

**BCG Matrix to give recommendation for Maruti Suzuki India Limited and chances
to sustain in the 'workplace of the future'**

submitted by

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Abstract

Maruti Suzuki India Limited is a holding company engaged in the manufacturing, purchasing and selling of motor vehicles, components and spare parts of four wheeler cars. It was established in February 1981, and production started in 1983. The first model i.e. Maruti 700 was 100% Indian made. Maruti Suzuki India Limited is a joint venture between Indian government and Suzuki car manufacturer, Japan. It has three manufacturing facilities located in Gurgaon, Haryana; Manesar, Haryana and Gujarat with annual combined production capacity of 17,62,000 vehicles per year. The company product portfolio includes Alto 800, Alto K10, Wagon R, Celerio, Ritz, Swift, Dzire, Ertiga, Omni, Ciaz, Vitara, Brezza, Eco etc. The objective of the study is to know the present status of BCG matrix strategy of Maruti Suzuki India Limited. Secondary data have been collected with the help of Websites, National and international journals, magazines and newspapers in this study. We had an in-depth discussion on the BCG matrix and its limitations. Also the detailed information of Maruti Suzuki India Ltd and different cars produced by the MSIL. The study shows that the BCG matrix marketing strategy used by Maruti Suzuki India Ltd is good and appropriate to sustain in the present competitive scenario.

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BCG Matrix :-

The BCG growth share matrix is a Portfolio planning model developed by Bruce Henderson of the Boston consulting group.

BCG matrix - is a 2×2 matrix having 2 rows and 2 columns. developed by BCG USA provides a graphic representation of organization. It is well known corporate portfolio analysis tool.

1970's it is based on the observation that a company's business unit can be classified in the four categories based on the combination of the market growth and market share relative to the largest competitor hence the name growth share.

BCG matrix is used for developing market strategies and performing marketing analysis is related to portfolio planning & analysis.

The Portfolio analyzed with the BCG matrix is generally portfolio of product and services offered by company or strategic business unit (SBU) managed by the company. BCG matrix is corporate analysis of business potential and the evaluation of environment.

According to this matrix business could be classified as high or low according to their industry growth rate and relative market share.

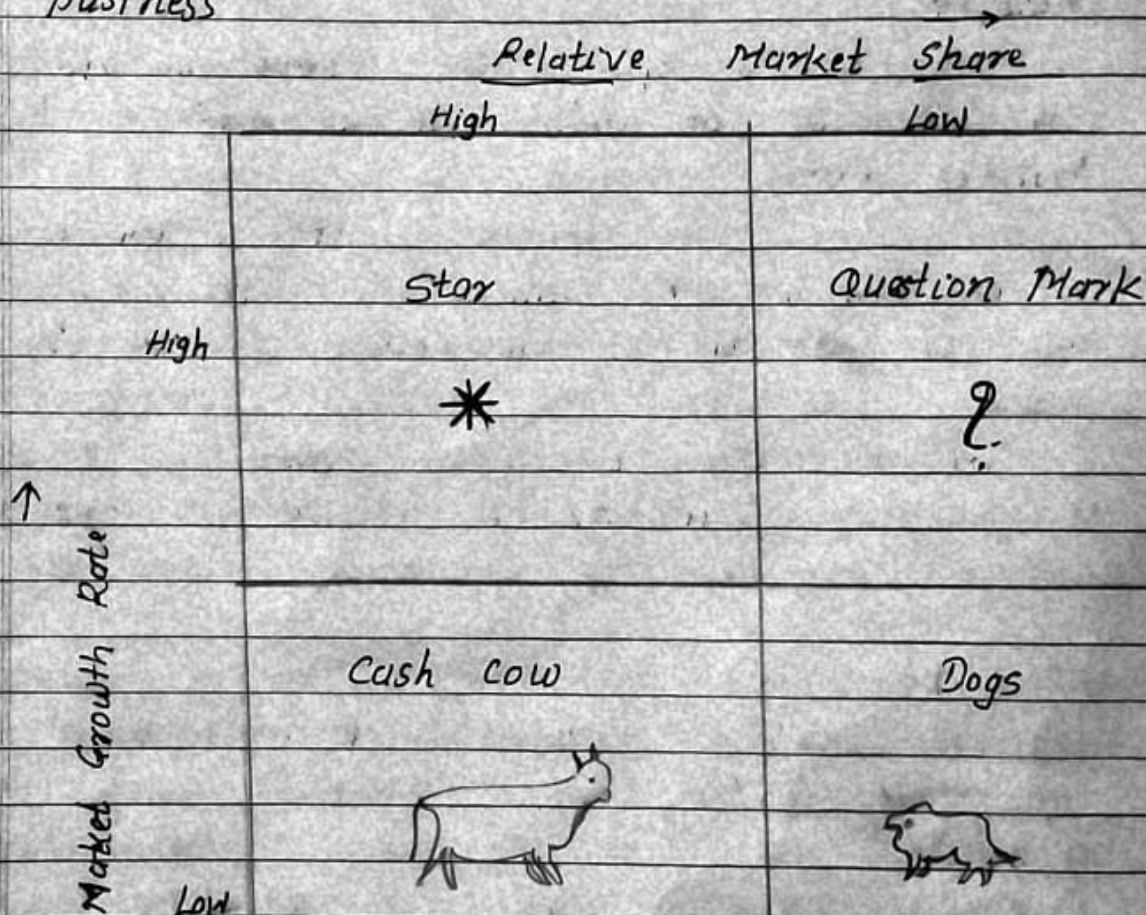
A Strategic Business Unit is a significant organization segment that is analyzed to develop organization in larger organization, a SBU could be a company division a single product or a

complete product line.

BCG matrix has two dimensions market share and market growth the basic idea behind it is if a product has biggest market share or if the product market grow faster it is better for the company.

BCG matrix has four cells with horizontal axis representing relative market share and the vertical axis denoting market growth rate.

The four cell of this matrix have been called as stars, cash cow, question mark and dogs. Each of these cell represents a particular type of business.



① Stars:-

stars represents business units having large market share in a fast growing industry.

They may generate cash but because of fast growing market stars requires huge investments to maintain their leads. These business units are highly competitive in the industry. If successful a star will become a cash cow when the industry matures.

② Cash Cow:- cash cow represents business units having a large market share in a mature, slow growth industry.

Cash cow requires little investment and generate cash that can be utilized for investment in other business unit.

The SBU's are the corporation's key source of cash and are specifically the core business. They are the base of organization usually follow stability strategies.

When cash cow lose their appeal and move towards deterioration then a retrenchment policy may be pursued.

1) Question Marks:-

Question marks are generally new goods and services which have a good commercial prospective.

There is no specific strategy which can be adopted. If the firm thinks it has dominant market share then it can adopt expansion strategy else retrenchment strategy can be adopted.

Most businesses start as question mark as the company tries to enter a high growth market.

in which there is already a market share.

If ignored the question mark may become dogs while if huge investment is made then they have potential of becoming stars.

4) Dogs:-

Dogs represents businesses having weak market shares in low growth markets. They neither generate cash nor require huge amount of cash. Due to low market share these business units face cost disadvantages.

Generally retrenchment strategies are adopted because these firms can gain market share only at the expense of competitors' firms.

These business firms have weak market share because of high cost, poor quality, ineffective marketing etc.

Unless a dog has some other strategic aim it should be liquidated if there is fewer prospects for it to gain market share.

Number of dogs should be avoided and minimized in an organization.

Relative Market - Share :

In relative market share is market share relation to the largest competition.

Company	Market share
A (firm)	20%
B (largest competitor)	60%

$$\text{Relative Market share of A} = \frac{20}{60} = \frac{1}{3}$$

Strategies based on Matrix:-

Four action firm can take. (1) Build (2) Hold
(3) Harvest (4) Divest

STAR	QUESTION MARK
Hold	Build
CASH COW	DIVEST DOG
HARVEST	DIVEST

BCG matrix is useful for a portfolio analysis such decision are taken to plot a matrix graph where the product lie.

Limitations of BCG Matrix

- 1) Difficult to obtain accurate data
- 2) Difficult to implement data on the matrix
- 3) Higher market share doesn't necessarily mean high profits
- 4) Lower market share doesn't mean low profit
- 5) Lack of insights for future.
- 6) Assumptions are simplistic and not in the line with the dynamic nature of modern business.

Maruti Suzuki India

Introduction :-

Maruti Suzuki India Limited is India's leading largest Passenger car manufacture which accounting for nearly 50 % of the total industry sale with a view to cater the demand of all types of customer the company has variety of brands in its basket i.e. ranging from the peoples car Maruti 800 the stylish hatch-back Swift, SX4 Sedan & luxury sports utility vehicle (SUV) Grand Vitara. The company has received ample awards & Maruti Suzuki India Limited (MSIL) is not new for us. The old name of Maruti Suzuki India Limited is Maruti Udyog Limited an automobile manufacturing in India. MSIL was establishment in February 1981 and production started in 1983 with the Maruti 700, which is 100% indigen made and then the second model was Maruti 800 DX, which was based on the 'Suzuki SS80', imported from Japan. Car manufacturing MSIL headquarters is in New Delhi and it was founded as joint venture between Suzuki Motor Corporation Japan and the government of India. When we talk about the present scenario of four wheelers in India. MSIL is a leading manufacture. As a July 2018, it had a market share of 53% of the Indian passenger car market. MSIL has three manufacturing facilities in India and manufactures and sells popular cars such Vitara, Brezza, Celerio, Ignis, S-Cross, Baleno, Ciaz, Ertiga, Ato 800, Ato K 10, Swift Dize, Wagon R, Ritz & omni.

The three manufacturing plants are 1) Gurgaon Manufacturing Plant 2) Gujarat Manufacturing Plant. All plants have a combined production capacity is 1762000 vehicles per year in which 15,12,000 vehicles are the production capacity of Gurgaon Manufacturing plant and Manesar Manufacturing plant. But the new plan is to increase the production capacity of three plant from 1762,000 Vehicles per year.

to 2250,000 vehicles per year 2020.

- i) Gurgaon Manufacturing Plant :- Gurgaon Manufacturing plant has three fully integrated manufacturing plant & is spread over 300 acres ($\approx 1.2 \text{ km}^2$) This plant also manufactures 240,000 K-series engines per year. The Gurgaon Manufacturing plant manufactures the Ato 800, Wagon R, Ertiga, S-cross, Vitara Brezza, Ignis and Eco.
- ii) Manesar Manufacturing Plant :- Manesar Manufacturing plant was inaugurated in February 2007, and is spread over 600 acres ($\approx 2.4 \text{ km}^2$) Initially it has capacity of 100000 vehicles per year but this was increased to 300000 per year in October 2008 and again more to 550,000 vehicles in March 2014. The Manesar Manufacturing plant produces the Ato 800, Ato K10, Swift Ciaz, Boleno and Celerio.
- iii) Gujarat Manufacturing Plant :- Gujarat Manufacturing plant was inaugurated in February 2017. The plant current capacity is 250,000 vehicles per year But the new plan is to increase the production capacity of this plant upto 750,000 vehicles per year by 2020.

II Objective of the Study :-

The objective of the study of the article BCG Matrix of MSIL Indica Limited is as follows

- 1) To study the Market growth Rate.
- 2) To study the Relative Market Share.
- 3) To study the four cell of the BCG Matrix.
- 4) To study the Strength, weakness, opportunities, threats of MSIL in present scenario.

Maruti Suzuki Cars :-

Maruti Suzuki has a wide range of models in almost every segment of the automobile market. Maruti Suzuki offers 16 brands and 150 variants spanning across all segments consisting of Maruti 800, Maruti Zen, Estilo Maruti Omni, Maruti Alto, Maruti Versa, Maruti Gypsy, Maruti A star, Maruti Wagon R, Maruti Swift, Maruti SX4, Maruti Kizashi, Maruti Eeco, Maruti Ertiga, Maruti Grand Vitara, Thus serving the diverse range of customers. Brand product strategy focuses on catering to the need of almost all the segments from middle class to high class with cars in the economy segment, mid range segment luxury and super premium segment target group for the brand includes anyone above 4 Lakh p.a. salary. people looking to switch from 2-wheeler to 4 wheeler millennials employed as professionals and managers. The middle class, upper class, high class and affluent class, the age bracket of 21-65 years comprises its target group.

MSI positions all its 16 brands in almost as many ways to serve different wants and desires of consumers such as

Alto :- Positioned as India's most fuel efficient car which can be afforded by lower income groups as well.

Wagon R - Positioned as a brand which goes well with people who want lead an economic lifestyle reflect confidence and have the multifaceted personality.

Swift :- Positioned as the car the with style, modern

looks, any young attitude.

Z Drive:- Positioned as an entry-level sedan for the aspirational class.

SX4:- Positioned as the powerful car for men

Ertiga - Positioned as a compact seven-seater, one which will have a small footprint and a tight turning radius.

Omni:- Positioned as the car for transportation.

Eeco - Positioned as the car for a business trip or a picnic.

Celerio:- X positioned as the car for comfort, intelligence and Attitude. an affordable automatic transmission to the first time buyers segment.

Ciaz - Positioned as the car for comfort, intelligence and Attitude

Suzuki Vitara:- Positioned as the car for middle class use.

Prices of Maruti Suzuki Cars - Price of MSIL cars are based on many factors. It is decided after the proper analysis of market means the research team of the company analyze the current market trends the competition. the cost of raw material socio-economic factors, distribution

Car Name	Price of Car	Car Name	Price of Car
Omni	2.68 Lacs to 2.70 Lacs	Ciaz	9.37 Lacs to 13.52 L.
Wagon R	4.65 Lacs to 6.33 L	Baleno	6.07 Lacs to 10.03
Swift	5.43 L to 9.84 L	Baleno RS	9.97 Lacs
Dzire	6.09 L to 10.61 L	S-Cross	10.12 Lacs to 13.64 L
Eeco	3.65 L to 4.79 L	Vista Bre.	8.45 Lacs to 12.35 L
Alto 800	2.8 L to 4.17 L		229
Alto K10	3.87 L to 4.92 L	Igus	5.34 Lacs to 19 L
Ertiga	9.11 L to 12.72 L		
Celerio	4.78 L to 6.06 L		

BCG Matrix in the Marketing Strategy of Maruti Suzuki

Stars:- MSIL, Celerio, Alto 800, Alto K10, Vitara Brezza Brezza, Baleno, Ignis Ertiga and S-cross have the high market share and high growth rate. Hence these cars come under in the BCG matrix of MSIL.

The brand continues to hold high market share in their segment and thus feature as stars for the company it operates in a market that shows potential in the future. MSIL marketing earns a significant amount of its income from these products. MSIL should vertically integrate by acquiring other firms in the supply chain. This will help it in earning more profits as these cars have potentials. All the products that generate the greatest sales amongst its product portfolio. The potential within this market is also high as consumers are demanding this and similar types of products. MSIL should undergo a 'product development' strategy, where it develops innovative features on this product through research and development. This will help MSIL by attracting more customers and increasing its sales. MSIL has a 20% market share in the development category. It is also the market leader in this category. The overall category is expected to grow at 5% in the next 5 years which shows that the market growth rate is expected to remain high. MSIL should use its current products to penetrate the market. This could be done by improving its

distribution that will help in reaching out to untapped areas. This will help increase the sale of MSIL.

Cash Cow :-

Swift, Swift Dzire and Wagon R have been the cash cow for the company in the BCG matrix of MSIL. This has been in operation for over decades and has earned MSIL marketing a significant amount in revenue. The market share for MSIL is high but overall market is declining as companies manage their supplier themselves rather than outsourcing it. All product in cash cow have a market share of 25% in its category MSIL is also the market leader in this category. The overall category has been declining slowly in the past few years. MSIL has the power to influence the market as well in this category it should, \therefore invest in research and development so that the brand could be innovated. This will help the cash cows to category grow and will turn this cash cow into a star.

The recommended strategy for MSIL is invest enough to keep this cash cow unit under operations if it no longer remains profitable and turns into a dog then MSIL marketing is to stop further production in this business and keep producing cars as in stars as long as it's profitable.

Question Marks

Ciaz, Gypsy and Omni cars in a question mark in the BCG matrix for MSIL Marketing. The recent trends within the market show

that the brand hasn't been able to make a mark in the sedan segment MSIL Marketing has a low market share in this segment. The recommended strategy for MSIL Marketing is to invest in research and development to come up with innovative features. This product development cars will ensure that the Questions mark unit turns into a cash cow and brings profit for the company in the future. MSIL should look for outlets for the cars in question mark also it is. The recommended strategy for MSIL marketing is to diversify and prevent any future losses from occurring.

Dogs-

Zen Estilo, Versa, SX4, A star over the year started to appear in the Dog segment. This car unit has been in the loss for the last 5 years. It also operates in a market that is declining due to greater environmental concerns. The company also has negative profits for this strategic business unit. The market share for it is also less than 2%. The recommended strategy for MSIL is to diversify this strategic business unit to minimise any further losses or call back this product.

		High	Low		
High	STAR	QUESTION MARK	BUSINESS GROWTH RATE	Low	
	Celerio, Alto 800, Alto K10 Vitara Brezza, Boleno, Ignis Ertiga S-cross	Ciaz,			
Low	CASH COW	DOG			
	Swift, Dzire, Wagon R, Eco	Zen Estilo, Versa SX4, A star			
RELATIVE MARKET SHARE					

Suggestions

MSIL has the largest market share in the field of four wheelers in India. Marketing strategy used by MSIL is satisfactory and appropriate to sustain in the competitive era. MSIL's products good enough to take the competitive advantage. As far as the suggestion is concern.

- 1) The technology used for MSIL should move towards economic needs and the positive policy of India helps to enhance the export of cars.
- 2) Also MSIL should move towards present opportunities such as the rise of Indian middle class and small cities with a booming economy.
- 3) Also it is necessary for MSIL that it maintains the present status in the Indian market.
- 4) MSIL keeps a close look on different threats & does the needful to prevent it from threats & immediately eliminate the weaknesses and should establish a separate R & D department.
- 5) MSIL needs to think about question mark group products and I think it is necessary to stop the dog group products.

Conclusion

MSIL was established in February 1981 and started the production in 1983. It has three manufacturing plants with presently total production capacity is 17,50,000 vehicles per year. It has 53% market share and established market leadership in Indian market. Pricing strategy of MSIL is based on the cost of raw material, social-economic factors, distribution charges cost of advertisement, the dealers profit and the profit of the company.

1) BCG Matrix of MSIL :-

In concern of BCG matrix of MSIL, Celena, Ato 800, Ato K10, Vitara Brezza, Bolero, Ignis, Ertiga and S-Cross have the high market share and high growth rate hence it comes under star group and Swift Dzire, Wagon R and Eco have high market share but low growth rate hence it comes under cow group. Ciaz, Gypsy, Omni and Ritz having high business growth and low market share so here is a question mark to high market share. Zen Estilo, Versa SX4 and a star are comes under the dog category because both market share and business growth rate are low that's why should stopped.

2) Strengths MSIL

Brand name

Wide product offering at different price point
Cheapest cars in respective segments

Encouraging export - Economy with technology helps us to increase our national economy.

3) Weaknesses of MSIL :

- 1) Lack of separate Research and Development department
 - 2) New model introduction to only cosmetic changes
 - 3) Dominance mainly at lower level.
- ### 4) Opportunities for MSIL

- 1) Rise of Indian middle class and small cities
- 2) A booming economy — Rising export

5) Threats

Many other companies are fighting for the same.
Entry of new players — Cannibalism

The product of MSIL are good enough to sustain the competition. The present marketing strategy is good enough to sustain the competition. MSIL follow the political economical, societal and technological norms and help us to increase our national economy.

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