CHAPTER 1

INTRODUCTION
1.0. **INTRODUCTION:**

In the changing face of economy when India is emerging as a strong player in Information Technology, We are not left behind in other areas. Today Indian economy is coming out of recession and as per the data available we can expect a bright future for Indian economy in the coming years.

Transportation is one of the major contributors in the development of any economy. Today we have three types of transportation media available, one surface transportation second air transportation and third sea transportation. Surface transportation is further divided into two segments one is by road and other is by rail.

Because of number of reasons, in India, road transportation occupies major means of movement both for passenger and cargo movement. Though we have one of the largest networks of rail in the world but unfortunately we are not able to keep pace with the technological development in the area of rail transportation. This coupled with the lack of connecting railway lines in the smaller towns has forced the passenger and cargo movement by road.

The fact is that till recent past we did not have even sufficient good roads in our country. Small towns were connected with *Kaccha* road. It is only in the beginning of
nineteen nineties government started giving importance to road development work in the country. Our Honorary Prime Minister has decided to connect the entire four important cities i.e. Delhi, Mumbai, Chennai and Kolkatta. This project is known as golden quadrilateral of India. Today the road construction work is in full swing. In this area large construction companies are involved; even number of multinational companies are also involved with the latest road construction equipments in the market. In this direction major achievement is development of Express Way between Mumbai and Pune.

This has substantially affected the transportation scenario in India. Today we have latest cars, trucks and buses available in our country. One of the established companies in the world Volvo has not only launched their high performance trucks and trailers but they have also launched their air-conditioned buses.

This is equally noticed in the area of passenger transportation. Today we have all the major car manufacturers in our country. Earlier, cars were considered as just means of transportation. Now the customer is much informed about the developments and has become more demanding. Present day’s customer is looking for higher level of performance and comfort. On one hand, the developments are noticed in the car technology on the other hand consumables for the cars are also undergoing changes. Car tyres are one such consumable.
Product development is an unending process. In last century tyre technology has undergone number of changes due to various reasons. Today's tyre has kept the pace with change in the development of equipments for which it is used. Now we have better tyres in terms of product features. Superior product brings a lot of advantages for the vehicle owners but simultaneously attracts number of problems in the area of marketing.

This changing scenario in the road transportation, to be precise in the area of passenger transportation due to change in the road conditions, availability of new generation cars and change in the customers perception, has made the job of tyre manufacturer more challenging especially in the area of marketing of tyres. Today we have all types of tyres available in the country starting from the cross ply or conventional tyres to radial tyres both tube type and tube less tyres.

It's a challenge for the tyre marketing team to not only make the right tyres available for right vehicle at the right time and at the reasonable price but to advise the large variety of customers. We have customer who wants better price. We have customers who want better comfort then we have customers who not only want more mileage but also want fuel savings.

Vehicle usage is of different types, from personal usage to commercial usage. In these cases the actual running of the car is substantially different. Normally personal
usage car runs on an average about 500 to 1500 kms/month whereas commercial usage car runs on an average about 5000 to 8000 kms./month.

In personal usage segment, we have different types of customers. People in the service class use the car only from their residence to the work place. Some use the car for performing their official visits in different parts of the geographical area. There are other customers who own the vehicle but use it only once in a while.

In personal use, people from the business class have different use of car. In most of the cases it is noticed that there are number of people who drive the car.

In case of commercial usage the segment is broadly classified into two groups. One is single taxi owner and other is a large taxi operator. Characteristic of both the segments is different.

Different usage, different expectations and different variety of tyres have made the things very complex.

Technological changes are noticed in the tyre technology. The change is directed towards meeting the challenges extended by various factors. Major shift is noticed in the product design. Till beginning of seventies, in India we had only cross ply or conventional tyres. In late seventies new type of tyres came into existence known as radial tyres. We have now both these tyres for cars.
Till beginning of eighties in India all the cars were fitted with cross ply tyres. With the change in car technology now all the new generation cars available in the market are fitted with the radial tyres. This shift poses the question of the problems in marketing of radial tyres for the vehicles like Maruti 800, Fiat and Ambassador and some of multi utility vehicles like some of the models of Tata Sumo and Tempo Trax.

I have made an attempt to study the marketing related problems and the prospects of radial car tyres in India by keeping in mind various factors.

1.1 **OBJECTIVES:**

Objectives of my research are broadly listed below:

(i). To understand the background of tyre industry.

(ii). To understand current market scenario of passenger car radial tyres.

(iii). To study the factors affecting the changes in the market scenario.

(iv). To project expected market scenario of passenger car radial tyre industry in the year 2010.
(v). For above situation to find out the problems being faced and expected to be faced by the tyre marketing team.

(vi). In the changing market scenario to highlight, prospects of radial tyre marketing.

Tyre industry is dependent on surface transport and has adopted changes required by the transport. The changes in the tyres are also due to various other factors like customers choice, retreadability of tyres, road conditions, and govt. polices, tyre prices, competition from indigenous and imported brands, change in the tyre technology etc.

It is necessary to understand the car market, right from the introduction of cars to various changes it has undergone and the current status.

Once it is clear about the developments a car has undergone it will be easy to assess the radial car tyre market. At times it is also noticed that tyre manufacturers provide the required input to the car manufacturer for making some change in the car geometry. It is essential that the tyre manufacturer should work in tandem with the car manufacturer.

All the above factors have made the job of tyre marketing team more challenging.
1.2. HYPOThESIS:

World over radial car tyres are accepted as better alternative over the conventional cross ply tyres. The acceptance ratio of the radial tyres is over 85%. In certain countries it is over 95%.

In India radialisation did not catch on at a pace that was expected, since its introduction way back in 1978. This could be attributed due to several factors, viz. Indian roads generally not being suitable for ideal plying of radial tyres; vehicles produced in India not having suitable geometry for fitment of radial tyres and hence the general, and wrong, perception that radial tyres are not required for Indian vehicle; radial tyres are not retreadable; unwillingness of consumer to pay higher price for radial tyres etc.

Upto the year 2000 radialisation of car tyres was below 50%. With this I designed the hypothesis as under:

If the problems currently being faced and expected to be faced in the area of marketing of passenger car radial tyres are systematically tackled and removed, better market penetration can be achieved. The market share from the current levels of below 50% can go beyond 90% in the passenger car radials by the year 2010.
Keeping in mind the aforesaid hypothesis an in-depth study of various factors, which are causing the problem in the marketing of car radial tyres, is carried out.

For this, I studied right from the development of surface transport in the last century to the invention of cars and current status of car market in India. From the invention of tyres to development of pneumatic tyre to the radial tyres and now tubeless tyres etc.