FINANCIAL INVESTMENT IN TATA GROUP

[1]MAHARAJULA PRAMOD KUMAR and [2]Dr., R.SOWMYA

[1]PG Scholar, [2]Associate Professor,

[1,2]Department of Management, Teegala Krishna Reddy Engineering College (UGC-Autonomous),

Hyderabad,

Telangana, India

ABSTRACT

The premise of market segmentation is that to maximize sales to a large population of customers, it is best to divide it into logical subgroups. The assumption is that by dividing one large, amorphous mass into subgroups, you can fine-tune your product, messaging, support, or distribution channels to meet the specific needs of unique customer groups. Thus, the goal is to use a market segmentation model to improve marketing success and optimizemarketing roi.

This project is done with the practical example of how a leading automobile company i.e. Tata motors used this market segmentation strategy as an important tool on their wayto success.

INTRODUCTION

Market segmentation is a process of dividing a heterogeneous market into relatively more homogenous segments based on certain parameters like geographic, demographic, psychographic, and behavioural. It is the activity of dividing a broad consumer or business market, normally consisting of existing and potential customers, into sub-groups of consumers(known as segments) based on some type of shared characteristics.

In dividing or segmenting markets, researchers typically look for common characteristics such as shared needs, common interests, similar lifestyles, or even similar demographic profiles. The overall aim of segmentation is to identify high yield segments – that is, those segments that are likely to be the most profitable or that have growth potential – so that these can be selected for special attention (i.e. Become target markets). Many different ways to segment a market have been identified.

The project work under study is a humble effort to undertake an intelligent analysis of market segmentation process followed by automobile industry, and a study on the topplayer of this industry i.e., "tata motors".

A financial instrument is defined as a contract between individuals/parties that holds a monetary value. They can either be created, traded, settled, or modified as per the involved parties' requirement. In simple words, any asset which holds capital and can be traded in the market is referred to as a financial instrument.

Some examples of financial instruments are cheques, shares, stocks, bonds, futures, and options contracts.

Financial instruments can also be classified based on the asset class, i.e. Equity-based and debt-based financial instruments.

Equity-based financial instruments include securities, such as stocks/shares. Also, exchange-traded derivatives, such as equity futures and stock options, fall under the same category.

Since the maturity period on long-term debt-based financial instruments exceeds a year, securities such as bonds fall under the category. Exchange-traded derivates include bond futures, and options are the other examples.

NEED AND IMPORTANCE

☐   I got to know how to reduce risk in deciding where, when, how, and to whom a product, service, or brand will be marketed

☐   I got to know the different range of products produced by tata motors and ways of grouping them and allotting a segment of market by analysing the different properties of the product.

☐   This project helped me in understanding how tata motors used market segmentation process as one of the strategy in making their company successful

☐   This project helped me to understand the different types of segmenting the market for various range products.

RESEARCH METHODOLOGY

Secondary data

The secondary data is obtained from magazines, books, online sites, journals and newspapers etc.

LIMITATIONS

- The study is limited to a short period of time.
- The study is conducted on tat motors only
- Conducted the study based on secondary sources.

REVIEW OF LITERATURE

The following chapter provides the information about the literature of market segmentation

Fahed yoseph [2018]: ... According to the european commission, the smr industry forms the backbone of the economy and are the key players in the creation of new jobs and economic growth. Historically, small size retailers have had the privilege of developing close and mutually beneficial relationships with their customers, thus keeping existing customers and reaching new markets is a major challenge for the retailer.
these relationships were possible because consumer's buying behavior did not change much, and the price was less of an issue due to less competition

... However, the recent economic and social changes have transformed the retail industry, particularly the relationship between the retailer and customers has changed significantly. As a result, retailers have been forced to seek new marketing strategies to identify the profitable segment of customers, to develop marketing mixes that appeal to those potential segments of customers and to focus on providing value to the key segments of customers

... The goal is to map consumer wants and needs from nationality, region to another etc. Behavioural; product attitudes, customer relationship related features ...

Mohammed almalaily [2019]: according to the european commission, the smr

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Jitendra patel[2018]: the study further suggest to use multi segmentation variable to divide the market into several sub market and interpret there brand preference for satisfying consumer demands which will lead to sustainable competitive advantages for any organization. Goyat (2011) in her literature review find the dominance of demographic and psychographic factors for segmentation, she also observed the segmentation is greatly influence of extraneous variables as price, trends, and market conditions on the purchase of the consumers. She also suggests that market segmentation is completely dependent upon all four traditional bases not on single one. ...

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... I) new or underdeveloped market ii) mature market 21 goyat (2011) segmentation is greatly influence of extraneous variables as price, trends, and market conditions on the purchase of the consumers and market segmentation is completely dependent upon all four traditional bases not on single one. ...

Jacqueline mangwane[2019]: ... Demographic segmentation demographic descriptors are used to determine

the observable demographics that differentiate one segment from another (goyat, 2011). Variables such as age, gender, family size, family lifecycle, income, occupation, education, generation, ethnicity, nationality, religion, and social class form the basis of demographic segmentation (goyat, 2011;veisten et al., 2015).understanding the demographic characteristics of travellers helps to create a more thorough tourist profile (tichaawa & harilal, 2016;alén et al., 2017). ...... Demographic segmentation demographic descriptors are used to determine the observable demographics that differentiate one segment from another (goyat, 2011). Variables such as age, gender, family size, family life cycle, income, occupation, education,generation, ethnicity, nationality, religion, and social class form the basis of demographic segmentation (goyat, 2011;veisten et al., 2015).understanding the demographic characteristics of travellers helps to create a more thorough tourist profile (tichaawa & harilal, 2016;alén et al., 2017). The study of tourist demographic characteristics is also useful in the formulation of marketing strategies (duman & tanrisevdi, 2011) and providesuseful information for policy-makers and tourism managers for strategy formulation, product development, and service delivery (brida et al., 2010). ...

Soo-kyoung ahn[2020]: ... Second, previous studies have mainly taken a dichotomous approach to unique consumers (i.e., opinion leaders or non-leaders, or mavens or non-mavens), lacking further segmentation and consumer profiles. Market segmentation keeps businesses closely in touch with their consumers, ensures more efficientresource allocation, and results in marketing programs attuned to consumer needs and a competitive advantage within the segment. Identifying consumer needs and developing the right offers to specific consumer segments is a critical part of the marketingprocess for retailers with limited resources and attention spans...

... Segmenting a market effectively and identifying characteristics of consumers from each segment correctly are critical parts of marketing that should precede the market choice for asuccessful business. However, some limitations should be surmounted in the next step.

...

Faten ibrahim khamise[2021] : ... Some behavioral variables include required benefits, usage rate, brand loyalty, user status, readiness to buy, and opportunities. (goyat, 2011). There is no doubt that the needs of students and researchers for the sources of science and knowledge are much higher than the needsof children and readers, so their usage rate of ekb varies from group to group and also their required benefits. ...

Jiayang cheng [2020] : ... Segmentation is a strategy of dividing the market into homogenous group (groups of consumers or segments with distinct needs and wants). It is generally used to identify and further define the target customers, and provide supporting data for marketing plan elements such as positioning to achieve certain marketing plan objectives (goyat, 2011). After making the segmentation, businesses may develop product differentiation strategies,or an undifferentiated approach, involving specific products or product lines depending on the specific demand and attributes of the target segment. ...

Salome ighomereho[2020] : ... Demographic segmentation theory explains consumer purchase behaviour according to variables such as age, gender, family size, family life cycle, income, occupation, education, generation, ethnicity, nationality, religion, and social class (goyat, 2011). Stafford (1996) suggests that

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S.mohan kumar [2019]: ... In one year from the introduction, they reached up to 5% of the market share. Currently company have a constant 10% of market share in india. The market share value of vivo in india is given in table 4. ...

Arvind mallik [2018] : limitation of the study 1. Time constraints: difficult

To collect information 2. Inaccurate information: the information given by the consumers may be inaccurate.3. Restricted too few areas only: the study is only conducted in shivamogga city only. ...

Hadi roshan [2017] these days every company wants to focus on customers

Within their capacity and with customer's intimacy. For this market is to divide into groups of consumers or segments with distinct needs and wants (goyat, 2011). Market classification is one the most important issues in modern marketing and customer relationship management (berson et al., 2000) and it is an approach aiming at grouping similar customers in order to better understand and approach them (seret et al., 2015).

Jim saker [2018] : ... Not only would this increase the appeal of the marketing messages, it would make them more cost-effective as they would reach more accurate market segments. This research builds upon previous studies in market segmentation (haley 1968;alpert and gatty, 1969;dibb, 1998;dibb and simkin, 1991;kotler, 1991;du and kamakura, 2006;kotler and keller, 2006;malhotra and birks, 2007;smith, 2009;wells et al., 2010;goyat, 2011;tkaczynski and rundle-thiele, 2011;elena delgado-ballester et al., 2012;wu et al., 2015). In doing so it provides important guidelines for manufacturers and marketing departments on the collection of data and the diffusion of product information. ...

Kobbi nissim [2018] : ... The segmentation base chosen to subdivide a market will depend on many factors such as the type of product, the nature of demand, the method of distribution, the media available for market communication, and buyers' motivation [13]. The marketing methods discussed in this literature, and in particular segmentation methods (see a discussion of methods of segmentation in [20]), almost entirely ignore game-theoretic considerations on the part of consumers. Thus, the available data underlying segmentation is
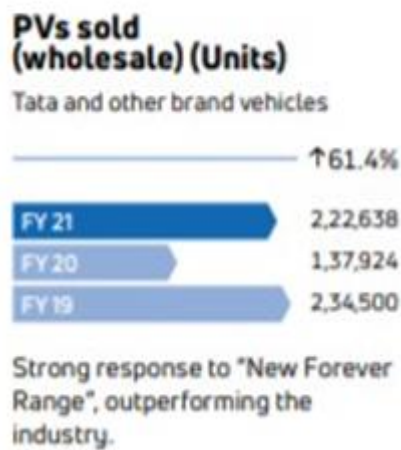
(implicitly) considered truthful. .

RESEARCH DATA ANALYSIS INTERPRETATION

key performance indicators

Strong performance in a challenging environment

Our strong financial recovery since the beginning of the pandemic, matched with robust costcontrol, has resulted in a return to strong margins and positive cash flow through the year.
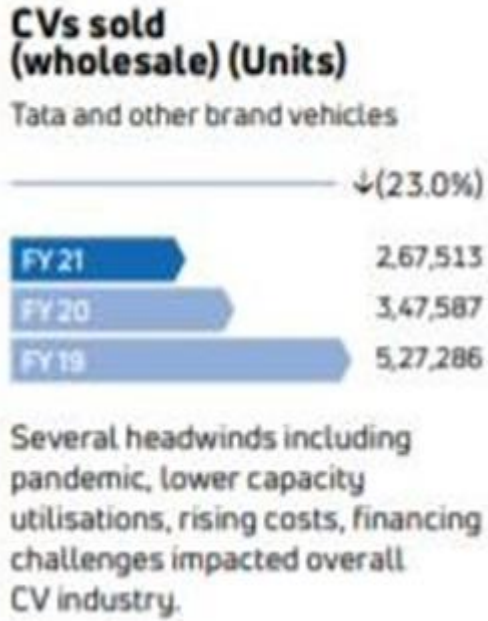
Figure 1 :

PVs sold (wholesale) (Units)

Tata and other brand vehicles

	↑61.4%
FY 21	2,22,638
FY 20	1,37,924
FY 19	2,34,500

Strong response to "New Forever Range", outperforming the industry.

Interpretation:

From the above graph ,

In 2019 personal vehicles are 2,34,500 units are sold. In 2020 personal vehicles are 1,37,924 units are sold. In 2021 personal vehicles are 2,22,638 units are sold.
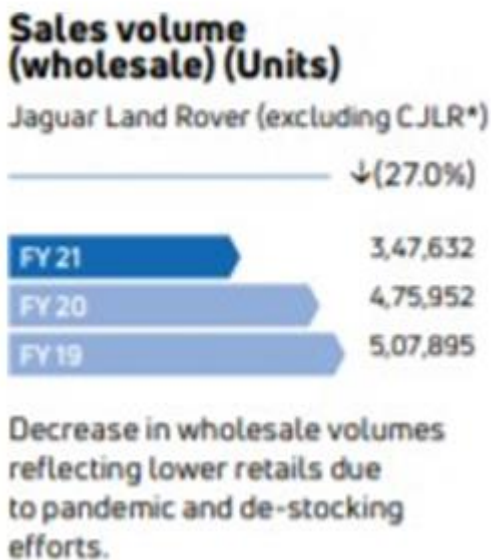
Figure -2

CVs sold
(wholesale) (Units)

Tata and other brand vehicles

↓(23.0%)

FY 21	2,67,513
FY 20	3,47,587
FY 19	5,27,286

Several headwinds including pandemic, lower capacity utilisations, rising costs, financing challenges impacted overall CV industry.

Interpretation:

From the above graph ,

In 2019 commercial vehicles are 5,27,286 units are sold. In 2020 commercial vehicles are 3,47,587 units are sold. In 2021 commercial vehicles are 2,67,513 units are sold.

Figure – 3

Sales volume
(wholesale) (Units)

Jaguar Land Rover (excluding CJLR*)

↓(27.0%)

FY 21	3,47,632
FY 20	4,75,952
FY 19	5,07,895

Decrease in wholesale volumes reflecting lower retails due to pandemic and de-stocking efforts.

Interpretation:

From the above graph , in 2019 total sales volume are 5,07,895 units are sold. In 2020 total sales volume are 4,75,952 units are sold. In 2021 total sales volume are 3,47,632 units are sold.

WHAT IS THE SHARE VOLUME OF VEHICLES IN 2019-20 ?
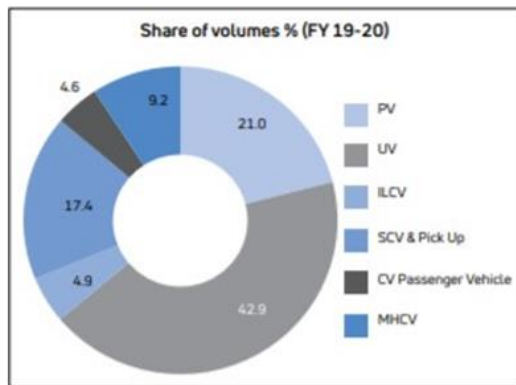
Interpretation

We maintained our leadership position in the commercial vehicle category in india, which was characterized by increased competition during the year. The passenger vehicle market also continued to be subject to intense competition.

The following table sets forth our market share in various categories in the indian market based ontml wholesale volumes:

FINDINGS, SUGGESTIONS AND CONCLUSION

FINDINGS

➤   I found out that various kinds of benefits that company derives by using this market segmentation segmentation strategy concept.

➤   I found out that market segmentation strategy helps in better pricing strategy with a practical example in case of tata motors. For example: the revenue division according to different market segments show that jaguar and lanrover cars which come under premium and luxuary segment of the market generates a large revenue which is bigger than any other segments of the market.

➤   This is possible because tata motors identify the segment of the market which can spend a huge amount of money on its products,that is premium and luxury segment.so tata motors prices its products which comes under the segment with a very high value.though the features of this cars varies from normal cars,the profit margin in these cars is also huge.

➤ I found out how market segmentation helped tata motors in appropriating the features of the cars for different segments of the market.

➤ I found out how tata motors use this segmentation strategy to penetrate into the market by covering all the segements of the market,by producing its products according to their purchasing power,lifestyle,loyality,their financialstatusand their culture and traditions.

➤ By this research i found out different ways of segmenting the market.

➤ By this research i found out how tata motors is using segmenting the market using different methods.

➤ Through this research i found out that tata motors is designing its products according to the various market segments needs and wants.

SUGGESSIONS

• Through this research i have found out that tata motors is not targeting the rural segment in the market though there is lot of scope in it.it would be betterif the tata motors can produce products usefull for village people like tractors ,agriculture equipments.

• Through this research i also found out that tata motors share volume is satisfactory but in some aspects it has to improve service quality.

• In the process of making research i also found out that tata nano has become a failure due to its drawbacks which finally resulted in neglecting poor and middle class segments. So i suggest tata motors to produce cars like tata nano after doing various rectifications found and target the poor and middle class segments again

CONCLUSION

Markets are intimidating, and it may seem like certain groups of people are the only ones capable of succeeding in them. If you learn nothing else from our research, we hope that you do see the truth about markets. They are the great equalizer in some ways. One man's purchase at the right time is just as good as major banks, although major sources of unfair advantage undoubtedly still exist. Tata motors mainly focus on employee's benefits in the organization. .

 the tata motors phenomenon has been controversial, and not all of its impacts are known to us in this period of change. One thing is clear, though; individual investors can get their share of alpha and even significantly outperform the big guys. At tata motors, we genuinely are interested in financial instruments and imparting our deep experience in knowledge you admirably chart a course toward a brighter financial future.

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