

CHAPTER -I

INTRODUCTION

1.1 General Background

In late 18th century and early 19th century, many inventions had begun to take place. As a result human lives became easier comfortable and more advanced than ever. And more inventions have continuously taken place since then.

Physical activities were greatly reduced of owing to automations. Activities that were once using hands and feet were than done by machines. Science and technology has revolutionized the way we live. James watt invented first efficient steam engine in late 18th century. The first successful steam engine train was built by George Stephenson in 1814 A.D. This began the era of land travel likewise; the first petrol cars were built in Germany in 1885 A.D, by Gattleib Daimler and Carl Benz. Since then a lot of advancement has taken place in Automobiles and transportation. Today we have variety of motor vehicles suited to our different transportation needs, like truck, Buses cars, tractors, pickup, Jeeps and vans e.t.c.

Automobile contribute a lot to our society. Our grandfather walked hundreds of miles for more than a couple of days. The same thing now is a matter of just a few hours of ride in a motor vehicle. A lot of people rely on Automobile line for their daily earning. Automobiles serve dual purpose of transportation of people and carriage of goods. Even more, some people are in the business selling automobiles as automobile dealers. More importantly transport sector contributes a lot to our economy. Government collects huge revenue from this sector. Today automobile has become a necessary item. As we all know lives in cities are ruined at times when there are transport strikes. However, roads are narrow and it cannot support a huge traffic on it. As a result traffic jams and road accidents occur quite frequently. In recent time auto industry has been badly hit by the global financial crisis. Nepal cannot remain untouched by the global phenomenon even though its economic is not exposed globally like that of other countries. There has been no immediate impact; but if the crisis continues, Nepal cannot remain unaffected.

Remittances are one of the country's main sources of income. This money is also used directly or indirectly to purchase automobiles. If Nepalese cannot get job in international market, then there will be an impact in the Nepali economy including auto sector. A positive scenario may also develop as the price of automobile may drop due to the recession in the global economy. If that happens, many Nepalese may be able to afford to buy car.

The Government continues to look at automobiles as a luxury and puts them in the highest tax bracket. This is one industry that is growing fast everywhere including India and china. Automobiles reflect the change in people needs as a society develop. There are issues about congestion to solve which we need to find ways to phase out and vehicles with proper compensations schemes pollution problems also need to be talked. The solution is not to stop importing cars but find better ways to deal with old vehicles which often cause more problems than the new ones.(Himalayan All-colour" Science Encyclopedia 1990 page200-2001)

1.2 History of Cars

By definition, an automobiles or car is a wheeled vehicle that carries its own motor and transport passengers. The automobiles as we know it was not invented in a single day by an ingle inventor. The history of automobile reflects an evolution that took place worldwide.

It is estimated that over 1,00,000 patents created the modern automobile. We can point to the many firsts that occurred along the way starting with the first theoretical plans for a motor vehicle drawn up by both Leonardodavinci and Isaac Newton.

In 1769, the very first self propelled road vehicle was a military tractor invented by French engineer and mechanic , Nicolas Joseph Cugnot (1725-1804).In 1771, Cugnot drove one of his road vehicles into a stone wall, making Cugnot the first person to get into a motor vehicle accident. In 1789, the first U.S. patent for a steam powered land vehicle was granted to Oliver Evans.In 1801, Richard Trevithick built a road carriage powered by steam the first in Great Britain. In the united States, numerous steam coaches were built from 1860 to 1880. Inventors included: Harrison dyer, Joseph Dixon, Rufus porter, and

William T James. In 1971, Dr JW Carhart, professor of physics at Wisconsin state university and the IICASE company built a working steam car that won a 200-mile race. By the early 1900s, petrol cars started to outsell all other types of motor vehicles. The market was growing for economical automobiles and need for industrial production was pressing. The first car manufactures in the world were French: Panhard & Levassor (1889) and Peugeot (1891).

American car manufacturer, Henry Ford (1863-1947) invented an improved assembly line and installed the first conveyor belt-based assembly line at Ford's Highland Park. Ford made his first car called "QUADRICYCLE" in June 1896. However, success came after he formed the Ford Motor Company in 1903 (The Himalayan Times, Aug 4 2009)

1.3 Objectives of study

Essentially the foremost objectives of the study are to analyze and estimate market potential of Tata Indigo car, a product from Tata Motors. This is the prime and specific objective of the study. Besides there are also some general objectives, secondary in importance to the research study the fulfillment of which leads to accomplishment of specific objective so the objectives, primary and secondary of the study are as here under.

1. To estimate market potential of cars in Kathmandu valley.
2. To analyze market potentiality of Tata Indigo based on its sales performance.
3. To analyze market potentiality of Tata based on perceptions of car customers regarding it.
4. To study present car market scenario in Nepal with a special focus on mid sized, affordable cars, commonly known as C segment.
5. To study the trend on Tata Indigo sales in Kathmandu valley based on first one – year sales since its introduction.

1.4 Present car market scenarios

Presently, market of the car in Nepal characterized by intense competition among Japanese, Korean, Indian brands. These days the foreign brands of Indian manufactured are gaining more popularity, especially in small car segment. Major car marketers Ford, Opel, Toyota, Tata, Honda, Hyundai, Mercedes, Mitsubishi etc. are worldwide started their Joint venture production based in India.

They are relatively cheaper than foreign manufactured car. However big cars manufactured overseas selling huge numbers, relative to Indian ones. Here it would be unwise to look overall big car market from single prospective.

Marketers of bigger cars segment them into several sub segments, like B segment, C segment, D segment, E segment and soon. For example there is Mercedes C class, E class cars most of them economical Indian manufactured cars are put under C – segment.

The government recently announces that people wanting to buy a car worth Rs. 1.5 million or more must disclose their source of income. This policy is one of the biggest hurdles Nepal's auto sector is currently facing in their effort to boost sales. Many people do not want their source of income to be disclosed and the policy dissuade them from purchasing car .Only those potential customer who can show that they had paid their income taxes will be allowed to buy cars. Nepalese don't have a habit of paying taxes. They will give up the idea of owning a car rather than reveal their source of income. The government has also increased the custom duty in own cars. Customers are most sensitive about price .The addition of another 20% to the existing customs duties of 200% has badly harmed the auto market. The government decision is based on the perception that cars are luxurious products. But cars have become of necessity for people to live of faster live. People live faraway from their offices, and they need a car to get home in the evening. The city of Kathmandu has expanded far beyond the Ring Road. If the government's current policy continues, car sales will decrease by 25-30% this year 2008-2009. But in the world market, the Toyota the most likely, Japanese survivor which is run by a close-knit team of visionary engineers dedicated to eco-friendly technological innovation, is in trouble as the industry's expectations for global Sales of 70 million have turned into 50 million in the year 2009.(www.ekantipur.com.np,2008-11-22)

1.5 Company profile

Sipradi Trading private limited is the sole dealer in Nepal for vehicles manufactured by Tata motors of India. It established in 2039 B.S sipradi is a soltee group enterprise. The company has offices and sipradi Trading Pvt. representation throughout the country and sells Tata range of heavy, medium and light commercial vehicles as well as passengers

vehicles. Sipradi has the largest owned networks of sales services and spares centre in Nepal.

The newly opened “State of the art workshop in Kathmandu (the largest and best equipped in Nepal) and other workshops thought the country offer speedy and workshops toughly reliable service, repair and after sales support for all Tata vehicles. Headed by Mr. Siddhartha SJB Rana at the executive chairman position, Mr. Saurya SJB Rana at the position of CEO. Shambhu SJB Rana at the position of vice officer. The organarional structural is classical, hierorehical with chain of command. Its range of products includes passenger cars in form of Tata indica, Indigo, Indigo CS, sumo safari, Indigo marina to commercial vehicles in form of trucks, busses trailers of several capacities.

In passenger cars segments, sporadic Trading Pvt Ltd has already sold over 600 units Tata Indica cars since its introduction in the market Tata sumo jeep has already established itself as a successful brand. Tata Indigo car is already in the market with a good prospect about 2000 units’ vehicles were sold by sipradi in the year 2003/2004. Looking at the vehicle sales trend. It is in increasing trend after democracy. But after loktantra, the addition of another 20% to the existing customs duties of 200% has badly harmed the auto market since 2008. The government decision is based on the perception that cars are luxurious products.

STML has started to sell three new passenger car since September 2008. The new three cares are Indico CS, Sumo Grande and Dicor 2.2 VTT. In 2065 Bhadra 12, Sipradi Trading donated the amount of Rs.10,00,001 to the people suffering by Koshi flooded.

Its range of products includes 5 ton pick- ups, commonly known as Tata mobile India, car to safari Jeep, 20 seated minibuses to 45 seated buses.

Table 1.1 Ranges of products offered by Sipradi Trading

Segment	Products.
Buses	20 seaters to 45 seaters buses.
Trucks	4 ton to 40 ton trucks
Pick up	Tata mobile single cabin /Double cabin, Tata 207 DI single cabin/ Double cabin.
Cars	Tata Indicia, Tata Indigo, Indigo CS, indigo, marina
Jeeps	Tata sumo, Tata safari, Tata Estate Tata sierra

(Source: www.sipradi.com.np)

Tata motors limited, being the manufactures of Tata vehicles is the principle company of Sipradi trading Pvt limited Tata motors limited is india's largest Automobile company with revenues of IRs 35,651.48 crores in 2007-2008. Company was incorporated on 1st September 1945 at Mumbay.

The net revenue was Irs 4,758.62 crores in third quarter 2008-2009. The total sales of passenger vehicles was 14,652 units in July 2008. Exports sales was 3696 units on July 2008. It is the leader in commercial vehicles in each segment and among the top three in passenger vehicles with winning products in the compact, midsize car and utility vehicle segments. The company is the world fourth largest trucks manufacturer. The company's 23,000 employees are guided by the vision to be " Best in the manner in which we operate, best in the products were deliver and best in our value system and ethics"

Established in 1945 Tata motors presence indeed cuts across the length and breadth of India. Over 4 million tata vehicles ply on India roads, since the first rolled out in 1954. In 2005 Tata motors creates a new segment by launching the Tata Ace, India's first indigenously developed mini truck.

Tata dream car **Nano** was commercially lunched on Monday 24 march 2009. It is the cheapest car of the world, value of Irs 1,00,000. The lunch of **Tata Nano** has not only brought cheer to the Indians who dreams to own it but has also been welcome by corporate as well. Tata motor is also spending its international footprint established through experts since 1961. The company's commercial and passengers vehicles are already being marketed in several countries in Europe, Africa, the Middle East, and south East Asia,

South Asia and South America. It has franchisee joint venture assembly operations in Kenya Bangladesh, Ukraine. Russia and Senegal. With the foundation of its rich heritage Tata motor today is etching a refulgent.

1.6 Tata Indigo

With huge success of Tata Indica, Sipradi Trading pvt. Ltd.(STPL)the sole authorized dealer of tata motors for Nepal, has introduced a product from Tata motor, in the form of Tata Indigo car. Tata Indigo India's first sedan is adorned with state of the art features that offer not only tata comfort luxury but international safety as well indigo comes equipped with a 1405cc engine that generates 85 mpg, very competitively priced. Tata Indigo offers great value for money. It is available in petrol and diesel options.

Tata motors unveiled its new product "Tata Indigo" in auto expo 2002 held in Delhi in February. It has launched in the market later in September the same year with the introduction of Tata Indigo, Tata motors has jumped into mid sized car market. Some people might think that Tata Indigo is nothing new but just Tata indica with a boat. For this Tata motor wants to assure its valued customers that the new Tata sedan is not just an India with a boat. It is a new midsized car with more space more power and comfort. It is rather a fully fledged car.

Speaking at the lunch of Tata Indigo in Auto expo 2002, Mr. Ratan Tata, chairman tata motors speak of the virtues of the car which include the class leading space a new suspension, longer wheels wider wheelbase and improve ergonomics. Tata motors had invested hundreds of crores in developing the Tata Indigo.

Tata motors claim that one feels such a comfort that he might spoil himself riding indigo. 'Spoil yourself is the slogan that Tata motors have put forward for Tata Indigo.

Now let us see what features does the Tata Indigo have. Let us also see benefits and advantages of those features for the rider, some of the significant features that are offered in the vehicle are –

1. Independent, mc pherson strut with coil spring antiroll bar.
2. The three links rear suspension
3. Maximum cabin space
4. 14" bigger tyres.

5. Wide legroom and luggage room.
6. Available in six colours.
7. Turbo charged Engine (For Diesel option)
8. 18 months warranty with extended warranty scheme.
9. Available in 5 models.
10. Large Boot space (450 liters)

Tata Indigo has independent Mac pherson strut with coil spring and anti roll bar that provide on excellent cushion on bad roads. The 3- link rear suspension offers excellent body control, helps locate the body in both the longitudinal as well as lateral direction. Due to these plus due to having maximum cabin space (as a result enhanced legroom and luggage room) and largest tyres size. Tata Indigo offers an unmatched comfort.

Tata Motors is the only manufacture in India to have its own “crash lest” facility and test with indigo confirmed that it meets the tough European offset frontal crash revolution. Some of the safety measures that are offered in indigo are –

- I. High seating position for clean and all round view.
- II. Big tyres
- III. Collapsible steering column
- IV. Fine prevention system.
- V. Power steering (reduces efforts)
- VI. Door with wide angle of opening, making getting in and out easy.

Regarding tyres, Tata Indigo has the biggest tire in its class (C segment). This provides enhanced grip and handling even the cars in higher D segment ride on the 13” tyres as compared to 14” tyres of Tata Indigo. Large tyres are crucial for both safety and comfort.

Engine is the heart of the vehicle Tata Indigo is available in both Diesel and petrol versions. The 1.4 liters MPFI (multi point fuels injection) petrol engine delivers a power of 85 bhp (British Horse Power) and a torque (polling) of 11 kgm @ 3000 rpm. Similarly, the 1.4 liter turbo charged Diesel engine delivers power of the 62 bhp and a torque of 12.5 kgm@ 2500 rpm. Tata Indigo has the only turbocharged engine in C segment. Turbocharger, an important part of engine uses. Exhaust gasses from engine to generate extra power to enhance fuel economy by increasing mileage.

Moreover, Tata Indigo offers a range of luxury features, some of these features are

- I. Shaft feels dash board.
- II. Power steering
- III. Power window.
- IV. Central locking.
- V. Remote release for.
- VI. Rear center armrest
- VII. Heating, ventilation & air Conditioning system.
- VIII. Digital clock.

Besides, there are a lot of Accessories that come with Tata Indigo which a customer can get at the time of delivery along with the vehicles. They are floor mats, car cover steering wheel cover, neck rest, sun shade products, car care products, music system, Air fresheners, and Alloy wheel. Tata Indigo is currently available in color – meadow green, Arctic silver, crystal mica, Topaz blue and mica black.

Lastly, Tata motors has put spoil our self as a promotional slogan for Tata Indigo as generally do other vehicle manufactures for their new and existing models, its abstract meaning is that the indigo offers comfort that will spoil you for good.(www.tata.com, July 20 2009,12:10 pm)

1.7 Focus of the study

Market potential analysis is the focus of this study. Market potential is the major activity under marketing research. Market potential analysis applies to those studies of individual markets that seek to determine the sales potential within them. Through market potential analysis Research a company seeks to obtain sales potential for each of the geographical markets it services to help determine the amount of sales effort that should be allocated to a specified market. Market potential is stated for a given product for a given Area for a given period of time. The market potential for a product in a given geographical area for a given year is the maximum amount that can be sold in that area by all sellers of the product in that area.

Conducting market Research and Analysis is one of the main components of a marketing plan.

Total market potential is the maximum amount of sales that might be available to all firms in an industry, during a given period, under given level of industry – marketing effort and environment conditions. First of all potential buyers are identified by arriving at a suspect pool of prospects. This figure multiplied by average purchase quantity and which again multiplied by price gives the total market potential estimate.

Total market potential=potential buyers*average purchase price of product.

1.8 Statement of Problem

In heavy commercial vehicles segment, Sipradi trading is virtually the single most players. In light commercial vehicles segments that includes bus and mini trucks. There is a fair competition with a lot of choices available in the market, there is a stiff competition in the car market, car industry has been phenomenal growth in last few year with the success of Tata indica and in the midst of the stiff competition Sipradi Trading has introduced a bigger version of Tata indica in the name of ‘Tata Indigo’ Tata Indigo is aimed at satisfaction the expectation of c (leafleats, catiogue& other literature of Tata Indigo)

Segment buys. E segment contains mid – sized class priced 14-17lacks. A popular brand image aided by viability of the vehicle in Diesel / petrol is the jewel of Tata Indigo so there seems to be a good prospect for that indigo.

However, as stated previously, there is stiff competition in the C segment market. Manufactures in India are able to offer their products in Nepalese market at a very competitive price.

Now for Sipradi trading as a dealer of Tata Indigo, it should be able to know the market potential that exist for its new car. It needs to know whether or not its car can really compete well with other competitive brands that have already established their position in the market. Thus the study aims to describe the present status of car market and explore the market potential of Tata Indigo. There are tremendous chances that it can grow its proportion in a car market.

The basic problem area of the study revolves around estimating market potential of Tata Indigo for better market planning, positioning, marketing activities.

1.9 Significance of the Study

Marketing management relies heavily on research. Marketing decision makers make their marketing plans and controls based on research result. Analyzing marketing opportunities is one of the major activities carried out under marketing management. An analysis of marketing potential helps marketing decision markets to determine the amount of sales efforts that should be allocated to a specified market. All selling efforts like sales force planning advertising etc should be allocated only after the consideration of potentials. The result of market potential analysis helps to allocate marketing research optimally. It also helps to define sales territories – the one with more potential demand more care and on the basis of market potential sales quotas are allocated to sales person and to each of company sales territories For a new product like Tata Indigo an analysis of its market potential is even more important which clearly portrays the potential volume of sales and potential rupees of sales. Beside it provides literature to the researchers who want to carryout further research in this field. The findings of this research would definitely contribute something's towards research in this field. The significance of the subject matter/area of the research study is none. The less market potential refers to total sales possibilities in an area in a given time period. Research studies dealing with development of market potential is one of the most common activities undertaken by a marketing research unit.

1.10 Limitation of the Study

Survey method of colleting primary data uses field data to project sample survey result to the universe. Accurate and reliable data of the universe is not available.

Due to constrain of time, money etc as is always in many of the researches. This study geographically limits itself inside Kathmandu valley only. Other limitation of the study that sample is not a 100% representative of the whole of the universe. Because all of the customers who are potential buyers of a car could not be identified to be related to specified occupation. The universe could not be accurately defined. Moreover, businessmen are the ones who could afford car better than others, but it is hard to define

the properties of the businessman clearly. Because businessman covers whole range of customers ranging from small business entrepreneurs, Industrialists.

1.11 Organization of the Study

The research study is divided into five chapters excluding bibliography and appendix. Introduction serves the purpose of chapter one. This chapter starts with general background, shedding light on automobile development and its contributions and processes through general profiling of Siprati Trading Pvt Ltd. and Tata Motors Limited, company under study. A general description of Tata Indigo is above mentioned. Then it's followed by focus of study, statement of problem, objective for study and limitation of study.

Review of literature forms the second chapter of the study whatever is written in text books regarding market potential analysis is mentioned here. Besides, previous theses and project works related to the subject matter of the study are briefly reviewed. Also some related articles in journal newsletters, bulletins are reviewed. Research methodology, which forms chapter 3 discusses research design, population and sampling, sources of data, method of data collection, data analysis tools and methods. Fourth chapter is a comprehensive one as all collected data are presented and analyzed in a logical manner. It contains description of presented car market scenario, analysis of Tata Indigo customer survey analysis etc. Also market potential is calculated using survey data. Summary, Conclusions and recommendation is the last chapter. It is based on analysis of data and study done in previous chapter.

CHAPTER-II

REVIEW OF LITERATURE

A literature review may constitute an essential chapter of a thesis or dissertation or may be a self-contained of writing on a subject. In either case, its purpose is to place each work in the context of its contribution to the understanding of subject under review.

A literature review surveys scholarly articles, books and other sources (eg dissertations, conference proceeding) relevant to a particular issue area of research or theory, providing a description, summary and critical evaluation of each work. The purpose is to offer an overview of significant literature published on a topic. A literature review is a body of text aims to review the critical point of current knowledge on a particular topic. Most often associated with science-oriented literature, such as thesis, the literature review usually proceeds a research proposal, methodology and result section. Its ultimate goal is to bring the reader unto date with current literature on a topic and forms the basic for another goal, such as future research that may be needed in the area.

A good literature is characterized by: a logical flow of ideas; current and relevant references with consistent, appropriate referencing style; proper use of terminology; and an unbiased and comprehensive view of the previous research on the topics.

According to Cooper (1988) “A literature review uses as its database reports of primary or original scholarships, and doesn’t report new primary scholarship itself. The primary reports used in the literature may be verbal, but in the vast majority of cases reports are written document. The types of scholarship maybe empirical, theoretical, critical/analytic, or mythological in nature. Second a literature review seeks to describes, summarize, evaluate, clarify and/or integrate the content of primary reports” (www.wikipedia.com, www.library.ucsc.edu University of California, Santa cruz2009-07-01-1:00pm)

Literature review creates the base of related subject to the researcher. This is the knowledge base and taking knowledge about related subject. .The literal survey provides the researcher with the knowledge of the status of their field of research. This chapter

review the previous studies, which are related to the subject matter of this study, so a brief review of some project work and some thesis is done in addition to that review of articles, that are published in magazine, newsletter etc are also done, so this chapter basically contains following section.

- I. Conceptual Review
- II. Review of related studies
- III. Reviews of Articles.

2.1 Conceptual Review

In this section, basic marketing concept are reviewed besides some core concepts like market demand, market potential, all leading to a brief description of the concept in focus i.e. market potential analysis.

2.1.1 Fundamental of marketing

An organization adopts the marketing concept with a view orienting itself towards the philosophy of management that strongly influences the management of marketing effort. Marketing basically involves relating the needs and desires of people with the producer's product or services. Marketing activities are those most directly concerned with demand, stimulating and demand fulfilling efforts of the enterprises.

A company operating under the marketing concept takes its principles direction from the market places, from its knowledge and understanding of its customers needs, want and desires. This becomes, then the main basic for organizing operation not only marketing, but production, finance and other Organizational units are geared towards satisfying customers, needs, wants and desires.

Sources:- (Philip Kotler, Marketing Management, 6th Ed (Eaglewood Cliffs, N.J.: Prentice-Hall, 1998) Page-3

A study on m.I.S. to Enhance Adbn performance, Umesh Thapa M.B.S. Shankerdev page 14)

Marketing is a system which has interacting and interlocking activities by which a company develops and makes its products available, distributes them through marketing

channels, promotes them and price them This is the reason why we say marketing is nothing but is all about 4 ps, namely product, price, place and promotion.

John B.Mckottrick, in his quest for marketing concept puts in this way. “The marketing concept holds that the key to achieving organizational goals consist in determining the needs and wants of target market and delivering the desired satisfactions more effectively and efficiently than competitors”

Marketing guru Mr. Philip Kotler in his famous book marketing management defines Marketing as “a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging product and value with others”

The above definition outlines the some core marketing concept, like, needs, wants and demand, product, utility value and satisfaction exchange, transaction and relationship markets and marketing and marketers.

2.1.2 Marketing Management

There is no definition as comprehensive as the one that was approved by American marketing association in 1985.And this is official definition of American Marketing association for marketing management. It goes like:

“Marketing management is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives.”-American Marketing association.

This definition again outlines the core marketing concepts, planning, implementation, and ideas goods and services; exchanges, satisfaction etc. The definition also highlight the concept of ps.

Marketing management has the task of influencing the level; timing and composition of demand in a way that will help organization achieve its objectives. Marketing manager cope with this task by carrying out marketing research, planning, implementation and control. Within marketing planning marketers must make decisions on target markets,

market positing, product development, pricing channel of distribution, physical distribution, communication, and promotion.

Marketing management relies highly on research. Such research which help in setting marketing policies, in planning marketing operation, and in controlling marketing operations and functioning of the sales units, is generally termed as "Marketing Research" Analyzing marketing opportunities is one of the major activities carried out under marketing management. In this context, marketing management guru. Philip kotler clearly points out that to analyze marketing opportunities, it is necessary to-

1. Gather information and measure market demand.
2. Scan marketing environment.
3. Analysis customer market and buyers behavior.
4. Dealing with the competition.
5. Identifying market segments and selecting target market.

The marketing environment is changing at an accelerating rate, so, the need for real time marketing information is grater than at any time in the past. Marketing information system (MIS) is an important tool in the hands of management to gather information regarding markets. And M.I.S. consists of four components-Internal record system, the marketing intelligence system and marketing decision supports system. Besides gathering information, measuring market demands another task to analyze Marketing opportunities. Those organizations succeed better than other that can measure and forecast demand more accurately than others.

Companies undertake marketing research to identify market opportunities. Besides that companies measures and forecast the size, growth, and profit potential of each market opportunities there are different measures of market demand and each demand maser serves as specific purpose. Distinction should be made between market demand and company demand which are different things. Marketing research is the function, which links the customer, and public to the marketer through information- information used to identify and define marketing opportunities and problems; gather, refine and evaluate

marketing actions; monitor marketing performance and improve understanding of marketing as a process.

Marketing research specifies the information required to address these issues; designs the methods for collecting information; manage and implement the data collections process; analysis the results and communicate the findings and their implications.

Marketing managers need information on customers and markets. However they are separated from their final customers, and so from the information they need. Therefore, business and other organizations are increasingly turning to marketing research to obtain the information they need for decisions making.

In context of country like u.s., surveys done by American marketing Association in industrial and consumer products companies reported that almost every company 99% use marketing research to measure marketing potentials, characteristics of their markets, and share of markets. And approximately three fourth of the consumer products companies and more than half of the industrials companies undertook some sort of marketing research to help them market better advertising decisions. Similarly more than 90% of the companies use marketing research to evaluate new product opportunities and acceptance and to test existing products relative to competitor's product. More than 95% of the companies undertook marketing research to obtain information that could help them make short range and long range forecasts.

2.1.3. Market Demand

As mention earlier, measuring market demand for a product is the first step in analyzing and evaluating marketing opportunities. market demand can be define as customer group in defined time period in a defined marketing environment under a defined marketing program. Company's workout on finding Demand Estimate objective being the demand measurement. There are two kinds of estimates:-

1. Current Demand Estimate
2. Future Demand Estimate

While future demand estimate is basically a sales forecast, estimating current demand involve estimating total market potential, area market potential and total industry sales and market share. The design of marketing mix is based on estimates of current market demand. The current market demand is estimated by the- total market potential estimate, area market potential estimate& company market share estimate.

Total market potential estimate. Total market potential is maximum amount of sales that might be available to all firms in an industry, during a given period, under a given level of industry marketing efforts and environment conditions. First of all, all potentials buyers are identified, by arriving at a suspect pool of prospects. This figure multiplied by average purchase quantity and which again multiplied by price given the total market potential estimate.

Area Market potential estimate. Market taken as a whole, like country market, is never a homogenous one and varies on several dimensions among territories. And companies have to optimally allocate marketing expenditures to different territories having different sales potentials. In such case, area market potentials of different districts, cities etc given him best measure of market potential.

Area market potential can be measured in two major ways, depending upon the product which is offered. They are market buildup method and market factor index method. The formal method involves identifying all potential buyers in each market and estimating their potential purchase. If we can accurately list out potential buyers and estimates precisely what each will buy, the results are very accurate. In the latter method one or multiple factor index are used to compute the market potential. Besides these above two, a company may use company market share estimate to estimate the current demand. (Philip Kotler, Marketing management 11th ed. Page 66)

2.1.4 Market potential

In general, higher level of industry marketing expenditure would yield higher levels of demand. However, marketing expenditure beyond a certain level would not stimulates much further demand, thus suggesting an upper limit to a level of demand, which can be termed as market potential. Thus, market potential is the limit approached by market demand as industry marketing expenditures approached infinity for a given marketing

environment. Market potential depends upon the marketing environment. Potentials vary during times of recession and prosperity. So, the total market potential is the maximum limit of sales of a products or services in a specified time period under the specific level of industry's combined marketing efforts within the specified marketing environment.

Similarly, product penetration percentage also influences market potential estimate. However, the data like, ownership or use of a product or services, may not be available in our context.

Normally, it is not possible to survey all market participants with regard to their current purchasing behavior or that which is to be expected. The result of a representative sample allows direct conclusions as to the respective market potential volume. New product and market in particular required such potential estimate, in which we determine sales and turnover figures for the entire market based on the purchase probabilities we have found as well as taking in to account the relevant structural characteristics. In order to increase the dynamic quality of this result, all market factor and circumstances that are to be expected are again in the prognosis as well. That way, different market and business developments over the falling year can be illustrated to provide important assistance in decisions. How can we measure the market potential for a new product or services? Reliably estimating the business potential for a new product or services is a complex multi-step process. first the maximum (Dik W. Twedt, Survey of marketing Research page 41-44)

Potential volume for the product or services must be determined. Knowing the maximum potential volume permits one to evaluate the new idea relatively quickly and easily, before processing with more in-dept analysis,. The maximum volume potential for a new product or services is also a function of three variables. Trail, Repeat and usage Rate. Marketing includes market potential analysis, Market share analysis, sales analysis and sales forecasting. Market potential is a major activity under marketing research.

Market potential analysis applies to those studies of individual that seek to determine the sales potential within them. Through market potential Analysis research, a company seeks to obtain sales potential for each of the geographical markets it serves to help determine the amount of sales effort that should be allocated to a specific market. Market potential is

stated for a given product for given area for a given period of time. Market potential for a product in a given geographical area for a given year in the maximum amount that can be sold in that area by all sellers of the product in that area.

The key to successful marketing is identifying what business in you are in and what motivates customers to buy. The most successful business is one that have carved out a “ or “Market Niche” or unique benefit for its customers. People buy results not products. Therefore good marketing is determining what customers need and want and then fulfilling that need better than your competitors. The first step toward developing a marketing plane is collecting and analyzing relevant data. Market research defines the needs for the product, aids in predicting market share, identifies competition, provides direction for efficient use of advertising and promotional rupees, identifies problems and opportunities, and establishes benchmarks by which to measure progress and success.

Another school of thought says, market research and analysis consist of following components:-

- a. Economic Trend Analysis.
- b. Political and social analysis.
- c. Product and service Analysis.
- e. Market potential analysis.
- f. Competitive analysis.

Market potential is the total of all sales you plan capture in units or rupees. Published sources can provide excellent data for many industries, but information is not plentiful for new or unique products and services. potential data and to make the best prediction of annual sales.

Estimating what percentage of total market sales your company might capture from the competition is very important. Every source possible is used in making the “guesstimate” then it is continued to track market share not only in geographical Ares but also by product line. Slow growth areas must be recognized and corrected.

Sales assumptions in a new business should be projected for at least two year, and allowances must be made for seasonal fluctuations. sales increase projection for additional year may be estimated by multiplying sales by reasonable percentage such as the gross

national product(GNP) or other economic activity indicator. Harper Boyd,Jr.Ralph Wstfall,Stanley f.Stasch, in their popular text book marketing research have presented a case which highlights the significance of measuring market potential. (Dr.Govinda Ram Agrawal, marketing management in Nepal. Pp 45-46)

2.1.5. Uses of market potentials

Decision makers in management can put market potential estimates to a numbers uses. Some of the uses are-

- A. Allocation of marketing recourses
- B. Defining sales territories
- C. Setting sales quotas

A. Allocation of marketing recourses

Primary use of information on market potentials has been in the allocation of marketing resources, especially the allocation of salesmen. It is difficult to estimate a market response function that is a way of group of potential customer will respond various combination of marketing inputs. Under ideal conditions resources will be invested in each market until the incremental returns for each unit of resources invested is equal in each market and until further investment will yield a return smaller than could be obtained by investing elsewhere.

All selling efforts-sales force, advertising and non advertising promotion- should be allocated only after consideration of potentials. In the simplest situation a market with 10% of the total potentials should receive 10% of the sales effort. The primary usefulness of individual markets. No firms should, however, rely completely on such ranking as basic for allocating sales recourses.

B. Defining sales Territories

A sales manager typically tries to develop sales territories that are equal in sales potential and in work load so that each salesman has an equal opportunity to make sales. Study reveals that territorial characteristics are typically used in defining sales territories. Market potential is used in every case, while concentration, dispersion and workload are used in

lesser degrees. So, it is recommended to use market potential as the primary factor to be used in establishing territories.

C. Setting sales quotas

Sales quotas should be set after market potentials have been derived and sales territories established. The potential for each territory is then known; but sales quota must also consider past sales performance, change to be made in the amount of supporting sales efforts during the coming year and anticipated activities of competitors. Quotas are usually set for each sales territory and for each sales representative. They are ordinarily not the same as potentials or even of the same relative size. One market may have the twice the potential of another, but may have local competitor that take so large of a share that a firm's quota may be smaller there than in an area with less potential.

Sales quotas set in light of sales potentials furnish a much better basis for measuring the efficiency of sales representatives than do the quotas sales by the old rule of thumb. If two

Sales representatives turn in a same annual sales volume, they are usually paid about the same and are held in equal esteem by the sales manager.

If market analysis shows that sales representative, A has a territory with far less potential than sales representative B, the sales manager may wonder if A representative may not actually be superior. A shift of the two might lead to an improvement in total sales.

While sales potential is a key factor in establishing sales quotas, it should be remembered that the setting of quotas also involve a complex interpersonal relationship between the sales manager and the sales man. The best quota is that one that stimulated the best efforts by the sales man. Since sales man vary in personal reactions to the challenge and risk implied by quotas, the successful manager is one who can adopt the objectively determined quota to each individual salesman.

2.1.6 Method for measuring market potential

There are three major methods available for estimating market potentials. One of them involves the use of direct data-that is data on actual product for which one wishes to

estimate potentials. The other methods involve the use corollary data-data related to, but different from, the product at hand. Corollary data method can use single or multiples factors and the latter can be combined in a variety of ways. The last method involves use of surveys to determine the potential.

- A. Direct data method
- B. Corollary data method
- C. Use of survey.

A. Direct data method

this method is based on the principle that total industry sales of a particular type of product can be used as the basic for estimating market potential for one brand of that product. First, total industry sales is broken down into a firm's sales territories, like eastern, western central regions. So, each territory has a fixed percentage of industry sales. The percentage gives the exact measure of potential existing in each of the company's territories. Second, this percentage is applied to Total forecasted sales of firm. The result gives the company potential of each territory.

The principle advantage of using total industry sales to measure market potential is that actual results(sales) are being used. The method is straight-forward and doesnot require as much clerical work as do some of the other methods.

However, several limitations prevent this method from being used by more firms. First of all, there are a few commodities on which total sales are available. Another most important limitations to the direct data method is that past sales are used to indicate market potentials-that is no attention is given to the potentials except as they are reveled through peat experience. And absence of direct data on the sales of individual products by desired geographical areas, the manager must turn to corollary data. Lastly this method requires a pre-estimated total country market potential.

B. Corollary data method

In absence of direct data on the sales of individual products by desired geographical region, one must turn to corollary data method. It is based on principle that, if a given series of data is related to a second series of data the distribution of second series by

market area may be used to indicate the distribution of the first series in the same market areas.

This method can be used in two different ways-single factor index and multiple factor indexes.(Harper W.Boyd Jr.et.al marketing research 7th ed. Page765)

Single factor indexes are the most simple of the corollary data methods of market analysis. A typical example of single factor index method is use of the sale of one product to indicate the market potential of another. This is more apt to satisfactory if the two items have a closely related demand-ie. demand for one is derived from the other or is a complementary demand. Automative replacement parts offer a good illustration of a derived demand. The demand in any area is closely related to the numbers of cars in the area. For example, the number of tata cars can be used as an index of the potential for sales of Tata parts(cars).

Factors other than sales of related products are also used in the corollary data, single factor method. For example, population and household data are frequently used indicates market potentials. The reasoning back of this use of population data is that sales can be made where people are; therefore, if one area has twice as many people as another, it has twice the sales opportunity. Total retail sales are often used as an index of market potential for specific consumer products.

Disposable income is a general index often used to measure general potential for consumer goods. Many analysis in developing market potential for industrial products use the number of production workers in the target industries to measure the potential of different areas. Discretionary income is a general index often used to measure potential for luxury goods like cars. Whatever is the case, the bottom line is that the index series most closely resembling the company sales is used.

Similarly, multiple factor indexes method uses indexes developed by combining several factors, occasionally as many as 20.Not all market potential indexes are developed from a single series. Particular companies or industries to measure market potential for their products develop many of these indexes. Others are developed by independent

organizations, frequently publishers, as indexes of market potential for consumer products in general.

Special multiple factor indexes are designed to measure the relative's potentials of different market for a particular product. Such indexes have the advantages of taking into account several factors that influence the sales of the given product. For this potential buyers are identified along with their principles characteristics and backgrounds. However, individuals preparing the index usually use their judgment in selecting the factors to combine. Whether this judgment is sound or cannot be proven.

C. Survey methods

In any of the Exploratory Research study, after secondary data are searched, analyzed, survey is required to gather primary data, which are accurate and very useful. Surveys are done with the help of questionnaire. This procedure consists of projecting sample survey results to the total market using published market data (like census data)

With the industrial products, the Standard Industrial Classification (SIC) system provides unique and effective way of projecting survey data. Central Bureau of statistics also publishes data in which all industries are classified on the basis of SIC system. The Standard Industrial classification as developed by the government agency is by far the most widely used system of industrial classification.

The SIC system is intended to cover the entire field of economic activity: agriculture; forestry ;and fisheries; mining ; construction ; manufacturing; transportation;

Central Bureau of statistics, statistical pocket book, National planning commission secretariat, HMG/N 2001

communication; electricity; wholesale; and retail trade; finance; insurance; services; and government. All manufacturing establishing are combined into about major groups, sub groups, and industries.

When using the survey procedure to estimate the market potential, researchers use mail, telephone, or personal interviews to obtain information on purchase made by firms that

have been identified as belonging to the appropriate SIC categories. The following steps illustrate the use of the survey method combined with the SIC system to determine potential for an industrial product:

1. From a sample of companies within each of the Industrial classes that could conceivably buy the product, the amount of the product purchased and no. of employee for each company is determined.
2. Using the sample data, average purchases per worker for each SIC group is computed.
3. The average purchased per worker in each SIC group multiple by the total no. of workers in that group. This gives an estimate of the National Market Potential for each SIC group.
4. The National Market Potential for each SIC group allocated among the various districts according to the proportion of that SIC group workers in each district. Thus, if Chitwan district employs 10 percent of all the workers in a given SIC group, Chitwan will have a potential of 10 percent of the national potential represented by that SIC group.

A company may be interested in Market Potential figured for a new brand of Car it is going to launch soon. It can plan its marketing expenditures and allocate it to different territories depending upon the Market Potential of each area. In such case, first of all, the company has to identify all potential buyers of the new type of car in an area, say Kathmandu valley. Different categories of customers who purchased the previous brand of Car of the company are all potential buyers for the new brand of car.

The same general procedure can be used to estimate market potential in a single market. Separate potential for each SIC group in the single market can be estimated and then added to give a total potential for the market area.

It is more difficult to use the survey approach to determine market potential for consumer goods than for industrial goods. Buying intention studies are typically limited to major purchase items for obvious reasons. However, the procedure for estimating market potentials for consumer goods using the survey method is essentially the same as for industrial goods.

2.2 Review of Related Studies

This section contains reviews of previous Thesis, Project works and Articles related to the subject under study. A brief review of such literature is done to get insight into knowledge that has been developed and to know what progresses have been made in the field of research.

2.2.1. Reviews of Theses

Researchers are beginning to develop some base of information about market studies, including market potential studies. What follows are brief description on some of the theses on market potential of some of the consumer goods:

- A study on Advertising & sales Promotion of cars in Nepal (With a special reference to Hyundai Santro) revealed that the automobile business is one of those sectors of Nepalese business which aggressively uses advertising & promotion to promote their business, and every automobile dealer includes financial schemes at lowest interest rates.

The basic objective of the study was to evaluate effectiveness of advertising & sales promotion for attaining and retaining the market, concentrating on automobile business in Nepal. The study also aimed to analyze the importance of promotion in building a company's reputation.

Both primary and secondary were collected for the purpose. Field survey was done to collect primary data from market, using questionnaire and personal interview. Promotion activities planned and implemented by AVCO international (Hyundai motor dealer for Nepal) was analyzed. Lastly, the researcher recommends to bring out advertising and promotional scheme regularly.

- A study on 'Market Potential of Aluminum Architectural products in Kathmandu valley' suggests that use of such products in Kathmandu valley is in increasing trend, and so is the number of establishment producing such goods, and so is the consequent sales.

The researcher, through his thesis, has made an effort to examine the Potentiality of the above –mentioned products and performances of Nepalese manufactures regarding production, distribution, promotion and services, thus enabling other producers and users to analyze variety of products. Observation and Interviews were done to collect primary data. The researcher first tried to find out the existing position of Aluminum products in Kathmandu valley. Based on this, he tried to show the trend from very beginning of development of the industry. Information regarding sales of the product were analyzed, opinion on uses of the products and services of the producers were taken from users and non users of the products.

The major findings of the research were:

1. Mostly used aluminum products in Kathmandu valley are aluminum sliding windows because of easy operation, less space taken, goods looks etc.
2. Raw materials are being imported from neighboring countries.
3. The establishing rate of firms is increasing annually in Kathmandu Valley and consequently the sales.
4. Use of aluminum products is in increasing trend.
5. Most of the users were not convinced of the strength prevalent on Architectural Aluminum products and lack technical know-how.
6. AAP are expensive but durable, smooth in operation, and non-rusty.
7. Marketing effort to increase awareness of AAP among general masses is lacking.

Finally, the researcher concludes that the potential users of AAP are not adequately informed of its use. So, with good marketing efforts, there is a good potential of it in Kathmandu Valley. And researcher recommends the producers to focus its marketing first on commercial complexes.

- Another Research study done nearly 2 decades ago to explore the market potential of Bandai noodles in Kathmandu valley revealed that majority of customers preferred Rare brand of Bandai noodles at that, and among other brand available, sales volume of Gandaki noodles were above 84%. The product being newly introduced at the time, the study revealed that a huge Market potential existed for the Gandaki noodles brands in Kathmandu valley.

For the study, the researcher obtained and analyzed information about the sales of different brands of noodles at the time. Consumer's opinion on price, quality, and tastes of different brands were obtained. Consumer's loyalty over several brands expressed in percentage were computed. Similarly, price, quality, tastes and sales of Gandaki noodles were compared with that of other brands in the industry. And lastly, data on consumption (percentage) of different brands were collected. For the purpose of data collection respondent's profile were defined; samples were selected from different aspects of economy; behavior of the total universe were defined.

Besides the fact that majority of consumers preferred Gandaki noodles, and its sales percentage is highest, other findings of the research are that 76% of the respondents felt that Gandaki noodles brands were reasonably priced, and had high quality. Similarly, 94% of the respondents (family) consumed 1 to 5 packets of Rare per day. And about 80% ranked Rara No.1 in terms of quality.

Researcher finally concludes that Gandaki noodles had limited varieties of instant noodles to offer consumers. He recommends producer to increase incentives to dealers and retailers to motivate them to sell the Gandaki noodles brands. Research found that retailers kept stocks of Gandaki noodles only due to high sales turnover, though margins and incentives offered were very less. Indian brand, name 'Maggi' was the immediate threat to Gandaki noodles. (N.B. Basnyat, T.U. 1985)

2.2.2 Review of Projects Reports

Some bases of knowledge have also been developed by researchers on Market Study of, specifically, the vehicles. What follows, is the review of reports of some such studies, in precision, done by the researchers in form of project work. Two of the studies is of one of the variants of Tata car in hatchback form (small-sized)

- A Market study was carried out on possible Market Strategies for New product by Tata Engineering, in form of car, which was soon to be introduced in the Nepalese markets, Sipradi Trading Pvt. Ltd, the authorized dealer for Nepal. The study had the basic objective of developing 'Market Strategy for Tata Mint'. The name was later changed to 'Tata Indica'. The efforts of the researchers, on this regard, are worth praising.

The researchers explored the whole Car Market in Nepal at the time. On several bases, like size & prices, country of origin, Regionality, the product is segmented into different categories. The researchers also explored the new trends and developments in the car market. Their focus of study was on small car market, as Tata Indica is a small sized car. Survey was carried out, with well administered questionnaire.

The researchers also made an analysis of the competition of the Tata Indica with other available brands, some of which had been already establishing in the market. Target for Indica car was also identified into three distinct segments institutional buyers, Government and semi government buyers, and institutional buyers. Researchers have also estimated market for Tata Indica in the year's to come. Besides that, researchers also have done SWOT (Strength, Weakness, Opportunity, Threat) analysis, for the product. Marketing plans have also been proposed like advertising plans, new showroom plan.

Major findings of the research are:

1. There is a shifting trend in the car market, a shift of preference from reconditioned car to brand new cars, shift from foreign expensive cars to cheap cars manufactured in India, also a shift from big cars to small cars due to ever increasing traffic congestion, increase in No. of nuclear families . Customers also considering an easy and cheap availability of spare parts
2. The study also found that price of car, availability of spare parts , fuel consumption, safety and reliability, resale value are the most important attributes looked in car by buyers in that order.
3. Majority of buyers favored diesel engine car, which Tata Indica is.
4. Researchers also developed several matrices comparing No. of family members, income, monthly, salary against choice of car.
5. Competitor analysis showed Maruti car as already prevalent one in the market.
6. SWOT analysis revealed that Tata Indica being a diesel car , low priced, Indian car has good strength, plenty opportunities, and there is threat of intense competition.

In summary, the research have explored several aspects of car market and developed several bases on which a comprehensive Market strategy can be developed for a new car, and can be very helpful any such research in this field. (Kavita Sharma, K.U. 1998)

- A further market study on Tata Indica suggested that small car market in Nepal is expected to grow further, and Market potential of Tata Indica is high being a small, cheap diesel car. The objective of the study named 'Marketing Strategy for Tata Indica' was to analyses the small car market in Nepal and aimed to unfold the problems relating to marketing of cars in Nepal.

The researcher collected data from both primary and secondary sources. Primary data collection involved usual instruments of survey like Interview, Questionnaire, and Observation. Survey results showed that 52% of the respondents (identified potential buyers) planned to buy a car within a year ; 16% planned to do it in 2years. Similarly, 56% of the respondents planned to spend 6-8 lakhs to purchase a car. Of rest 44%, 41% were willing to spend 8- 10 lakhs. Tata Indica (Diesel) at the time was priced at 7.25 lakhs. This showed a good prospects and potential for Tata Indica, Approximately, two-third of the responses favoured diesel engine cars due to economy in operation.

The study results showed that small car market is characterized by intense competition amongst few players in market. The researcher has also come out with some recommendations. She points out that in order to provide better facilities to the customers, Sipradi Trading, the dealer, has to develop its marketing strategies and implement it aggressively. She also recommends that company will have to positive itself in the market targeting a particular segment of customers, in face of rumor that cheaper family cars will be flooded from neighboring country Chin in the Nepalese market. She also recommends a more strategic advertisement campaign.

- Toyota vehicle is considered as a status symbol by the buyers, and is perceived by them as expensive but tough, durable, safe and economic in operation. A Market research study of Toyota vehicles suggested so. An effort has been made by the researcher to find out the position of Toyota vehicle market, as well as buying of the customers.

The researcher has identified his research into Qualitative and Quantitative aspects. Quantitative study assesses the information on market, while qualitative study dealt with consumer behavior. For that, interviews and observation were carried out. Target groups are identified with a geographic coverage of Katmandu valley. Present vehicle market scenario was explored. Survey was done on the target groups as part of primary data collection. Toyota was found to be market leader with overall 44.6% of the Japanese vehicle market. The study also found that the majority of customers are Government agencies and embassies, Followed by I/NGOs, Industries, and Lastly individuals.(Gayatri Basnet, T.U. 2002.)

2.2.3 Review of Articles/ other publications/Websites

➤ The GDP growth rate is likely to register 3.8% at basic price and 4.7% at product price in the current fiscal year. Annual average inflation is expected to surge by 13% due to the high food price driven by world food crisis, devaluation of Nepali currency, weak public delivery system, closure, strike, transportation halt and obstruction created in supply system by different agitating groups. Inflation rate in the current fiscal year has remained very high i.e. 13.1% by mid march 2009. Nepalese economy entangled in the vertex of economic sluggishness amidst the double digit price rise thereby adversely affecting the purchasing power and living standard of the Nepalese people. (Budget Highlight 2009, R. Agrawal & Associates)

➤ **On the fast lane, cars no more a luxury:-**The auto industry has been badly hit by the global financial crisis Nepal can not remain on touch by the global phenomenon even though its economic is not exposed globally like that of other countries. There has been no immediate impact; but if the crisis continues, Nepal cannot remain unaffected. Remittances are one of the country's main sources of income. This money is also used directly or indirectly to purchase automobiles. If Nepalese cannot get jobs in the international market, then there will be an impact on the Nepali economy including the auto sector a positive scenario may also develop as the price of automobiles may drop due to the recession in the global economy. If that happens, many Nepalese may be able to afford to buy cars. Nepalese financial institutions seem to be wary about investing retail sector following the global financial crisis that start with defaults on auto and housing loan

repayment they will be continues while lending in the retail sector . They must learn a lesson from this global crisis. But they will not stop lending in the auto sector because there are not sufficient alternative areas to invest in. Until business confidence is restored by strengthening law & order, new industries are not going to emerge in significant numbers. Therefore, a majority of financial institutions will have to depend on the retail sector.

The government recently announced that people wanting to buy a car worth Rs. 1.5million or more must disclose their source of income this policy is one of the biggest hurdles Nepal's auto sector is currently facing in their effort to boost sales. I think many people don't want their source of income to be disclosed, and the policy will dissuade them for purchasing cars. Only those potential customers who can show that they have paid their income taxes will be allowed to buy cars. Nepalese don't have a habit of paying taxes. They will give up the idea of owning a car rather than reveal their source of income.

The government has also increased the custom duty on cars. Customers are must sensitive about price the addition of another 20% to the existing customs duty of 200% has badly harmed the auto market. The government decision is based on the perception that cars are luxurious products. But in my view, cars have become a necessity for people to live a faster life. People live far away from their offices, and they need a car to get home in the evening. The city of Katmandu has expanded for beyond the Ring Road. Also, it is not like there are too many cars in the country that we should discourage their sales. But there is a problem with the road network and the quality of the roads.

Regarding the future market of car, Mr.Rabindra Man shrestha said If the government's current policy continues We think car sales will decrease by 25-30percent this year 2008/09. (www.ekantipur.com.np, posted on 2008/11/22)

➤ **Bullish plans' for Nepal :** We always thought that the world is decoupled in terms of finance and economic but the recent financial crisis that start from North America has now affected Europe , Asia Pacific and now even Latin America . This clearly has proven that it is not the case.

While the recession has brought in negative growth in the developed country with so many people out of work, the industry has witnessed a major effect as most companies have more capacity than the actual sales. Thus, readjusting of organization has also occurred in many companies. But there still are developing countries like India, Nepal, China & Brazil which is witnessing growth though very small. This region definitely has an underlying growth. For example, while in America there are 850 cars per 1000 people, India has 8 cars per 1000 people, and number is 17 in China. So, while America has reached almost its saturation point, there still is the potential for growth in India as there are still people aspiring to own the vehicle. (www.thehimalayantimes.com, 5April,2009 12:50pm)

➤ **Rave Reviews For World's Cheapest Car**

Motoring Experts on Tuesday gave a rousing reception to the TATA NANO, hailing the world's cheapest car as one of the greatest bargains of all time and a triumph of Indian ingenuity. The tiny car which costs just IRs 1,00,000 (dollar 2,000) for the basic model was unveiled to great fanfare on Monday, with TATA motors chairman Ratan Tata saying it would revolutionize travel for million of Indians. The Tata Nano is worth every bit of your hard-earned money and we believe it has the marking of a cult car, "it added. However demand is set to outstrip supply, with production limited to just 30,000 to 50,000 cars in the first year because of limited production capacity-a fraction of the original target of 250,000, auto analysts say. The launch has come at a tough time for Indians to vehicle maker, hit by the economic slow down and credit crunch and at a time when it is trying to absorb the British luxury marquees jaguar and Land Rover, which is bought last year. In the long term, Tata is hoping the Nano will also be a hit overseas.(The Himalayan Times, Friday, March 27, 2009)

➤ **Thai auto export down 31% in Feb.**

Thai auto export plunged more than 31% in Feb from a year ago as the economic crisis slowed demand from foreign markets, an industry group said on Monday. Thailand exported 44,609 cars worth 20.50 billion(\$577 million) last month, down 31.15% in value compared to Feb 2008, the federation of Thai Industries said "our auto exports fell a lot last month in our major markets including Australia and Asia-actually from nearly every region except the middle east." Total auto production for both domestic and foreign

markets dropped to 61,067 units in Feb, down 50.57% from the same period last year. We are truly worried as our export sales in Feb slipped more than expected. Our total production last month also fell by more than half” Surapong said. .(The Himalayan Times, Friday, March 27, 2009)

➤ **Tata Motors total vehicle sales at 40,729 units.**

Tata motor reported a total sale of 40,729 vehicles sold in July 2008, a decline of 3% compared to 42,098 vehicles sold in July last year. Cumulative sales for the company at 1,72,462 units, grew by 2%. Restricted finance availability, high interest rate, increased prices and product maturity in some segments continued to affect passenger vehicle sales of the company in July. Total sales of passenger vehicles were 14,652 units in the domestic market in July 2008, a decline of 13.9% over July 2007. The Indica reported sales of 7,525 units, a 73% growth July 2007. Cumulative sales of Indigo family were 17,539 units, a growth of 79%. Export of 3,696 vehicles in July 2008 declined by 16% compared to 4,382 vehicles in July 2007. The cumulative sales from exports for the fiscal at 12,855 units declined by 29% over 18,204 units in the same period last year. (*www.tata.com, August 1 2008.*)

➤ **Sipradi Trading Started to sell three new Models.**

Sipradi Trading has started to sell three new model's Passenger cars, Indigo CS, Sumo Grande and Dicor 2.2VTT since September 2008. Tata Indigo has always stood for spacious interiors and comfort enveloped in luxury. Now comes the compact sedan specially packaged for customers. In 2065.05.13, Sipradi Trading also has donated amount of Rs.10,00,001 to the people suffered by the Koshi flood in eastern region of Nepal. (Sahayatri Magazine Aswin 2065)

➤ **Mahindra & Tata**

One can be astonished to know Indian car brands like Mahindra Scorpio, Bolero, Tata, Indica, Indigo, Telcoline, Xenon, are a very big success in the South African Market and posing a big threat to the big international brands. And Indian brands are cheaper in terms of price and compatibility. They also are offering the service on Kilometres and years like big brands and at the comparatively cheaper prices. In India I never gave that

importance to them but after seeing their popularity one has to accept that Indian cars also holding a pretty attractive notch in automobile industry. (www.rediff.com)

➤ **Small car**

This car is just little bigger than the Getz or Swift (and looks like Indica) and people wouldn't swallow the fact of paying huge premium price for such small car. In terms of mileage also it can't compete with other Indian small cars. People in India pay twice as much as people pay in Germany or in Europe for such cars. Thanks to huge duty system. As per performance and comfort is considered there is no match for Mercedes. In this segment this car is one of the best cars in Europe. Even if people buy this vehicle in India I think they won't be disappointed. (www.rediff.com)

➤ **A Multitude Of Models As Market Grows**

In the last few years, the capital has woken up to a thriving car market - especially the 2-box family cars. The variety of models running in the crowded city thoroughfares belies the small size of the market. Though less than 1,500 such cars are sold in the country each year (more than 80 percent in the capital alone), the growth potential seems to have attracted manufacturers from Daihatsu to Tata and from Toyota to Maruti. The percentage of Nepal's who can afford the luxury of owning a car remains paltry, but it appears to be growing by the day, marking the arrival of a new set of upwardly mobile families.

After rummaging for three months amid seemingly endless visits to car dealers, Dipesh Karki (name changed upon request) finally decided to present his family with the latest model of Tata Indica V2 this Dashain.



Small cars in Kathmandu :
Growing attraction

A middle-level officer working in one of Kathmandu's proliferating joint-venture banks, Karki got a loan from his office to buy the car. "I really didn't know that we had so many varieties of cars available here," Karki said. "While some friends told me to buy a certain model, others gave entirely different suggestions. I was simply flabbergasted by the array of models available." Unable to make up his mind even after scratching his

head for months, Karki began surveying the market himself, weighing the pros and cons of each model. "It was then that I found out how impressive the models were. Some were economical, others were high-powered and still others were spacious. They were all so very good. But I had to choose one - and I did," he said.

Karki and his likes do have an impressive array of family-car models to choose from. While only a few years ago, anyone wanting to buy a car had to go either for the highly expensive Japanese models or the limited versions from Indian manufacturers, today's dealers are literally cutting each other's throats to impress the people with their sleek models.

Whether you're interested in space, power or appearance, Nepal's automobile market is full of models of different shapes, sizes and price tags.

Following the boom in India's car market, the floodgates in Nepal didn't take long in opening. From Daewoo to Hyundai and from Tata to Daihatsu, all names are available in the country. And each of these manufacturers has come up with different models. For instance, Maruti comes with Zen, Alto and 800; Tata with Indica and Indica V2; Opal with Astro and so on. That apart, each of these models comes with a variety of options like AC/non-AC, power, engine-type, interior facilities like music systems and so on. The addition/deletion of these facilities raise/reduce the price as well.



Small family car:
Latest fashion

The bulk of the sales is in Kathmandu, which occupies 80-85 percent of country's total market. Pokhara, Narayangadh and Butwal follow the capital. Most of the major car manufacturers have opened showrooms in these cities, too.

Buying a car seems to be the latest fad for the upper and middle classes of Kathmandu. While the more affluent buy Prados and Pajeros costing millions, most of the buyers are content with riding cheaper ones. But in this market, cheaper does not necessarily mean bland. Scrambling to get their attention, the manufacturers are building sleeker models all the time, slashing the prices as well.

What Are Small Family Cars?



New car: Small is beautiful

Though there is a wide variety of cars available, they can be broadly grouped in two categories in Nepal's context. They can be either 2-box small type like the Maruti 800 - 5 seater - or the 3-box sedan-type like the Maruti Esteem/Baleno.

Since the prices of the sedans are relatively higher, they are beyond the grasp of the majority of the middle-class population. Because of lower prices, people from this group prefer smaller versions, which have been conveniently called family cars.

The revolution of the small family-car market began with the middle-class boom that coincided with economic liberalization in neighboring India. The Indian middle class has become economically so strong that there are more than a million Maruti 800 owners in that country.

Lured by the expanding size of the Indian market, many international car manufacturers like Fiat, Suzuki, Toyota, Hyundai, Daewoo have opened their plants in the world's second most populous country, churning out tens of thousands of attractive models each year.

The spill-over effect from the Indian market can be witnessed in Nepal, too. All the latest variety coming up in India make their way towards this Himalayan hinterland every so often. The result: one can find Kathmandu's streets literally brimming with the latest versions of modern cars.

Many believe the market for these small cars have the greatest potential to explode. Price constraints do not permit most Nepalis to choose from Japanese models. They are finding solace in the cheaper brands.

Straight out of the assembly lines, the latest models find throngs of customers ready to take them. Until a few years ago, there used to be a long queue of people waiting to get their hands on these cars. Because of increased imports and other reasons, customers today do not have to wait that long.

Who Buys These Cars?



The price range of small 2-box family cars is not too high. They are available from Rs. 657,000 to Rs. 1,200,000. Most of the Indian joint-venture models come in between this range. Japanese and other foreign

Latest model's car : Sleek and neat

models cost considerably more.

The increase in the number of Nepalese who can afford to buy cars is surprising. The middle and upper middle classes are the main customers. From bankers to businessmen and from professionals to executives, the bracket of buyers is expanding.

That apart, with facilities like hire-purchase, installments and loans on offer, people are scrambling to lift new models off the showrooms. The traffic jam of customers still gets intense at times, forcing them onto the waiting list again.

"When I wanted to buy a car, I had to encounter showrooms that were empty. Everywhere I went, I was told to wait. But having no particular model in mind and being an impulsive buyer, I instantly bought the car that was in the showroom," said Sunil Shrestha, a computer professional who owns a gleaming red Hyundai Santro.

But not everyone is as impulsive as Shrestha when it comes to making that kind of investment. Karki waited for a couple of months before buying the model of his choice. The varied behavior of buyers raises another set of questions about the factors underlying car sales.

The surge in car sales can be attributed to the diminishing alternatives for investment. "Thanks to the economic slowdown, people have very few places to put their money in these days. Consequently, they are investing in vehicles," said Rajan Shrestha, technical manager at the Tata Engineering, Sipradi Trading (P) Ltd.

But not everyone is sanguine about the future of Nepal's car market. "No business in the country is doing well at the moment. The same is true for the automobile sector," Lokmanya Golchha, president of Nepal Automobile Dealers' Association, was quoted in a daily recently. "This sector had witnessed good growth over the last two years. But during the last six months, there has been a big recession."

Golchha's sentiments are echoed by J.R. Bhandari, vice-president of the Chaudhary Automotive Division, which is the sole agent for Maruti in Nepal. "Our sales have taken a dip following the June 1 killings in the royal palace," he said.

Despite this dismal prognosis, there seems to be no let-up in the import of top-of-the-line models in the country, perhaps because many people feel the current slump to be temporary.

➤ **Favorite Models**

In terms of price, there is no alternative to Maruti 800, which is the best-selling model in Nepal. The Hyundai Santro, too, is a favorite among many for its sleek look and attractive price. The Tata Indica was introduced here in September last year. Since then, sales have been picking up quite impressively. "In Nepal, there is an annual market for 1,200-1,300 cars in the 2-box category alone. And this is increasing at the rate of 14 to 15 percent each year," said Shrestha.

According to Shrestha, the market share of Tata Indica is already 37 to 38 percent. Last year the company sold 450 units. "However, over the last two months or so, business has been really picking up. In Dashain and Tihar, we witnessed a sharp increase in our sales," he said.

➤ **Road Condition**

The condition of roads, however, is appalling. Compared to the rate in which the number of vehicles is growing, roads have remained stagnant. With every passing year, congestion in the streets of cities like Kathmandu only gets worse. "While the growth rate of family car sales is 14-15 percent, roads are expanding by less than 1 percent a year," rues Shrestha.

According to the Department of Transport Management, the rate of vehicles entering Nepal has been increasing by 10-16 percent every year since 2046/47 (1990/91). Official figures (updated in June 2001) show that there are 305,395 vehicles registered in the country, with the bulk of them (171,678, or 56 percent) listed in Bagmati zone alone. Among the total number of vehicles, motorcycles comprise 57.7 percent and private car/jeep/van form 19.3 percent.

➤ **Ride Ahead**

Despite the bumps it has encountered, Nepal's car market seems set for a smooth ride ahead. In the decade since the restoration of democracy and adoption of economic liberalization policies, the surge in the sales of private cars has been all too apparent.

Till now, Nepal is still the extended arm of Indian car market and no manufacturer has been focusing its attention solely on the market here. However, companies are beginning to take a closer look. A decade ago, it was rare to see fleets of private vehicles parked outside a department store or a movie theater. Today, wherever you go, whether it is a marketplace, parks, zoo or other public places, stacks of neatly parked Alto, Zen, Matiz, Indica, Santro or Cuore are a common sight

The increase in car sales, especially small family cars, has also indicated the arrival of a completely new set of well-to-do middle class in Nepal. These people have money to spend on vehicles and are doing that.

As the middle class is considered the engine of economic growth everywhere, the surge in this segment of Nepal's population is a welcome sign. But the country has a long way to go before a sizable proportion of the people start driving around in their own cars.(By Sanjaya Dhakal, www.nepalnews.com)

➤ **'Kathmandu Has The Lion's Share Of The Market'**

Rajan Shrestha, technical manager at the Tata Engineering, Siprati Trading (P) Ltd., has been observing Nepal's car market for years. A former employee at Maruti and Toyota,

Shrestha is a mechanical engineer. He spoke to SANJAYA DHAKAL about the status of small family car market in the country. Excerpts:

➤ **How do you find the market for small cars in Nepal?**

Well, the market is expanding. The trend is positive. Every year 1,200 to 1,300 of such family cars are sold here. Despite the economic slowdown, we are keeping our fingers crossed. The slowdown is everywhere. Even in India, vehicle consumption has come down. But here in Nepal, people with money increasingly prefer to invest in cars. They have been withdrawing money from banks and, with nowhere else to turn to, are spending it on vehicles.

➤ **How is the Tata Indica doing?**

Tata as a whole is doing good in Nepal. Last year, the growth rate of Siprodi Trading was highest among all the subsidiaries of the Tata system in the world. In the small car market, too, we introduced Indica here last September. Ever since, we have been experiencing a reasonably good response. Our market share is 37 to 38 percent. In the last two months, our business took off really well, maybe because of the festive season. We sold 107 cars then. Most of them were diesel-type.

➤ **What are the specialties of Tata Indica?**

Nobody can beat us on safety. We have cases where people have come out unscathed from badly toppled cars. Our vehicles are fitted with a crumple zone between the engine and bumper. The bumper itself is of a shock-absorbing type.

➤ **Which models are popular here?**

Earlier, Maruti had a monopoly. Then Santro came and picked up quite well. But now, Indica is coming up strongly. We are already No. 1 in India. Earlier in India, Contessa was known for its luxuriousness, Ambassador for spaciousness and Maruti for economy. Tata Indica has tried to combine all three of these characteristics. We have sleek models, five people can easily travel in Indica and our price is not very high compared to others.

➤ **Apart from Kathmandu, which other cities are these cars sold in?**

Kathmandu still has the lion's share of the market. Almost 83 to 84 percent of cars are sold within the valley. Pokhara is second largest market. Then come cities like Hetauda, Butawal and Narayangadh. Bordering towns like Biratnagar do not register high sales due to various reasons. Around 7/8 cars are sold in average in Biratnagar each month.

➤ **What are the major problems of the country's car market?**

While the growth rate of family car is 14-15 percent per year, the expansion of road is less than 1 percent. Kathmandu is already quite crowded. The cars also suffer from high taxation. They have to bear almost 143 percent custom duties, 10 percent VAT and all. (Rajan Shrestha, www.nepalnews.com)

➤ **'Our Sales Have Not Improved Since The Royal Palace Killings'**

J.R. Bhandari is the vice-president of the Chaudhary Automotive Division. The division is the sole dealer of Maruti for Nepal. He spoke to SANJAYA DHAKAL on the car market in the country and Maruti's performance. Excerpts:

➤ **What are your impressions of the car market here?**

Last year, sales had taken off strongly because of facilities like hire purchase and installations. But this year, following the royal massacre, we have witnessed a dip in the sales of passenger cars and others.

➤ **What models of Maruti are available in the car/van category and how are your sales?**

Last year we sold 1,200 vehicles in car/van category. Among all the manufacturers active here, we have the most models on offer. Besides the 5 basic ones, we have 9-10 varieties of models. We cater to both the small family car market (Zen, Alto, 800) to high end ones like Esteem and Baleno. Except the high end models, others cost between 670,000 and 1,050,000.

➤ **Why is the Maruti 800 the leading model in terms of sales?**

The reason lies in its price as well as performance. Besides, many of them are used for passenger taxi as well. All of the Maruti products are Euro II compliant.

➤ **You said your sales took a dip following the royal palace killings. Could you elaborate?**

After the royal killings, our sales have not improved. The tourism sector is faring badly. The whole economic scenario is dismal. Compared to the previous fiscal year, our sales in the 2058/59 could come down by 30 percent or so if the situation does not improve.

➤ **What is the profile of car buyers?**

Mostly they are professionals and executives. Institutions are other big customers. As far as families are concerned, the decision to buy a particular model of car is made collectively most of the time.

➤ **How do you see the future of Nepal's car market?**

Well, it does not seem very impressive at present. Road congestion is increasing.

(J.R.Bhandari, www.nepalnews.com)

CHAPTER-III

RESEARCH METHODOLOGY

Research Methodology

This section describes the research procedure. The research includes overall research design, the sampling procedure (describing sample and population), and the data collection method (i.e. how and by what means and from where data were collected). Besides, this section also highlights data analysis tools and procedure. Methodology followed for this research is not free from certain limitations, which would be included here. Last but not the least, a quick review of related study is also included in this section.

3.1. Research Design

Of the two basic types of research-exploratory Research and conclusive Research- this study is conclusive in nature, more like quantitative rather than qualitative in analysis. This research is not aimed at discovering new relationship and finding hypothesis, like the way it is in exploratory type of research. This research is rather aimed at describing an apparent situation and problem at hand. Such research provides information that decision makers could use to make a rational decision, choose the best possible course of action.

Further, the research is descriptive, not experimental in nature. It is Statistical in design as it uses statistical tools in presenting and analyzing the collected data. The rationale behind choosing this particular design is already mentioned above. The procedure tends to be more formalized. Points to be investigated are definitely known.

3.2. Population and Sample

Population for this research includes potential buyers of a car. Potential buyers are identified into different specified occupation. Occupation is identified and specified on the basis of past car purchase behavior which would be evident from past sales records of cars companies. No of people in different such occupation category together constitute what we call universe. Doctors, Engineers, Business Entrepreneurs, Retired personnel, high salaried individuals like Bank managers and executives, etc together makeup the universe for the study. The task of properly and accurately identifying the prospects and thus defining the population in real term is really a tough one. This is one of the limitations of this research. The geographical limit for this study is Kathmandu Valley.

This study uses non probability sample design in forms of quota sampling. Here, population is stratified on the basis of occupation. As such, sample size- quotas are allocated for each stratum.

3.3 Sources of Data

Customer field survey is the source of primary data. Questionnaire is administered to the samples and important first hand response was obtained. Average purchase data was obtained in this way.

Past sales records maintained by different companies selling cars, data published by Department of Transport Management, and various professional associations, chambers of commerce and industry information, Journals, magazines together constitute sources of secondary data.

3.4 Data Collection Technique

Primary data was collected through field survey of potential buyers of cars. Questionnaire was administered to the prospects response duly filled by them .Prospects would be the ones who turn out in the showroom for a sales enquiry and booking. Customer's attitude towards different brands of car, and towards Tata indigo would clearly be reflected in the questionnaire. Purchase behavior shown by potential buyer of a car is also reflected in the questionnaire.

3.5 Data Analysis Tools

Statistical tools, Tables, Percentages are used to present and analyze the collected data to make interpretation out of it.

Percentage is applied to obtain company potential in Kathmandu valley by applying percentage of Industry sales to firm's forecasted sales. It is a part of direct data method to obtain market potential.

'Single – Factor Index' is used in corollary data method in which sales of one product is used to indicate the potential for another.

'Sample average' is applied in analysis of primary data. Average purchases per each category of customer are computed with the help of survey results. And then, sample survey results are projected to total market.

3.6 Method of Data Analysis

A quantitative analysis is done using statistical method, yielding total Market Potential figure. The data collected from different sources are classified, tabulated, and analyzed as per the need of the study.

3.7 Review of Related studies

Study of all relevant literature is done, which includes previous theses, project works, journals, magazines, newsletter etc. Review of three 'theses' is done. One of them is concerning market study of Hyundai car. Other two is regarding Market potential analysis of Aluminum architectural products, and Gandaki Noodles.

Similarly, review of three 'project works' is presented. Two of them are regarding market study of Tata Indica, sister of Tata Indigo (focus of this study). And one of them is regarding Market study of Toyota vehicles. Lastly, review of relevant article published in newspapers, newsletters of Tata motors, business magazines etc were also done.

CHAPTER-IV

DATA PRESENTATION AND ANALYSIS

4.1. Present car market scenarios

Presently, market of the car in Nepal characterized by intense competition among Japanese, Korean, Indian brands. Indian manufactured foreign brands cars are gaining popularity these days, especially in small car segment. Major car marketers worldwide, which include Ford, Opel, Toyota, Tata , Honda, Hyundai, Mercedes, Mitsubishi etc. have started their Joint venture production based in India. They are relatively cheaper than foreign manufactured car. However big cars manufactured overseas selling huge numbers, relative to Indian ones. Here it would be unwise to look overall big car market form single prospective.

Marketers of bigger cars segment them into several sub segments, like B segment, C segment, D segment, E segment and soon. For example there is Mercedes C class, E class cars most of them economical Indian manufactured cars are put under C – segment.

4.1.1 Registration of cars

Table 4.1 below reveal the statistics published by Department of Transport Management reveal that an average of 4,628 units car/jeep/van have been registered in Nepal over the last 5 years, with 9025 units and 10755 units registered in last 2 years. The Department has put car/jeep and van under same category. However, it is assumed that 60% of that is registered as car alone. That means an average of around 2777 units of cars are registered each year in recent times.

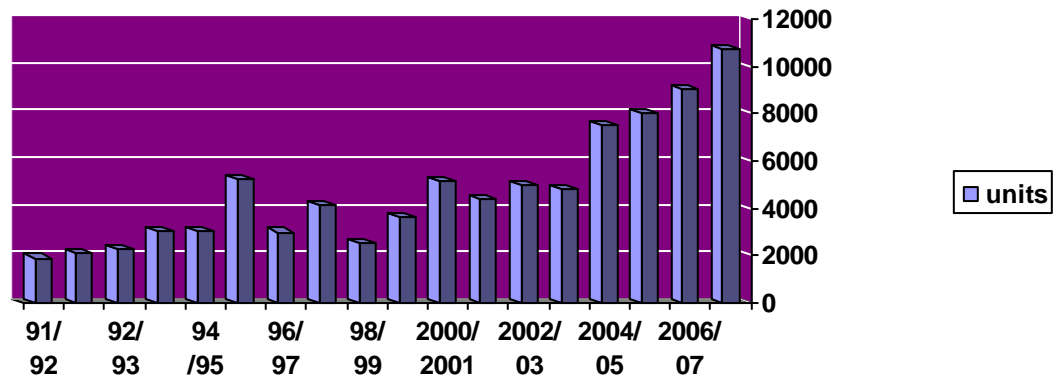
Table No: 4.1
Registration of car/Jeep/van in Nepal

Year	Units
Till 1989/90	23050
1990/91	1893
1991/92	2115
1992/93	2266
1993/94	3049
1994/95	3043
1995/96	5261
1996/97	2993
1997/98	4139
1998/99	2507
1999/2000	3647
2000/2001	5152
2001/2002	4374
2002/2003	5001
2003/04	4800
2004/05	7520
2005/06	8050
2006/07	9025
2007/08	10755

(Source :Department of Transport management, Nepal)

Analysis of time series of registration of car/jeep/van in Nepal from 1991 A.D. to 2003/04 shows irregular fluctuations. This shows that a multiplicity of causes affected the sales of the vehicles in Nepal. The problem may be of economical & political or sociological. Since there is very irregular fluctuation of data to make an analysis convenient, here we may isolate the fluctuation. Instead, a study of the general tendency of the phenomenon i.e. registration of vehicles may be done. Since 2004/2005 the vehicle registration is in increasing trend till 2007/2008. It shows that cars market is increasing day by day in Nepal. We can also explain the data showing in Chart follows:-

Chart 4.1 Registration of car/jeep/van in Nepal and its Chart.



From above chart we can found that Registration of car/jeep/van is irregular fluctuation since 1991/1992 to 2003/2004 and then it is in increasing trend until 2007/2008. so it can be said that car market is being increasing since last four years. Similarly, registration data specific to Kathmandu valley reveal that a total of over 30,000 units of car/jeep/vans are registered Kathmandu (Bagmati zone). That means an average of 30,000 units of car/jeep/vans are registered and hence sold in Kathmandu valley.

The government has also increased the custom duty on cars. Customers are must sensitive about price the addition of another 20% to the existing customs duty of 200% has badly harmed the auto market. Regarding the future market of car ,Mr. Rabindra Man Shrestha said If the government's current policy continues ,I think car sales will decrease by 25-30 percent this year 2008/09.

Table N.4.2

Registration of car/Jeep/ van in Katmandu valley for past 15 years.

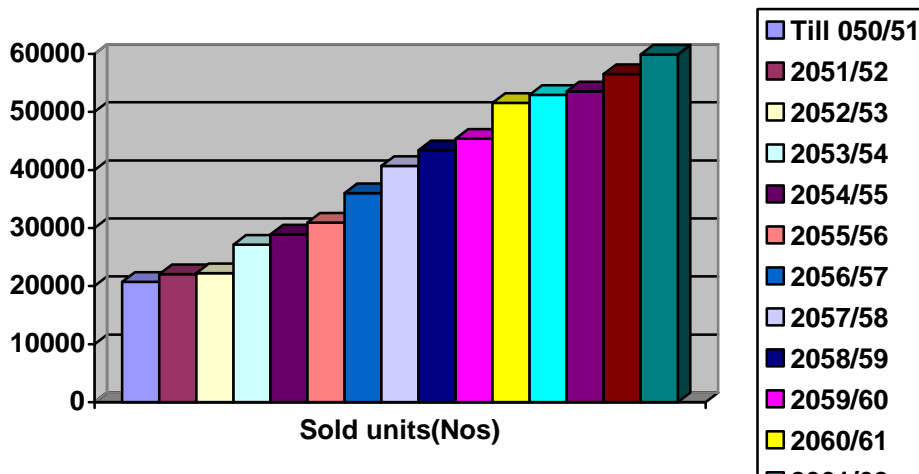
Year(B.S.)	Sold units(Nos)
Till 050/51	20748
2051/52	22048
2052/53	22248
2053/54	27153
2054/55	28915
2055/56	30919
2056/57	35993
2057/58	40674
2058/59	43409
2059/60	45361
2060/61	51541
2061/62	52965
2062/63	53545
2063/64	56541
2064/65	59874

(Source :Department of Transport management, Nepal)

For better description of the car registration in Kathmandu valley we can show the above table by char which is as below.

Chart N. 4.2

Registration of car/Jeep/van in Katmandu valley for past 15 years.



In above chart it can be clear that car/jeep/van registration is increasing each year in the Katmandu valley. It is increasing almost same ratio since 2050/51 to 2064/65. Definitely we can say that car sales in Katmandu valley rapidly increasing every year. The foremost reason for this growth is that Katmandu is the capital city and no doubt that it should have better opportunities and so people have good income sources. Living standard of Kathmandu city is definitely higher than of those outside. People's life style has changed a lot.

The researcher found that the rise in numbers of vehicles registered each year in recent year owes to the fact that banks/finance companies are quite easily financing the cost of the vehicles. As equal monthly installments (EMI) are as low as 10,000 per month (depending upon number of year).

More over cars have become very cheaper than ever. So any body who is a professional having monthly income of above 25000 can very easily ride a car. Therefore, owning a car is not distant dream for many people. So, number of cars registered each year will rise significantly in the years to come.

In terms of territory , a total of 7,528 units (2064/65) car/jeep/van are registered in Bagmati zone alone, the total number of all Nepal being 10,755 units in 2064/65. That means, about 70% of the total is registered in Bagmati. So, Katmandu valley is the single most prime market for that category of vehicles. Here, it would not be unwise to make a

generalization for all Nepal for results obtained from market study of cars in kathmandu valley only.

Definitely, the capital city is the commercial and financial hub of the country. So there are Top Business persons, Doctors ,Engineers and other professionals. so saying that over 70% of total cars registered in Nepal is sold in kathmandu region only, would not be a surprise.

Table N. 4.3
Zone wise car/jeep/vans registration dispersion in 2064/65.

Region	Sold(units)Till 2064/65	Percentage(%)
Bagmati	41911 (7,528 in 2064/65)	69.99
Narayani	6650	11.1
Lumbini	2601	4.3
Koshi	2393	3.99
Gandaki	3646	6.089
Janakpur	600	1.081
Sagarmatha	598	0.99
Seti	0	0
Mahakali	150	0.25
Rapti	0	0
Bheri	70%0	1.17
Mechi	625	1.04
Total	59874	100%

(Sources:-Department of Transport management.)

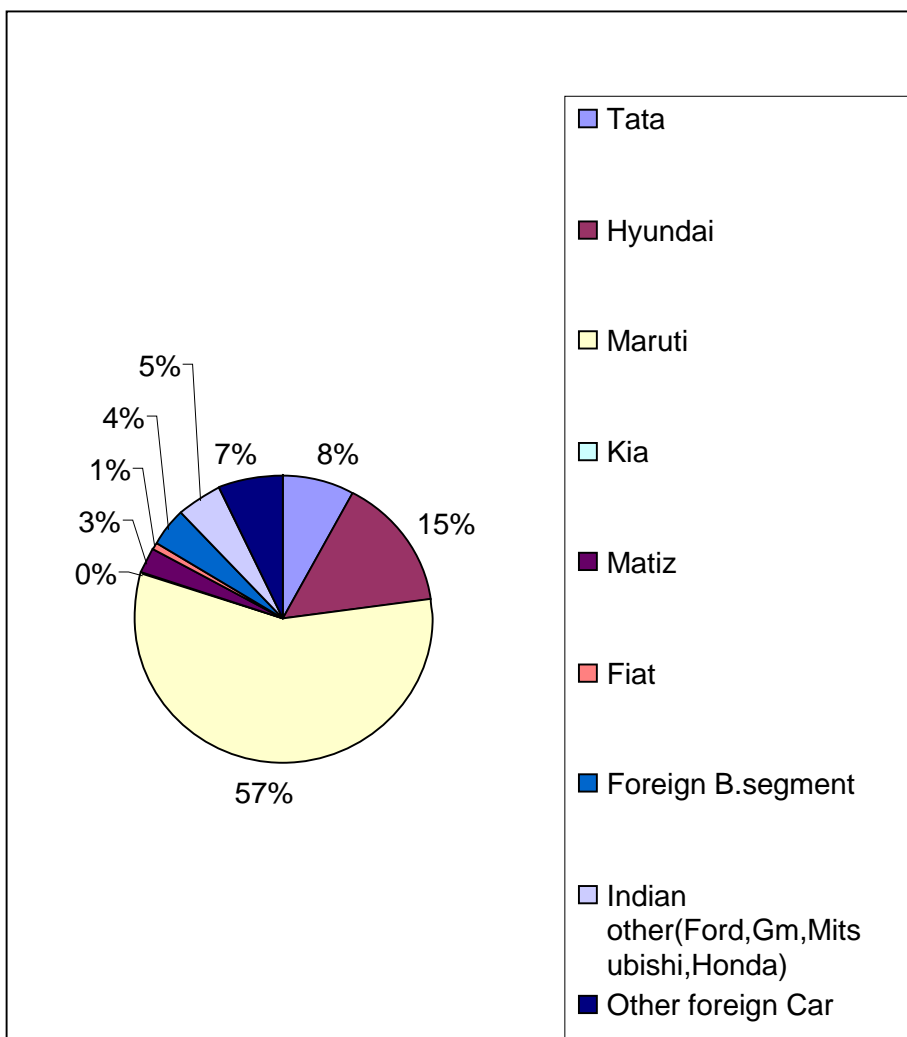
Table shows that most of the vehicles are registered in Bagmati zone, where almost 70% of the total cars/jeeps/vans are registered. Narayani ,Gandaki ,koshi, Lumbini are only other zones where significant number of Car/jeep/van are registered. so the area in this zones are very good potential markets for Tata Indigo. Seti,Rapti are the least potential markets for Tata Indigo. this zones have not even 1% share of total vehicle registered in Nepal.

4.1.2. Passenger car market share analysis

As shown in following charts, one thing is quite significant. That is Maruti was a market leader with 57% market share in 2004/05. In the following year as competition grew, its market share went down and down to 46% in 2005/06., and 35% in 2006/07.

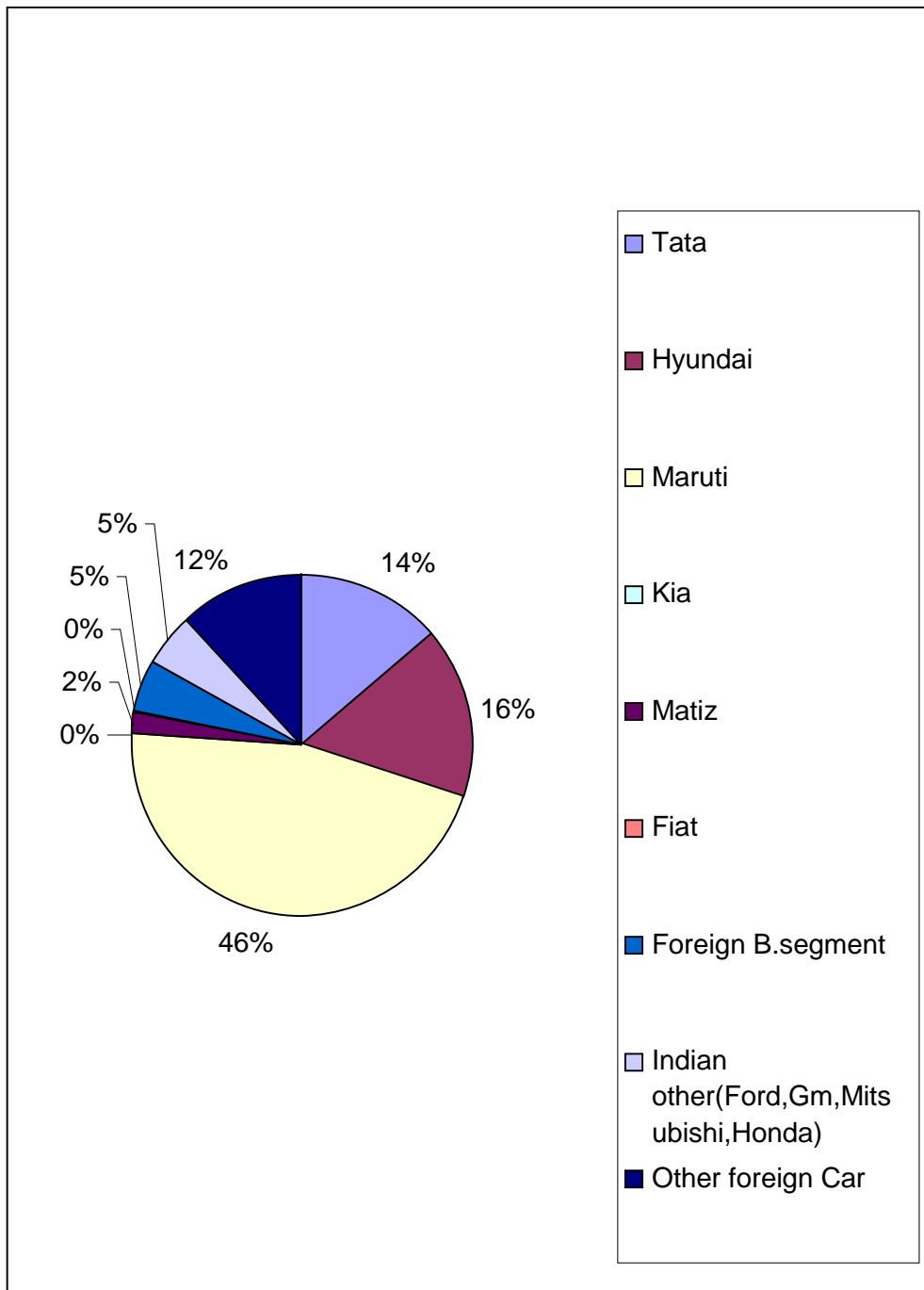
Interestingly, the market share again rose up abruptly to 67%. It was Maruti 800 which was a sole claim for the taxis.

Chart N. 4.3
Passenger car MKt Share 2004/05



Similarly, Hyundai has remained in second position for 4 years in a row, with 17% market share in 2007/8. It's because of the famous model Hyundai Santro. The B segment hatchback is a smaller, cheaper, attractive car, which is very popular in India and Nepal. In addition, the dealer company has also time and again done an aggressive marketing.

Chart 4.4
Passenger Car market Share 2005/06



AVCO International private limited, sole authorized dealer of Hyundai santro has been pursuing varieties of promotional programs to attain and retain its customers. Since launching of the car, the company has been bringing lots of promotional campaign, like Dashain offer, exchange meal, cash discounts etc. Moreover promotional tools are used

after thorough study of the market and demands of potential customers. Also, the company brings the promotional programs according to the market situation and its trend.

Tata has maintained its 3rd position in terms of the market share except in 2006/07. That is every healthy position. That position can be attributed to Tata Indica. Now, with the introduction of Tata Indigo, Siprodi Trading is optimistic that it will soon go one step ahead to No.2.

Chart N. 4.5
Passenger Car market share 2006/07

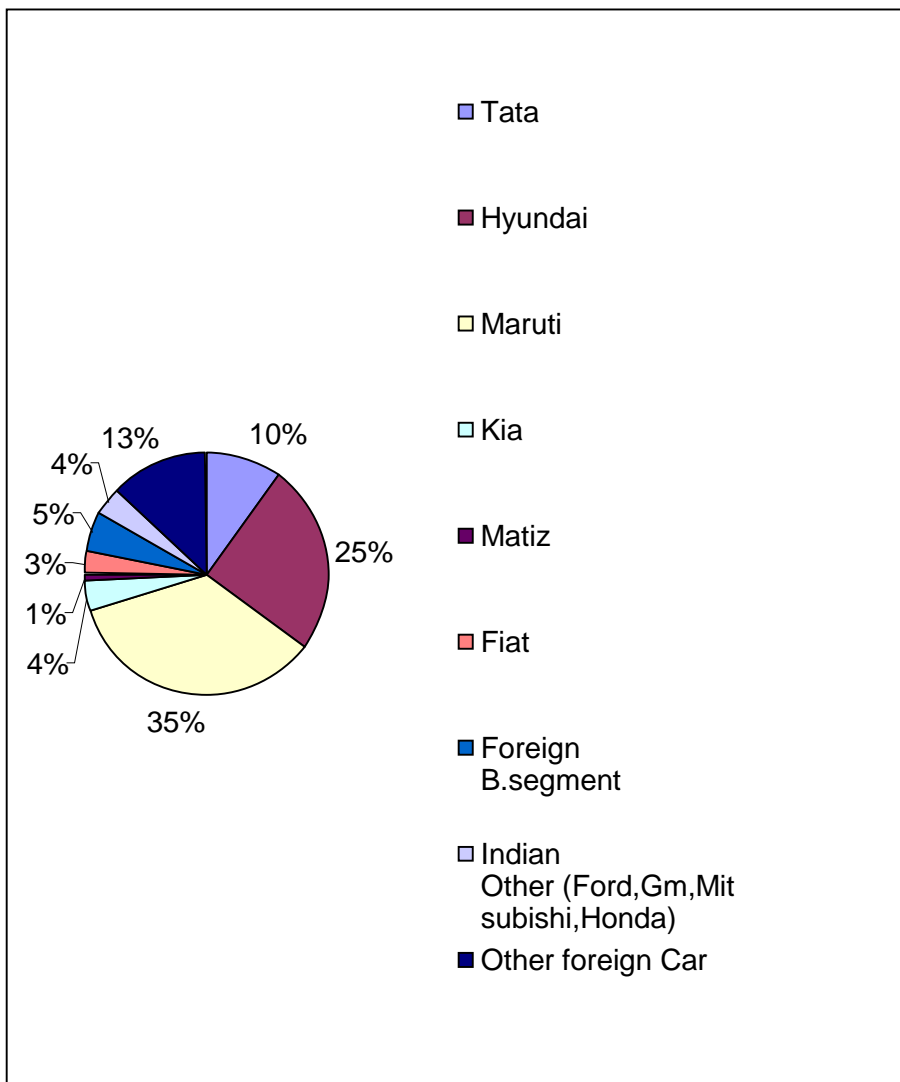


Chart 4.6
Passanger Car Market share 2007/08

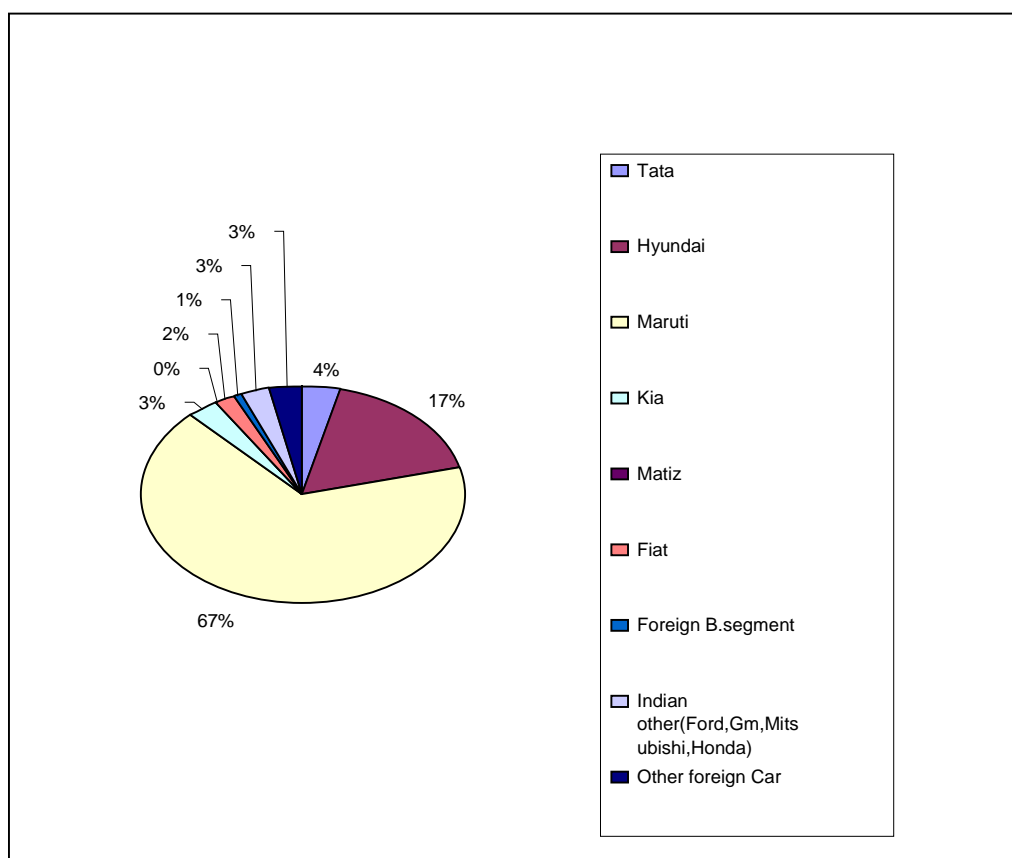


Table No:- 4.4
Monthly sales of cars in kathmandu Valley Year in 2007/08 and 2008/09.

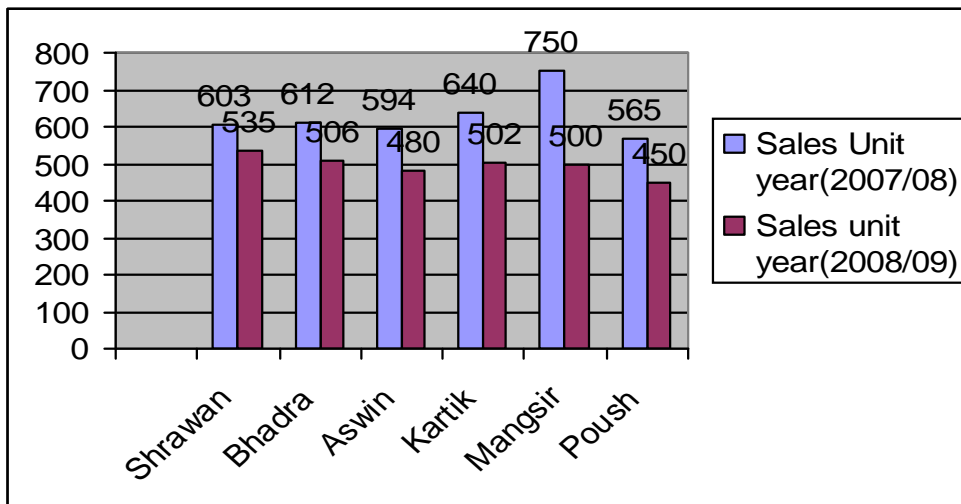
Month	Sales Unit year(2007/08)	Sales unit year(2008/09)	Decrease Sales units	Decrease in(%)
Shrawan	603	535	68	11
Bhadra	612	506	106	17
Aswin	594	480	114	17
Kartik	640	502	138	21
Mangsir	750	500	250	33
Poush	565	450	115	20
Total	3764	2973	791	21

(Source: Various Car Dealer showroom ,Kathmandu.)

In this table, We can see the six month sales (Shrawan –Poush) of the year 2007/8 and 2008/9. The six month sales units shows that sales in 2008/09 is comparatively decreasing than the previous year 2007/08. Shrawan month sales was 603 units in 2007/08 which has become 535 units in 2008/09. This year's sales is 68 units less than the previous year 2007/08. Same way Bhadra month sales was 612 unit in 2007/08 which has become 506 units in 2008/9. In this way Aswin, Kartik, Mangsir and the Poush months sales units are 17,21,33,20% less than the year 2007/08. From the comparative analysis we can say that sales of car in Kathmandu valley is decreased with 21% in 2008/09 than the year 2007/08. We can also show the sales figure in the chart for clear analysis.

Chart: 4.7

Monthly sales of cars in Kathmandu Valley year in 2007/08 and 2008/09.



According to the car dealers show Room and the M.D. of Kia motors Rabindara man Shrestha, the main reason of decreasing the sales of car in Kathmandu valley is the change of government policy in automobile business. The government has also increased the custom duty on cars. Customers are most sensitive about price the addition of another 20% to the existing customs duty of 200% has badly harmed the auto market.

The second reason is the government decision is based on the perception that cars are luxurious products and also the government recently announced that people wanting to buy a car worth Rs. 1.5 million or more must disclose their source of income this policy is one of the biggest hurdles Nepal's auto sector is currently facing in their effort to boost sales. It is not like there are too many cars in the country that we should discourage their sales. But there is a problem with the road network and the quality of the roads.

The third reason of decreasing the car sales in Kathmandu valley is the GDP growth rate is likely to register 3.8% at basic price and 4.7% at product price in the current fiscal year. Annual average inflation is expected to surge by 13% due to the high food price driven by world food crisis, devaluation of Nepali currency, weak public delivery system, closure, strike, transportation halt and obstruction created in supply system by different agitating groups. Inflation rate in the current fiscal year has remained very high i.e. 13.1% by mid march 2009. Nepalese economy entangled in the vortex of economic sluggishness amidst the double digit price rise thereby adversely affecting the purchasing power and living standard of the Nepalese people.

Regarding the future market of car, Mr. Rabindra Man Shrestha said If the government's current policy continues We think car sales will decrease by 25-30 percent this year 2008/09.

4.1.3 Comparative Study of cars

For the comparative study of cars, it is necessary to understand the segmentation of cars on different bases. It is improper to put all, big cars under same category for the purpose of study. Moreover, marketers have categorized big cars into segments, based on Luxury, Prices, & Country of Origin. Some are high-class luxury cars, some are least priced economical cars.

Segmentation of cars on the basis of price

Prevailing prices actually reflect the various attributes/ features offered in a car. The more the features offered, the more the prices customers are bound to pay.

A – Segment

Cars priced up to 8 lakhs are under this segment. For example – Maruti 800, and Maruti Omni. These are the cheapest cars available so far in Nepal . A total of 1632 units cars of the class were sold over the past 3 years. Market position of this segment cars are shown below –

Table 4.5
Comparative Sales and Market share of A – segment cars

Year Model	2005/06		2006/07		2007/08	
	Sales (unit)	Mkt. Share	Sales (unit)	Mkt. Share	Sales (unit)	Mkt. Share
Maruti 800	662	29%	225	13%	291	17%
Omn Van	200	7%	150	9%	104	6%

(Source: Various Car Dealer showroom ,Kathmandu.)

B- segment

This segment covers the vast variety of cars. However, there is a intense competition among Tata Indica, Hyundai Santro ,& Maruti Alto/ Zen/ Wagon R. Most of the Hatch back , small cars come under this category . And most of them are Indian manufactured ones. They are relatively cheaper. This price ranges from 9-13 lakhs. 3067 unit of this segment car were sold over the past 3 years . Some of them are.

Table N.4.6
Comparative sales (units) and Market share of B- segment cars

Year Model	2005/06		2006/07		2007/08	
	Sales (units)	Market share	Sales (units)	Market share	Sales (units)	Market share
Indica	192	17%	254	25%	160	17%
Maruti zen	238	21%	62	6%	40	5%
Maruti Alto	147	13%	235	24%	106	11%
Maruti Wagon R	42	4%	49	5%	7	1%
Hy' dai Santro	360	32%	290	29%	438	47%
DaewMaLiz	60	5%	45	5%	32	3%
Fait Uno	16	1%	2	0%	71	8%
Dai ' tsu cuore	25	2%	23	2%	47	5%
Matiz (Korean)	48	4%	15	2%	16	2%
Perodua	10	1%	25	3%	12	12%
Total	1138	100%	1000	100%	929	100%

(Source: Various Car Dealers' Showrooms, Ktm.)

C- Segment

Cars with price ranging from 14 lakhs to 17 lakhs are under this segment. Honda , Kia, Opel , Ford are the winner in this segment in terms of sales. They are sedan type mid – sized cars. This segment registered a sales of 175 units in the year 2007/08 . Cars under this segment includes-

Table N.4.7
Comparatives Sales and Market share of C – segment cars

Year Model	2007/08	
	Sales	Mkt. Share
Tata Indigo	-	-
Fiat Siena	-	-
Maruti Esteem	11	6%
Hyundai Accent	18	10%
Ford Ikon	21	12%
GM Opel Corsa	14	8%
Honda City	34	19%
Mitsubishi lancer	-	-
Kia Rio/ Wagon	63	36%
Toyato Soluna	14	8%
Total	175	100%

(Source: Various Car Dealers' Showrooms,Ktm.)

D- Segment

All imported, expensive luxury cars are D- segment , or more , cars. Until recently, it was just Toyota Corolla which ruled the streets with an aggressive price and a brand image that worked everywhere in the world . But now the range of choice has broadened. Some of the D – segment cars are-

Toyota Corola

Skoda Ocavia

Toyota Echo

Peugeot (France)

ToyotaTusso

Daihatsu

Toyota Celica

Honda Civic/ Accord

Toyota Vitz

Mercedes Benz

Toyota Camary	Suzuki Liana
Nissan March / sunny	Proton Wira
Nissan Primera	Jaguar
Samsung	Peugeot (France)
Mitsubishi Lancer	Daihatsu

Segment of Cars on the basis of Country of origin

Until recently, cars were imported only from Japan . Ownership of a car, at that time, was considered as status symbol in Society. But present scenario is a different one. Most of the carmakers worldwide have registered their presence here in Nepal now. Japanese Korean , Indian , Indian manufactured , German cars are the most preferred car in Nepal . While mid – sized car market is still dominated largely by Japanese cars, small car market is almost totally dominated by Indian manufactures cars , which includes foreign joint –venture manufactures. Automobile giants worldwide, such as Toyota , Honda, Daimler Chrysler (Mercedes Benz) , Mitsubishi motors, Suzuki, General Motor Company , Ford Motor Company , Hyundai , Daewoo, have already have manufacturing base in India.

On the basis of country of origin , cars that are available in Nepal are segmented as under-
Country of origin

Table 4.8
Segmentation of cars on the basis of country of origin.

NATIVITY	MODEL
Japanese -	Toyota, Suzuki, Honda, Mazda, Nissan, Daihatsu, Mitsubishi, etc.
German -	Volkswagen , Mercedes, BMW etc.
Korean -	Hyundai, Kia, Daewoo etc.
American -	Opel, Ford etc.
Indian -	Tata , maruti, Hindustan Motors, and foreign joint – venture manufacture,- Like Hyundai, Daewoo, Toyota, Mitsubishi, Honda etc

(Source: Various Car Dealers’ Showrooms, Ktm.)

Segmentation of Car on the basis of size .

Cars we see generally come in three sizes viz. small , mid- sized , and big cars. Of which, former two are only found plying in Nepalese streets. Maruti udhyog is the first company to introduce small sized car , in the form of Maruti 800, in the Nepalese market. This model is selling well till date. Maruti has other two models ,namely Alto and Zen ,in the small size .Recently ,Nepalese market is being flooded by compact cars manufactured in India ,some of which are manufactured in India in foreign joint venture.

On the basis of size, cars may be segmented as under- **Hatchback**

Small cars with no back are called hatchback cars. They are called compact cars. These days demand for such cars is in increasing trend. There are several reason to it as mentioned previously. There has been shifting trend in customer preferences. Tata Indica, and Hyundai santro models are the winners in this segment.

Example: *Tata indica, Hyundai santro ,Daewoo Matiz ,Maruti Alto/Zen, Perodua, Daihatsu cuore, fiat palio etc.*

Sedan

Bigger cars with 3-box , ie cars with distinct front ,rear & body, are called sedan cars. Sedan cars are the most popular type of cars worldwide. This category of car covers a large variety of models. Some of them are-

Example:- *Tata Indigo, Toyota corolla/Echo, Hyundai Accent/ sonata /matrix, Honda city/civic/accord, Opel corsa /Astra, Ford Ikon ,Kia Rio, Fiat sienna, Mitsubishi Lancer etc.*

Station Wagon

Such type of cars are more popular in USA than elsewhere. Tata motors also has such wagon type car in its range of passenger cars, and is soon introducing a modified version of that. Station wagons are popular in US and in European markets.

Example:-*Tata Estate, Kia Wagon, Volkswagen etc.*

4.2 Market position of Tata Indigo

Tata Indigo was introduced and launched in Nepalese market in July 2003. Introduction in mid year, and with not so much of publicity, it did a businessman of 27 units. That should be considered a good result, because it claimed a healthy and comfortable market share 11 % in its segment, as shown on the Table 4.9

Table 4.9
Market share analysis of Tata Indigo.

Year	2006/07		2007/08	
	Sales	Mkt. share	Sales	Mkt. share
Tata Indigo	-	-	27	11%
Maruti Esteem	11	7%	2	1%
Hyundai Accent	18	11%	18	8%
Ford Ikon	21	13%	43	18%
GM Opel Corsa	14	9%	43	18%
Honda City	34	21%	7	3%
Kia Rio/ wagon/Sepai/ Shuma	63	39%	96	41%
Total	161	100%	236	100%

(Source: Various Car Dealers' Showrooms, Ktm.)

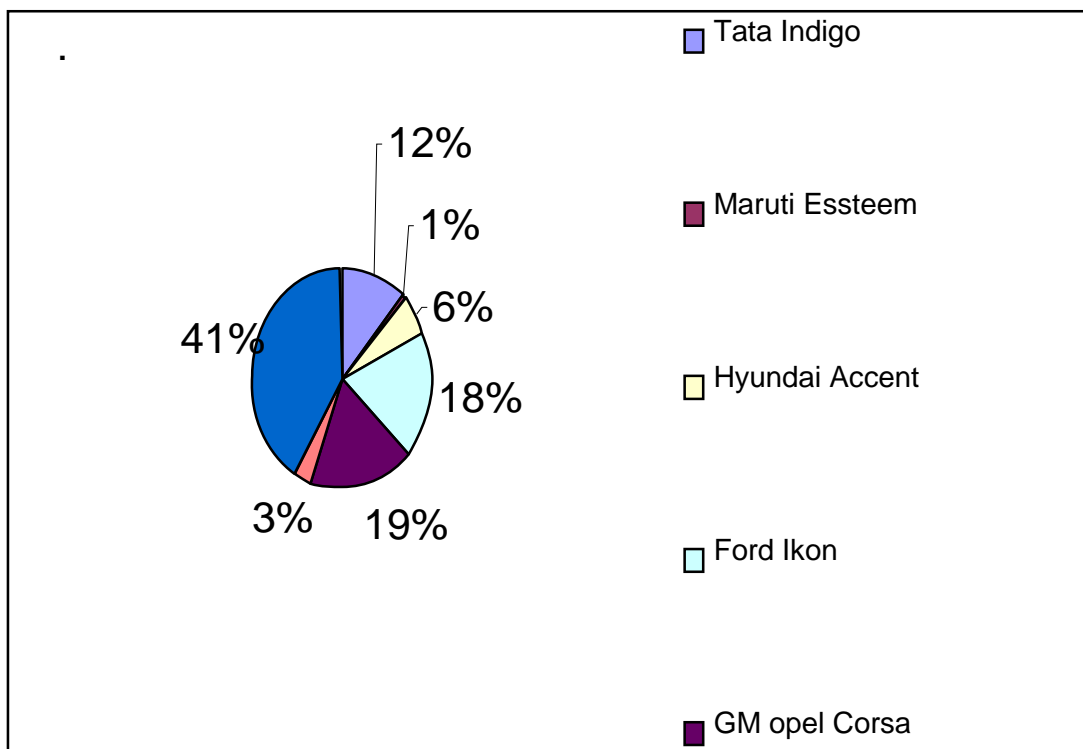
A comparative study of market share of the C-segment cars shows that Kia is Predominant in market and is the leader in the segment for two consecutive years. From another angle the other hand, 63 units of Kia cars were sold in 2006/07, the sales figure reached 96 in the following year- an increase of 52%.

Above table shows that Honda City is the biggest loser because it enjoyed second position with 21% market share and 34 units and in the following year it went way down to second last position with nominal 3% market share. Ford Ikon has also increased its market share from 13 % in 2006/07 to 18% in 2007/08. Maruti Esteem and Hyundai Accent are other two losers.

Significantly, Tata has emerged as a new star. With 11% market share , it has already secured its position in third place in the year it was launched. With not much publicity in only 6 months 27 units were sold and 11% market share was achieved. Sipradi Trading is happy with this result and is very ambitious for future. Sipradi Trading has on ambition of becoming No 1 in C-segment car market.

Rio/Wagon/Sephia/Shuma share over 40% market share of the C-segment car market for the year 2007/08. And maruti esteem and Honda city has a very nominal share. Tata Indigo has a healthy market share of 11% . Securing over 10% market share in the year of its introduction is undoubtedly a significant achievement in itself.

Chart N.4.8
Market share of Tata Indigo in 2007/08



The study is based on market potential of Tata Indigo in Kathmandu Valley. Kathmandu valley is single most major market in Nepal .As we can see in Table 4.10.21 units of total 27 units Tata Indigo sold in whole Nepal is sold in Kathmandu itself. So Kathmandu valley is 78% market for Tata Indigo.

Table N. 4.10
Tata Indigo sales Dispersion.

Region	Units sold	Percentage
kathmandu	21	78%
Birganj	3	11%
Pokhara	0	0%
Butwal	1	4%
Biratnagar	2	7%
Nepalganj	0	0%
Total	27	100%

(Source : Sivradi Trading pvt .ltd. Thapathali ,Ktm.)

Analysis of Tata Indigo based on its one year sales performance shows that 29 units of that were sold within one year after its launch in August Table 4.11 shows that August, September, October and January, February, March were fruitful months for Tata Indigo. That sort of sales pattern actually reflects the seasonal demand of car, i.e. festival season. That may also be a result of Dashain, Tihar scheme introduced by Sivradi Trading pvt ltd for boosting its sales. Similarly, analyzing customers, based on 1 year sales performance after its launch, it was found that customers of Tata Indigo were kind of identifiable ones. The indigo owners were Book depos, owner suppliers, Industrialists, businessmen, consultants/engineers, school owner, Business Entrepreneurs, Oil mill owner, NGO & Doctor.

Table N.4.11

Sales of Tata Indigo for one year after its launch

Month	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Total 12 months
Model	2003	2003	2003	2003	2003	2004	2004	2004	2004	2004	2004	2004	
Indigo GLE													0
Indigo GLS		1										1	2
Indigo GLX						1							1
Indigo LS	2	2	2			1	2	2			1		12
Indigo LX	1	1	4		1	3	2	2					14
Total	3	4	6	0	1	5	4	4	0	0	1	1	29

(Source: Sipradi Trading Pvt .Ltd , Thapathali, Kathmand)

4.3. Technical Analysis of Tata Indigo

The technical aspects of Tata Indigo also need to be analyzed, in order for any body to understand whether the product is technically sound. So to have a technical analysis of Tata Indigo, the technical specification of that is presented below, as per the leaflet of the vehicle.

SPECIFICATION	
ENGINE	
Petrol	1405cc MPFL petrol engine. Maximum power-85 ps@6000rpm Maximum Torque-11kgm@3000rpm
Diesel	Turbo-charged 1405 cc Indirect injection engine Maximum power-62ps@4500rpm Maximum Torque – 12.5 kgm @2500rpm
SUSPENSION	
Front	Independent Mcpherson strut with anti-rollbar
Rear	Independent 3-lonk Mc pherson strut with anti-roll bar.

STERRING	
Type	Rack and pinion type collapsible sterring column. Power assisted available in all models except GLE.
Turning Radius	5.0m
DIMENSIONS	
Length (mm)	4150
Width (mm)	1620
Height(mm)	1540
Whellbase (mm)	2450
Ground clearance(mm)	165
Trunk capacity (Lts)	450
Fuel Tank capacity (Lts)	42
BRAKES	
Type	Vacuum assisted dual circuit,diagonal spoilt hydraulic brakes through tandem master cylinder.
Front	Disc brake
Rear	Drum Brake
TYRES&WHEELS	
Type	Radial Tube
Size	175/65 R14
WEIGHT	
Kerb weight (kgs)	1070%
Gross Vehicle Weight(Kg)	1490

(Source: Tata Indigo leaflet.)

From the above specification, it is quite easily observed that Tata Indigo is a 1405 cc car with 85 ps power generated by petrol variant. It also has independent 3-link rear suspension with anti-roll bar. Trunk capacity, or boot space in other words, is 450 liters, which in fact is very large. And tyre size is 14" which is one of the biggest in similar cars.

FEATURES	GLX (petrol)	GLS (petrol)	GLE (petrol)	LX (Diesel)	LS (Diesel)
COMFORT					
Power steering	Yes	Yes	manual	yes	Yes
Sterring wheel	4- spke, Leather wrapped	4- spoke, soft feel	2-spoke	4- spoke, leather wrapped	4-spoke, shoft feel
Gear shift knob	Leather wrapped PU	Aluminum	PU	Leather wrapped PU	Aluminiu m
Window(front &Rear)	Power window	Manual	Manual	Power window	Manual
Ac &HVAC system	HVAC	HVAC	AC	HVAC	HVAC
EXTERIOR FEATURES					
Rear fog lamp	Yes	No	No	yas	No
Bumpers	Body coloured	Body coloured	Grey	Body coloured	Body coloured
Rub rails on doors	Yes		No	yes	Yes
Wheels covers	Full	Full	Partial	Full	Full
Outer rear view mirror	Both sides	Both sides	Driver's side	Both sides	Both sides
INTERIOR FEATURES					
Fabric laning on seats	Full fabric	Partial fabric	Partial fabric	Full fabric	Partial fabric
Moulded roof lining	Yes	Yes	Yes	yes	Yes
RPM meter	Yes	No	No	Yes	No
Digital clock	Yes	Yes	Yes	Yes	Yes
Anti glare inner rear view mirror	Yes	Yes	Yes	Yes	Yes
Cabin lamp with spot reading lamp	Front & Rear	Front & Rear	Front & Rear	Front & Rear	Front & Rear
Mobile phone charger	Yes	Yes	No	Yes	Yes
Door pads	Fabric insert	Fabric Insert	No	Fabric Insert	Fabric Insert
Boot lamp	Yes	Yes	No	Yes	Yes
Rear seat with double folding with backrest	Yes	Yes	Yes	Yes	Yes

Soft painted dashboard	Yes	No	No	Yes	Yes
Carbon fibre/Brushed Aluminium look laced interiors	Carbon fibre	Brushed Aluminium	None	Carbon Fibre	Brushed Aluminium
Light intensity adjustment for instrument cluster	Yes	No	No	Yes	Yes
Sun glasses case	Yes	Yes	Yes	yes	Yes
Rear Defogger	Yes	No	No	Yes	No
SAFETY					
Central locking	Yes	No	NO	Yes	No
Key in/out door open audio warning signal	Yes	No	No	yes	No
High mounted stop lamp	Yes	Yes	Yes	Yes	Yes
Audio warning signal for driver seat belt	Yes	No	No	Yes	No
Anti submarine Front seat	Yes	Yes	Yes	Yes	Yes
Seat belt	Front&Rear	Front&Rear	Front&Rear	Front&Rear	Front&Rear
Child safety lock on rear doors	Yes	Yes	Yes	Yes	Yes
Remote Release for fuel and trunk lid	Yes	Yes	Yes	Yes	yes

(Source:-Tata Indigo leaflets)

4.4 Spoil yourself

As stated earlier on, Tata Motors has put “spoil Yourself” as the promotional slogan for Tata Indigo. The company claims to spoil rider in comfort, space, safety, Performance and style, literally. The same is presented below in their own words.

Spoil yourself in comfort

The luxurious Tata Indigo comes with something that more expensive cars should, but don't have an independent 3-link Rear Suspension. This advanced suspension system, unique

in this class of cars, uses 3 linked struts to evenly distribute bumps and dampen shocks. Inside, its anti-submarine seats have greater wrap profile to keep you cushioned in comfort without compromising on your safety. The company has given the seats additional lumbar and thigh support to keep you fatigue free on long drives. The indigo comes with most cars in this class. These wheels provide enhanced grip and handling and therefore smoother rides.

With special anti-vibration melt sheets and high quality cabin insulation ensure that noise heat and vibration are kept to a minimum. How else could it have passed stringent refinement tests at one of the world's best testing agencies? And if that is not enough to feel like you are being indulged, how about leather-wrapped steering wheel and gear knob? Or the carbon fibre, brushed aluminum look interiors? Or indeed, power steering, power windows and HVAC system?

Spoil yourself with space

The indigo is designed for you to travel in huge space and great comfort. Start off by opening Indigo's doors. Their wide opening angle makes getting in and out very easy, also reducing load on your knees and back. Sit down and you will discover a comfortable, high seating position and ergonomically designed cabin larger than that of many far more expensive cars.

This extra space has been made possible by some smart designing. We have extended the wheelbase to maximize cabin space, while keeping the exteriors compact to allow for high maneuverability in traffic. Coupled with this space is the 450 liter boot, essential for letting your family spoil themselves with their favorite things getaways.

Spoil yourself with safety

What use is comfort without peace of mind? That's why we have put the Indigo through rigorous test at our, and Indian's only, crash test facility. There its solid steel monocoque frame sailed through European standard of full frontal and offset frontal crash Test. We have also installed a fire-preventing inertia switch that minimizes fuel leakage in the event of an accident. Then there's the vent/Drum brake system with 9" booster to ensure

safe emergency stops. Finally, let's not forget front and rear seat belt that come as standard equipment. As do side impact beams, crumple zones, and collapsible steering column.

Spoil yourself with performance

With the Tata Indigo , we want to spoil you for choices too. That's why we offer two powerful engine options. You could choose the 1.4 litre, MPFI petrol engine. This workhouse powers out 62 ps@4500 rpm and a torque of 12.5kgm@3000rpm .While a stiffened body shell, larger wheels, a sophisticated suspension and a responsive steering wheel combine to offer you class-leading ride and handling characteristics.

Spoil yourself with style

The Indigo is as distinctive on the outside as it is on the inside. It's contemporary styling ensures that it stands out in a crowd. And to understand how it does just that, take a look at the details. like the chromed-lipped grille and rear number plate. The elegant clear lens headlamps. The eye-catching trapezoidal, clear lens tail lights. Its sinful velour upholstery and plush trim levels. Last, but definitely not the least, its classy, understated colors.

4.5 Competitors analysis of Tata Indigo

As said earlier, Tata Indigo has to face stiff competition in the C segment cars, which includes Indian Manufactured (Indigenous/Foreign JV),and some Korean cars. A major threat of completion is from similar Indian cars only. A threat from overseas come from Kia Motors Company, Kororia.

Some models of car competitive to Tata Indigo are as under:-

-) Maruti Esteem
-) Hyundai Accent
-) Ford Ikon
-) Kia Rio/Shuma/Sepia
-) Honda city
-) Mitsubishi lancer.
-) Opel Astra/Corsa
-) Fiat Siena

Looking at the sales records of last five years in this segment, Kia Rio is the most strong competitor, followed by Ford Ikon, then by Maruti Esteem, Opel Astra, and so on in that order. Relative sales and Market share of the above models is already mentioned earlier. Maruti Esteem has been in the market for 10 years, but has not been so successful so far. Opel Corsa also has been in the market for five years, and it is able to take a good share of market with about 250 units sales in 2007/08. Kia Rio is gradually taking a strong position in this segment. Being foreign car with cheapest price, it is just eating up the market. 300 units of it were sold last year. The same figure has been crossed in the first four month of the current year. Ford Ikon also seems quite promising. It is also available at cheaper price. So, ford Ikon and Kia Rio are biggest thrust as a competitors to Tata Indigo.

An analysis of strength and weakness of the above models helps understand the strength and weakness of Tata Indigo. Only fiat Sienna and ford Ikon are available in Diesel. However, the latter in Diesel version is expensive and sluggish. Hyundai Accent comes with rich looks, luxurious and spacious interiors at a competitive price. Hyundai Accent is also backed with superb after sales service.

Maruti Esteem is an entry level mid-sizer. It enjoys the best services network in the country. Another advantage is that it has 1.3 ltr 85bhp engine which makes it the quickest car in C segment. Fuel efficiency is terrific too. However, it is not available in Diesel. Moreover, the cramped interior and low seating are its biggest drawback.

The performance and interior design of Opel Corsa are good. As a result, it has attracted many customers. However, the unattractive rear end styling and the interior space, perceived as insufficient, has turned some customers away.

4.5.1 Comparative Study of prevailing Prices

It is useful to make a comparative study of prices of C-segment cars based on option primarily, there are 3 options, viz. standard, semi-option, and full option.

Only Maruti Fiat, ford & Tata have basic models with A/C. As a basic model Maruti Esteem is the cheapest one. Semi-option category has Air conditioner and power steering. There are altogether 13 models available with this option Kia Rio Wagan is the cheapest

one, which is available unbelievably at less than 13 lakhs. Tata Indigo GLX is available at less than 15 lakhs, the next cheaper one. Opel Astra advantage is the most expensive one. Other models are as expensive as over 21 lakhs. So Kia Rio and Tata Indigo are more affordable car in semi option.

In full option, again Kia Rio Wagan is priced at 13,64000, which is much lower than any other models in this category. Ford Ikon EXI endure is priced at 15 lakhs. Maruti Esteem Vx and Tata Indigo GLX is priced almost similar at less than 17 lakhs. So Kia Rio is undoubtedly most affordable full-option car, followed by Ford Ikon, Tata Indigo and Maruti Esteem. In summary, Kia Rio is the cheapest C- segment car, as well as cheapest full-option car. Tata Indigo, Ford Ikon, Maruti Esteem have relatively cheaper models, are thus affordable.

Table N. 4.12
Prevailing prices of C-segment cars

Option	Make	Model	Engine-cc	Fuel	Retail Prices
Standard with A/C	Maruti Esteem.	LX	1298	Petrol	1519000
	Ford Ikon	CLXI	1299	Petrol	1575000
	Fiat Siena	EX	1200	Petrol	1698000
	Tata Indigo	GLE	1405	Petrol	1502000
Semi -option	Maruti Esteem	LXI	1298	Petrol	Not available
A/c and power Steering	Hyundai Accent.	D	1500	Diesel	1850000
		GVS	1495	Petrol	1820000
	Fiat Siena	EI	1600	Petrol	2000000
	Opel Corsa	GL	1400	Petrol	1600000
	Opel Swing		1400	Petrol	2000000
	Opel Astra		1700	Diesel	2500000
	Ford	CLXI	1600	Petrol	2200000

	Kia Rio	Wagon II	1300	Petrol	1700000
	Daewoo Lanos	GLS	1500	Petrol	1498000
	Tata Indigo	LS	1405	Diesel	1725000
			1405	Petrol	1674242
Ful Option	Maruti Esteem	VX	1298	Petrol	1759040
	Hyundai Accent	GLS	1495	Petrol	1890000
		DLS	1527	Diesel	1700000
	Ford Ikon	EXI	1299	Petrol	1851000
		SXI	1597	Petrol	1725000
	Ford	NXT	1300	Petrol	1975000
		ZXI	1600	Petrol	2225000
	Ford	ZXID	1800	Diesel	2050000
	Ford	ELX	1600	Petrol	1950000
	Ford	GLS	1400	Petrol	1759000
	Fiat siena	ROY	1600	Petrol	2047000
	Opel Corsa	GLI	1700	Diesel	1957000
	Opel swing	CLUB	1700	Diesel	2368000
	Opel astra	GLI	1600	Petrol	2670000
		CLUB	1600	Petrol	2425000
	KIa Rio	Wagan	1300	Petrol	1564000
	KIa Rio	DLX	1300	Petrol	1798000

	Kia Sephia	II LS	1600	Petrol	1945000
	Daewoo Nubira	II	1600	Petrol	2400000
	Tata Indigo	GLX	1405	Petrol	1782000
		LX	1405	Diesel	1782000

(Sources-Car Dealer's showroom)

4.6 Review of Prevailing Prices of Tata Indigo

Altogether 5 models of Tata Indigo are available-two models on petrol and three models on Diesel. Basically ,there are 3 option available-basic model with A/c, model with A/c &power steering, and model with full option. First of all, there is basic model which has standard fitment with A/c. This model is available in petrol only.

Second ,there are two models, one each in both Diesel and petrol. These models have A/c plus power steering and other features.

Besides those basic features, there are also other features like central locking, child lock, RPM meter, Fog lamps, Mobile phone charger ,etc. As the options goes on adding on basic model ,prices also change significantly.

Table N. 4.13
Current prices of Tata Indigo as on 18.06.2009

S.N.	Models	Fuel	Prices (Nrs)
1	Tata Indigo GLE	Petrol	1650000.00
2	Tata Indigo GLS	Petrol	1725000.00
3	Tata Indigo GLX	Petrol	1900000.00
4	Tata Indigo LS	Diesel	1950000.00
5	Tata Indigo LX	Diesel	2010000.00

(Source: Tata motors Dealer ,Thapathali , Ktm)

While the basic model is available only at Rs 14,02,522.00, full option is priced at 16,82,000.00. It can be considered a very competitive price. For those who want just A/c to be fitted on, and nothing else can go for basic model, which is priced affordable and reasonable.

Looking at the competitive models only Tata Indigo is available in all of three options. Basic, Semi and full option. Only Tata Indigo and Maruti Swift are available in basic model. Similarly, only Tata Indigo and Opel Corsa have semi-option. Kia Rio, Honda City and Hyundai Accent are available in full options only.

4.7 SWOT Analysis of Tata Indigo

Brand Awareness and trust of the customers towards Tata products are biggest strengths of Tata Indigo. Besides that sales outlets at all of the major cities and goods services networks all over strength. Spare parts are cheaper and available almost everywhere. And Tata Indigo is available in both Diesel and petrol which is available in few other cars. This is one competitive advantage and strength of Tata Indigo.

Weakness

Some customers confuse Tata Indigo to Tata Indica (smaller one). But fact of the matter is that there is vast difference between these two. The biggest challenge is that it has to match the features of car manufactured by world renowned companies, in order to be competitive in market. The price too is not relatively cheaper.

Opportunity

Immense potential/ opportunity exist for Tata Indigo. Old customers who had good faith, trust and loyalty towards Tata products are inclined to purchase a Tata car. Availability also in Diesel is a major opportunity for Tata Indigo.

Threat

There is intense competition, that Indigo has to face, in its segment, i.e. C-segment. Overseas companies, with JV Manufacturing in India are already in the market offering cheaper cars. Kia Rio is the biggest threat to Tata Indigo, followed by Opel Corsa, then by Ford Ikon.

4.8 Customer survey analysis

The researcher surveyed about 25 prospects, and responses were obtained from them. Those responses are Tabulated presented and Analyzed in a logical manner. Raw data obtained from the field was first prepared that means legibility and accuracy of the data obtained was checked and information categories were established relative to research objectives. Then the prepared data was entered into the computer. And tabulation was done, which was followed Presentation and analysis of data.

4.8.1 Customer's purchase behavior

In response to a question asking respondents to rate various features/attributes in a car (asking them to rate the listed attributes in 1-5 scale), Availability of spare parts was rated the highest followed by safety and fuel efficiency. From the table 4.14, it seems that price and comfort was less important to customers than Availability of spare parts and safety.

Table N.4.14

Rating of various attributes in a car by respondents

S.N.	Features	Rate
1	Availability of spare parts	First
2	Safety	Second
3	Fuel efficiency	Third
4	Comfort and smooth Ride	Fourth
5	Price	Fifth
6	External design	Sixth
7	Internal design	Seventh
8	Fuel option	Eighth
9	Wide legroom &Luggage Room	Nineteenth

(Source: By survey method ,Primary data)

4.8.2 Customers attitude towards different brands of car

For simplicity of the study, only seven brands were taken into consideration, which of course includes Tata Indigo. As seen in the Table4.8, Honda city is the most preferred car, followed by Opel, Corsa and Kia Rio. Maruti Esteem stood as least preferred one, while *Tata Indigo ranked fourth.*

Table N. 4.15

Models of car preferred by customers

S.N.	Models	Preference
1	Honda city	1 st
2	Opel Corsa	2 nd
3	Kia Rio	3 rd
4	Tata Indigo	4 th
5	Ford Ikon	5 th
6	Hyundai Accent	6 th
7	Maruti Esteem.	7 th

(Source: By survey method ,Primary data)

In another response to question asking respondents to rate above brands of car on the basis of feature/attributes mentioned earlier, Kia Rio was rated highest, and Hyundai was rated the least. Respondents were asked to tick on whatever models they felt were better than others in terms of those attributes. And the Responses were summed up for each of them.

As shown in table 4.16 below, Tata Indigo ranked second only to Kia Rio. In term of single feature, most respondents believed Kia Rio as being best in external design. Regarding internal design, opel corsa is rated highest. Similarly , Honda city was rated as the most comfortable car. Maruti esteem and Tata Indigo were perceived by respondents as more fuel efficient than others. In the same way, Kia Rio was perceived as most reasonably priced car. Regarding fuel option, Tata Indigo is rated much higher than others. That means, respondents knew that those who cared operating economy could choose Indigo (Diesel) and those who cared comfort, power ,noise and other things could choose Indigo In petrol.

However in overall rating, Kio Rio scored highest, followed by Tata Indigo, Honda city and opel corsa. So this result shows that those four models are amongst the best contemporary cars currently playing in Kathmandu valley.

Table NO. 4.16

Rating of various brands on the basis of some attributed/ features.

S.N.	Features	Tata Indigo	Kia Rio	Opel corsa	Ford Ikon	Hyundai Accent	Maruti Esteem	Honda city
1	Ext. design	2	6	2	2	1	1	3
2	Interior design	-	3	5	-	2	1	2
3	Wide legroom	4	5	1	1	1	-	1
4	Comfort	1	4	2	1	1	-	5
5	Safety	1	-	1	4	1	-	2
6	Fuel efficiency	3	-	-	2	-	5	2
7	Price	3	5	-	-	-	3	-
8	Fuel option	6	2	1	-	1	-	-
	score	21	25	12	10	7	10	15
	Rate	Second	First	Fourth	Fifth	Sixth	Fifth	Third

The score shown on Table 4.16 are based on responses by respondents. They were asked to tick on whichever model they thought were good regarding a particular feature. Those responses were summed together to obtain scores for all models. With 25 point score, Kia Rio is rated first by the respondents. Interestingly, Tata Indigo is rated second with 21 points. Similarly, Honda city and opel corsa are third and fourth.

Based on above result, it may be concluded that Kia Rio ,Tata Indigo, Honda city and Opel Corsa are the most liked cars in C-segment.

4.8.3 Customer's preference of different car segments

The Table and chart below shows that 54% of the respondents of the respondents preferred B-segment cars .Similarly 21% preferred C segment cars. Interestingly ,though A segment cars are the cheapest ones, only 21% preferred it.

Table N. 4.17
Preference of car segment by respondents

Car segment	No of respondents	Percentages
A-segment	4	17%
B-segment	13	54%
C-segment	5	21%
D-segment	2	8%
Total		100%

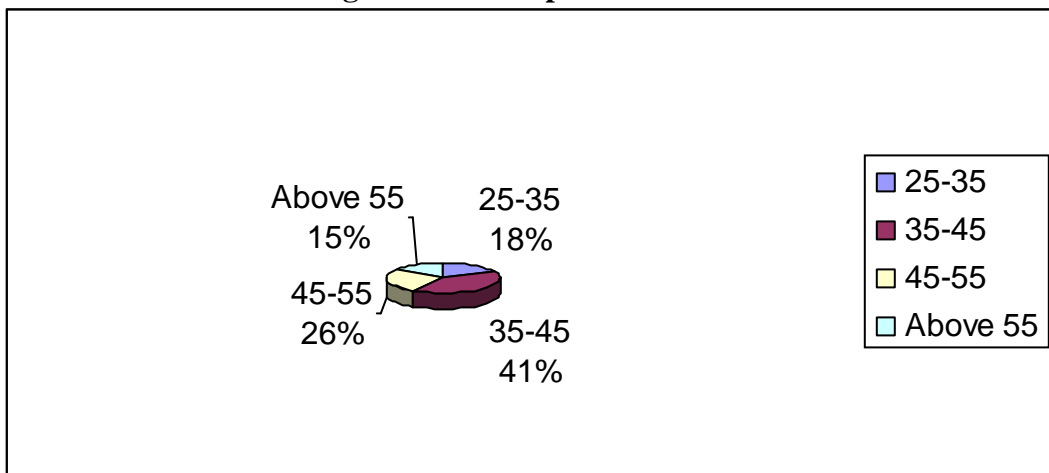
(Source: By survey method ,Primary data)

Chart 4.3 car segment preferred by respondents

It implies that customers just do not consider cash only and compromise other things. It is only B-segment cars which is relatively cheaper and has some features which customers desire, and these were the cars most customers preferred. D- segment car the expensive ones and not many customers can afford it . so only 8% preferred this segment of car. Consequently ,Tata Indigo is in C-segment. So it is in 2nd most preferred car segment.

The largest age category of respondents (potential customers), as seen from chart , is 35-45 years. It constituted 41% of total respondents. Likewise,26% of the respondents were 45-55 years of age. And only 15% of the respondents claimed that they were above 55 years. It was observed and seen during the survey that the age category 35-45 years constituted professionals and young entrepreneurs. This means that most potential customers of car are professionals and young businessmen, who are aged 35-45 years.

Chart N. 4.9
Age wise Mix of potential customers



4.8.4 Petrol Vs Diesel car

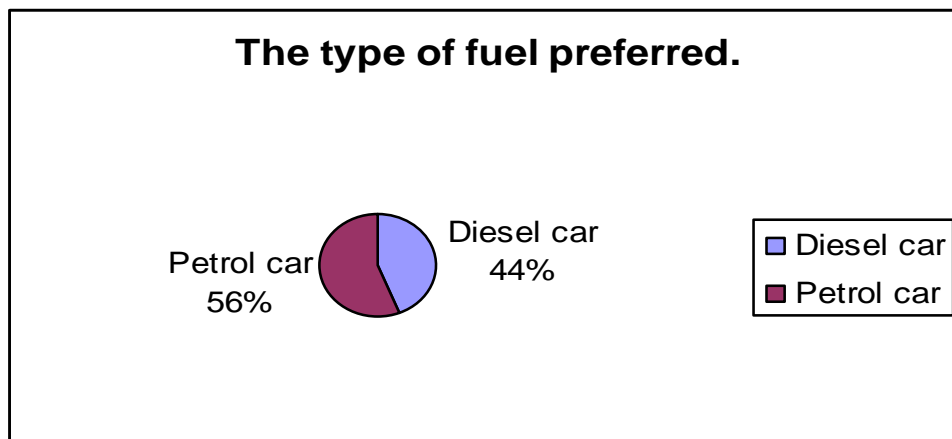
Over 55% of total respondents believed that petrol cars were better than diesel ones as shown in chart and table below-

Table N.4.18
Respondents preference for Diesel Or petrol car.

Fuel option	NO of respondents	Percentages
Diesel car	11	44%
Petrol car	14	56%
Total	25	100%

(Source: By survey method ,Primary data)

Chart N. 4.10
Respondents preference for Diesel or Petrol Car



4.8.5 Calculation of market potential.

In Table 4.19, total estimated market potential of Tata Indigo in Kathmandu Valley is calculated as something over 6,000 units. As mentioned previously, market potential is the maximum possible sales opportunities available to marketers of a good or services in a particular market. On the basis of average purchases per customers in each potential

customer category and number of customers in each customer category, total market potential is calculated out.

Businessmen is the single largest potential customer category. And among five listed categories, Lawyers and engineers are the least potential customers. On the other hand Doctors and Industrialists are the highly potential ones, with very significant car ownership rate. For now, total market potential of cars in Kathmandu valley is calculated as 6318 units, taking into consideration only those five categories of most potential customers.

Table N.4.19
Calculation of estimated market potential of cars using market survey approach.

Customer Category	Sample Size	Purchases	Average Purchases	Population Size	Market Potential
Doctor	5	3	0.6	900	540
Engineer	5	1	0.2	1100	220
Businessmen	8	4	0.5	8654	4327
Industrialists	3	2	0.7	1222	848
Lawyers	4	1	0.25	1533	383
Total	25				6318

(Source: By survey method ,Primary data)

Column:

- (A) Some specified customer categories making up the Total market for cars.
- (B) Sample taken for each categories.
- (C) Ownership of car by the sample number of prospects.
- (D) Average ownership of car per customers in each customer category. Computed by dividing column C by column B.
- (E) Number of prospects in Kathmandu valley for the given customer categories. Data obtained from related professional association (Nepal association, Nepal medical Association ,Nepal Engineers Association), FNCCI, chambers of commerce,& Dept. of Industry.

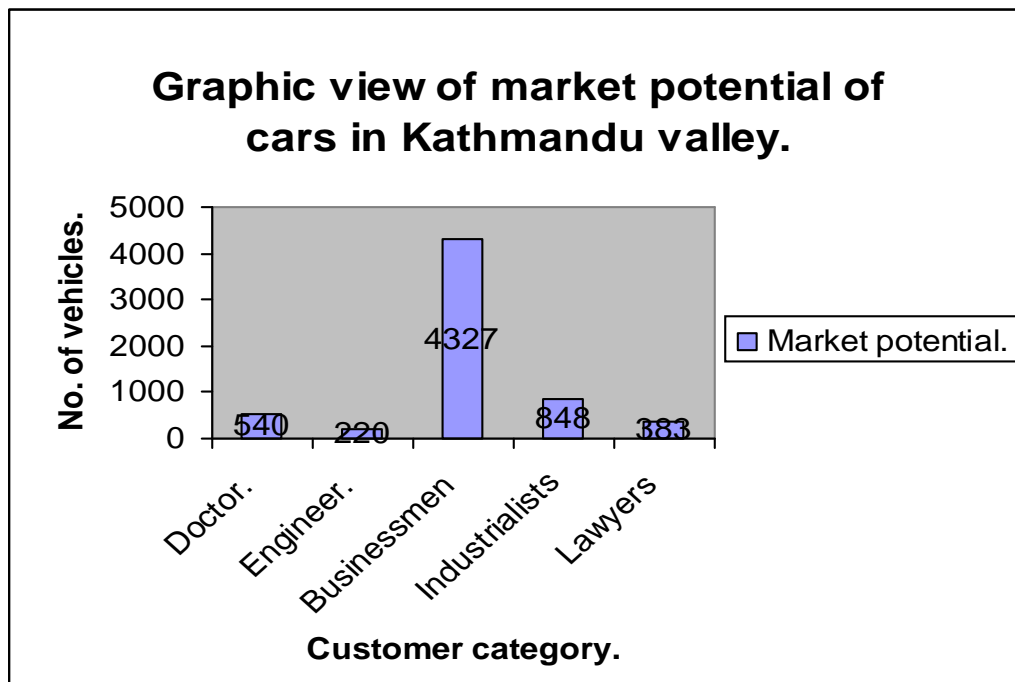
- (F) The resultant estimated market potential for the total Kathmandu valley market. Computed by multiplying column D by column E.

Table N. 4.20
Market potential of cars in Kathmandu Valley.

Customer Category	Market potential.	Percentage
Doctor.	540	9%
Engineer.	220	3%
Businessmen	4327	69%
Industrialists	848	13%
Lawyers	383	6%
Total	6318	100%

(Source: By survey method ,Primary data)

Chart N. 4.11
Graphic view of market potential of cars in Kathmandu valley



Looking at the chart 4.11 & Table 4.19, Businessmen seem to be the most potential customers of cars, with total potential of 4327 units amounting almost 70% of total potential. Likewise, industrialists and Doctors constitute 13% and 9% of total potential. Similarly, Engineers are the least potential customers with only 3% of total potential. This implies that Businessmen, Industrialist, and Doctor are relatively more capable than others in owning a car. And it is quite obvious that they have better incomes.

4.9 Car Dealer's survey analysis on focus of Tata indigo

The researcher surveyed about 13 Car dealers, and responses were obtained from them. Those responses are Tabulated presented and Analyzed in a logical manner. Raw data obtained from the field was first prepared that means legibility and accuracy of the data obtained was checked and information categories were established relative to research objectives. Then the prepared data was entered into the computer. And tabulation was done, which was followed Presentation and analysis of data.

Table N.4.21

Dealer wise Tata Indigo sales Ratio From shrawan- Poush 2065

Dealer's Name	Total sales unit	Tata indigo's sales(unit)	Ratio (%)
Commercial vehicle showroom, Thapathali Ktm.	30	10	33
Passanger car show room, Teku ktm.	25	8	32
Bhawana Auto Traders Dhungaadda, ktm	5	1	20
Bardhaman Traders Thinthana ktm	4	0	0
Dev mata Traders Dhungga adda ktm	3	1	33
Siddhartha Automobiles,Kuleshwor 14 ktm.	6	2	33
Padma Ratna Traders,New Buspark Kathmandu.	8	1	12
Shree veer Traders Sanepa Ktm	7	1	14
Bishokarma Automobiles Kuleshwor Ktm	4	2	50
Sharma Automobiles Kuleshwor ktm	8	2	25
Padma Automobiles Kuleshwor ktm	10	3	30
Allied Trading concern Yarahiti, Ktm	10	2	20
Suvakamana Automobiles Tinthana vdc-8 Ktm	10	4	40
Total	130	37	28%

(Source: By survey method ,Various car dealer of Ktm valley)

From the above table N 4.21 ,we can found the sales ratio of Tata indigo car in the different dealers of Tata motors in Kathmandu valley. The sales figure is period of six months (shrawan 2065 to poush). Bishokarma Automobiles ,kuleshwor Kathmandu has 50% highest sales ratio of Tata Indigo.The second position is obtained by the Suyvakamana Automobiles. His sales is 40% the total sales.Inthis way it can be said that average sales ratio is 28% of Tata indigo car in Kathmandu valley in the six month period.

4.9.1 Dealer's purchase behavior

In response to a question asking respondents to rate various features/attributes in a car (asking them to rate the listed attributes in 1-5 scale), Availability of spare parts was rated the highest followed by safety and fuel efficiency. From the able 4.22 it seems that price and comfort was less important to customers than Availability of spare parts and safety.

Table N.4.22

Rating of various attributes in a car by respondents

S.N.	Features	Rate
1	Availability of spare parts	First
2	Safety	Second
3	Fuel efficiency	Third
4	Comfort and smooth Ride	Fourth
5	Price	Fifth
6	External design	Sixth
7	Internal design	Seventh
8	Fuel option	Eighth
9	Wide legroom &Luggage Room	Nineteenth

(Source: By survey method ,Various car dealer of ktm valley)

As shown in table 4.23 below, Tata Indigo ranked second only. In term of single feature, most respondents believed Indigo CS as being best in external design. Regarding internal

design, Tata Indica is rated highest. Similarly , Tata Indica V2 XETA was rated as the most comfortable car. Tata Indigo were perceived by respondents as more fuel efficient than others.

Regarding fuel option, Tata Indigo is rated much higher than others. That means, respondents knew that those who cared operating economy could choose Indigo (Diesel) and those who cared comfort, power ,noise and other things could choose Indigo In petrol.

4.9.2 Dealer's attitude towards different brands of car

For simplicity of the study, only Five brands of Tata's were taken into consideration, which of course includes Tata Indigo. As seen in the Table 4.23 Tata Indigo CS is the most preferred car, followed by Tata Indigo and Indigo Marino, Tata Indica , Indica V2 XETA stood as least preferred one, while *Tata Indigo ranked second.*

Table N. 4.23

Brands of car preferred by Dealers

S.N.	Brands	Preference
1	Tata Indigo CS	1 st
2	Tata Indigo	2 nd
3	Indigo Marino	3 rd
4	Tata Indica	4 th
5	Indica v2 XETA	5 th

(Source: By survey method , Various car dealer of ktm valley)

In another response to question asking respondents to rate above brands of car on the basis of feature/attributes mentioned earlier, Indigo Marina was rated highest, and Tata Indica was rated the least. Respondents were asked to tick on whatever models they felt were better than others in terms of those attributes. And the Responses were summed up for each of them.

However in overall rating, Tata Indica scored highest, followed by Tata Indigo, Honda

4.9.3 Petrol Vs Diesel car

Over 62% of total respondents believed that petrol cars were better than diesel ones as shown in the table below-

Table N.4.24

Respondents preference for Diesel Or petrol car.

Fuel option	NO of respondents	Percentages
Diesel car	5	38%
Petrol car	8	62%
Total	13	100%

(Source: By survey method , Various car dealer of ktm valley)

4.10 Major Findings of the study

Based on the presentation and analysis of Primary and secondary data, following are the major findings of the study.

1. It was found by analyzing statistics published by Department of Transport Management that an average of 4628 units car/jeep/van have been registered in Nepal over past 5 years, with 9025 units and 10755 units registered in last 2 years.
2. Analysis of Time series of registration of car/jeep/van in Nepal from 1991 A.D. to 2003/04 A.D. shows very irregular fluctuations. This shows that a multiplicity of causes affected the sales of the vehicles in Nepal. The problems may be of political, sociological. However , the general trend of registration of vehicles, as shown by the trend line, is upward.
3. The rise in numbers of vehicles registered each year in recent year owes to the fact that banks/finance companies are quite easily financing the cost of the vehicles. As result ,very minimal down payment need to be deposited, and equal monthly installment are as low as 10,000 per month. On the other hand, cars have become

very cheaper than ever. So anybody who is a professional having monthly income of around 25,000 can very easily ride a car. Therefore, owning a car is not a distant dream for many people. So number of cars registered each year will rise significantly in the years to come, given the present political conflict is resolved soon.

4. Kathmandu valley is the single prime market for car/jeep/van. Most of the vehicles are registered in Bagmati zone, where almost 70% of total car/jeep/van are registered. Narayani, Gandaki, koshi, lumbini are the only other zones where significant number of car/jeep/van are registered. So the areas in these zones are very good potential markets for Tata Indigo sold in whole Nepal is sold in Kathmandu itself. So Kathmandu valley is 78% market for Tata Indigo.
5. The study revealed that marketers of cars categorize them into different segment, based on luxury, prices & country of origin. Some are high-class luxury cars, some are economical and less priced cars. On the basis of price, there are A- segment, B segment, and C segment and D segment cars. Prevailing prices actually reflect the various attributes/ Features offered in a car. The more the features offered the more the prices customers are bound to pay C- segment cars have a very good market potential in Nepal.
6. Tata Indigo is in C-segment the one with price range of 14-17 lakhs. C- segment car are sedan type mid-sized cars. Kia, Honda, Ford, Opel, are the winners in this segment in term of sales and market share. C-segment car market is the market of about 200 units annually. All the expensive and most of the overseas imported luxury cars are in D- Segment. Toyota and Nissan are the winner in the segment.
7. Tata Indigo is a mid-sized sedan car with 3-box, ie cars with distinct front, rear & body. Based on size, cars are segmented hatchbacks mid-sized sedans, and big sedans. Tata Indigo, Maruti 800 are hatchbacks. Tata Indigo, Kia Rio, Opel corsa are mid-sized sedan cars. Mid-sized cars are very popular in our country and so has a very good market potential.
8. Tata Indigo was introduced and launched in Nepalese market in July 2003. Introduced in mid year, and with not so much of publicity, it did a business of 27 units. That should be considered a good result because it claimed a healthy and comfortable market share in its segment.

9. Kia Rio, Ford Ikon, Opel Corsa are the biggest competitors of Tata Indigo. Kia Rio has over 40% market share in the C-segment. A comparative study of sales units and market share of the C- segment cars shows that Kia Rio and variants are predominant in C- segment market and are the leader in the segment for two consecutive years. Sales of kia Rio increased by over 50% from 2006/07 to 2007/08.
10. Significantly, it was found that tat Indigo has emerged as a new star. Sipradi Trading has an ambition of becoming No.1 in C- segment car market. With 11 % market share, it has already secured its position in third place in the year it was launched. With not much publicity, in only six months,27 units were sold and 11 % market share was achieved. Sipradi Trading is happy with this result and is every ambitious for future.
11. Some models of car competitive to Tata Indigo are Maruti Esteem Hyundai Accent, ford Ikon, Kia Rio/ Suma/ Sephia, Hondacity, Mitsubishi Lancer, opel Astra/ Corsa. Maruti Esteem has been in the market for over 10- year, but has not been so successful so far. Opel corsa also has been in the market for some time and it is able take a good share of market. Kio Rio is gradually taking a strong position in this segment. Being foreign car with cheapest price, it is just eating up the market. Ford Ikon also seems quite promising. It is also available at cheaper price. So ford ikon and Kia Rio are the biggest threat as a competitor to Tata Indigo.
12. An analysis of strength and weakness of the above models showed that only Fiat Sienna and ford ikon are available in Diesel. However, the latter in diesel version is expensive and sluggish. Hyundai accent comes with rich looks, luxurious and spacious. Hyundai Accent comes with rich looks, luxurious and spacious interiors at a competitive price and is so the best value for money offering in C- segment. Hyundi Accent is also backed with superb after sales services. Maruti esteem is an entry level mid-sizer. It enjoys the best services network in the country. It is the quickest car in C-segment. Fuel efficiency is terrific too. However, it is not available in Diesel. Moreover, the cramped interior design of opel Corsa are good . However, the unattractive rear end styling and the interior space, perceived as insufficient, has turned some customers away.
13. The study found that Brand awareness and trust of the customers towards Tata products were the biggest strength of Tata Indigo. Besides that sales outlet at all of the major cities and good services network all over is strength. Spare parts are

cheaper and available almost every where. And Tata Indigo is available in both Diesel and petrol, which is available in few other cars. This is one competitive advantage and strength of Tata Indigo. Interestingly, Price differential between Diesel and petrol is expected to drive the market to Diesel. However, the price is not relatively cheaper. Immense potential/ opportunity exist for Tata Indigo. Old customers who had good faith, trust and loyalty towards Tata Products are inclined to purchase a Tata car. Availability also in Diesel is a major opportunity for Tata Indigo. There is intense competition, that Indigo has to face in its segment, ie C-segment overseas companies with JV manufacturing in India, are already in the market offering cheaper cars. Kia Rio is the biggest threat to Tata Indigo, followed by Opel Corsa, then by Ford Ikon.

14. Tata Indigo is found to have a good market potential as Customers preferences very much seem to favor Tata Indigo. While purchasing a car, customers regarded Availability of spare parts as the most important thing that they expect from a car. Among other features safety and fuel efficiency were other important things that customers of a car considered. It seems rather that price and comfort were relatively less important. In this regards, Tata Indigo is one of the most fuel efficient car. Moreover Indica is available in diesel, which is very much cheaper than petrol, thus ensuring economy in operation and spare parts of Tata Indigo is available in all of the major cities across Nepal.
15. Tata Indigo is the fourth most preferred car among seven competitive models that were taken into consideration. Honda city, Kia Rio and Opel Corsa are the first <second and third most preferred car. Maruti Esteem is the least preferred car.
16. Tata Indigo is one of the best C- segment cars currently playing on streets of Nepalese. Based on customer's perception of different features offered in car, Tata Indigo ranked second only to Kia Rio. Customers perceived Tata Indigo as a fuel efficient car. Customers are also very positive on fuel option provided on Tata Indigo as, Tata Indigo is available in both diesel and petrol versions. Hyundai Accent is perceived by customers as having worse features. Similarly, customers perceived Honda City a more comfortable car, Kia Rio as having better external design and Opel Corsa as having better Internal design. Survey result confirm that Honda city, Opel Corsa, Kia Rio and Tata Indigo are the some of the best

contemporary cars available in Nepalese. Market, and are undoubtedly the best cars in C- segment.

17. While most of the potential customers of car preferred B- Segment, the one which includes Tata Indica, Hyundai Santro etc about one fourth of potential car customers preferred C segment. Customers liked B- Segment cars because they are relatively cheaper and have many significant car features. D segment cars are expensive and not many customers prefer them. Its only C- segment cars have a very good potential in Nepalese market. However, customers who have money go for expensive D- segment. On other hand, those who have just enough income and want to own just a car, have a tendency to go for B- segment and undoubtedly, B segment hatchbacks are very popular in Nepal these days.
18. Analysis of primary data ,ie survey data found that Tata Indigo has an estimated market potential of over 6,000 units in Kathmandu Valley. Among that Businessmen is the single largest potential customer category, amounting to almost 70% of total potential. And among five listed categories, Lawyers and engineers are the least potential customers. On the other hand Doctor and Industrialists are the highly potential ones, with very significant car ownership rate. Businessmen, Industrialists and doctor are relatively more capable than others in owning a car. And it is quite obvious that they have better incomes.
19. The government has also increased the custom duty on cars. Customers are must sensitive about price the addition of another 20% to the existing customs duty of 200% has badly harmed the auto market. The government decision is based on the perception that cars are luxurious products. But in my view, cars have become a necessity for people to live a faster life. People live far away from their offices, and they need a car to get home in the evening. The city of Katmandu has expanded for beyond the Ring Road. Also, it is not like there are too many cars in the country that we should discourage their sales. But there is a problem with the road network and the quality of the roads.
20. The GDP growth rate is likely to register 3.8% at basic price and 4.7%at product price in the current fiscal year .Annual average inflation is expected to surge by 13% due to the high food price driven by world food crisis, devaluation of Nepali currency ,weak public delivery system ,closure ,strike ,transportation halt and obstruction created in supply system by different agitating groups .Inflation rate in

the current fiscal year has remained very high i.e. 13.1% by mid march 2009. Nepalese economy entangled in the vertex of economic sluggishness amidst the double digit price rise thereby adversely affecting the purchasing power and living standard of the Nepalese people.

21. From the comparative analysis of car sales of the year (2007/08 and 2008/09) we can say that sales of car in Kathmandu valley has decreased with 21% in 2008/09 than the year 2007/08.
22. According to the car dealers show Room and the M.D. of Kia motors Rabindara Man Shrestha, the main reason of decreasing the sales of car in Kathmandu valley in 2009 is the change of government policy in automobile business. The government has also increased the custom duty on cars. Customers are must sensitive about price the addition of another 20% to the existing customs duty of 200% has badly harmed the auto market.
23. The second reason is the government decision is based on the perception that cars are luxurious products and also the government recently announced that people wanting to buy a car worth Rs. 1.5million or more must disclose their source of income this policy is one of the biggest hurdles Nepal's auto sector is currently facing in their effort to boost sales.it is not like there are too many cars in the country that we should discourage their sales. But there is a problem with the road network and the quality of the roads.
24. The third reason of decreasing the car sales in Kathmandu valley is the GDP growth rate is likely to register 3.8% at basic price and 4.7%at product price in the current fiscal year .Annual average inflation is expected to surge by 13% due to the high food price driven by world food crisis, devaluation of Nepali currency ,weak public delivery system ,closure ,strike ,transportation halt and obstruction created in supply system by different agitating groups .Inflation rate in the current fiscal year has remained very high i.e. 13.1% by mid march 2009. Nepalese economy entangled in the vertex of economic sluggishness amidst the double digit price rise thereby adversely affecting the purchasing power and living standard of the Nepalese people.

Regarding the future market of car, Mr.Rabindra Man Shrestha said If the government's current policy continues, We think car sales will decrease by 25-30percent this year 2008/09.

CHAPTER-V

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary and conclusion.

Marketers do Market Potential Analysis, as Part of marketing Research. Market potential analysis is a useful tool in the hands of management to measure the sales potential for a new product or services. Moreover, marketing management is interested in obtaining sales potential for each of the geographical market it services to help determine the amount of sales efforts that should be allocated to a specific market.

Market potential analysis seeks to measure market potentials which then are used for multiplicity of purposes .Primarily; it is used to allocate marketing resources. It is also used to define sales territories and to set sales quotas.

The basic objective of the present research was to analyze and estimate market potential of cars in Nepal, with special focus on Tata Indigo. Behavior of customers regarding car purchases is analyzed, like customer's preference and choices. Secondary data like registration figures, sales unit and market share is also analyzed. Similarly, comparative study of several competitive models is also done along with their strength and weakness, all done to arrive finally at an analysis of cars, especially C- segment cars. And at last, survey results are analyzed to calculate and estimate, in empirical terms, the market potential of cars.

Taking reference of data published by department of Transport management-government watchdog of Transportation sector an average of 4,628 units car/jeep/van have been registered in Nepal over the past 5 years. Despite some irregular fluctuation, the general trend of registration of vehicles, as shown by the Trend line, is upward.

The rise in numbers of vehicles registered each year in recent years owes to the fact that banks/ finance companies are quite easily financing the cost of the vehicles. As a result, very minimal down payment need to deposited and equal monthly installments (EMI) are as low as 10,000 per month (depending upon number of years).

On the other hand, cars have become very cheaper than ever. So, anybody who is a professional having monthly income of around 25,000 can very easily ride a car. Therefore, owning a car is not a distant dream for many people .so, number of cars registered each year will rise significantly in the years to come, given the present political conflicts is resolved soon.

Katmandu valley is the single prime market for car/jeep/van. Definitely, the capital city is the commercial and financial hub of the country. So, there are top business person, top doctor, engineers and other professionals who can afford to purchase car. Katmandu valley is 78% market for Tata Indigo.

Tata Indigo is a C-segment car, which includes cars which are mid-sized and priced 13-17 lakhs. C- segment car market is the market of about 200 units annually. Mid-sized cars are very popular in our country and so has a very good market potential, as they are affordable too by Nepalese middle-class. Kia Rio and variants are predominant in c- segment market. There is intense competition, that Indigo has to face in its segment, ie. C segment.

Tata Indigo was introduced and launched in Nepalese market in July 2003. Introduced in mid year, and with not so much of publicity, it did a business of 27 units. That should be considered a good result, because it claimed a healthy and comfortable market share 11% in its segment that year.

Tata Indigo has emerged as a new star. Siprodi Trading has an ambition of becoming No 1 in C- segment car market. With 11% market share, it has already secured its position in third place in the year it was launched.

Some models of car Competitive to Tata Indigo are Maruti, Esteem, Hyundai Accent, Ford Ikon, Kia Rio/Shuma/ Sephia, Honda City, Mitsubishi Lancer, opel Astra/Corsa. Ford Ikon and Kia Rio are the biggest threat as a competitor to Tata Indigo.

Brand awareness and trust of the customers towards Tata products were the biggest strength of Tata Indigo. Besides that sales outlet at all of the major cities and good service network all over is strength. Spare parts are cheaper and available almost everywhere. And

Tata Indigo is available in both Diesel and petrol, which is available in few other cars. This is one competitive advantage and strength of Tata Indigo. Interestingly, price differential between Diesel and petrol is expected to drive the market to diesel. However, the price is not relatively cheaper. Immense potential exists for Tata Indigo. Old customers who had good faith, trust and loyalty towards Tata Products are inclined to purchase a Tata Car. Availability also in Diesel is major opportunity for Tata Indigo.

Tata Indigo is found to have a good market potential as customers preferences very much seem to favor Tata Indigo. While purchasing a car, customers regarded Availability of spares parts as the most important thing that they expect from a car. Tata Indigo is one of the most fuel-efficient car. Moreover Indica is available in Diesel, which is very much cheaper than petrol, thus ensuring economy in operation. And spare parts of Tata Indigo is available in all of the major cities across Nepal.

Tata Indigo is the fourth most preferred car among seven competitive models that were taken into consideration for the study. Tata Indigo is one of the best C- segment cars currently playing on streets of Nepalese . based on customer's perception of different features offered in car, Tata Indigo ranked second only to Kio Rio. Customers perceived Tata Indigo as a fuel efficient car. Customers are also very positive on fuel option provided on Tata Indigo, as Tata Indigo is available in both Diesel and petrol Version.

Analysis of primary data, i.e. survey data found that Tata Indigo has an estimated market potential of over 6,000 units in Kathmandu valley. Businessmen is the single largest potential customer category. Doctor and Industrialists are the highly potential ones with very significant car ownership rate.

5.2 Recommendation

The government has also increased the custom duty on cars. Customers are most sensitive about price the addition of another 20% to the existing customs duty of 200% has badly harmed the auto market. So the Sipradi Trading should be sensitive and make their marketing policy considering the government policy. To minimize the sales price he need to minimize the unnecessary expenses of the company.

The government decision is based on the perception that cars are luxurious products and also the government recently announced that people wanting to buy a car worth Rs. 1.5million or more must disclose their source of income this policy is one of the biggest hurdles Nepal's auto sector is currently facing in their effort to boost sales. it is not like there are too many cars in the country that we should discourage their sales in 2009.

Annual average inflation is expected to surge by 13% due to the high food price driven by world food crisis, devaluation of Nepali currency ,weak public delivery system ,closure ,strike ,transportation halt and obstruction created in supply system by different agitating groups .Inflation rate in the current fiscal year has remained very high i.e. 13.1% by mid march 2009. Nepalese economy entangled in the vertex of economic sluggishness amidst the double digit price rise thereby adversely affecting the purchasing power and living standard of the Nepalese people. So Tata Indigo should be serious to determine the price rate.

Tata Indigo has a good market potential in Nepal, epically insides Kathmandu valley. However, many people are no aware of some of its stringent its features, like availability in Diesel and petrol. Some people are not even aware of the availability of the model itself. Many confuse it with Tata Indigo. Customers perceive that Tata Indigo is nothing new, but an Indigo with a boot on rear. Fact is that there is a huge difference between those two. So, some marketing effort is required to , at least, make potential customers aware that there is Tata sedan car, which is different from earlier Tata Indica.

Tata Indigo is a bit expensive too, as many customers opine. Its price needs to be reduced to match a competition with other brands like Opel Corsa, Honda City, and Kia Rio . Many customers regard Kia Rio as very reasonably priced, though being an overseas imported car.

Cars are rarely bought on cash. Many customers need to finance the cost of vehicle. Finance process is very troublesome for many. So it is recommended that, Siprodi Trading pvt. Ltd. itself arrange for finances. For that , it can do tie-ups, or do subvention with some Banks or even finance companies. There should be scheme of Variable Down Payment.

Interest should also be as low as possible. Many customers demand financing facility from dealer itself more than anything else.

Publicity measures like newspaper ads, hoarding board at major crossings in the city, Demonstrations, festival schemes etc should be done often. After sales support should also be strong. Free service camps should be done often.

Exchange facility is also another weapon to win competition, and attract customers. Sipradi Trading should engage itself in this activity. Potential car customers always want to try some new models. They do not like to go through hassles in exchanging their old vehicles with a new one. If Sipradi Trading is able to take the burden, it can easily win the competition.

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Sipardi Trading is rigid in terms of discounts. Some dealers of foreign cars are able to offer discounts up to one lakh. Moreover, there are lot more interesting and provoking schemes. Discount offer has become a trend. So sipradi Trading should try to tune up itself with the trend.

Last but not the least, an aggressive marketing is required by the company, as car market is a very competitive one. Many customers have not seen, or are aware of the Tata Indigo. Being a newly introduced model, it should be marketed aggressively.

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