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A Biological Perspective on Competitive Forces in India's Automobile Sector: A Rational Analysis

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ABSTRACT:

The study presents a customer-centric competitive analysis of the automobile industry in India, shedding light on the preferences, perceptions, and experiences of consumers within the dynamic market. Recognizing the pivotal role of customer satisfaction in shaping industry dynamics, the study leverages several data collected from the consumers of the Industry. The automobile sector in India stands as a pivotal pillar of the economy, witnessing rapid evolution spurred by technological advancements, regulatory changes, and shifting consumer preferences. Through a rigorous competitive analysis framework, the study dissects the market structure, competitive forces, and strategic positioning of leading automotive companies operating in India. The collected data provides a comprehensive understanding of the factors influencing consumer decision-making processes, spanning vehicle features, pricing considerations, brand reputation, and post-purchase experiences.

Keywords: Customer-Centrism, Market Analysis, Automobile Sector, Consumer Decision-Making Process.

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1. Introduction

The automotive sector in India stands out as a dynamic and rapidly evolving industry, playing a crucial role in the nation's economic progress and industrial expansion. Over recent decades, this sector has undergone significant changes, marked by notable advancements, innovations, and substantial contributions to the GDP, employment, and technological advancements of the country. Historically, India's automotive journey commenced in the early 20th century with limited manufacturing units focused on assembling vehicles from imported parts. However, post-independence, the industry gained momentum, witnessing progressive growth and a gradual shift towards indigenous production processes, transitioning from a regulated market

to a more competitive landscape. This sector encompasses a diverse array of vehicles, including passenger cars, two-wheelers, commercial vehicles, and three-wheelers, catering to the mobility needs of both urban and rural populations. India has emerged as a significant global player in the automotive market, attracting investments from domestic and international giants. The evolution of the automotive industry in India has been driven by various factors, such as increasing disposable incomes, urbanization, evolving consumer preferences, technological advancements, and supportive government policies aimed at fostering growth, innovation, and sustainability. Initiatives promoting electric and hybrid vehicles have also contributed to a shift towards eco-friendly transportation solutions. Despite remarkable achievements and growth prospects, the Indian automotive sector faces challenges, including regulatory compliance, infrastructure limitations, fluctuating raw material costs, changing consumer preferences, and global shifts towards sustainable and electric mobility.

Overall, the journey of the Indian automotive industry reflects significant growth, innovation, and adaptation, establishing itself as a key driver of economic development and technological advancement in the country.

Objectives of the Study Primary Objective:

To carry out an in-depth investigation of the Indian car industry's competitive environment with an emphasis on discoveries from consumer choices and buying patterns.

Secondary Objectives:

- i. To Investigate and analyze the primary factors influencing consumer purchasing decisions in the Indian automobile market.
- ii. To investigate the perception and adoption of emerging technologies in automobiles among Indian consumers and their influence on purchasing decisions.
- iii. To Evaluate consumer perceptions of brand reliability, quality, and reputation and their role in influencing purchase decisions and brand loyalty in the Indian automobile market.

2. Literature Review

“Competitiveness of Firms in the Indian Automobile Industry: A Study Based on Porter's Diamond Model, Gupta, S., & Jain, S. (2014), Global Business Review, 15(2), 243-257

The Indian automobile industry experienced significant growth following the liberalization of the economy in the early 1990s, and over the past five years, this expansion has been unprecedented. This surge is driven by changes in the economic landscape, particularly in finance and foreign direct investment, leading to increased participation of international firms through various means like joint ventures, partnerships, or wholly owned subsidiaries. Consequently, competition within the industry has intensified. Assessing the factors influencing competitive advantage, the competitiveness of Indian automotive enterprises was analyzed. A competitiveness index was constructed for the 2005–06 fiscal year, based on a sample of fourteen firms representing around 85% of the industry's passenger, commercial, three-wheeler, and two-wheeler segments. Nearly half of these firms demonstrated performance exceeding the industry average across all segments, highlighting the intense rivalry prevalent in India's automotive sector, evidenced by marginal differences in competitiveness among firms.

“Competitiveness of Indian Automobile Industry: An Analytical Study”(2012) Srivastava, S., & Prasad, R. International Journal of Engineering and Management Research

This analytical study examines the competitiveness of the Indian automobile industry, focusing

on factors influencing firms' competitive positions. It analyzes industry dynamics, market trends, technological advancements, and government policies affecting competitiveness. The study offers insights into strategies adopted by firms to enhance their competitive edge, providing recommendations for sustaining and improving competitiveness in the Indian automotive market.

"Enabling Factors for the Growth of the Indian Automobile Industry: A Comprehensive Analysis" (2019), Sharma, R., & Gupta, M. International Journal of Management Studies

This research investigates the roles of government policy and other enabling factors in driving the growth of the Indian automobile industry. It provides a comprehensive analysis of policy measures, technological advancements, market dynamics, and infrastructure development, highlighting their interplay in shaping industry growth. The study offers insights into the effectiveness of government policies and identifies key factors facilitating the industry's expansion, offering implications for policymakers and industry stakeholders.

"Government Policy and the Growth of the Indian Automobile Industry" (2017) Das, A., & Choudhury, B. Indian Journal of Industrial Relations

The study examines the impact of government policies on the growth of the Indian automobile industry. It analyzes various policy interventions, including tax incentives, trade policies, and regulatory frameworks, and evaluates their effectiveness in fostering industry growth. The study also explores other enabling factors contributing to the industry's development, such as technological advancements, market demand, and infrastructure development.

"Performance Analysis of the Indian Automobile Industry: A Comparative Study" (2018)., Sharma, A., & Singh, R. International Journal of Research in Business Management.

This paper examines the performance of the Indian automobile industry from 2001 to 2018 using secondary data on production, exports, and imports. Various metrics such as compound annual growth rate, year-over-year growth rate of production, export share, trade balance, and global market share were employed to assess performance. Notably, two-wheelers constituted a significant portion of car production, witnessing a notable surge from 2011 to 2018. Commercial vehicle production also experienced substantial growth. Despite overall sales increases, domestic two-wheeler sales rose gradually. India maintains a trade surplus in all cars except for "Trailers" and "Motor vehicle parts and accessories," which exhibit a deficit. However, the total number of road vehicles and their compound annual growth rate declined notably between 2011 and 2018. The analysis suggests a lack of comparative advantage in automobile exports, highlighting the need for enhanced research and development, improved infrastructure, and comprehensive employee training programs to bolster quality and global competitiveness.

"Policy options to support the adoption of electric vehicles in the urban environment", S Bakker, JJ Trip (2013)., Transportation Research Part D: Transport and Environment,

The usefulness, economy, and practicability of legislative initiatives that local governments may implement to encourage the adoption and usage of electric vehicles are covered in this essay. Our analysis is predicated on an expert workshop wherein local policymakers exchanged experiences with regulations relevant to electric vehicles through the use of a group decision room technology. Six categories of initiatives are distinguished: government as the lead user, regulating the transition with other levels of government, assisting citizens and enterprises, enabling charging infrastructure build up, regulatory measures, promoting awareness. In order to promote electric mobility, we identify two workable policy combinations of effective and

efficient measures: one for cities aiming to be among the world's leaders and another consisting of no-regret policies that any city should implement.

3. Research Methodology

Descriptive research design is a methodological approach used in research to describe or characterize a phenomenon, group, or situation by providing a detailed and accurate picture of the issue under examination, and it is utilized as the research design in this study. Judgmental sampling, also known as purposive or subjective sampling, is a non-probability sampling technique in which researchers apply their judgment and experience to the study. Data were collected from the samples of 109 people through the utilization of questionnaires and were employed as the primary tool for data collection. The questionnaire contained details of demographic data of 6 questions and about 21 research oriented questions which makes a total of 27 questions and the collection of secondary data was conducted through a meticulous review of various published sources. Academic journals, research papers, industry-specific publications, and reputable online databases were scrutinized to acquire a comprehensive understanding of the existing knowledge and insights pertinent to the study's objectives.

Findings and Analysis

1. Respondents generally perceive a high level of competitiveness among major players in the Indian automobile industry. The majority rated the competitiveness as "High," indicating intense competition within the market. This suggests that firms in the industry are actively vying for market share through various strategies and initiatives.
2. There is a notable divergence in opinions regarding the influence of government policies on the competitive landscape of the Indian automobile industry and we suggest a need for further examination of specific policies and their implications on industry competitiveness.
3. The effectiveness of strategic alliances and partnerships in enhancing competitiveness within the Indian automobile industry is perceived to be moderate by respondents. While some acknowledge their efficacy, others express skepticism. This highlights the mixed perceptions regarding the role of collaborative ventures in driving competitive advantage in the industry.
4. Responses regarding the level of technological innovation in the Indian automobile industry vary, with a significant portion indicating that it is keeping pace with global standards. However, there are also views suggesting a lag behind global innovation trends and it underscores the need for continuous investment in R&D to maintain competitiveness in an increasingly technology-driven market.
5. The degree of market saturation in the Indian automobile industry is perceived to be moderate by respondents. While some believe there is still room for growth and expansion, others express concerns about saturation levels impacting competitive dynamics. This indicates the importance of strategic differentiation and innovation to navigate a competitive market landscape.
6. Overall, the survey results reflect a complex and multifaceted understanding of competitive analysis in the Indian automobile industry. While there is consensus on certain aspects such as high competitiveness among major players, divergent opinions exist regarding the influence of government policies, effectiveness of strategic alliances, and the pace of technological innovation. These findings underscore the need for nuanced approaches in analyzing and addressing competitive challenges within the industry.

Suggestions

- To influence consumer behavior, car manufacturers should create enticing websites that

provide timely information.

- The study proposes that manufacturers use trained salespeople to comprehend customer preferences that influence car purchasing decisions.
- This study indicates that as consumers' preferences evolve with modernization, automobile manufacturers are often updating their models to meet these shifting demands.
- According to the study, people prioritize both price and car features when purchasing. The interview results indicate that people's purchasing decisions are primarily influenced by the cost of cars. Companies should position their prices competitively to maintain market share.
- The adoption of emerging technologies in automobiles among Indian consumers is driven by a combination of factors, including environmental concerns, safety considerations, convenience, and government incentives. Manufacturers and policymakers must understand these dynamics to effectively market and promote technologically advanced vehicles in the Indian market.
- EVs appeal to environmentally conscious consumers who prioritize reducing their carbon footprint. With growing awareness of climate change and air pollution in India, many customers view EVs as a sustainable transportation option, influencing their purchasing decisions.
- Based on the research findings, automobile brands should develop strategic recommendations to enhance brand reliability, quality, and reputation perception among Indian consumers. They should implement initiatives to address any identified gaps or areas for improvement.
- Automobile companies should continuously monitor consumer perceptions and preferences over time to track changes and evaluate the effectiveness of implemented strategies. Use feedback mechanisms such as customer surveys, reviews, and market research to assess brand performance and make adjustments as needed.

4. Conclusion

In conclusion, the automobile industry is continually evolving, driven by advancements in technology, changing consumer preferences, and a growing focus on sustainability. Key trends include the rise of electric vehicles, the integration of advanced connectivity and autonomous features, and an increased emphasis on sustainability practices. Automakers can thrive by embracing innovation, offering versatile and eco-friendly options, and staying attuned to the dynamic needs of consumers. As the industry moves forward, a balance between cutting-edge technology, environmental responsibility, and customer-centric strategies will be crucial for sustained success.

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