CUSTOMERS PERCEPTION TOWARDS TATA NANO CAR IN COIMBATORE

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ABSTRACT

The Indian automobile industry is the tenth largest in the world with an annual production of two million units. Indian Auto Industry promises to become the major automotive industry in the upcoming years and the industry experts are hopeful that it will touch ten million units mark. Tata Motors dominates over 60% of the Indian commercial vehicle market. Tata motors are the largest medium and heavy commercial vehicle manufacturers in India. This study would be useful for companies to know the acceptance level of NANO by its customers. It would be also useful for companies to form strategies according to perception of people about Nano. This study is based on data collected from fifty customers of TATAs Nano car confined to Coimbatore city. Primary data was collected by using a structured questionnaire. The main factor that attracted and influenced the purchase decision of Nano is its price. The study on perception of customers on Tata’s Nano car also gives an insight on the acceptance level of the respondents towards the Tata’s Nano car.

Key words: Purchase Decision; Buying Behavior; Viability; Advertisements; Pricing; Customer Personality; Information Search

INTRODUCTION

Consumer buying behavior is the decision process in which consumers or buyers of goods tend to react while purchasing the product of their choice. It refers to the final purchase of the ultimate customer. The buying behavior of passenger cars are based on major cluster of factors inclusive of social, economical, cultural, and psychological needs. Along with buying behavior another variable, customer’s perception on deciding factors like price, income distribution, and utility, culture, family size etc take major role in decision of choosing a product to buy or not to buy.

The viable nature among the automobile players has initiated the major companies in the industry to take up unique strategies to fight competition among them. Among the categories of the car segments, B Segment sees the maximum competition because it offers the consumers a wide range of models to choose from. The major companies see to that they provide quite a range of vehicles in all segments of the vehicle categories so that the end user ends up in using in any one of their vehicle. To support the push of sales advertisements play a major role in providing a choice medium, a reachable one for the consumers. The flamboyance of the cars can be appealed through the Television medium and closely by the print and of late the online medium. Both the mediums have their own uniqueness in reaching the audience in marketing a product. In addition to this celebrity endorsements and testimonial
Tata Group Profile

The Tata Group comprises 98 operating companies in seven business sectors: Information systems and communications, engineering, materials, services, energy, consumer products, and chemicals. The Group was founded by Jamsetji Tata in the mid 19th century, a period when India had just set out on the road to gaining independence from British rule. Consequently, Jamsetji Tata and those who followed him aligned business opportunities with the objective of nation building. This approach remains enshrined in the Group's ethos to this day. The Tata Group is one of India's largest and most respected business conglomerates, with revenues in 2012-13 worth $34.7 billion, operating income US$ 3.06 billion and employee strength 59,759 (2012) respectively. Cyrus Pallonji Mistry is the present Chairman of the Tata Motors.

Tata Motors

Tata Motors limited is India’s largest automobile company with revenues of US $ 34.7 billion (FY 2012-13). It is the leader by far in commercial vehicles in each segment and the second largest in the passenger vehicles market with winning products in the compact midsize car and utility vehicle segments. The company is the world’s fifth largest medium and heavy commercial vehicle manufacturer and the world’s second largest medium and heavy bus manufacturer.

TATA’s Nano

Ratan Tata Chairman Emeritus of TATA group dreamt of producing a safe compact affordable car for the common man. It could easily fit an average Indian family. He finally stunned the world and the automobile industry by unveiling the one lakh car. It had finally crossed all financial and technical barriers and was released as Tata promised in January 2007. It’s a cool and smart car manufactured by TATA motors at the price tag of around 2500 US dollars. The dream has not only taken away the sleep of the common people but also that of the manufacturers of two wheelers and the fact was obvious that if such thing happens, people would prefer to go for a four wheeler than a two wheeler. Here it is to be noted that at the time of study there were three models of Nano namely Nano Basic (Rs. 1, 34, 000), Nano CX (Rs. 1, 60, 000) and Nano LX (Rs. 1, 85, 000) respectively.

Nano is expected to have an immediate impact on the two-wheeler market. All the two-wheeler aspirants are now willing to upgrade their choice to cars. They are now willing to buy a car that that’s affordable delivers a safe journey to their families’. A “car anytime offers more safety than a motorbike or scooter. This may drive the interest of young drivers who commute long distances to work towards the Nano as it proves to be a safer and better alternative for a two-wheeler. Be comparatively high but a little higher amount for improved safety is something that all car buyers will love to pay.”

Nano is perfectly designed for a small family of four with ample of legroom and headroom with around 21% more spacious interiors compared to an average small car. On the other hand major two wheeler manufacturers tried to cool down the issue by saying that Nano is not going to hit the two wheeler market and it will be making its own people and market segment and the sales result of march 2009 and June 2009 somewhat has proved their statements correct to a certain limit. One study, by Indian rating agency CRISIL, thought the Nano would expand the nation’s car market by 65%. It was anticipated that its 2009 launch would greatly affect the used car market, and prices did drop 25-30% in the lead up to the launch. Sales of the Nano's nearest competitor, the Maruti 800, dropped by 20%.
immediately following the unveiling of the Nano. It is unknown if the Nano has had a lasting effect on
the prices of and demand for close substitutes, however.

REVIEW OF LITERATURE

William B Dodds (1991) investigated the effects of the intrinsic cues of price brand and store
information on consumer perception of product quality. They found that price had a positive effect on
perceived quality but a negative effect on perceived value and respondent’s willingness to buy. Samson Itamer (1992) has observed that purchase decisions are determined on the basis of both
absolute attributes of the alternatives and their relative positions within the particular choice set under
consideration. He has further suggested that consumers are less likely to choose alternatives that are
offered with unneeded features or premium even when the features do not reduce the value of the
product in any way. Aradhana Krishna (1994) viewed that buyers purchase behavior can be influenced
not only by the current price of a product but also by what price they expect in future.

Gerald D Bell (1967) studies how a new car buyer feels about his purchase and what factors determine
his reactions when he begins living with his new car. The finding of this investigation suggests the
effect of a customer’s self confidence his personality and the quality of service he receives upon his
cognitive dissonance. Edward L Grubb and Greg Hupp (1968) test a methodology for measurement of
self concept and consumer behavior in comparable terms and therefore to further substantiate the
relationship of self theory to consumer behavior. The author suggest that the owner of a specific make
of automobiles perceive themselves as having self concepts similar to those of others who own the
make of an automobile. Darlin Doman (1983) in the article has mentioned that satisfied new car buyers
discuss their experiences with eight people dissatisfied buyers complain to an average of twenty two
people.

C. W Park et al (1994) assessing the consumer knowledge has observed that consumer knowledge is
an important construct in understanding consumer behavior such as information search and
information processing. Increase in self assessed knowledge was associated with decrease in utilization
of sales people’s recommendations. Andrew et al (1996) assess number of different measures of
consumer expertise by examining their ability to predict correct choices in the stimulus based choice
tasks. Pavleen et al (2003) in their article have perceived that the family of a reference group has one
of the strongest most immediate and most pervasive effects on a consumer’s personality motivation
and attitude. The author has affirmed that from the marketing point of view investigating the family as
a consumption unit becomes crucial since attitudes towards saving spending and even towards brand
and products are often mobilized by the family. Richard et al (2003) in their large scale national study
investigates the influence of monthly payment incentives on the decision making process of the cars.

OBJECTIVES OF THE STUDY

1. To evaluate the customers perception towards the “Tata’s Nano” car.
2. To know about factors influencing the purchase decision of “NANO” car.
3. To generate customer feedback on the general performance of Tata’s Nano with that of
   Maruti-800.

RESEARCH METHODOLOGY

The research conducted is a descriptive research. This is descriptive in nature because the study is
focused on fact finding investigation in a well structured form and is based on primary data. Primary
data has been used in the form of a questionnaire and telephonic interview in order to collect data. The
following sources such as magazines and data through internet sources was conducted. The sample
chosen to collect data consisted of fifty respondents. The data collected is used for final analysis and
interpretation (primary data, Source: 2010). Statistical tools like percentage analysis and chi-square
were used to analyze the data.
Table No. 1
The table 1 showing the classification of the respondents according to their view on the most attractive feature of Tata Nano Car

<table>
<thead>
<tr>
<th>Most Attractive Feature of Nano</th>
<th>No. of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>34</td>
<td>68%</td>
</tr>
<tr>
<td>Mileage</td>
<td>10</td>
<td>20%</td>
</tr>
<tr>
<td>Safety</td>
<td>5</td>
<td>10%</td>
</tr>
<tr>
<td>Others</td>
<td>1</td>
<td>2%</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Source:** Primary Data: 2010

Chart 1.

Table No. 2
Tata Nano Car Is Good Alternative for Two Wheelers
The table showing the classification of the respondents according to their thinking on Tata Nano car as a good alternative for Two Wheeler.

<table>
<thead>
<tr>
<th>Alternative for two wheelers</th>
<th>No. of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>50</td>
<td>100%</td>
</tr>
<tr>
<td>Disagree</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

Chart No. 2
Chart showing the classification of the respondents according to their thinking on Tata Nano car as a good alternative for Two Wheeler.
Table No. 3

Tata Nano Car Models

Table showing the classification of the respondents according to the Tata Nano Car’s Model they use.

<table>
<thead>
<tr>
<th>Nano Models</th>
<th>No. of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nano Basic</td>
<td>14</td>
<td>28%</td>
</tr>
<tr>
<td>Nano CX</td>
<td>23</td>
<td>46%</td>
</tr>
<tr>
<td>Nano LX</td>
<td>13</td>
<td>26%</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

Chart No. 3

Chart showing the classification of the respondents according to the Tata Nano Car’s model they use.

Table no. 4

Performance of Nano Car against Its Competitor

The table showing the performance of Nano Car against its Competitor- Maruti 800

<table>
<thead>
<tr>
<th>Better Performance than Maruti 800</th>
<th>No. of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>33</td>
<td>66%</td>
</tr>
<tr>
<td>No</td>
<td>17</td>
<td>34%</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

Chart No. 4

Performance of Nano Car against Its Competitor

The chart showing the performance of Nano car against its competitor Maruti car.
Chi Square Test

Hypotheses:

Null Hypothesis

H₀ – There is relationship between annual income and Nano model purchased by the respondents

Alternate Hypothesis

H₁ – There is no relationship between the annual income and Nano model purchased by the respondents

<table>
<thead>
<tr>
<th>S. No</th>
<th>NANO</th>
<th>NANO CX</th>
<th>NANO LX</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>6</td>
<td>3</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>2</td>
<td>0</td>
<td>12</td>
<td>8</td>
<td>20</td>
</tr>
<tr>
<td>3</td>
<td>2</td>
<td>7</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>4</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>5</td>
<td>2</td>
<td>3</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>TOTAL</td>
<td>10</td>
<td>25</td>
<td>15</td>
<td>50</td>
</tr>
</tbody>
</table>

S. NO | Observed | Expected | O-E | (O-E)^2 | (O-E)^2/E |
<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
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<td>6</td>
<td>2</td>
<td>-3</td>
<td>9</td>
<td>4.5</td>
</tr>
<tr>
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<td>0</td>
<td>4</td>
<td>-4</td>
<td>16</td>
<td>4</td>
</tr>
<tr>
<td>3</td>
<td>2</td>
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<td>5</td>
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<td>4</td>
<td>0.4</td>
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<td>5</td>
<td>2</td>
<td>4</td>
<td>0.8</td>
</tr>
<tr>
<td>9</td>
<td>0</td>
<td>2.5</td>
<td>-2.5</td>
<td>6.25</td>
<td>2.5</td>
</tr>
<tr>
<td>10</td>
<td>3</td>
<td>2.5</td>
<td>0.5</td>
<td>.25</td>
<td>0.1</td>
</tr>
<tr>
<td>11</td>
<td>1</td>
<td>3</td>
<td>-2</td>
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<td>2</td>
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<td>0.6</td>
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<td>1</td>
<td>3</td>
<td>-2</td>
<td>4</td>
<td>1.3</td>
</tr>
<tr>
<td>14</td>
<td>5</td>
<td>1.5</td>
<td>3.5</td>
<td>12.25</td>
<td>8.1</td>
</tr>
<tr>
<td>15</td>
<td>0</td>
<td>1.5</td>
<td>-1.5</td>
<td>2.25</td>
<td>1.5</td>
</tr>
</tbody>
</table>

Calculated value 27.9

Chi Square Table value is 15.507

Purchase of the car on occupation

Inference

From the above table we can find that the chi square value is 15.507

Degrees of freedom: (No of rows – 1) *(No of columns – 1)

Degrees of freedom (DF): (3-1)*(5-1)

: 2*4

DF: 8

Probability – 0.05 (5%)

Chi Square Table value is 15.507
The probability value is 0.05, which means that there is a 5% probability that any deviation from expected results is due to chance only. Based on our standard p>0.05, this is not within the range of acceptable deviation. In terms of hypothesis for this, the observed chi-squares is significantly different from expected. The observed numbers are not consistent with those expected. So there is no relationship between the Annual Income of the respondents and preference towards the Nano car.

**FINDINGS**

**Purchase of the car on occupation:** The purchase pattern from the study reveals that greater part of the respondents 32% are the private sector employees followed by retirees accounting to 26% while 14% of the respondents are government employees 10% are business men and 2% are students.

**Annual Income of the respondents:** 14% of the respondents belong to less than 1,00,000 annual income category 44.5% of the respondents belong to the income group of 1,10,000 and 8,00,000, 16% of the respondents are getting annual income ranging between Rs 8,10,000 and Rs 15,00,000, 2% of the respondents come under the annual income category of Rs 15,10,000 and above and 22% of the respondents do not want to reveal their income status.

**Family size and buying behavior:** The study reveals that majority of the respondents 52% are having 4 members in their family while 36% of the respondents are having 3 members in their family, 6% of the respondents are having 5 members in their family, 4% of the respondents are having 6 members in their family and 2% of the respondents have 2 members in their family respectively.

**Awareness Level of the small car TATA’s Nano and Tata’s other products:** All the respondents are well aware of Tata’s other products and Nano cars. The sensation created in the small car market especially the pricing factor “one Lakh car” had driven excitement among all levels in the consumer segment.

**Ownership of vehicles two-wheeler, four-wheeler and both:** From the study it can be identified that 62% of the respondents are having four-wheeler while 6% of the respondents are having two-wheeler and 32% of the respondents are having both.

**TATA Nano car models:** Nano CX model cars were purchased by 23 of the respondents while Tata Nano Basic Model was purchased by 14 respondents and Nano LX model by 13 respondents respectively.

**Striking features in Nano car models:** Majority of the respondents 70% were attracted for its price while 22% for its mileage and 10% of the respondents for its safety and 2% accounting for other features like design and brand name.

**Tata Nano cars mileage:** Most of the respondents ranked mileage to be good accounting to 66%, while 22% felt that it was very good and 12% felt it as average and none of the respondents felt the cars mileage to be poor.

**Nano – A good alternative for two-wheeler:** The study highlights the fact that all the respondents on the survey conducted revealed that Tata Nano will definitely be a good alternative for Two-wheelers.

**Nano’s performance against Maruti 800:** 66% of the respondents say that the Nano car is performing better than its competitor maruti800 while 34% of the respondents decline the same fact.

**Different family classes:** The study says that 42% of the respondents say that the car is actually fit for the lower middle class people while 34% of the respondents feel that it really fits for the upper middle class people, 24% feel that it fits for all classes of people and none of the respondents fall that it is for the Esteem class.

**Psychological effect after the purchase:** 58% of the respondents feel that the purchase decision of Nano has quite affected their status whereas 42% say that it has made no difference whatsoever.
SUGGESTIONS

Out of the sample studied majority of the customers say that they had to pay more than one Lakh to purchase the car which was not as promised and this had disappointed them. Therefore the road tax for the car can be reduced accordingly. They also feel that more provisions can be added in the car features like making changes in the indicators and positioning of the side mirrors. Nano car has only one dealer in Coimbatore and Tirupur so few more dealers would make the customers comfortable in making their purchase in locations that is feasible to them. It is also added that engine sound for the car could be improved as the car is found to make more noise comparatively with other cars on road. It is also suggested that better provision could be provided for putting the luggage in the boot of the car. Suspension of the cars is very poor and accordingly it could be improved. Wiring in the car is also to be noted that one of the respondents experienced electric circuit problem. Similarly more marketing strategies could be adopted and more of advertising in paper and print can be encouraged for better promotion of TATA Nano car.

CONCLUSION

The study on perception of customers on Tata Nano car paves way to understand the acceptance level of the respondents towards the product. The main factor that attracted and influenced the purchase decision of Nano is its Price. The name as the product features are created a big wave in the Indian automobile market not only standing in line with the B segment in the four wheeler market, but also with the two wheeler segment on the price factor Though there are drawbacks pertaining to the comfortness and space they also feel that Nano is performing better than its main competitor Maruti-800. The study has helped to gain knowledge about the most talked low cost car Tata nano. From the study it is understood that Tata’s initiative to come up with such a car must be appreciated.

REFERENCES


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