all elements of business should be geared towards the satisfaction of consumers. This requires a thorough understanding of Consumer Behaviour and buying motivations. Without such insights, marketers will fail to segment markets effectively and define strategies for an effective penetration into the defined market segment. Recognizing the importance of consumer understanding, research into consumer motivation, beliefs, attitudes, learning perception and opinion has made tremendous stride during the last decade. Today in automobile industries consumer satisfaction depend on comfort and convenience in during the usage of their wheelers. Reliability, modern style and economy are demanded by the mass segment while convenience is important feature for the emerging segment seeking the power, pleasure their usages. Consumers are very important of the survival of the automobile manufacturing industry. Access to latest and most efficient technology and techniques will bring competitive advantage to the major players. Utilizing manufacturing plants to optimum level and understanding implications from the government policies are the essential in the automotive Industry of India. The Role of Automobile Industry in India GDP has been phenomenon. The Automobile Industry is one of the fastest growing sectors in India. The increase in the demand for cars, and other vehicles, powered by the increase in the income is the primary growth driver of the automobile industry in India. The introduction of tailor made finance schemes, easy repayment schemes has also helped the growth of the automobile sector.

Keywords*: Modern Marketing Concept, Consumer Behaviour and buying motivation, Effective Penetration, Reliability and Growth Driver.*

Introduction

The automobile industry is one of the key drivers that boost the economic growth of the country. Since the de-licensing of the sector in 1991 and the subsequent opening up of 100 percent FDI through automatic route, Indian automobile sector has come a long way. Today, almost every global auto major has set up facilities in the country. Austria based motorcycle manufacturer KTM, the established makers of Harley Davidson from the US and Mahindra & Mahindra have set up manufacturing bases in India. Furthermore, according to internal projections by Mercedes Benz Cars, India is set to become Mercedes Benz's fastest-growing market worldwide ahead of China, the US and Europe. As per the data published by Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce, Government of India, the cumulative FDI inflows into the Indian automobile industry during April 2000 to October 2013 was noted to be US$ 9,079 million, which amounted to 4% of the total FDI inflows in terms of US $. The production of compact superbikes is also expected to take place in India. The country has a mass production base of 16 million two-wheelers and the several global as well as Indian bike makers are looking forward to use it as an advantage in order to roll out sports bikes in the 250 cc capacity.

Globalization is pushing auto majors to consolidate, to upgrade technology, enlarge product range, access new markets and cut costs. They have resorted to common platforms, modular assemblies and systems integration of component suppliers and ecommerce. The component industry is undergoing vertical integration resulting into emergence of systems and assembly suppliers rather than individual component suppliers. Thus, while most component suppliers are integrating into tier 2 and tier 3 suppliers, larger manufacturers and multinational corporations (MNCs) are being transformed into tier 1 companies. Environmental and safety concerns are leading to higher safety and emission norms in the country. India has already charted out a road-map for reaching EURO-II norms across the country by the year 2005. Seven metropolitan cities of India would simultaneously move to EURO-III norms in 2005. Most vehicle manufacturers are already producing EURO-II compliant vehicles in the country to meet special requirements of capital city of New Delhi where the Supreme Court verdict has already necessitated this.

Objectives of the Study

The present study based on following objectives

1. To know about the emerging trends of Automobile Industry in India
2. To know about the category wise details of Production, Sales and Export of Automobile Products in India.
3. To study the trends shaping the global light vehicle industry in the present era.
4. To know about the customer satisfaction in customer orientation model.

Operational Definitions

Automobile Industry is “the business of producing and selling self-powered vehicles, including passenger cars, trucks, farm equipment, and other commercial vehicles”.

The Automotive Industry is “a wide range of companies and organizations involved in the design, development, manufacturing, marketing, and selling of motor vehicles. It is one of the world's most important economic sectors by revenue”.

A customer is “a person or organization that a marketer believes will benefit from the goods and services offered by the marketer’s organization”.

A customer is “anyone who receives a product either a good or a service from an organisation. In most situations the customer will have to pay to obtain the product, but this is not always the case”.

Reviews of Related Literatures

Mukesh Sharma "A Study on Consumer Awareness and perception towards cars"2012. The study identifies and evaluates the consumer perception towards various factors about cars. The result of this study shows that there is a combination of both positive and negative effect on consumer perception. It also shows that maximum number of respondents were not satisfied their car. So various technologies need to be taken in order to increase the satisfaction level and thereby increase the sales. Most of the respondents consider the cost and the mileage while purchasing the car. The speed and status are the major factors, which is affecting the sales if cars.

In the early 1970s the idea of mass producing a small car was taken up again. It was Sanjay Gandhi, then Prime Minister Indira Gandhi's son, who revived the idea of producing a car for the people. On the 16th of November 1970, Sanjay Gandhi founded a private limited company named 'Maruti technical services private limited'. The stated mission of the enterprise was the development of a 'people's car' an affordable, cost-effective, low maintenance and fuel efficient car for India's middle class that was indigenously designed and produced. Following Sanjay Gandhi's initiative, Prime Minister Indira Gandhi's cabinet proposed the production of a 'people's car' and passed a unanimous resolution for its development and production. Although Sanjay Gandhi neither had any prior experience in automobile production nor a clear design proposal or tie-ups with another corporation, he was awarded the contract and the exclusive production license (Venkataramani, 1990). To produce the car a second company called 'Maruti limited' was incorporated in 1971 under the Indian Companies Act. Under patronage of Indira Gandhi's Government the company received land, tax breaks and funds (Shirali, 1984; Shenoy, 2003). However, despite all government backing and support, Maruti named after the Hindu God of the winds didn't take off. The young company proved incapable of producing a single marketable car. A part of the problem lay in the inexperience in automobile production of the Nehru-Gandhi family members who comprised the company's top management. Maruti limited's problems culminated in the company's liquidation in 1977 (Becker-Ritterspach, 2007).

Emerging Trends in Automobile Industries in India

In India the auto industry is one of the major industries and is one of the key sectors of the economy. Today, India is emerging as one of the world's fastest growing passenger car markets and second largest two-wheeler producer. The emerging trends in the Indian Automobile Industry are:

Globalization: Globalization is forcing Indian auto majors to associate, upgrade technology, admittance of new markets, expand product range and cut costs.

Export Hub for Small Utility vehicles: India is emerging as an export hub for sports utility vehicles. The global automobile majors are looking to influence India's cost-competitive manufacturing practices and are measuring prospects to export SUVs to

Europe, South Africa and Southeast Asia. India can emerge as a supply hub to feed the world demand for SUVs.

Export of Compact cars to Europe: India has the largest base to export compact cars to Europe. Hybrid and electronic vehicles are new developments in the auto industry and India is a key market for them.

Foreign Direct Investment: FDI growth in the automobile sector has helped to impulse the overall growth in the foreign investment in the country. During April-February 2014-15, FDI in India has increased by 39 per cent to $28.81 billion.

Constricted Principles: (a) A large number of principles for the automobile industry have been planned in the last five years. These aim to take India to the group of technologically established automobile markets. Today, auto makers are mandatory to issue an intended recall in case of a engineering defect, as they forestall severe penalties when government makes it mandatory under the Motor Vehicle Act. (b) The government plans to make fore and side crash tests mandatory for new vehicles from October 2017 and existing vehicles by October 2019. This has forced car makers to moan up safety landscapes. To pass these tests, cars must have airbags and other safety features such as child restraint systems. (c) The government wants to adopt Bharat Stage VI emission norms (equivalent to Euro VI norms) quickly, skipping the previous BS V stage. The move is good in intent, but approving new technologies in a short span of time could hurt the auto diligence and impact demand as new technologies will raises prices.

Export Revolution: Exports of cars, utility vehicles, two-wheelers and commercial vehicles have grown-up every year since 2000. In 2014-15, auto exports were at a record high. Exports have helped automobile firms to ease risks from the recurring demand in home and overseas markets. The tepid demand in the local market in the last three years saw a renewed exports thrust by automobile firms, particularly those that saw a sharp decline in domestic volumes. Today, every company is looking to make use of the auspicious manufacturing atmosphere in the country.

Table 1: Category Wise Production of Automobile Industry

Category	2009 - 10	2010 - 11	2011 - 12	2012 - 13	2013 - 14	2014 - 15
Passenger Vehicles	23,57,411	29,82,772	31,46,069	32,31,058	30,87,973	32,20,172
Commercial Vehicles	5,67,556	7,60,735	9,29,136	8,32,649	6,99,035	6,97,083
Three Wheelers	6,19,194	7,99,553	8,79,289	8,39,748	8,30,108	9,49,021
Two Wheelers	1,05,12,903	1,33,49,349	1,54,27,532	1,57,44,156	1,68,83,049	1,84,99,970
Grand Total	1,40,57,064	1,78,92,409	2,03,82,026	2,06,47,611	2,15,00,165	2,33,66,246

Table 2: Category Wise Sales of Automobile Industry

Category	2009 - 10	2010 - 11	2011 - 12	2012 - 13	2013 - 14	2014 - 15
Passenger Vehicles	19,15,333	25,01,542	26,29,839	26,65,015	25,03,509	26,01,111
Commercial Vehicles	5,32,721	6,84,905	8,09,499	7,93,211	6,32,851	6,14,961
Three Wheelers	4,40,392	5,26,024	5,13,281	5,38,290	4,80,085	5,31,927
Two Wheelers	93,70,951	1,17,68,910	1,34,09,150	1,37,97,185	1,48,06,778	1,60,04,581
Grand Total	1,22,95,397	1,54,81,381	1,73,61,769	1,77,93,701	1,84,23,223	1,97,52,580

Table 3: Category Wise Export of Automobile Industry

Category	2009 - 10	2010 - 11	2011 - 12	2012 - 13	2013 - 14	2014 - 15
Passenger Vehicles	4,46,145	4,44,326	5,08,783	5,59,414	5,96,142	6,22,470
Commercial Vehicles	45,009	74,043	92,258	80,027	77,050	85,782
Three Wheelers	1,73,214	2,69,968	3,61,753	3,03,088	3,53,392	4,07,957
Two Wheelers	11,40,057	15,31,619	19,75,111	19,56,378	20,84,000	24,57,597
Grand Total	18,04,426	23,19,956	59,37,905	28,98,907	31,10,584	35,73,806

Source: Society of Indian Automotive Manufacturing (SIAM)

Trends Shaping the Global Light Vehicle Industry in the Present Era

Governments push for safer, cleaner transportation: Governments are focusing on three areas to secure individual mobility i.e. preservation of resources, environmental compatibility and safety. In response, OEMs (Original Equipment Manufacturer) will begin to build cleaner, safer and more diverse range of cars, including a variety of zero-emission vehicles. From the customer's perspective, penalties and incentives will influence their decision to have an own vehicle and how it will be used. Penalties may include congestion and road user charging, and incentives, such as rebates, will be used to reduce the cost of ownership for zero-emission vehicles.

OEMs develop new value propositions to meet shifting mobility needs: Consumers in the developed and developing world have different mobility needs. Continued urbanization is likely to lead consumers in the developed world to seek alternatives to car ownership even as it leads people in the developing world to buy more cars. Car-sharing and integrated mobility businesses will become more popular in developed economies. In the emerging markets, more people will be forced to buy cars simply for transportation, but infrastructure development will not keep up with the demand. In response, the OEMs will need to diversify their portfolios to offer more services (such as car-sharing schemes) and have a wider presence across all the different vehicle segments.

New players take the lead in the mobility market: New players will enter the market because of advances in technology and unmet consumer needs. Non-automotive companies are providing services, such as car-sharing, mobility integration, usage-based "black-box" insurance that sets premiums based on real-time monitoring of driving performance, electric vehicle integration and advanced car entertainment systems. The evolution of these new business models brings new entrants into the traditional automotive value chain, adding additional areas of risk and opportunity for OEMs in redefining their business focus.

Social media redefines automotive marketing: The traditional means of marketing a vehicle with a 30-second spot displaying a gleaming car on a mountain road has shifted dramatically. In recent years, consumers have had a great deal of information available when they decided to buy a vehicle. The social media phenomenon has brought access to uncensored feedback including other consumers' opinions and perceptions. Buyers' decisions are being influenced by other consumers, influential websites/blogs and news articles sources that automotive companies cannot control or restrict. At the same time, the new social media platforms make it possible for OEMs to create much closer bonds with customers. Automotive companies, especially OEMs, are gradually recognizing this paradigm shift and using this to their advantage in marketing their products.

Collaboration among industry stakeholders*:* Technology innovations are triggering business changes. OEMs and Tier 1 suppliers are looking to collaborate more than before, not only within the industry, but also with technology companies and telecoms. In particular, they will likely work together to draft standards for emerging technologies, such as common protocols for in-vehicle connectivity and a common battery charging infrastructure for electric cars. Additionally, OEMs are more willing to share platforms with competitors and focusing on flexible production in order to decrease R&D cost, reduce risk and decrease time to market.

Portfolio rationalization among OEMs: Following the recession, most OEMs in developed countries will be looking for sustainable, profitable growth and not just volume. Yet, emerging market OEMs will be reaching for scale as fast as they can, through acquisitions in either their home market or the developed world to build global brands and establish a global presence. New risks arise from the globalization of the industry OEMs are being challenged to devise radical operational strategies to tackle the new risks emerging from globalization. From demand – supply misalignment and volatile raw material prices, to changing regulatory policies and shortage of qualified workers in developed markets, the automotive industry's globalization efforts are facing a reality check today. In the face of these risks, the industry must implement mitigation strategies to enable the value chain to be flexible enough to adapt.

Recession and OEMs press Tier 2 and 3 suppliers toward new strategies*:* The dramatic tightening of belts at the OEMs and Tier 1 suppliers exposed the vulnerability of Tier 2 and 3 suppliers, in particular their relatively weak financial health and the absence of product, market and customer diversity. However, rather than simply try to cope with increasing demands to do more with less, Tier 2 and 3 suppliers will need to become increasingly strategic. The winners are likely to jettison non-core businesses for greater profitability and diversify their risks by creating relationships with a range of OEMs, and developing products that can serve customers, even outside the automotive ecosystem.

Customer Satisfaction in Customer Orientation Model

Customer satisfaction concept has been placed at the heart of customer orientation model. Based on this model, there are two kinds of companies;

1. On the one side, there are product oriented companies, who are trying to sell the products which they produce regardless of the level, to which those products satisfy their customers' needs. To simplify it, product oriented companies are searching for customers, whose needs can be matched with the products, that the company is offering. Very often those companies end up in the business stagnation phase, as they are not be able to follow the natural development of customer needs they continue to offer what they think is desired by the consumers instead of delivering what is actually desired.
2. On the opposite side, there are customer oriented companies, who are focused on meeting customer's needs and satisfying him or her, as they know that satisfaction is a prerequisite to retention, which in turn has positive impact on the long-term health of their business.

Customer orientation is an ongoing process, during which organizations pursue three goals:

- Attain customer information,
- Disseminate and use that information when making decisions
- Implement change.

First goal - "attain customer information" - means that a firm must collect information about its customers. This is done through various research techniques in order to find out, what are the needs and values of customers and how they are served by current products and services. The information attained shall also point out future customer's needs and the direction into which they will be developing.

Secondly, a customer oriented company needs to ensure, that the "disseminate and use the information" goal is met. Therefore it is necessary to make sure that the information collected is shared between all departments involved in production and delivery of products or services to customers. For that to be possible, tight cooperation between market research and other departments is necessary. Moreover, organization's leadership must understand the necessity of and support the facts-based decision process.

Finally, there is no use of information, which is collected and stored in databases. To fulfill the third goal – "implement the change" - it is necessary to translate the conclusions and recommendations from the research into actions, which will enable the company to deliver improved products and services.

Satisfying the customers is a never ending process. As the customer grows up, gets older and ages, his or her needs and values change. Moreover, as the economies develop, mature and decline, the wants of human beings also change. As a result, companies are forced to follow or even be ahead of customer's needs in order ensure business growth. Customer orientation process never comes to an end it is a sequence of repetitive stages. The theory of customer orientation distinguishes four major phases, which a customer oriented company has to go through all over again to ensure growth in customer orientation:

1. Customer strategy and focus
2. Customer satisfaction measurement
3. Analysis and priority setting
4. Implementation

Automobile manufacturers have worked hard to bounce back from the financial troubles of the past few years. A recent survey by LMC Automotive found that June was on pace to be one of the best months in terms of sales since prior to the recession. It has reported that sales were up 7.6 percent from a year ago. The improvements within the industry are thanks to a focus on customer experience management. Dealers are encouraged to provide high-quality service as a way to win customers and encourage brand loyalty. It is stated that consumers are holding onto their vehicles for longer, limiting repeat purchases. This has made customer retention strategies even more important than in years past. Consumers with old vehicles tend to be less loyal to brands.

Giving customers exactly what they want is a helpful way to improve customer satisfaction in any industry. B2B firms that develop channels for collecting feedback can develop a better understanding of what their clients need. Within the B2C sector, these channels are increasingly tied to loyalty programs and rewards. The more consumers purchase goods, interact with firms on social media or complete other tasks, the better discounts they receive on their purchases. The information collected from these interactions enables companies to gain a better understanding of how to serve the audience.

Conclusion

One of the more effective strategies for increasing customer satisfaction has been the development of high-quality vehicles for a growing number of audiences. However, businesses need to be careful to present the right rewards. Customers may actually be embarrassed to receive free perks. Problems were created when clients felt that they did not earn the preferential treatment they were receiving. It is highlighted that the balance that companies need to strike to make loyalty programs engaging and exciting without overreaching, which may have the unintentional effect of alienating loyal patrons.

Improving customer satisfaction and loyalty is a key driver for company growth, but organizations often fail to dedicate as much time, funding and support to customer retention as they do to other business operations.

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