



Q.1>Analyze the industry attractiveness analysis for automobile industry (India perspective.)



INDUSTRY ATTRACTIVENESS ANALYSIS





AUTOMOBILE : CYCLICAL GROWTH INDUSTRY

Characteristic:

- Industry growth is dependent on the extraction & contraction of the market.
- Any upgradation in technology can boost the growth which causes rise in earning figures.

We will use **Porter Five Force Model** to understand the industry.

Attractive Industry to look at

Rivalry Among Existing Competitors (AVERAGE)	Threats of Substitute (Moderately HIGH)	Bargaining Power of Buyers (Moderately LOW)	Bargaining Power of Suppliers (LOW)	Threats of New Entrants (LOW)
<ul style="list-style-type: none">• Not a very large number of rivals.• Takes a long time to grow in the business.• Products & technology are often patented. So tough to implement.• Huge product differentiation.	<ul style="list-style-type: none">• Automobiles can be substituted with the rise of uses of other transport method with time.	<ul style="list-style-type: none">• Large number wholesaler & retailers.• As brand focused industry buyers are not too dependent on price.• Though substitute products are available to the end customers.	<ul style="list-style-type: none">• Large number of auto ancillary suppliers.• Scarce resources are available world wide.• Low supplier switching cost.	<ul style="list-style-type: none">• Heavy capital requirement.• Once factory is set up it can mass produce with comparatively lower cost.• Brand focused business.• Technological switching cost is high.• Easy distribution channel.• Business differentiation is high.



Opportunities in India:



Rising Demand

- Rise in middle class income and young population may result in strong growth.
- Indian automotive industry is targeting to increase export of vehicles by five times during 2016-26.



New Era of Transport

- Focus shifting on electric cars.
- Likely to be a leader in shared vehicle in 2030.
- Autonomous transportation systems are coming up.



Government's Hand

- The Govt. aims to develop India as a global manufacturing centre.
- AMP 2026 targets a four fold growth in the automobile sector over the next 10 years.
- PLI Scheme worth US\$ 3.5B is announced for automobile OEMs.



Increased Investment

- US\$ 32.84 B FDI has been received between 2000-2022.
- Tata Motors announced plans to invest up to US 2 billion over the next four years to launch 10 new EVs in India.
- Govt. estimates this industry will attract US\$ 8-10 B as local & foreign investment by 2023.
- Many new companies are investing in EV batteries & other components.



Strong Domestic Base

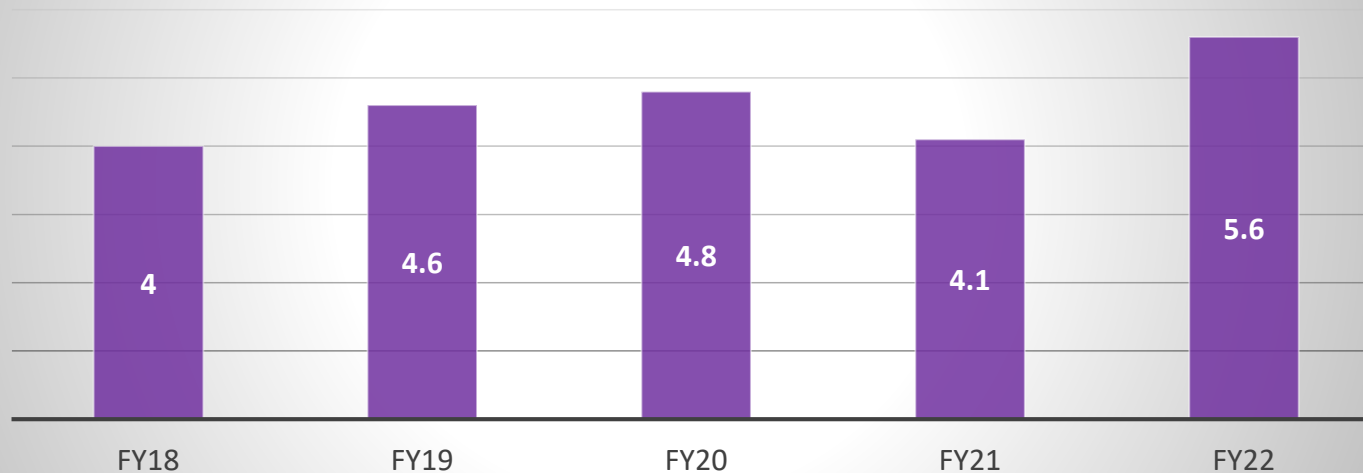
- India is the largest tractor producer, 2nd largest bus & 3rd largest truck producer.
- India's EV market is likely to have a growth of CAGR 36% till 2026.
- Indian automotive industry is targeting increasing export by 5x during 2016-26.
- Passenger vehicle is also facing increment in CAGR of over 9% (2022-27).



OEM	May 2022	May 2021	Growth
Maruti Suzuki	124,474	32,903	278.3%
Tata Motors	43,340	15,180	185.5%
Hyundai	42,293	25,001	69.2%
Mahindra	26,650	7,748	244%
Toyota	18,718	11,050	69.4%

Indian Car Sales Figures May 2022- May 2021

Numbers of Automobile Export (millions)



Critic

- India needs to focus on how greater resource efficiency can be achieved.
- Newer adoption of technologies & innovation is needed.
- Industry is dominated by only 5 of the top companies.
- Govt policies should be more flexible & open the upcoming automobile firms for development of more indigenous technology.
- Infrastructure & R&D setups are need to be time focused.



Q.2> Conduct an analysis of strength, weakness, opportunities & threats of Logan.



SWOT ANALYSIS OF LOGAN



<div>Strength</div> <div> <ul style="list-style-type: none"> A hero product from the biggest French automotive company. Strong hold on European market accompanied with 39 other countries. Usage of cutting edge technology such as, monocoque structure gives the vehicle outstanding stability. Ease of servicing. Successful comprehensive global alliance. Most affordable car from Renault & Dacia. Logan was the first car built on X90 platform to target more sales. </div>	<div>Weakness</div> <div> <ul style="list-style-type: none"> Lack of manufacturing plants specially in Asian countries. Design fails to attract new age customers. Recall of cars & discontinuity in manufacturing process. Company's inability to understand customer's needs & expectation lead to an ineffective strategic decision making. Not evenly priced for Indian consumers. Lower presence service centres in a country like India causes distress among the buyers. Lack of organisational commitment broke the JV with company like Mahindra. </div>
<div>Opportunity</div> <div> <ul style="list-style-type: none"> Logan is famous for it's affordability & quality. So, Asian market is always a gold mine. The whole automobile era is moving towards automated & electrically driven cars. Large buyers are looking forward to that. Rise in disposable income in many 3rd world countries as causes rise in demand. Subsidies & policies for the automobile OEMs made by Governments can boost up business. Change in lifestyle & use of online value added services such as online cab causes rise in demand. Development of new technologies can assist the production & distribution more ease. </div>	<div>Threat</div> <div> <ul style="list-style-type: none"> Changing govt. regulatory & tax norms can hit the business. Increasing number of direct/indirect competitors. Global chip shortage, rising inflation , global pandemic etc causes decreased sells figures. Global norms for environment sustainability acts as a major threat when the product is not eco friendly AI integrated cars from competitors collects user data which in return helps the company to get more customer centric approach. Rising price of raw material & labour cost. </div>



<div>Internal</div> <div>External</div>		Strengths	Weakness
Opportunities		<ul style="list-style-type: none">• The geographic presence is the biggest strength of the company to capture & circulate different potential markets.• The extensive popularity & portfolio of Logan can easily attract customers.• Alliances with different brands can help Logan to avail Govt backups for OEMs in the particular country.	<ul style="list-style-type: none">• OEM Factory setup can be a key perk for Logan to compete in 3rd world countries.• More investment on R&D can make Logan more attractive to new age customers.• Alliances, JVs etc can give low cost operation & better supply chain management in competitive market.• Company should be more conscious about what the customer wants rather being rigid about their thought of making.
	Threats	<ul style="list-style-type: none">• Locational advantage can improve the competitive positioning of Logan as well as it can help finding cost effective labours.• High brand value can help to withstand the competition.• Long term presence in India can help sourcing cheap labour & raw material as India is 2nd largest steel producer.• Low cost service & advanced technology will improve viability.	<ul style="list-style-type: none">• Logan should be more market specific depending on that country's regulation. It can be beneficial for understanding the customers also for exporting CBU or CKD to the nearby country.• Logan's new variant can be launched as EV.• Sticking to the company's value & commitment can improve brand image.

Competitive Advantage



Q.3>Identify the critical success factors and thus the competitive advantages of Mahindra and Mahindra Ltd.



CRITICAL SUCCESS FACTORS





Organizational Brief: M&M is the part of Mahindra group which is divided in 11 companies. It is the flagship company of the group which deals in automobile business. It has the leading market share in making indigenous UV & tractor making.

Values: “Indians are second to none in the world the founder of our nation and of our company passionately believe this. We will prove them right believing in ourselves and by making M&M Ltd known worldwide for the quality of its product and services.”

Strategic Objectives:

- To become the leading manufacturer of automobile in India.
- To enhance customer satisfaction .
- Represent India globally.
- Aiming to gain technical knowledge needed to manufacture jeeps and pickup trucks.
- To become technologically sound by means of innovation in automobile industry.
- To be future proof in the business.

Objectives	Critical Success Factors
To become the leading manufacturer of automobile in India.	<ul style="list-style-type: none"> It understand the market & domestic consumer base properly. Established well maintained distribution channel, service centres & maintained competitive pricing. Snapped up brands like Reva Electric Car, Kinetic Motors, Punjab Tractors etc.
To enhance customer satisfaction	<ul style="list-style-type: none"> Mahindra always kept after sells cost low. It makes cars according to the customers need. In India implemented rural focused marketing strategies, easy finance from own Mahindra Finance etc. where as in USA company focused on delivering high end tractors. Mahindra even launched Trringo, India’s first tractor and farm equipment rental business.
Represent India globally	<ul style="list-style-type: none"> It set up forging units & design studio in Europe. Aerospace companies in Australia. CKU assembly in Africa, US & Australia. Planning to sell pick up trucks in US. Owned tractor business in China.
Aiming to gain technical knowledge needed to manufacture jeeps and pickup trucks	<ul style="list-style-type: none"> M&M embarked many JVs & accusation with technically sound companies. Such as Ford, Renault ,Pugeot, Pininfarina etc. Mahindra learned how to make good engines & better assembly line for ease of operation in order to make more powerful vehicle to stay ahead in the competition.
To become technologically sound by means of innovation in automobile industry.	<ul style="list-style-type: none"> Mahindra invests a lot in their R&D facility. It even has a separate company called Mahindra Engineering Design & Development Company Ltd. Mahindra keeps on adding new technical upgradation by forging with different automobile manufacturer. Mahindra’s holistic approach towards innovation is ‘3D’ framework which would bring the concept to life namely ‘Do More With Less’, ‘Do It Together’ and ‘Do It For All’.
To be future proof in the business.	<ul style="list-style-type: none"> Mahindra is implementing DEPTH framework– Design, Engineering, People, Technology, Hubs for mapping future proof road for the company. It is currently focusing on EVs. Restructuring management, role of future succession, rebranding etc. are indicating that the company is on the right path. Company is very much focused in implanting new techs as well as AI integration for making their cars future proof.



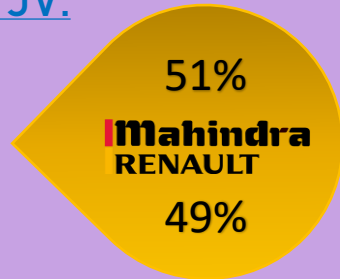
Competitive Advantage of Mahindra & Mahindra

1. **High Brand Image:** Mahindra stands first in tractor making globally. Also, the company has strong market share in the commercial vehicle as well as passenger vehicle segment.
2. **Strong R&D :** Mahindra has world class R&D facilities in different corner of the globe. M&M majorly focuses on Value addition and Value engineering (VAVE) approach, designing modularity, use of alternate materials etc.
3. **Low After Sell Cost:** Higher numbers of service centers, low service cost, availability of parts adds extra advantage to Mahindra vehicles.
4. **Wide Geographical Presence:** Having a wide network of OEMs & assemble units in different geographical zone makes the path easier for exporting & importing parts.
5. **Products according to India:** Mahindra cars are glider on Indian roads. Their prime SQ for passenger vehicles are SUV which suited perfectly to Indian consumer needs. Also M&M is rolling out soft roader urban SUV based on Ssangyoung's platform making it to pocket friendly customer magnet.
6. **Social Media Presence:** The company chairman Anand Mahindra himself is very active on social media. Apart from them its strategy for SMM gives immense craze for their cars.
7. **Future Focused Vision:** Company's aim for making future focused hybrid cars & EVs, Moncoque UVs for North America, New designs with Pininfarina keeps it one step ahead than the other competitors.

Q.4>Why the joint venture with Renault was terminated? Critically analyse the factor.

Sight And Snoop on the JV:

- Started on Oct,2005
- **55 months operation**
- Ended on Apr,2010



- ❑ After success in 24 other countries Renault was preparing to launch it's hero product **Logan** to Indian market.
- ❑ Mahindra had all the market knowledge, infra & distribution channels, making it suitable to launch with.
- ❑ Set up with an initial investment of Rs **700 crore**, it planned to crank out **50,000 Logans** from M&M's Nashik plant.
- ❑ It was an asset based JV between these two company **specially for Logan**.

Causes for Termination

Policy Trouble

- Indian tax structure 2006 classified Logan which was 4,247 mm in length under 22% tax bracket. This causes rise in the price of Logan.
- Under 4m cars fall in 8-10% tax bracket.
- Mahindra's demand to reduce the car length was turned down by Renault initially, which made Logan uncompetitive due to it's higher price.

Design Failure

- Logan's boxy, basic design didn't fell much impression on Indian consumer. People compared it with a taxi car.
- In order to enjoy reduced tariff Logan had undergone some design changes which indeed shorten the legroom inside the car.

Internal conflict

- Renault didn't want to stay exclusive with Mahindra & while Carlos Ghosn announced ultra low-budget car project with Bajaj which was not known to M&M.
- Renault's investment in Chennai plant was frozen due to the huge loss facing in Logan's market.
- Mahindra was unhappy with the JV as it wanted to re-engineer their product.

Other Factors

- Importing engines & other components from France kept the cost of Logan high.
- Renault's underestimation to the competitors causes distress to M&M.
- Drastic down of Logan's sale caused about ₹550 Cr to the JV.
- Mahindra's exit from the Chennai plant put the final nail in the coffin.



thank you!

Assignment Done By Saikat Biswas

Submitted to Prof. Sanjay Dhir (DMS, IIT D)