

A study on Market Size of Tata- Jaguar & Landrover in Indian Market

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ABSTRACT

The market size for premium segment cars are growing for the past 10 years in INDIA. Super luxury cars are eyeing the Indian market because there is a huge potential and craze. BMW, Mercedes-Benz and Audi have setup their plants in India and sell their cars to Indian market as well as export to other countries. M/S TATA MOTORS market share in the car segment is increasing day by day.

They have entered into the premium segment market by acquiring the stake of JAGUAR & LAND ROVER from M/S FORD MOTOR COMPANY. This is a great achievement for an Indian company and taking the Indian Business ahead in global scenario. This paper provides the market size for these brands in Indian market. The research involves secondary data of existing premium brand customers who will be interested because most of them are innovators.

Introduction

Jaguar and Land Rover's award-winning vehicles are well known around the world. Jaguar has become one of the world's leading producers of beautiful fast cars. Land Rover produces the world's most versatile all-terrain vehicles, combining refined luxury with a true breadth of capability.

The exciting new range of premium luxury vehicles available for the Indian market will include the Jaguar XF, XFR and XKR and Land Rover Discovery

3, Range Rover Sport and Range Rover. Further details, including specifications, are available on the new Jaguar India website (www.jaguar.in) and Land Rover India website (www.landrover.in).

Jaguar Land Rover has confirmed Tata Motors as its exclusive importer and the world-class Ceejay House facility in Worli, Mumbai, will offer a wide range of both Jaguar and Land Rover vehicles, with a dedicated showroom section for each brand. It

aims to establish a benchmark experience in luxury car sales in India, with plans to develop the dealer network throughout 2009 and 2010.

Mr. Ratan N. Tata, Chairman of Tata Sons and Tata Motors, said: "We are extremely pleased and proud to introduce the Jaguar Land Rover brands in the Indian market and give the discerning Indian customer direct access to these prestigious brands, accompanied by a parts and service network. We hope that they will delight customers in India just as they have done in markets the world over."

Mr. David Smith, CEO of Jaguar Land Rover, said: "Jaguar Land Rover is delighted to have officially opened our first showroom in India. It is an exciting time to be entering the Indian market, a country with increasing affluence and an economy which is still growing. We believe that the Indian market holds significant growth potential in the long term, and we hope to tap the demand for premium vehicles from discerning customers."

The purchasing power of Indians is in an increasing trend. The rich is becoming richer, day by day. Though the world is affected by global recession, Indian businessmen are safe because of their savings. Nowadays the mindset of the customers are changing and they want to enjoy each and every moment. The youth icons are becoming sport lovers and they expect more sporty cars than the classic cars. Super luxury cars have become as

status symbol for most of them and the customers want to be different among the lot. Luxury is becoming essentials. In the last decade air travel was considered as luxury but now it is very common. Jaguar & Land Rover are known for both safety and status. Businessmen travel a lot and their concern is safety. Road traffic is hectic in cities so the customers opt for these luxury cars to have a pleasure drive.

Literature review

Indian market was untamed for all these years in super luxury car segment. All global brands are much interested to enter into Indian market because of the success by Mercedes-Benz, BMW & Audi in recent years. M/S TATA MOTORS are doing very well in the automobile market by introducing many models to cater the customer needs. M/S TATA MOTORS have a market share in passenger car segment like A, B and MPV segment. Their presence was not there in the D-segment. They were planning to enter into this segment so that they can improve on their market share. It is a milestone for TATA's by which they can upgrade their company. Also, they can become as Indian multi national company to acquire global brands. This gives more confidence for other Indian business to dominate in the world market. This move will produce a positive impact on Indian economy.

Very few authors and writings have investigated customers about market size of luxury cars and

much of this work is focused on customer loyalty (Rosecky and King 1996) and brand switching. The major research focus has been on low priced segment car ranges rather than the luxury segment in which choice between brand concept and individual choice of potential buyers play a great role. Most of the research was done on the world market. Many authors did the study on the customers from the different parts of the world, expect India (Keller 1993).

Objectives

The basic objective of this study is to find out the market size for Jaguar and Land Rover in India.

Also, an idea of setting up a 3S facility across India to improve the sales and service.

Methodology

For the completion of this study secondary data were used from various websites of premium segment car manufacturers. How can luxury automobiles be segmented The car segment is divided into A, B, C & D segment.

SEGMENT A	Small Cars
SEGMENT B	Lower Mid Size Cars
SEGMENT C	Upper Mid Size Cars
SEGMENT D	Premium Luxury Cars
SPORTS UTILITY VECHICLES (SUV)	Lower and Upper SUVs
MULTI PURPOSE VECHICLES (MPV)	Lower and Upper MPVs

Upper D segment is the luxury car segment and the prize range of these cars will be above 25 lakhs. Jaguar & Land Rover comes under the upper D segment. Buyers liking towards these cars are because of its performance, horsepower, stylish, sporty and status. Some of the buyers are interested about the country of origin of the brand. Most luxury cars hold their marques as a flagship. To enhance the brand's power, most luxury car marques have stretched their brand upward into a new segment. For example Land Rover have stretched into a segment called upper sports utility vehicle. Most current owners of luxury cars tend to have purchased a car previously; the customer has potentially developed an attitude towards it. Here an attitude becomes an evaluating judgment (desire or not desire) based on prior or present experience such as previous satisfaction from dealers or products and services (after sales and warranty), driving experience and socio-economic status of customers.

The luxury cars need to be part of its owner's life. It needs to provide its owner the 'practicability' both in functional and perceptual point of view. That is why BMW and Mercedes-Benz have dominated the luxury markets globally. Everything is made to facilitate the users and also highlight the owner's sense of prestige and status wherever it travels. The frequent use of the cars will stimulate the perception of a luxury life the owners gain from their possession.

Most of the research is done in the areas of customer satisfaction, consumer behaviour and market size in the developed countries like US, UK & U.A.E. Since TATA is the importer of India it is essential to do a study on the market size in an Indian city. Coimbatore is a cosmopolitan city coming under the state Tamil Nadu, also known as Manchester of South India. The people of Coimbatore always have the passion for cars, and it has produced many rallists. Most of the people come from business houses. Entrepreneurs are growing in various businesses like textiles, motors, pumps, and foundry CNC machines, garment, and software, hotels, constructions and paper mill. Always luxury cars are considered as status symbol for these businessmen in the city. They always travel more to develop their business and concerned more on their safety.

PRICING OF JAGUAR AND LANDROVER

JAGUAR	Starts from 66 Lakhs to 1 Crore
LAND ROVER	Starts from 50 Lakhs to 1 Crore
RANGE ROVER	Starts from 70 Lakhs to 1 Crore

Sales Figures for Premium Cars in India (2008)

BMW	Mercedes-Benz	Audi	Total
3100	2750	1070	6920

Sales Figures for Premium cars in Coimbatore market (2008)

BMW	Mercedes-Benz	Audi	Total
40	55	10	105

The Market size for these high-end cars are around 7000 units per annum. If Tata Motors, set more dealer network across India then they can capture a substantial amount of market share in the coming years. As a start-up jaguar and land rover may steal around 300 units for the first year. Indian market is growing so the percentage of sales for the high-end cars is in increasing trend. So there will be no loss for any of the manufactures of these high-end cars. The Market Size will grow in the coming years due to the increasing purchasing power of the Indian businessman. So each of the manufactures will share the sales. As a start-up, the market size for jaguar and land rover will be around 10 units in coimbatore market. Already, 3 cars are running in the roads of coimbatore (RTO figures,

Number of Dealers across India

BMW	13
AUDI	12
Mercedes-Benz	32
Jaguar and Land Rover	1

Recommendations and suggestions

If Tata Motors increases the dealer networks across India like other premium car manufacturers then they can increase their market share considerably. In India each state has different policies and procedures for registering the vehicles so it is very difficult for an individual to bring the car to other states of India. As of now only one dealer has been appointed in Mumbai. Demonstration, delivery and after sales will be a problem for the customers of other parts of India. Also, these high end cars require the technical expertise to do service which is not available in other parts of India. Tata Motors must plan for 3S facility in metros and cosmopolitan cities. If they set the 3S facility in major cities then automatically the sales will increase. The customers also will become confident because of the availability of showroom, spares and service. Territory coverage and sales promotion activity in the specific market will increase the market size. The other premium segment manufacturers have their dealerships at each state or metros and two tier cities. Tata Motors may follow the same way.

Conclusion

Business conditions have deteriorated further for the premium segment over cars over the past months. The escalation of the financial crisis will spill over to the real economy has increased the risk of a worldwide recession. A significant level of

volatility on the financial and commodity markets poses the risk of even greater uncertainty. The market situation has therefore also deteriorated sharply for the automobile industry. The situation on most of the world's emerging markets remains robust. It is likely, however, that the dynamic growth rates registered on these markets in recent years are in an increasing trend because of the saving economy practiced among Indian businessmen. Tata Motors have the experience in automobile industry for years so it is easy for them to build up the strategy with their existing network across India. Jaguar Land Rover is a popular global brand and it has created a lot of enthusiasm in minds of customers. Customers are in fact expecting and it is a long wait for them. Tata's slogan says "Quality and Trust" and it is there in the minds of the customers always.

References

Websites of premium car segment

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