

**PROJECT REPORT ON
MARKETING STRATEGY ON MARUTI SUZUKI**

**SUBMITTED BY
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**SUBMITTED TO
UNIVERSITY OF MUMBAI**

**ACADEMIC YEAR
2014 – 2015**

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PROF. BHAVANA KHAIRNAR**

DATE OF SUBMISSION

DECLARATION

I JADHAV JAYESH SURESH of PADMASHRI ANNASAHEB JADHAV'S B.N.N COLLEGE of TYBMS [Semester V] hereby declare that I have compiled this project on **MARKETING STARTEGY ON MARUTI SUZUKI** in the academic year 2014-2015. The information submitted is true and original to the best of my knowledge.

Signature of the Student

CERTIFICATE

I, **Prof. BHAVANA KHAIRNAR** hereby certify that **JADHAV JAYESH SURESH** of **PADMASHRI ANNASAHEB JADHAV'S B.N.N COLLEGE** of TYBMS [Semester V] has completed project on **MARKETING STARTEGY ON MARUTI SUZUKI** in the academic year 2014-2015. The information submitted is true and original to the best of my knowledge.

Principal
Guide

Coordinator

Project

External Examiner

ACKNOWLEDGEMENT

“Many talented people have contributed to the successful completion of this work and I would like to extend a word of thanks and appreciation to all of them.”

I am indebted to my project guide **Prof. Bhavana Kairnar** for helping me out in the successful completion of my project report on **Marketing strategy on Maruti Suzuki Limited.**

I am thankful to my teachers for providing me the information as and when required.

I am extremely thankful to my family members for their constant support.

Last but not the least, are my friends who discussed with me the various issues in my project. Finally, I want to thank one and all who helped me directly and indirectly through the project work.

JADHAV JAYESH SURESH

EXECUTIVE SUMMARY

In this project we are trying to find segmentation of cars done by Maruti Suzuki and its effects on customer we are also trying to study sales trend followed by Maruti Suzuki. In our study we had followed different method to find and analyze the data we are using primary data as well as secondary data. Before our lot of study is being done but none had tried to research on Maruti Suzuki segmentation and its effect on sales trend. We had used the questionnaire method to study the Maruti Suzuki sales trend we had asked question to dealers. What modification should Maruti make in its cars to take an edge over competitors? We are also using secondary data to analyze the sales trend of Maruti Suzuki. In which we had studied the Maruti shares condition in the market. Its profit and lose its market share and many more. We had analyzed where Maruti having an edge over competitor and where it is lacking behind. How it would improve its sales trend. What are analyzing the future prospects of Maruti in Indian cars market.

INTRODUCTION

Maruti Suzuki India Limited is India's leading & largest Passenger car manufacturer which accounting for nearly 50 percent of the total industry sales. 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 to the stylish hatch-back Swift, SX4 Sedan and luxury sports utility vehicle (SUV) Grand Vitara. The company has received ample awards and achievements due to its continuous innovations and technological up gradations. The company today is very conscious about safeguarding the environment from vehicle pollution which resulted in launching of its advanced K-Series engines. Despite of stiff competition, Maruti Suzuki India Limited is presently considered as the leading automobile giant due to its remarkable Economic, Environmental & Social performances. The object of this paper is to evaluate the performance of Maruti Suzuki India Limited with respect to Export, Sales, Production and Sales Network. Before independence the Indian car market was considered as a market for imported vehicles. The earlier period was very tough for growth of Indian automobile sector due to strict licensing, restrictive trifling structure. The Indian Maruti Suzuki started to grow after 1970, but that growth was mainly driven by tractors, scooters and commercial vehicles. After 1980, the Indian automobile sector saw drastic but historical change. With an objective to modernize the Indian Maruti Suzuki Maruti Udyog Limited was incorporated in February 1981. In October 1982 the company signed license and Joint venture agreement with Suzuki Motor Corporation of Japan. After collaboration, in December 1983, the company launched its most awaited Maruti 800. The company launched its multi purpose vehicle; Omni in November 1984. The company launched Gypsy in December 1985. In the year 1987, the company forayed into the foreign market by exporting first lot of 500 cars to Hungary.

Maruti Suzuki India Limited (Maruti Suzuki), commonly referred to as Maruti and formerly known as Maruti Udyog Limited, is an automobile manufacturer in India. It is a subsidiary of Japanese automobile and motorcycle manufacturer [Suzuki](#). As of November 2012, it had a market share of 37% of the Indian passenger car market.¹ Maruti Suzuki manufactures and sells a complete range of cars from the entry level [Alto](#), to the hatchback [Ritz](#), [Celerio](#), [A-Star](#), [Swift](#), [Wagon R](#), [Zen](#) and sedans [DZire](#), [Kizashi](#) and [SX4](#), in the 'C' segment [Eeco](#), [Omni](#), Multi Purpose vehicle Suzuki [Ertiga](#) and Sports Utility vehicle [Grand Vitara](#). The company's headquarters are at No 1, [Nelson Mandela Road](#), [New Delhi](#). In February 2012, the company sold its ten millionth vehicles in India.

Maruti Udyog Limited was established in February 1981, though the actual production commenced only in 1983. It started with Maruti 800, based on the [Suzuki Alto kei car](#) which at the time was the only modern car available in India. Its only competitors were [Hindustan Ambassador](#) and [Premier Padmini](#). Originally, 74% of

the company was owned by the [Indian government](#), and 26% by Suzuki of Japan. As of May 2007, the government of India sold its complete share to Indian financial institutions and no longer has any stake in Maruti Udyog.

“A market is never saturated with a good product, but it is very quickly saturated with a bad one. - Henry Ford”

HISTORY OF MARUTI SUZUKI

Before independence the Indian car market was considered as a market for imported vehicles. The earlier period was very tough for growth of Indian automobile sector due to strict licensing, restrictive tariffing structure. The Indian automobile industry started to grow after 1970, but that growth was mainly driven by tractors, scooters and commercial vehicles. After 1980, the Indian automobile sector saw drastic but historical change. With an objective to modernize the Indian automobile Industry Maruti Udyog Limited was incorporated in February 1981. In October 1982 the company signed license and Joint venture agreement with Suzuki Motor Corporation of Japan. After collaboration, in December 1983, the company launched its most awaited Maruti 800. The company launched its multi purpose vehicle; Omni in November 1984. The company launched Gypsy in December 1985. In the year 1987, the company forayed into the foreign market by exporting first lot of 500 cars to Hungary. In the year 1990 the company launched India's first sedan Maruti 1000 and Esteem in November 1994. In the year 1997 the company started Maruti Service Master as model workshop in India to look after sales service. In year 2000 the company launched a call centre. This was the first time a car company had ever launched a call centre in India. In September 2000 the company launched its highest selling model Alto. In the year 2002 the Maruti launched Maruti finance to offer financial services like extended warranty and finance for car insurance. In the year 2002, Suzuki Motor Corporation increased their stake in the company to 54.2 percent. The company launched its MPV Grand Vitara in April 2003. Maruti launched its most popular & successful hatch-back Swift in 2005. Maruti launched diesel version of Swift in January 2007 & in May 2007 the company launched its sedan SX4 in Indian automobile market. In July 2007 Maruti Udyog Limited renamed „Maruti Suzuki India Limited“. In March 2008, the company launched Swift Dzire and in November 2008 the company launched A-Star; equipped with K-series engine. In May 2010, Maruti Suzuki launched its stylish vehicle Ritz. In the year 2011, the company launched its luxury sedan Kizashi and with an objective to fulfill the needs of larger family size consumers, on 12 April 2012 the company launched its MPV Ertiga. Initially, in the post-liberalization period, the automotive sector, especially the passenger car segment, saw a boom, derived primarily from economic vibrancy, changes in Government policies, increase in purchasing power, improvement in life styles, and availability of car finance. The passenger car industry was finally deregulated in 1993. However, the Suzuki, which contributed substantially to the industrial growth in FY1996 failed to maintain the same momentum between FY1997 and FY1999.

The overall slowdown in the economy and the resultant slowdown in industrial production, political uncertainty and inadequate infrastructure development were some of the factors responsible for the slowdown experienced. In FY2000, the sector experienced a turnaround and witnessed the launch of many new models.

Two things that stunted growth of this industry in the past have been low demand and lack of vision on the part of the original equipment manufacturers (QEMs). However, the demand picked up after the liberalization of the regulatory environment, and global QEMs- who enjoy scale economies both in terms of manufacturing and research and development (R&D) - entered the Indian market. This has resulted in a big shift in the way business is conducted by suppliers, assemblers and marketers.

PROFILE OF MARUTI SUZUKI INDIA LIMITED

Maruti Suzuki India Limited is a subsidiary of Suzuki Motor Corporation, Japan & India's leading passenger car manufacturer, accounting for nearly 45 percent of the total industry sales. Maruti Suzuki offers 16 brands with near about 150 variants. Maruti offers various brands which include Maruti 800, Alto 800, Alto K10, Estilo, Wagon-R, Omni, Eeco, A-Star, Ritz, Gypsy, Swift, Swift Dzire, SX4, Ertiga, Kizashi and Grand Vitara. The company is engaged in the business of Purchase, Manufacturing, and Sales of vehicles & spare parts. Maruti Suzuki is also engaged in other activities like Pre owned car sales, Car financing & Fleet management. Maruti Suzuki got various awards and accolades in its profile. It has ranked no.1 in JD Power Asia Pacific Customer Satisfaction Index (CSI) survey 2009 for ten times in a row. Maruti Suzuki got CNBC TV18 award 2011 for manufacturer of the year.

Maruti Suzuki is the only Indian company who has crossed the 10 million sales mark since its inception. The company has two manufacturing facilities in Manesar and Gurgaon, Haryana, India. The Gurgaon manufacturing plant has a manufacturing capacity of nine lakh units annually. According to Mr.R.C.Bhargava-Chairman, Maruti Suzuki India Limited, Maruti Suzuki India Limited finalized Rs.1700 crore investment for doubling the diesel engine capacity at Gurgaon Manufacturing Facility to 6,00,000 units by 2014. The Gurgaon plant also having K Series engine plant. Since inception of this plant, till date over 10 lakh K Series engine have been rolled out. Maruti Suzuki's Manesar manufacturing facilities have two fully integrated plants having capacity of 5.5 lakh units annually. Maruti Suzuki is also ahead in Social activities. As a responsible corporate citizen Maruti Suzuki introduced world class driving training facilities to India by launching Institute of Driving & Traffic Research. These include a specially formulated multilingual theory curriculum, scientifically laid-out driving tracks and advanced driving simulators that replicate Indian driving conditions. In 2008, Maruti Suzuki introduced National Road Safety Mission. Under this initiatives, the company took a commitment of training over 5,00,000 people in safe driving practice in a span of three years. Also with an objective to improve road safety and inculcate safe and systematic driving habits among people, Maruti Suzuki has opened Maruti Drivin Training School (MDS). These driving schools are equipped with Practical Training and Attitud Training.

OBJECTIVES OF MARUTI SUZUKI

- ✓ To focus on historical growth of Maruti Suzuki India Limited.
- ✓ To evaluate the performance of Maruti Suzuki India Limited with respect to Export, Sales, Production and Sales Network.
- ✓ To Review the progress of Indian Automobile Sector
- ✓ To understand the Marketing Strategies of Maruti Suzuki India Limited
- ✓ Production of fuel-efficient vehicles to conserve scarce resources.

RESEARCH METHODOLOGY

The purpose of methodology section in the report making is to describe the research process that is followed while doing the main part. This would however include the research design, the sampling procedure, and the data collection method. This section is perhaps difficult to write as it would also involve some technical terms and may be much of the audience will not be able to understand the terminology used. The methodology followed by the researcher, during the preparation of the report was:

Research Design -

A research design is purely and simply the framework or plan for a study that guides the collection and analysis of data. The survey research was used in this project, because consumer's feedback was necessary for obtaining the data.

Research Instrument -

For doing the survey research, structured questionnaire with both open-ended and closed-ended questions was used.

Mode of Survey -

The mode of survey was personal interview with the respondents during the filling up of the questionnaires.

Personal Visits -

As a part of the analysis, it was necessary to visit the students of different school, as it would always help me knowing the nature of students. We visited different schools and asked the student different questions which are formatted in the questionnaire.

DATA SOURCES

Primary Data -

Primary data is that kind of data which is collected directly by the investigator himself for the purpose of the specific study. Primary Data is collected by the investigator through interviews of company employees, vendors, distributor etc. Data such collected is original in character. The advantage of this method of collection is the authentic. A questionnaire of about 50 questions was made and it was given to the dealers to fill it up for our research. The research was a kind of conclusive research as it helps in the testing of hypothesis. The method of sampling was the Random method as it is unbiased.

Secondary Data -

When an investigator uses the data that has been already collected by others, is called secondary data. The secondary data could be collected from Journals, Reports, libraries, magazines, fair & conference and other publications. The advantages of the secondary data can be –It is economical, both in terms of money and time spent .The researcher of the report also did the same and collected secondary data from various internet sites like www.google.com, www.airtel.com, www.hutch.co.in and many more. The researcher of the report also visited various libraries for collection of the introduction part.

SAMPLE DESIGN:

While developing a sample design, following points should be kept in mind:

Sampling unit:

A decision has to be taken concerning a sampling unit before selecting sample. Sampling unit may be a geographical one such as state, district, village etc or a construction unit such as house, flat etc. or it ,may be as social unit such as family, club, school etc or it may be an individual . the researcher will have to decide one or more of such units that he has to select for his study

Size of the sample:

This refers to the number of items to be selected from the universe to constitute a sample. This is a major problem before a researcher. The size of the sample should be neither is excessively large, nor too small. it should be optimum

An optimum sample is one which fulfills the requirements of efficiency, representativeness, reliability and flexibility

OBJECTIVES OF THE STUDY

- ✓ The present study of the marketing strategy of the Maruti Suzuki (Pvt.) Limited revolves around the following broad objectives:
- ✓ To study the evolution and growth of the Maruti Suzuki (Pvt.) Limited in the context of the automobile revolution in India;
- ✓ To study the growth strategy of the Maruti Suzuki (Pvt.) Limited and the marketing methods followed by it in this regard.
- ✓ To study the small car revolution in India and the contribution of the Maruti Suzuki (Pvt.) limited to it.

LIMITATIONS OF RESEARCH

Due to the following unavoidable and uncontrollable factors the results might not be accurate. Some of the problems might face while conducting the survey are as follows:

- ✓ Certain open-ended questions have been put in the questionnaire to give respondents freedom to express their perception.
- ✓ Time and cost constraints were also there
- ✓ Chances of some biasness couldn't be eliminated.
- ✓ A sample size of 100 has been used due to time limitations.
- ✓ The data has been collected from Delhi(North) and there the perception of the people from the smaller towns could not be judged
- ✓ All the data has been collected at random but it is always liable for biasness.
- ✓ The primary data has been collected from the middle and upper section of the society.

COMPONENTS

In India the components industry was concentrated in pockets which, however, were at the four points of the Indian compass: Bombay in the West, Calcutta in the East, Madras/Bangalore in the South, and Delhi in the North. The materials, parts, and components used in car manufacturing can be categorized in at least three ways, viz. by source, by type, and by value. Classification by source results in:

- ✓ in-house manufacture by the car assembler
- ✓ Manufacturers of finished parts such as radiators, clutches, brakes, shock absorbers, etc.
- ✓ Sub-contractors for two above and for secondary parts (i.e. for regular parts such as screws, gears, springs, etc.)
- ✓ Sub-contractors of the assemblers (i.e. companies involved in casting, forging, machine-processing, plating, etc.)
- ✓ Manufacturers of related parts like tyres, batteries, bearings, etc.

These could be either established companies or new entrants. They ranged in size from the larger companies in the land to some of the smaller ones. The total output of the organized segment of the Indian ancillary sector was around Rs 8,000 million.

PRODUCT RANGE

It offer full range of cars – from entry level Maruti 800 & Alto to stylish hatchback Ritz, Swift, Wagon R, Estilo and Sedans DZire, SX4 and Sports Utility vehicle Grand Vitara.

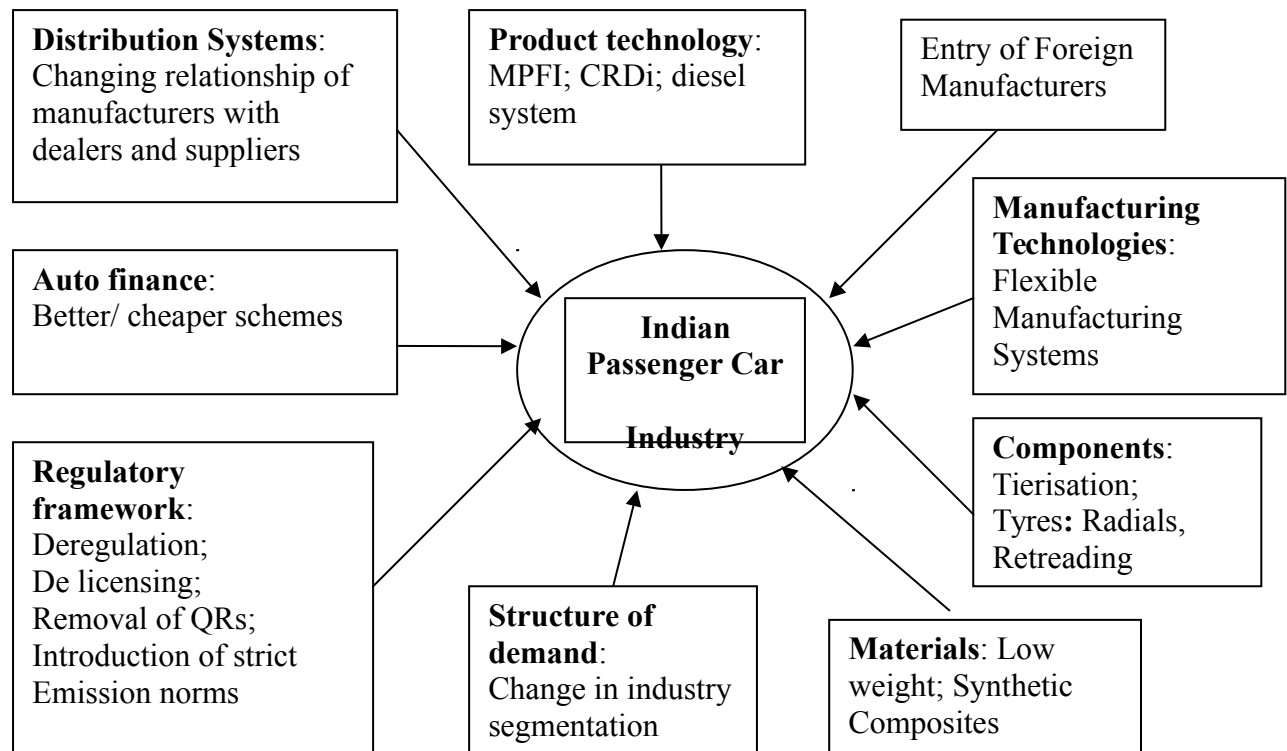
- ✓ Maruti 800
- ✓ Omni
- ✓ Swift
- ✓ Alto
- ✓ Wagon R
- ✓ Estilo
- ✓ Swift DZire
- ✓ A-star
- ✓ SX4
- ✓ Grand Vitara
- ✓ Ertiga
- ✓ Celerio
- ✓ Ritz
- ✓ Eeco
- ✓ Alto K10

PASSENGER CAR INDUSTRY IN INDIA: HIGHLIGHTS



- ✓ Passenger car sales are expected to increase at a compound annual growth rate (CAGR) of 8% over the period FY2004-2007. The six broad segments in the car market today are- Mini, Compact, Midrange, Executive, Premium and Luxury. In the medium term, growth in the Indian passenger car industry is expected to be led largely by the Compact and Mid-range Segments.
- ✓ The critical success factor has changed from price to price value.
- ✓ In terms of engine capacity, the Indian passenger car market is moving towards cars of highest capacity.
- ✓ With the launch of new models from FY2000 onwards, the market for MUVs has been redefined in India, especially at the upper end. Currently, the higher-end MUVs, commonly known as Sports Utility Vehicles (SUVs), occupy a niche in the urban market. With the success of SUVs, the line of distinction between passenger cars and MUVs in the Indian market is getting increasingly blurred.
- ✓ Domestic car manufacturers are now venturing into areas such as car financing, leasing, and fleet management, and used-car reconditioning /sales, to complement their mainstay-business of selling new cars.

TRENDS IN THE INDIAN PASSENGER CAR INDUSTRY



KEY DEVELOPMENTS IN THE INDUSTRY

COMPANY NAME	DOMESTIC SALES			MARKET SHARE	
	APR- AUG 2009	APR- AUG 2010	GROWTH	APR- AUG 2009	APR- AUG 2010
Daimler Chrysler India Pvt Ltd	633	662	4.6	0.2	0.2
Fiat India Automobiles Pvt Ltd	2907	635	-78.2	0.9	0.2
Ford India Ltd	8852	6944	-21.6	2.8	2.1
General Motors India Ltd	7179	4981	-30.6	2.3	1.5
Hindustan Motors Ltd	5610	5626	0.3	1.8	1.7
Honda Sael Cars India Ltd	13813	17560	27.1	4.4	5.3
Hyundai Motor India Ltd	48299	63140	30.7	15.3	19
Maruti Udyog Ltd	162007	169606	4.7	51.4	51.1
Skoda Auto India Ltd	3003	3439	14.5	1	1
Tata Motors Ltd	58548	55536	-5.1	18.6	16.7
Toyota Kirloskar Motor Ltd	4519	4030	-10.8	1.4	1.2
Total Passenger Car Sales	315370	332159	5.3	100	100

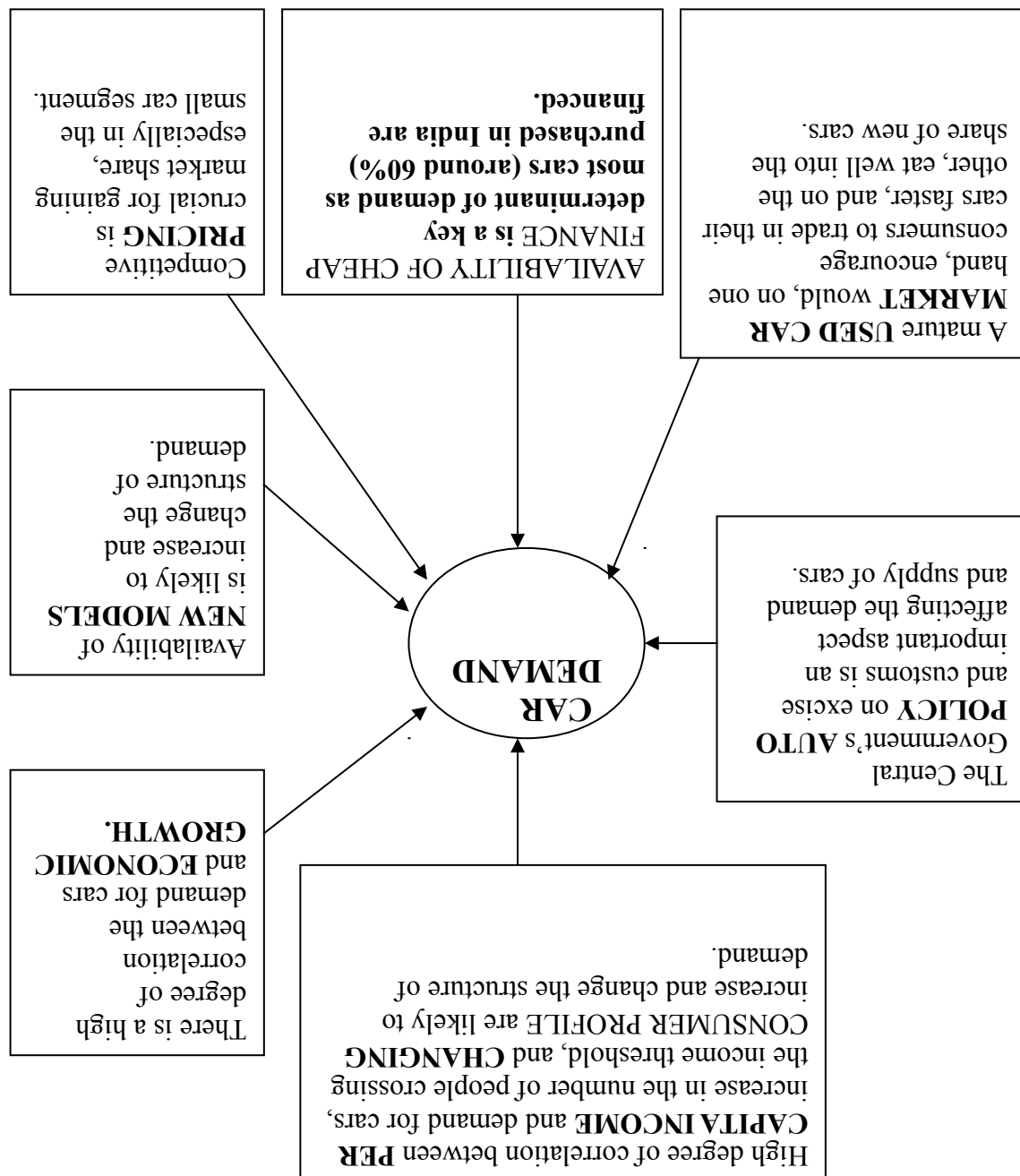
During April – August 2006, the passenger car sales in India at 332159 units, marked a growth of 5.3% over the previous year. The growth in the domestic sales of passenger cars was led by strong growth in volumes reported by compact and mid – size segments. While the share of mini and executive segments declined in the period under study, the share of other segments increased. For instance, the share of compact segment in the domestic car sales increased from 59.7% in April – August 2005 to 64.9% in April – August 2006, mid – size segment from 20.5% to 22%, and the share of Premium segment was stagnant at 0.7% in the same period.

New variants launches, easy availability of finance at relatively lower interest rate and price discounts offered by the players have played an important role in driving the sales growth in the domestic passenger car industry.

KEY DEMAND DRIVERS

Traditionally, disposable income was perceived as the key factor driving passenger car demand. But over time, other factors that are known to have an impact on demand have emerged. These include the need for greater mobility, non-availability of public transport services, availability of cheap finance, development of the used-car market, introduction of new technologically superior models, increasing levels of urbanization and changing consumer profiles.

SEGMENT ANALYSIS



	MINI	COMPACT	MID-SIZE	EXECUTIVE	PREMIUM	LUXURY
Vehicle Length	<3400mm	3401-4000	4001-4500	4501-4700	4701-5000	>5000
Maruti Udyog Ltd	800	Alto	Esteem			
	Omni	Zen	Baleno			
		Wagon R	Altura			
		Versa				
Hyuindai Motor India Ltd		Santro	Accent		Elantra	Sonata
Hindustan Motors Ltd			Ambassador	Contessa		
			Mitsubishi			
			Lancer			
Fiat India Automobile Ltd		Palio	Siena			
		Uno	adventure			
			Weekend			
General Motors India Ltd		Corsa Sail	Opel Corsa	Opel Vectra		
			Opel Astra			
			Opel Swing			
Honda Siel India Ltd			City		Accord	
Ford India Ltd			Ikon		Mondeo	
TELCO		Indica	Indigo			
DalmierChrysler India Ltd				Mercedes Benz C Class,M Class,SL	Mercedes Benz E Class	Mercedes Benz S Class
Skoda India Ltd				Octavia		
Toyota Kirlosker Motor Ltd				Corolla	Camry	

The credit for growing the Indian Compact Segment, and in fact, the Indian Passenger car industry goes partly to the Korean manufacturers (HMIL and the erstwhile Daewoo) and the Indian player Tata Motors.

The HMIL Santro was launched in September 1998 and created a sensation on account of its aggressive pricing at Rs. 2, 99,000. The Santro became successful as HMIL had got the price –value equation just right. While Daewoo's Matiz picked up only seven months after its launch, the Santro was selling more than 3000 units a month only 2 months after its launch. HMIL had in fact, planned its entry into the Indian market with the 1495cc Accent but later opted in favour of the smaller car. At the time the Santro was launched, both the options available in the segment- Fiat Uno and the Zen-had been around in the Indian Market for quite some time and lacked novelty. Santro was not only cheaper but also incorporated a multi-point fuel injection (MPFI) system that offered superior fuel economy to Zen's carburetor system.

The Matiz was launched in November 1998. Its 800cc engine immediately encouraged comparisons with Maruti 800. The initial launch price of Matiz at Rs. 3, 55,000 was significantly higher than the Santro's Rs. 2, 99,000. Given that the Matiz was smaller than the Zen and the Santro, the initial impact was not so strong. In May 1999, Daewoo launched stripped-down variants. The launch of the cheaper versions saw the sales of Matiz reaching almost 2000 units in May 1999 and recording an average monthly sale of 3123 units in FY2000. However, the financial crisis faced by the parent, Daewoo Motor Corporation affected the performance of the Indian subsidiary (that was reporting net loss and had significant borrowings). Subsequently, the Indian subsidiary halted production.

MUL now has 4 cars in the Compact Segment: the Swift, the Zen, the Alto and the Wagon R. In terms of market share, Zen steadily lost share in FY2000 to its competitors. Despite this, there is no denying that the Zen is one of the bigger success stories in the Indian car market. With 3 models, MUL is the market leader in the Compact segment.

The Alto arrived in India when there was little room for man oeuvre in a crowded compact segment. It was launched in 2 versions, the LX and the VX. The base version is priced competitively with the deluxe version of the Maruti 800, while the higher-end version competes with the base versions of the Zen and the Wagon R. The 1061cc Wagon R is available in four manual transmission variants (LX, LXi, VX and VXi) and one automatic transmission variant (AX). Since its introduction in February 2000, Wagon R has been selling in the 1500-3000 units per month range as against 5000-8000 units per month range for the Santro. The presence of the already well-established Matiz and the Santro meant that the novelty factor did not work too well for Wagon R.

However 2005 has been a revolutionary year for Maruti since its new Launch Swift has been a huge success in the market and the most demanded car as well.

The other cars in the compact segment to have made an immediate dent in the market with their launch are the Palio of Fiat India and the improved version Indica V2 of Tata Motors. Indica was the third largest selling car in FY2002 in this segment, after Santro and Zen. On the other hand, Palio was launched at the time when the passenger car industry was witnessing a slump but the model cut across the barriers and was able to create a market for itself. However, the success of this model was short-lived and the sales declined thereafter. Nevertheless, launches of new variants (such as the diesel version) helped sales recover marginally.

The size of the compact segment has increased as a result of the high growth rate attained by the models in this segment. The changing price-value equation, coupled with the declining interest rates and easy availability of finance, has prompted consumers to move towards the compact car segment from the mini segment. The high rate of growth achieved by the compact segment has attracted the attention of other players also; including GM. GM has entered the compact segment with the launch of its Opel Corsa Sail in May2003.

MARUTI TOOK THE INITIATIVE AND GAINED

In the late 1990s, car manufacturers like Ford, General Motors, and Fiat were faring miserably in the Indian market. Maruti had a market share of a whopping 79 per cent in the passenger car segment. Daewoo and Telco were creating hype over the impending launches of their cars Matiz and Indica, respectively. In such a scenario, the top management of Hyundai Motor India Ltd, which has South Korean origins, had a tough decision to make. It was a big gamble to go ahead with the launch of the small car –Santro. The Hyundai management stuck to a simple strategy – launch a quality product in the most promising segment

with the latest technology and price it aggressively. In the pre-launch period in late 1997, the company commissioned market research project to understand the

Indian consumer psyche and specify a benchmark for the pricing policy. The results of this survey and the actions taken thereafter had a bearing upon the success of the product later on. The Indian consumers showed an immense dislike to the shape of Santro. One consumer even likened it to a “funeral hearse”. A second important result was that Hyundai is an unknown brand with

almost zero brand equity amongst Indian consumers. The company immediately undertook the initiative of reshaping and customising the car for the Indian customer. The tall rear end was reduced and made more aesthetically appealing. The Santro was all set for the Indian launch.

MARUTI-MARKETING GENIUS

Here came the most important aspect of the launch – the marketing strategy. This was a factor that could make or mar the success of the Santro. Hyundai tied up with the advertising agency Saatchi and Saatchi, who hit upon a novel strategy. Bollywood star Shah Rukh Khan was roped in to be the brand ambassador. A three-pronged strategy was designed to attract the consumer:

Educate Indian Consumers about Hyundai

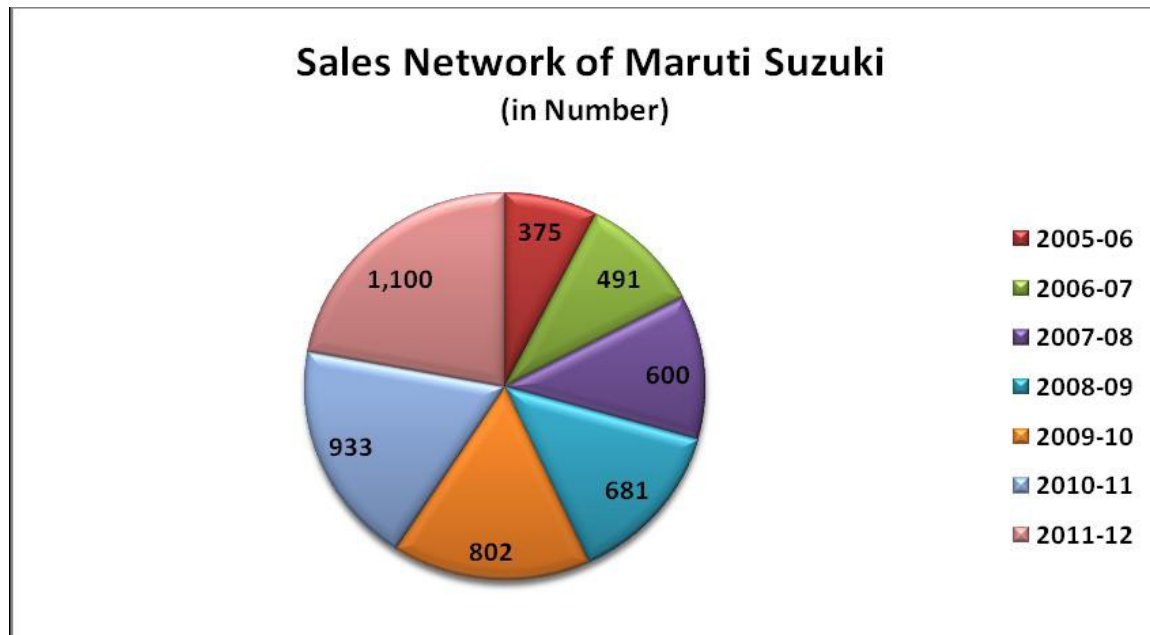
- ✓ Create hype and expectations about the Santro
- ✓ Explain the virtues of the Santro

The TV & Press Campaign broke in June 1998. The initial TV spots and the press campaign showed Shah Rukh Khan being approached by a Hyundai official to advertise the Santro. Shah Rukh was not convinced about Hyundai and he was shown to ask all questions a normal Indian consumer is expected to ask. What is Hyundai? Why should I advertise for the Santro? Will it match customer service expectations? What about dealer networks? How can an international car meet the requirements of Indian roads? As the campaign went through all of these questions, the Hyundai official answered Shah Rukh Khan. By the time the car was actually launched, Shah Rukh Khan proclaims, “he is convinced”. He declares that he is now ready to advertise the Santro since he is certain that the Santro is the car for India. This high profile campaign backed by some very innovative media buying, which went for maximum coverage with the minimum budget, broke all grounds in terms of creating consumer expectations and hype in the market.

Along with the Advertising Campaign, the Sales Team worked burning midnight oil in creating the dealer network across the length and breadth of the country. The wide dealer network would prove to be invaluable in ensuring that the Santro would be available to anyone who wants to buy it. An important pre-requisite for the dealer network was a fully functional workshop area with imported international standard equipment and engineers trained in Hyundai’s parent training centre in South Korea and localised training provided in the Chennai Plant.

SALES NETWORK

Maruti Suzuki has the largest sales and service network amongst car manufacturers in India. It had 802 sales outlets in 555 cities and 2740 service workshops in 1335 cities. The service network of the Maruti Suzuki includes Dealer workshops, Authorized service stations and Maruti service zones. The following pie chart clearly describes the sales network of Maruti Suzuki.

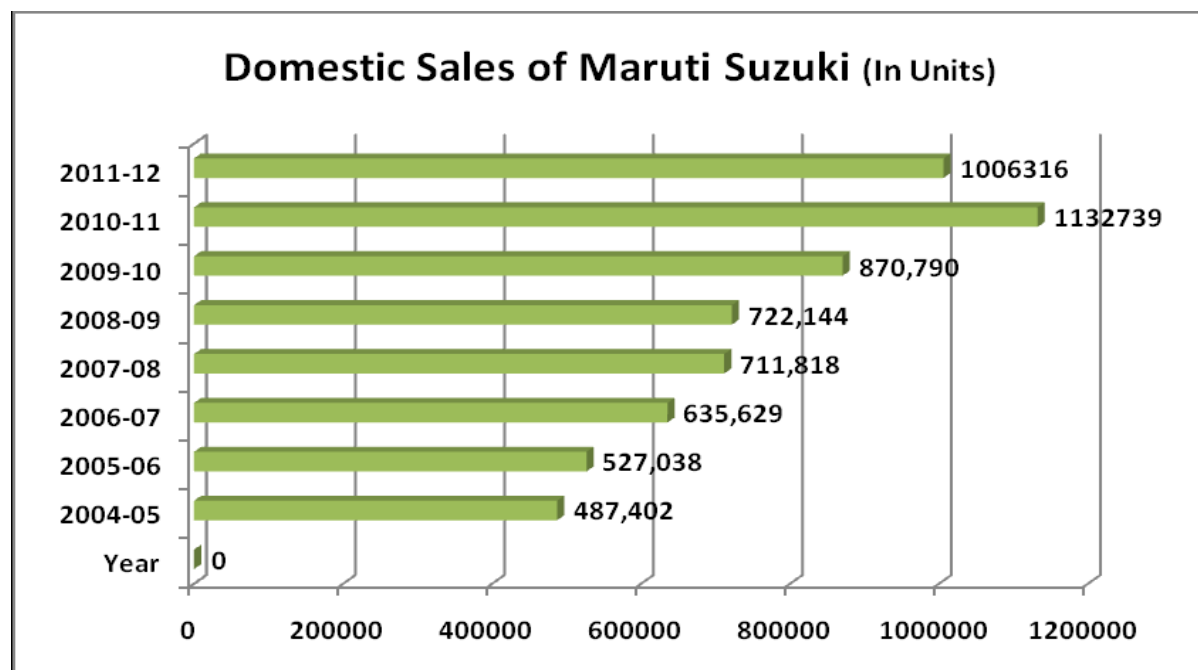


It is amply clear from the above pie chart that, Maruti Suzuki gradually increased its sales and service network. In year 2005-06, the total sales network were 375 whereas in year 2006-07 the number of sales network reached to 491. In year 2009-10 the number of Sales network increased by 121 over 2008-09 and reached to 802. In year 2011-12 the total number of Sales network was 1100 i.e a growth of 17.89 percent over 2010-11.

PERFORMANCE OF MARUTI SUZUKI INDIA LIMITED

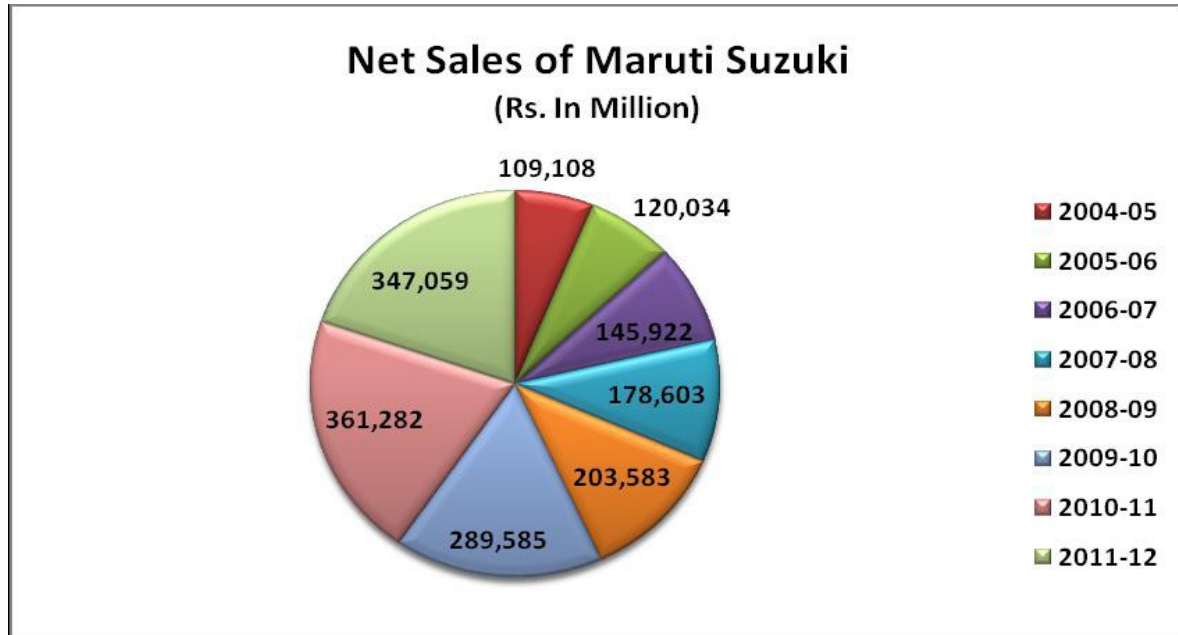
DOMESTIC SALES

Maruti Suzuki is the only Indian company who has crossed the 10 million sales mark since its inception. The company has the largest sales and service network amongst car manufacturers in India. In the month of October 2012, Maruti Suzuki reported 85.46 percent increase in total sales at 1,03,108 vehicles, in same month the company had recorded domestic sales of 96,002 vehicles compared to 51,458 vehicles in 2011. In November 2012, the company sold total 1,03,200 vehicles and in the same month last year, the company sold 91,772 vehicles. We can see the performance of Maruti Suzuki with respect to Domestic Sales through following graph.



From the above chart it is revealed that the domestic sales of Maruti Suzuki India Limited in year 2009-10 was 8,70,790 vehicles i.e a growth of 20.58 percent than domestic sales of 2008-09. In year 2011-12 Maruti Suzuki sold 1,006,316 vehicles i.e a negative growth of (-) 11.16 percent over 2010-11. In year 2010-11, the company sold 1,132,739 vehicles. The following pie chart describes the net sales of Maruti Suzuki during 2004-05 to 2011-12.

From the above pie chart it is revealed that Maruti Suzuki's total Net Sales in year 2004-05 was 109,108 million whereas the net sales in year 2005-06 was 120,034 million. In year 2010-11, Maruti's total net sale was 361,282 million whereas the total net sale in year 2011-12 was 347,059 million. In year 2011-12 Maruti Suzuki's net sale was decreased by (-) 3.93 percent over 2010-11.

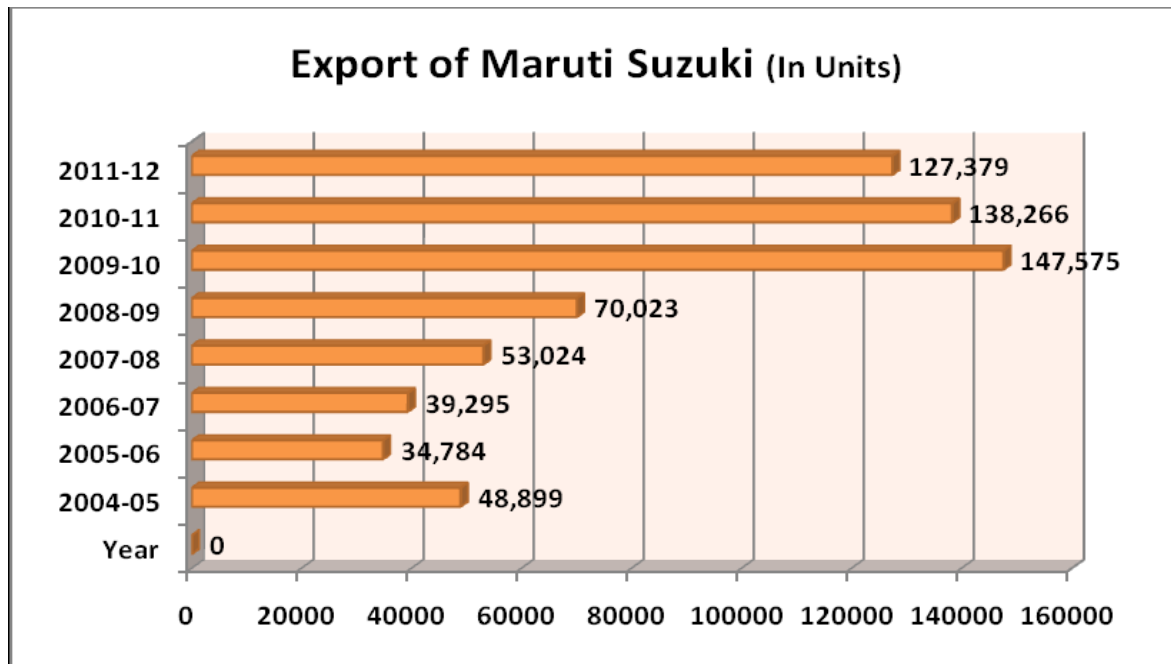


EXPORT

Maruti Suzuki India Limited exporting to 98 countries in Europe, Asia, Latin America, Africa and Oceania. Some leading overseas markets of Maruti include Germany, Netherland, France & UK. Presently the company exports various models like A-Star, Ritz, Estilo and Maruti 800. In year 2009-10, Maruti Suzuki clocked export sales of 147,575 units its highest ever and in 2011-12, the company exported 1,27,300 units. The following are the top ten export destinations of Maruti Suzuki India Limited.

Country	Vehicles Exported (In No) (As on 31 March 2010)
Netherlands	78,514
Algeria	68,506
Italy	52,250
United Kingdom	48,641
Chile	45,029
Germany	38,423
Srilanka	30,078
Hungary	22,924
Nepal	22,368
Egypt	18,523

The following chart clearly focuses on Export of Maruti Suzuki during 2004-05 to 2011-12.



It is revealed from the above chart that the export of Maruti Suzuki in year 2009-10 was 147,575 vehicles whereas the company exported 138,266 vehicles in year 2010-11 i.e the year 2010-11 saw negative growth by (-) 6.30 percent over 2009-10. The year 2011-12 had also seen a negative growth by (-) 7.87 percent over 2010-11. The year 2009-10, recorded marvellous growth of 110.75 percent over 2008-09. The following graph stated the economic performance of Maruti Suzuki India Limited during 2004-05 to 2011-12. The graph depicts the profit of company after tax.

ARRIVAL OF SMALL CARS IN INDIAN MARKET WAS THE BEST THING TO HAVE HAPPENED TO MARUTI

The race for India's small-car market has begun. But only those among the big four who get all their strategies right will win this unforgiving contest. The prize: not just the largest automobile segment, but also survival in this market. They're lined up for the last lap. With Market India becoming a minefield for the world's largest auto-makers, the Formula I has become brighter than the red lights that have stopped them in their tracks so far--only the small car will enable endurance. Bumper-to-bumper, therefore, the combatants are accelerating towards the small-car segment. Amounting to 60 per cent of the Rs 14,500-crore automobiles market, and hitherto monopolised by the Rs 8,454-crore Maruti Udyog with its Maruti 800 and Zen, it's the final frontier between survival and extinction. So far, accustomed as they are to the priorities of the customer in the developed markets, the global auto-makers have taken many wrong turns in India. Only now, after many knocks, crashes, and repair jobs, are they back on track, heading towards their destination.

But neither the road nor the end-point of their journey is wide enough for all of them. At projected 6-lakh units by 2000, demand for cars is still 25 per cent less than the number of F-150 pick-up trucks sold by the \$153.62-billion Ford Motor Co. in 1997. But the importance of India on the world auto map is strategic. With an estimated total capacity of 58 million units a year, the global auto industry is racing far ahead of the demand of 45 million units. Markets in North America, Europe, and Japan--which account for 74 per cent of the demand--have become saturated. Global car-manufacturers will need to plant their feet in a low-cost, young, stable market to sell their products to create a global supply-base for cars and components. The first wave of manufacturers simply failed to make a splash in India. They were revving up for a growth that never happened. Their entry reasoning: since India had been a small-car market for years, it was only a matter of time before it enlarged to accommodate bigger, luxury cars. That the logic was flawed has now become evident. India is still a small-car market for anyone who wants both revenues and profits.

Not surprisingly, Ford (which launched the 1,300-cc petrol and the 1,800-cc diesel Escort in 1996), the \$178.17-billion General Motors (which entered with the 1,600-cc Opel Astra in 1996), and the \$72-billion Daewoo Group's Rs 963.37-crore Daewoo Motors (which launched the 1,498-cc Cielo in 1995) are limping at the starting-block. None of the 3 has managed to chalk up sales of more than 18,000 units a year. Even Maruti Udyog--a joint venture between the \$12.12-billion Suzuki Motor Corporation of Japan and the Government of India--has been unable to grow the luxury segment. At 18,000 units in 1997-98, its 1,300-cc Esteem luxury car's sales fell by 28 per cent. Explains B.V.R. Subbu, 43, Director (Sales & Marketing), Hyundai Motor India:

"Traditional mid-car buyers are turning to small cars; they are waiting for new technologies." Within 8 months of the 1,468-cc City's launch in January, 1998, the \$48.87-billion Honda Motor has sold 4,180 cars in the Indian market, which is more than the combined sales (3,317 units) of the Astra and the Escort. But despite Honda's initial success, the luxury-car segment has plateaued, and there seems to be room for just one player. In the past 3 years, the segment has shrunk in value, dashing car-makers' hopes of rebuilding their futures in India. Naturally, the only safe haven that remains is the small-car segment, which is 2.45 lakh units in size. And the only segment expected to grow at 15 per cent a year for the next 5 years. The new millennium cannot but belong to the small car. However, economics of upstream manufacture will only ensure survival. Sophisticated downstream skills are essential to make inroads into the tough Maruti Udyog territory.

BUILDING COMPETITIVE STRATEGIES

But strategies, like cars, must feed on volumes. And how much is the sub-compact segment likely to yield in 1998-99? Maruti Udyog expects the sales of the Zen to cross the 1-lakh-unit mark. Assuming that at least a third of the small-car owning population--this includes customers who have been using the Maruti 800, say, for at least 3 years--graduates to a sub-compact that means a market for at least other 1 lakh cars. Even if the 2-lakh mark is not breached in the next 5 months, 1999-2000 will be the Year of the Upgrade, the economy permitting. Which is why the second wave is focused on the small segment--from the mini to the sub-compact to the small car? On that relatively stable bandwagon is perched the goliath, Maruti Udyog, 2 newcomers--the \$28-billion Hyundai Motor of South Korea and the Rs 7,450.34-crore telco--and one revitalised company, Daewoo Motors. By drawing on their intrinsic strengths, each is evolving a unique strategy to overtake competition. BT test-drives the strategic responses of the second wave and assesses their chances of survival.

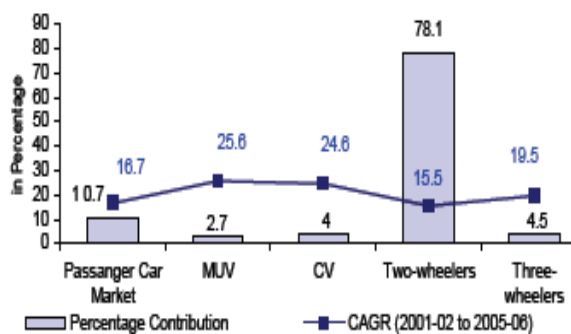
In less than two decades, India has ascended the ladder of global competitiveness and improved its business environment for investors through a consistent focus on economic reforms. Even more creditable is the fact that this growth comes on the back of an ever-strengthening social infrastructure supported by vibrant democracy. India today is the hotbed of entrepreneurial activity. Wealth creators and world-beaters are visible in sectors after sector. India's economy has more than doubled in real terms since reform began in 1991. Consumer demand, increasing three to five times faster than the economy, reflects the aspirations of a vibrant, growing and young middle class; India is home to 20 per cent of the world's population under the age of 24. With more than 200 television channels offering a window to the world, Indians are perhaps the most rapidly evolving consumers across the globe. Successful economic reforms, favourable media disposition and an overall positive economic scenario have placed a spotlight on the country. Indian companies are making overseas acquisitions, capital markets are booming, FII's are pumping money in, FOREX reserves are a record high and the political economy has gained credibility in the global investor community and world media. Innovative products, innovative processes, innovative manufacturing methods are enticing foreign investors and multinationals to India. What is 'India' for the world? It is a millennia-old civilisation. It is also the world's premier IT services provider. The world's back office. A global R & D hub. Emerging small-car hub. Repository, arguably, of the world's largest number of engineers, doctors, accountants, and so on. To bring it all down to a single idea -- India is ready with various touch points: from nation branding to product branding. Car manufacturers everywhere are struck by India's engineering and design capabilities. Toyota is planning to set up a research centre in India. Daimler Chrysler and General Motors have done that already and Honda S1000, Ford India, Ashok Leyland and Maruti Suzuki spend millions of dollars on research and development activities and it plans to make India a hub for Suzuki's small cars.

FUTURE OF CAR MARKET IN INDIA

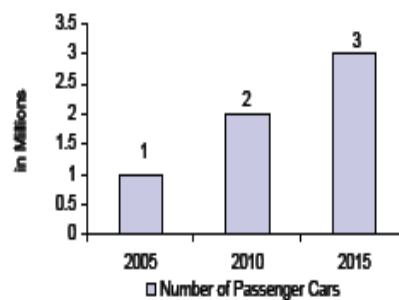
The Indian automotive market offers tremendous opportunities due to a strong GDP growth, increased urbanisation, an expanding middle class, an upward migration of disposable incomes and availability of easy financing options. The Indian automotive industry is dominated by two-wheelers, while cars account for about 10.7 percent of the total industry. The potential for growth is enormous.

The Indian Government's Automotive Mission Plan 2006-2016 states that the Indian passenger car market is expected to reach 3 million by 2015, making India as one of the top 10 car markets in the world. India is also expected to remain as the second-largest two-wheeler manufacturer, the largest tractor and three-wheeler manufacturer and the fourth-largest truck manufacturer in the world by 2015. The main considerations driving customer preference are mainly reliability and economy.

Segment-wise percentage contributions and growth rates



Passenger car projection estimates (2005-2015)



Automotive Mission plan 2006-2016

INDIA: THE SOON TO BE SMALL-CAR HUB

Small cars constitute about 78 percent of the domestic demand, making India the third-largest producer of small cars after Japan and Brazil. Therefore, the government has decided to launch a programme to make India a small car hub in the future – a recent reduction in excise duties from 24 percent to 16 percent exclusively for small cars being an initiative in this direction. The major players not present in this segment have also drawn up plans for entering this segment in the near future. Players with expertise in small car, such as Maruti and Hyundai, have formulated plans for ramping up production capacities. It is likely that with the small car volume increase (both due to domestic volumes and exports) in the next decade, domestic players, such as Tata Motors, would become strong global players.

COMMERCIAL VEHICLES TO CONTINUE STRONG GROWTH

This segment has shown strong growth over the last 5 years (at CAGR of over 20 percent), and the growth is likely to continue in the future as well as this is mainly dependent on economic progress and road-network availability, both of which are growing at a fast pace in the country. According to the National Highway authority estimations, the growth of highways is expected to proceed at a CAGR of about 6 percent during 2006-2015, in contrast to a growth of about 1.2 percent during 1951-1995.

The future is also expected to witness more product sophistication with increasing power to weight solutions especially for the truck segment. Multinationals have already made an entry in the segment with MAN, Daimler Chrysler and Volvo already present in the market.

INDIA FIRMS VENTURING ABROAD

Manufacturing occupies about 60 percent of the total direct overseas investments by Indian companies in various sectors. The Indian automotive companies, including both Indian OEMs and well as component manufacturers, have been investing mainly in the domains of forging and casting, particularly in European countries. So far, the industry has witnessed 16 acquisitions (five in 2005). The collapsing auto ancillary industry in these regions makes the deal extremely affordable for Indian companies, providing them market access and brand enhancement opportunities in a new region. Indian companies are also investing in emerging Asian economies such as China to establish a new sourcing base in the region.

Global automotive players: sourcing parts & outsourcing R&D base to India

The auto component exports sector is expected to show a strong growth with an estimated CAGR of 34 percent by 2014. All the leading OEMs in the world are

already sourcing components from India, mainly in steering systems, casting products and electrical, such as motors and wiring, harnesses.

The Indianmaruti suzuki has four major segments -- commercial vehicles (CVs), passenger vehicles, three wheelers, and two wheelers. The market share for each of these segments of the Indianmaruti suzuki, for the year 2003-04. According to the Society of Indian Automobile Manufacturers (SIAM) , the Indian passenger vehicle market has three categories -- passenger cars, multi-purpose vehicles (MPVs), and utility vehicles (UVs). The passenger car market is further divided into various segments based on the length of the car (Refer to Exhibit II for a detailed description of the lengthwise classification of passenger cars. The Indianmaruti suzuki was a highly protected slow-growth industry with very few players till the opening up of the Indian economy in 1991. Low manufacturing costs, availability of skilled labor, an organized component industry, and the capability to supply in large volumes attracted global auto majors to set up their operations in India after the opening up of the sector. For example, Fiat and DaimlerChrysler started outsourcing their component requirements to India. 100 percent Indian subsidiaries of global players, like Delphi Automotive Systems and Visteon , exported components to other parts of the world.

Macroeconomic factors like government regulations, low interest rates, and availability of retail finance played an important role in the rapid development of themaruti suzuki in India during the late nineties (Refer to Exhibit III for an understanding of the impact of the Union Budget on the Indianmaruti suzuki over the years)..... The leading Indian manufacturers are aggressively aspiring to become Tier-I suppliers – the OEM: aftermarket ratio in exports has changed from 35:65 in the last decade to 75:25 at present. According to a Government of India estimate, there are 400 large firms in the organised sector and about 10,000 firms in the unorganised sector. The entry of more foreign companies in the sector is expected to lead to greater regulation, pruning of the spurious market and the unorganised players ceasing to be stand-alone companies, and entering into either contract manufacturing or becoming ancillary units. India is also showing an increasing prowess in automotive design and development. Global MNCs, such as GM, Ford, Delphi, Visteon, etc., have already set up their R&D centres in India. The main advantage of these centres is the low development costs – it takes 1/5th of the costs to develop or engineer products in India as compared to global rates.

CASE STUDY OF MARUTI SUZUKI (PVT.) LIMITED

I believe in Dr. C. K. Prahlad's concept of finding value at the bottom of the pyramid. We are trying to increase market penetration through several innovative schemes. There is still a very large segment of our population which cannot afford a car."

Jagdish Khattar, Managing Director, MUL, in 2004



1

Maruti Udyog Limited is a subsidiary of the Suzuki Motor Corporation of Japan and has been the leader of the Indian car market since its establishment in 1981. Its manufacturing plants, located south of New Delhi in Gurgaon and Manesar, has an installed capacity of 450,000 units per annum, with a capability to produce around half a million vehicles. The company has a portfolio of 11 vehicle brands and is listed on both the Bombay and National Stock Exchanges in India.

ESTABLISHMENT OF MARUTI UDYOG LIMITED

- ✓ Incorporated on February 24 , 1981.
- ✓ Mou signed on april 4 , 1982.
- ✓ License and j.v agreement signed on october 2 , 1982.
- ✓ Plants located at Gurgaon , Haryana.
- ✓ Head office located at New Delhi.

✓ Ownership – GOI 49.74% , SMC 50% , MEMBF 0.26%

VISION

“The leader in the Indian Maruti Suzuki, creating customer delight and shareholders wealth; a pride of India.”

The case 'Marketing strategies of Maruti Udyog' examines the market expansion strategies adopted by Maruti Udyog Limited (MUL), India's biggest carmaker, in response to intense competition and a decline in sales of its bread-and-butter model - the Maruti 800. MUL enjoyed a near-monopoly status, until the Government of India liberalized the economy in 1991. This led to the entry of foreign players like Hyundai, Fiat, Mitsubishi, and Toyota. Even Indian auto players like Tata Motors and Mahindra and Mahindra entered the fray to give MUL tough challenges. MUL began to introduce new models, and upgrade its existing models in response to market demand. For instance, the company introduced the hatchback 'Swift' to shed its image of being a manufacturer of low-cost staid cars. The case study looks into how MUL came back from the crunch to retain its place as the top carmaker in India. It also deals with the tussle between Suzuki Motor Corporation and the Government of India over ownership issues. The case highlights the promotional offers undertaken by MUL in its quest for market dominance and examines how the company was able to mould itself according to the market requirements, by entering new domains and reaching out to potential customers through its 'True Value' and other promotional offers.

A joint venture between the Government of India and Suzuki Motors, automotive manufacturer Maruti Udyog Limited has the largest dealer and service network in India and commands a 60 percent market share of the Indian car market. In the JD Power Survey for the year 2000, Maruti was ranked number one in customer satisfaction marking the first instance where a leader in the Indian market was also recognised as a leader in customer satisfaction. To help maintain this high level of customer satisfaction, Maruti was looking for a way to speed and streamline information access to ensure the possible response to customer issues.

SOME SUCCESS STORIES

- ✓ Rapid expansion of Capacity : From 20,000 units (one plant) in 1983 to 350,000 units (three plants) in 1999.
- ✓ Total Number of Employees : 5838 (as of March 2000)
- ✓ Productivity : Vehicles per employee increased from 15 in 1984 – 85 to 70 in 1999-2000
- ✓ Highest value added per employee in 1998-99 at Rs 23.6 lakhs.
- ✓ 95.3% attendance.
- ✓ 2.5 days of Average Inventory.
- ✓ Suggestions Scheme & Quality circles : Cost savings of Rs 131.69 cr through 52,054 Suggestions in 1999-2000.
- ✓ Innovative use of IT for increased efficiency , Effectiveness of communication and reduction of costs.

"We knew we needed to be more nimble when it comes to information access and sharing," says Rajesh Uppal, general manager, IT division, Maruti Udyog Ltd. "We had been looking for portal software for our intranet to help accomplish this but had not found any open, flexible and cost-effective solutions. HP Services was instrumental in pointing us toward the Microsoft SharePoint Portal Server." Maruti had, in fact, been partnering with HP Global Services since 1993; and HP Services has provided design and support services for Maruti's networking infrastructure as well as providing assistance in planning the migration from Microsoft Exchange Server 5.5 to Exchange 2000. "The HP Services team understands our business and our information technology requirements," says Uppal. "Their extensive Microsoft expertise—along with the information they shared with us about HP's own intranet solution based on SharePoint—enabled the fast deployment of Microsoft SharePoint Portal Server and resulted in a solution that is both flexible and cost-effective."

Maruti Udyog Ltd., a joint venture between the Government of India and the Suzuki Motor Corporation of Japan was India's largest automobile company in 2005. It operated in the passenger vehicle market and manufactured affordable and fuel efficient cars for the Indian masses. Maruti 800 was its flagship small sized car and was the best selling car in India since decades. In 2005, Suzuki launched their global car 'Swift' in international markets and later in India. Swift was the first stylish compact car from the stable of Maruti and was a differentiator from its earlier products. The launch of Swift had brought Maruti in lime-light and various global international automobile manufacturers announced their plans to boost their investments in India and launch competing cars. The competition was expected to intensify to grab the burgeoning customer base.

The case describes the Indian Passenger car industry and the presence of Maruti in each of the categories. It traces the origin, growth and evolution of Maruti and the role played by Suzuki in enabling it to achieve dominance. The case highlights the global strategy of Suzuki and the marketing strategy of Maruti in launching Swift. It describes the 5 P's of marketing around the launch of Swift in an endeavor to change the image of Maruti as a manufacturer of fuel-efficient but non-stylish cars only. The case finally talks about the plans of other competitors and their strategy to gain dominance and the plans of Maruti to sustain its dominance in all segments.

The excitement has started building at Maruti Udyog's plant in Gurgaon, near Delhi, and amongst potential car buyers. The country's largest automobile manufacturer is gearing up for one of its biggest launches. Not since the launch of the Maruti 800 in 1983 has the anticipation amongst its employees, dealers and customers been so high. The objet d'attention we are talking about here is the Suzuki Swift, the first truly global car that the Japanese manufacturer will be launching in the Indian market. Scheduled to hit the neighbourhood Maruti showroom in the third week of May, the Suzuki Swift has already generated a lot of heat in the automobile market with competitors working and reworking their marketing strategies and customers putting their purchase decisions on hold. You may have caught a few glimpses of the Concept-S, the design concept car on which the Swift is based, showcased at the 2000 Auto Expo. But the new Swift is a lot different and much more practical than that concept. We think this sneak-peek of the Suzuki Swift will be able to give you an idea of what is in store for potential premium small car buyers.

VALUES

- ✓ customer obsession
- ✓ fast , flexible and fast mover
- ✓ innovation and creativity

- ✓ networking and partnership
- ✓ openness and learning

The Swift is considered as Suzuki's most attractive and stylish vehicle. Since launch it has quickly gone up the sales charts to become one of the 20 top selling models in Japan. There is a strong India connection for the Swift. From the time Suzuki decided to develop this Supermini, as the size segment is called in European markets, the Japanese company had worked on the design and development with engineers from around the world, motoring enthusiasts and European designers for fine-tuning the looks and performance of the car. With the aim of launching the car in India too, 21 Indian engineers worked with Suzuki in developing this global model. This is one of the few occasions that engineers from India have been involved in the development of an international car model. These engineers from Maruti have been part of the Swift design team for two years, and are now busy testing the the vehicle in Indian conditions.

The Swift is Suzuki's first world car in the sense that it has been designed with European taste in mind and is being launched simultaneously worldwide. Both Suzuki and Maruti are positioning the car around traits such as style, modern looks and young attitude, in addition to the traditional Maruti-Suzuki USPs of fuel efficiency and performance. To that extent the Swift will be a departure from the excessive focus on fuel economy and low maintenance that Maruti's other vehicles are known for. However, Maruti will want the Swift to also retain the image of a car that offers the benefits of fuel efficiency, performance and reliability. The Swift could come with a choice of new 1.3 litre or 1.5 litre petrol engines and may later offer even a diesel burner. Although the pricing of the Swift will be decided at the time of launch in May, it is likely to be at a premium to the current crop of small cars. Maruti is hoping to clock big numbers with the Swift and the target audience is likely to be potential customers and current owners of the Suzuki Alto, Zen and Wagon R, Fiat Palio and the Hyundai Santro.

Maruti Udyog Limited's (MUL) share of the Indian passenger vehicle market dropped to below 50% in 2004-05 . The future of MUL's low-cost model - the Maruti 800 (M-800) - was at stake due to the entry of global automakers into India. M-800 had dominated the Indian car market since it was launched in 1984. The introduction of new cars by competitors made the M-800 look obsolete as it had not been changed in any major way for over two decades. Apart from the increased competition, MUL also had a few other problems on its plate. There was a delay in setting up of a plant in India for manufacturing diesel engines and transmission systems for cars. The

engines for its diesel variants were imported from other countries, and there were limits on the quantities it could import. In the market, MUL's models like the Zen, Alto, Wagon, and Baleno were showing mixed results.

While Zen, Alto and Wagon were successful, Baleno failed to live up to MUL's expectations. Its utility vehicle 'Versa' met with a disastrous response from the Indian consumer. In addition, rising incomes, the growth in the used-car market, and availability of easier finance options, led customers to shift their allegiance to other models from competitors. To reduce its excessive dependence on a single model (M-800), the company had restructured the strategy for the M-800, and planned for product upgrades and new product development. In tune with changing customer preferences, the company launched its hatch-back model, 'Swift' in May 2005, to compete with Hyundai Getz and Fiat Palio. MUL hoped this model would help the company shed its low-cost and simple look.

MARKETING STRATEGY OF MARUTI SUZUKI

Maruti Suzuki India Ltd. is a leading manufacturer of four-wheelers in India. Born in 1983 with the mission to motorise India, Maruti was a joint venture between Government of India and Suzuki Motor Corporation, Japan. It quickly grew into the largest compact car making company of India and remained so till 2004. The company started with Suzuki holding the minor stakes of the company while Government of India holding the major stakes. As of present, Government of India has disinvested its stakes in the company completely, and handed over the management of company to Suzuki Motor Corporation. Today, Maruti and its partners employ more than 75,000 employees. Its manufacturing facilities are located at two locations, Gurgaon and Manesar, both south of New Delhi.

PRODUCT STRATEGY

Product is anything that can satisfy human needs and wants. The product is a combination of tangible and intangible aspects of the products offered by the manufacturer to the customers. It can be defined as a bundle of satisfactions and dissatisfactions offered by company to the customers at a point of time. The product strategy of Maruti is that its focus is on catering the needs of almost all the segments. Maruti Suzuki offers 16 brands consisting of Maruti 800, Maruti Omni, Maruti Alto, Maruti Versa, Maruti Gypsy, Maruti A Star, Maruti WagonR, Maruti Zen Estilo, Maruti Swift, Maruti SX4, Maruti Kizashi, Maruti Eeco, Maruti Ertiga, Maruti Grand Vitara and 150 variants spanning across all segments. Thus company creates products that are unique and valued and it is attaining advantage either through differentiation via new features, improved performance, after sales service or through cost leadership.

PRICING STRATEGY

The price is the amount a customer pays for the product. It is fixed after considering various factors such as market share, competition, material costs, product identity and the customer's perceived value of the product. The business may increase or decrease the price of product if other stores have the same product. The price decision is very sensitive and for that special care is to be taken to get the competitive edge. There are various factors to determine a price of a car, such as market condition, cost incurred to build a car, profit by company, dealer profit. The company's pricing strategies are such that every customer can own a car or upgrade to another one of his or her choice. The company offered a different model at a price difference of around 10,000. It follows a price-point-strategy wherein they have products available in almost all possible price points.

DISTRIBUTION STRATEGY

Distribution strategy of a firm is a plan created by the management of a manufacturing business that specifies how the firm wishes to transfer its products to intermediaries, retailers and end consumers. Maruti Suzuki has two manufacturing facilities in India. Both manufacturing facilities have a combined production capacity of 14,50,000 vehicles annually. Maruti has a strong dealer network. Infact it was one of the very first companies in the country to understand the importance of after sales service in high involvement products like cars. It has the largest distribution & Service network comprising of over 400 sales showrooms, over 600 dealer workshops, and 1900 Authorized Service Stations spanning across over 1190 cities unparalleled in the country. It has 30 Express Service Stations on 30 National Highways across 1,314 cities in India. Most of the service stations are managed on franchise basis where Maruti trains the local staff. To increase their reach to rural India, where setting up a complete dealership was very difficult, they opened extension counters which are operated by some dealer in the city thereby ensuring increased customer touch points without risking the viability of the dealers.

PROMOTION STRATEGY

The promotion includes all communications a marketer used in the market for his products and services to create awareness, to persuade the customers, to buy and retain in future also. For improvement in the position of sales or progress of business this method is used. The message is given to target group regarding the features and benefits of the products or services. Without communication, the features,

benefits and schemes would not be known to the customers and objectives of launching of products or services and increasing sales would not be completed. When communication creates awareness then only the interest would be created and customers would take the decision for buying. For promotion different methods of communication can be used. The promotional strategy of Maruti Suzuki is very effective. The company emphasise on road safety and environment friendly products. The company has launched road safety mission under which 5,00,000 people will be trained in the next three years. This will be done through two channels - Institute of Driving Training and Research (IDTR) and the Maruti Driving Schools spread across the country. Of the 5, 00,000 people to be trained, at least 1,00,000 will be people from underprivileged section of society, who are keen to take driving as a profession. The company has always promoted the concept of "Reduce, Reuse, Recycle" (3R's). The company has taken help of all the promotional tools like radio, television, road shows, print media, workshops and seminars to promote their cars

MARKETING STRATEGY THEORY OF MARUTI SUZUKI (PVT.) LIMITED

The marketing strategy of the Maruti Suzuki Pvt. Ltd. can be measured from the following story:

EFFICIENT PRODUCTION AND DISTRIBUTION CAPABILITIES

Just three months after it launched Swift, Maruti Udyog Limited has already sold over 8,000 units of the car and added another 5,000 next month. There's a four-month waiting period for the 1,298-cc hatchback -- the company claims more than 9,000 bookings before the car was launched. And that's even while competitors -- Corsa Sail, Hyundai Getz and Fiat Palio -- are available off the shelf. Not surprisingly, MUL now has a lot riding on the car: there's over Rs 440 crore (Rs 4.40 billion) invested in the project (Rs 250 crore-odd is MUL's share). Not only is the company hoping that the Swift will help expand the market for the B-plus segment (premium hatchbacks), it's also counting on Swift to make a style statement -- that Suzuki can deliver good-looking cars on Indian roads. For a company that has been known more for its value-for-money proposition -- from the 800 to the Esteem -- that's important. "It's not as if our cars weren't style statements. It's just that with Swift, we have made a break from the past," reveals a company official.

The buzz around Swift began in December 2004 -- five months before its launch. All new Wagon Rs and Maruti Omnis came with stickers and sunshields that proclaimed "My next car is a Swift." Unlike most car launches, where the look of the vehicle is kept under wraps until the last possible moment, photos and specs were made available at showrooms several months earlier. Models of the car were placed on

high platforms at busy intersections in Delhi; while cars were on display in malls. "It works well for those who don't have the inclination to really go to a dealer and check out the car," says a company official. The launch was staggered over three to four days in 15 cities across the country, coinciding with the worldwide launch of the car. MUL also made good use of its Rs 20 crore (Rs 200 million) marketing budget. For the first time, it opted for an in-film placement -- Swift appeared in the Bollywood hit *Bunty Aur Babli*, which was released on the same day as the car launch, May 27. And it trained 1,000 salespeople -- called "energisers" -- to exclusively sell the Swift. Perhaps the Swift's biggest plus is its price. Introduced at Rs 387,000 for the base model, it was close to about Rs 50,000 less than its competitors. Even the top-end version was Rs 70,000 cheaper than the Hyundai Getz GLS. MUL does not want to give this pricing advantage away. Although it hiked prices by Rs 10,000 in early June, advance bookings were honoured at the introductory price. And since the car is priced at just under Rs 400,000, Delhi residents pay only 2 per cent road tax, compared to 4 per cent for a car that costs more than Rs 400,000.

Suzuki Motor Corporation's expansion plans, which set the Japanese company on a collision course with the government, could turn out to be a big push for the automobile components industry. The 250,000 cars per annum assembly unit announced by Suzuki could result in an investment of up to Rs 7,500 crore (Rs 75 billion) by the components industry. The entire sourcing for the venture is proposed to be done locally. Though Maruti Udyog, which will own 70 per cent of the venture, is yet to announce its investment in the project, the automobile components industry expects it to be around Rs 2,500 crore (Rs 25 billion). As every rupee spent in a car project needs to be backed by a downstream investment of Rs 3 in components, vendors say the industry could see an investment of Rs 7,500 crore. "We are very bullish on this development, though we are yet to do our calculations on what the Suzuki Motor investment means to us exactly," Surinder Kapur, chairman of the Sona Group, one of the largest vendors of Maruti Udyog, told *Business Standard*. Any new demand can be met only by adding fresh capacity. "The automobile components industry has to make substantial investments in increasing capacity to meet the additional demand," said Dilip Chenoy, director-general, Society of Indian Automobile Manufacturers. McKinsey & Co had in a recent study said the Indian automobile component industry had the potential to become a \$33-40 billion industry by 2015. Suzuki's expansion plans could turn out to be a big push in that direction. Having successfully completed the supply of fuel neck and rear axle for Maruti Udyog Ltd (MUL) vehicles during last fiscal, Jay Bharat Maruti Ltd (JBML), the Rs 422-crore manufacturer of components for automotive applications, is now working on another expansion programme. The company is also planning to set up a coating facility and additional welding lines. Further, it has also decided to expand its existing capacity to meet the increased demand of MUL. "At present, the company is working on a major expansion plan for new model of Maruti YN4 and will be setting up facilities for manufacturing of the rear axle in technical collaboration with Yorozu Corporation, Japan," a JBML official told the researcher. However, declining to

divulge the details on investments involved in the expansion project and the implementation schedule, he said, "the details for the finalisation of technical collaboration and expansion project are still being worked out in constant consultations with Maruti Udyog. We will announce them as and when they were finalised." The official said that Maruti Udyog has recorded first ever sales of 4,72,122 vehicles in its 20 years of operations with 30 per cent growth over the previous year. "Our performance is mainly attributable to performance of MUL, our main customer. During last fiscal, we have recorded an increase of 35.39 per cent in sales over the previous year." Stating that the company has already started commercial supplies of fuel neck to MUL during last fiscal, the JBML official said the test trials have been conducted for rear axle and the commercial supplies would start during the first half of current fiscal. Expressing concern over the unprecedented hike in steel prices, the official said the steel prices during last fiscal increased by almost 40 per cent. According to him, reduction in import duty on components, strengthening of rupee against dollar, thus making import cheaper, and signing of free trade agreement with other countries would further add to the concerns.

THOROUGH PROFESSIONAL MANAGEMENT PHILOSOPHY

Japanese Management Philosophy of Team Spirit

- ✓ Common uniform
- ✓ Open office
- ✓ Common Canteen
- ✓ Open office – Easy accessibility , Speedy Communication and decision making.
- ✓ Morning Meetings
- ✓ Morning Exercises

The unit sales of the company during 2005-06 grew faster than the rest of the domestic car industry, and was the highest ever in Maruti's history. Gross Sales Revenue grew by 11 per cent over the previous year. Net Profit increased by 39 per cent compared to 2004-05. The ratio of Net Profit to Net Sales was 9.9 per cent compared to 7.8 per cent in 2004-05. During the year, work on the company's new ventures proceeded as per plan.

LATEST FACILITIES

This state-of-the-art facility, located in Manesar in Haryana, begins with an initial capacity of 100,000 units per year. This will be over and above the capability of over 600,000 units a year in our existing facility in Gurgaon, Haryana. The new car plant at Manesar, together with Suzuki Motor Corporation's new plant in Sagara, Japan, has been designed to meet the Suzuki group's global aspirations in the future. As such, the Manesar plant comes equipped with many sophisticated systems and processes to ensure high quality and productivity on the shop floor.

The company is also committed to upgrading facilities at the existing plant in Gurgaon. The total investment by Maruti and Suzuki in the new car plant, the diesel engine and transmission facility, upgradation of the existing plant and in launching new models will be close to Rs 6000 crore. The other major venture – the diesel engine plant --- is also on course to begin operations in this calendar year. The plant will manufacture state-of-the-art, 1.3 litre diesel engines for cars. It will start with an initial capacity of 100,000 diesel engines per year. This will enable Maruti's entry into the significant diesel car segment of the domestic passenger car market. These new facilities will strengthen the company's leadership position in the domestic passenger car market. At the same time, they symbolize Suzuki Motor Corporation's continued commitment to India.

IMPRESSIVE GLOBAL HOLD

The company will launch a new export model during 2008-09. This compact car model, while serving the Indian market, would be for export mainly to Europe. The company will target to export 100,000 units of this model annually. A few months ago, Suzuki Motor Corporation and Nissan Motor Company decided to widen the scope of their global strategic alliance. As a first step, they agreed to collaborate in manufacturing by utilizing the facilities of the company. In the new scenario, India and Maruti have acquired a very important role in this alliance. The increased scale of operations on account of the Nissan contract is likely to further improve cost and quality competitiveness at the Maruti facilities, which in turn will benefit customers in the domestic market. The company shares the Government of India's vision of making India a global hub for compact cars. With Maruti emerging as a contract manufacturer for Nissan, India takes one step forward in realizing that vision.

MOST EFFICIENT RESEARCH AND DEVELOPMENT

While Suzuki and Maruti remain committed to excellence in manufacturing, both companies are also increasing collaboration in R & D. Suzuki Motor Corporation sees a major role for Maruti in the area of R & D for cars in Asia. Building on the success of the Swift experience, where Maruti engineers trained in Japan worked closely with their Suzuki counterparts to design and develop a new model, the effort

will be empower Maruti to independently develop cars to suit preferences of Indian customers. The focus will be on tapping the vast talent pool available in India and develop people through extended training at Suzuki Motor Corporation, Japan. This, combined with augmentation of R & D facilities, will help Maruti acquire a preeminent position in Suzuki's global R & D set-up.

MARUTI'S STARATEGY TO COME UP WITH NEW MODELS & SURPRISE MARKETERS

The company is aiming at sales of one million cars per year in 2010. Investments in new facilities and in R & D, as outlined above, are both part of the strategy to achieve the ambitious sales goal. In addition, the company will launch a series of new models to be able to attain the one million sale target. It plans to launch five new models in the next five years to meet the needs of Indian customers. This will be over and above face-lifts of any existing models and launch of new variants. To sell one million cars in a year, the company will have to expand the network of sales outlets as well as service workshops across the country. This process, which gathered pace in recent years, is likely to accelerate in the next few years. Besides increasing the number of outlets, the company will also revamp the quality of infrastructure and service at these outlets.

GRABBING COMPACT CAR OPPORTUNITY

The company believes that the low penetration rate of cars in India and the relatively lower percentage of first time buyers present a tremendous opportunity for growth. Therefore, the company's optimism stems from positive macro economic factors, including significant GDP growth, bias towards lower taxes, a young population, focus on roads and rural infrastructure and growing consumerist aspirations. Like

China before it, the Indian car market may be on the threshold of explosive growth. This growth is likely to be driven by the entry-level segment. Over 25 million Indians have bought two wheelers in the past five years, and will boost demand once they upgrade to four wheels. The company, with a range of models in the entry level and compact segments, is best placed to tap this opportunity. Suzuki Motor Corporation has been the leader of the minicar market in Japan for over three decades. It has the right technology and the right products to tap the compact car opportunity in India.

The expansion of their sales and service network, innovative and focused marketing initiatives, aggressive cost reduction and productivity improvement programmes, their tie-ups with regional finance companies and banks to expand the reach of organised finance, are all efforts to reach out to entry level customers.

SHOWED GREAT SOCIAL RESPONSIBILITY

The company is conscious of its responsibility as a corporate citizen. During the year, the company has expanded the number and reach of Maruti Driving Schools across the country. Equipped with driving simulators and specially trained instructors, these schools provide a comprehensive theory-cum-practical curriculum modeled on the best international driving schools. They have been very well received, especially among women learners.

The recent decision of Suzuki to set up a separate joint venture for the manufacture of diesel engines and a new plant had raised concerns that MUL may not be able to benefit substantially from any future expansion plans. However, government intervention before the crucial board meeting to decide on the joint venture assured MUL a substantial 70% stake in the joint venture for the new vehicle manufacturing plant. MUL has been enjoying good growth in sales this fiscal with overall sales in the Apr-Oct period growing by 20.6% YoY to 302871. Going forward too, we expect MUL to enjoy good sales growth given its wide distribution network, high customer recall and attractive pricing. We maintain our Out Performer rating on the stock with a target of Rs444.

Maruti Udyog Limited has led India's car market for more than a quarter of a century. First established in 1981, the company is now a fully-fledged subsidiary of the Suzuki

Motor Corporation. Its principal activities include the manufacture and sale of motor vehicles and spare parts via a 300-strong dealer network scattered across India. The year 2002 saw Maruti add finance, leasing, insurance, and pre-owned car businesses to its portfolio, increasing the scale of its operations and prompting a review of its processes and systems. Oracle Consulting was engaged to install a number of Oracle E-Business Suite modules and integrate them with Maruti's existing systems. The eight-month project involved managing up to 50 people, including Maruti staff, Oracle consultants, and employees of third-party organizations. Oracle also assisted Maruti with change management, a critical part of the process to ensure quick user acceptance.

GREAT MANAGEMENT CONTROL

1Prior to employing Oracle, Maruti used a number of home-grown systems to manage its various lines of business. Many of these disparate systems could not talk to each other, requiring staff to enter data multiple times and consolidate information to generate management reports. The addition of four new business sectors in 2002 created further pressures, requiring constant monitoring and human intervention to keep the system operating across the hundreds of locations Maruti serves within India. To support this growth and improve efficiency, the company decided to revamp its information technology systems to provide end-to-end visibility into the organization. "We were looking for a flexible, expandable system that was easy to manage," said Rajesh Uppal, chief general manager, information technology, Maruti Udyog. "This would reduce the complexity of the IT environment and our reliance on certain people to maintain the systems. And because our business is undergoing a period of rapid expansion, it was important to have a standard system that could scale easily."

To minimize the impact of the system change on its business, Maruti decided on a phased migration to Oracle E-Business Suite. As a first step, the company decided to replace its financial, purchasing, and human resources systems with Oracle Financials, Oracle Procurement, and a range of Oracle Human Resources applications. Oracle Consulting was selected to supervise the implementation, including determining Maruti's requirements and developing a project plan, designing

the system, deploying the software, managing the various parties involved, and providing post-implementation support.

TIGHT PROJECT MANAGEMENT

As with all Oracle Consulting-led deployments, consultants sat down with Maruti managers and key business users to scope out their requirements. A steering committee was set up to guide the implementation and ensure consultants had recourse to senior executives for advice. The project plan delineated the responsibilities of each party and incorporated monthly milestones and testing deadlines. Oracle Consulting ensured a fast, problem-free installation by employing Oracle's Business Flow Accelerators—an implementation approach that leverages predefined business flow templates to reduce the time and cost associated with application deployments. A key project challenge was interfacing the Oracle modules with Maruti's legacy systems, including direct item procurement, dispatch systems, the time card system for attendance, and the Hyperion business intelligence platform. The integration had to be completed without any impact on the company's business, which frequently deals in large volumes. For example, Maruti generates more than 2,000 invoices each day and any lengthy interruptions could have disastrous impacts on cash flow further down the line.

GREAT FUTURE PLANS

After the success of the financials, procurement, and human resources deployment, Maruti is considering expanding its Oracle footprint. The company is evaluating Oracle Advanced Supply Chain Management and Oracle Enterprise Asset Management. "We would like to automate supply chain management and integrate this process with the Oracle ERP system," said Uppal. "We are also looking at linking more systems with Oracle, so we can access real-time information across all our businesses. I expect Oracle Consulting to play a role in future projects."

A CRITICAL ANALYSIS OF MARKETING STRATEGY OF MARUTI SUZUKI

Strategy and timing are the Himalayas of marketing. Everything else is the Catskills. Al Ries. Maruti has been successful in capturing the car market because of the excellent product it has produced. The market research conducted by Maruti Suzuki showed that Indian cars were overcrowded, with turbans and sarees to be accommodated. The idea was to create a voluminous compact car. The “tall boy” model was taken from the Atoz and it was redesigned to meet Indian conditions. The car also gives high mileage. The engine delivers adequate torque i.e. the ability to pull loads even at very low speeds---this proves to be very essential for slow and traffic-heavy Indian conditions. The most important is the seating, which is, high and gives “road command”.

Maruti Suzuki was competing with Maruti Suzuki in the small car segment and it offered technology that other car makers thought was too advanced for the slow growing Indian market. Maruti has now built up a reputation such that it is the first preference of anybody who has driven or ridden in it.

The marketing strategy employed by Maruti Suzuki can be studied with insights into their STP analysis and Marketing Mix.

PEST ANALYSIS

In order to understand the conditions under which the Maruti products were launched in the Indian market, it's necessary to analyze the factors that influenced its effectiveness.

Political Conditions

- ✓ Maruti Suzuki entered India when liberalization was at its peak. As a result, everyone was very open to the idea of foreign companies collaboration (Maruti India + Suzuki Japan) setting up base in India.
- ✓ The government insisted on the Companies using 70% local content in the manufacture of the cars as they would have generated tremendous revenue for India. Maruti Suzuki achieved this in a very short time.
- ✓ A positive EXIM policy also has helped Maruti Suzuki to boost its top line with Exports of Maruti Suzuki products to other countries.

Economic Conditions

- ✓ The economic conditions during the launch of Maruti Suzuki were very relaxed and liberal. Maruti Suzuki was launched when the country had just opened its doors to liberalization. So there were no strict norms or bylaws that the company had to adhere by.
- ✓ The resources available in India were utilized by the multinationals (Suzuki), which generated considerable revenue for the government.
- ✓ A booming banking sector and a phenomenal growth in Auto Loans market has made Maruti Suzuki more affordable.

Social Conditions

- ✓ A rise in Middle class and concept of small nuclear families has propelled a demand of B-Segment cars. Maruti Suzuki provides an exact choice for this demand leading to its high growth.

Technological Conditions

Since Maruti Suzuki manufactures everything from the smallest of screws to the biggest of machines in its factory it is able to maintain the efficiency of the machines. Maruti Suzuki therefore manufactures cars under best of conditions with the best of machinery. As a result, the cars manufactured are of top quality.

STP – SEGMENTATION, TARGETING, POSITIONING

Marketing is not an event, but a process . . . It has a beginning, a middle, but never an end, for it is a process. You improve it, perfect it, change it, even pause it. But you never stop it completely.

Segmentation

Segmentation is based upon considerable evidence that a single marketing approach or formula will not work for all members of the community to be served.

Geographic

The region of interest of Maruti Suzuki is whole India with special focus on Type A and fast growing Type B cities across India.

Demographic

Age – Anybody of age between 20 – 40 yrs.

Income – Anybody with an income of over 4 lakh p.a.

Occupation – Millennials employed as professionals, managers and those want to buy their first car. Social Class – Middle class, Upper middle, Lower Upper and Upper uppers.

Psychographic

Personality – Dreamers, those who want to achieve big, ambitious, price conscious, took their first step towards success and value driven.

Behavioral

Benefits – Quality, Style, Price (economical)

User status – Potential users and first time users

Buyer – Readiness Stage – Those who are aware, informed, interested and intend to buy

Targeting

In evaluating the market segments Maruti Suzuki has looked at two factors - The segments overall attractiveness and the companies resources. As is very clearly seen Maruti Suzuki has opted for a selective specialization kind of targeting. Maruti

Suzuki has selected a number of segments each objectively attractive and appropriate. There is minimal synergy among the segments but each is a cash cow. This multi segment strategy has had the effect of diversifying the firm's risk.

Having Bollywood celebrities to endorse its cars paid off for Maruti Suzuki. Bollywood celebrities like Sunny Deol as a brand ambassador targets two sections of the society. Firstly, his glamorous and sophisticated image appealed to the elite effecting their purchase decisions. Secondly, his adorable persona appealed to the middle class buyers who wanted a good car for the 'big' investment they were making and for people who were graduating from the second hand car.

The low price tag of Maruti Suzuki initiated a price war among all companies and forced Tata Indica to pre-pone its launch. The initial low price tag and strengthened by a solid marketing initiatives in form of print advertisements provided a solid foundation for Maruti Suzuki in India which showed in its sales of 17000 units in just 5 months.

Maruti Suzuki has identified its target market based on its pricing strategy. Swift aims to be the price leader in B-Segment cars. It has always priced its base model lower than Zen or Indica giving all the features which they give in their higher models. With a constant change in its positioning strategy, Maruti Suzuki Swift has succeeded in identifying its target market every time and emerging as the fastest selling car in its own segment. With the invent of Swift, Maruti Suzuki is looking towards entire new segment of consumers and all set to target it to emerge as the market leader in B-Segment cars.

Positioning

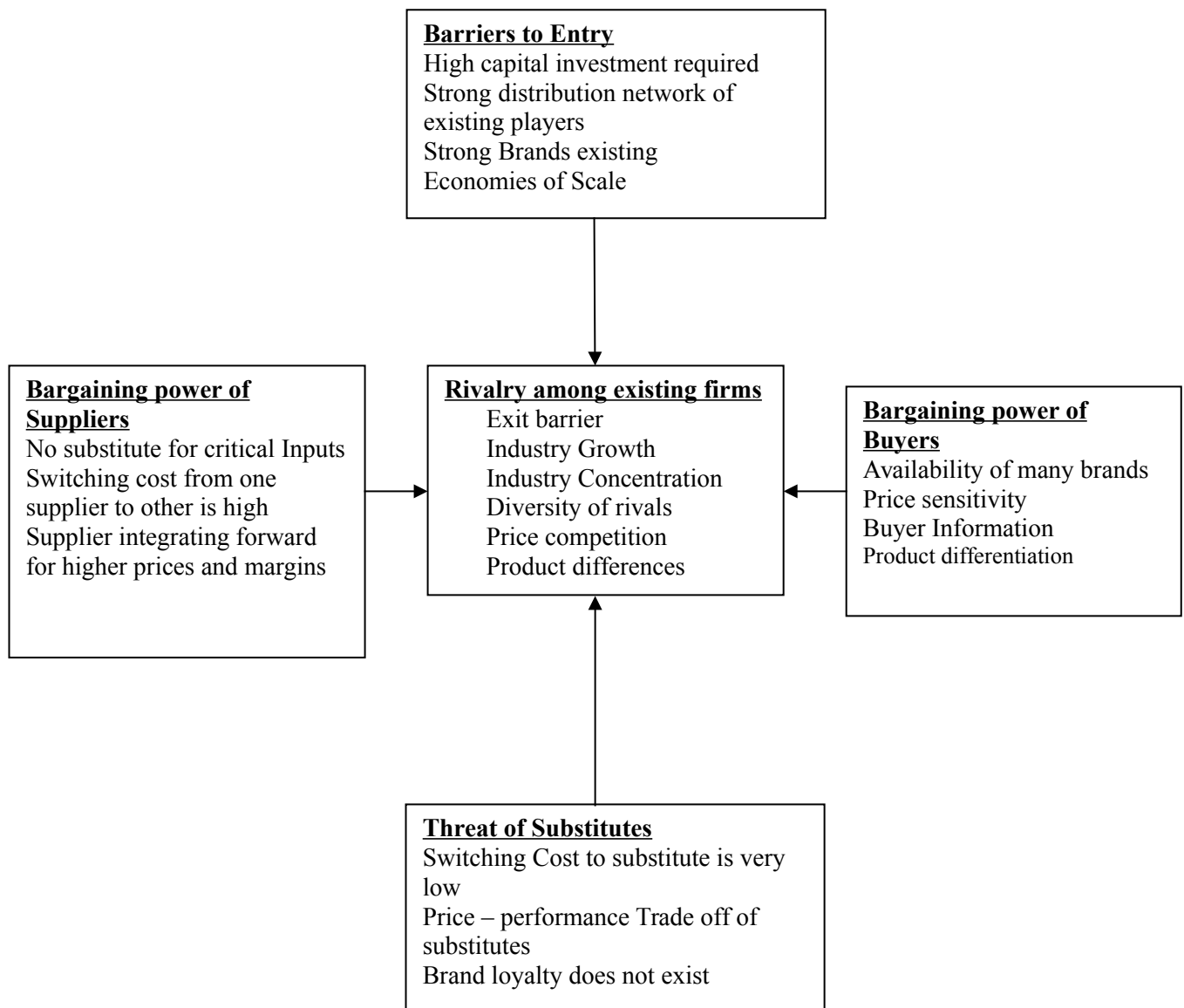
Since its inception, Swift has undergone a lot of changes in terms of its positioning. First it was Swift, then Swift VXI, and then came finally Swift VDI.

When Swift was initially launched it was positioned as "The Complete Family Car". Since Swift was launched in B-Segment, it had Santro and Tata Indica as its biggest competitors in that segment. The stylish 'Tall Boy' Design of Swift together with its slogan helped it to position itself as one of the cars to look upon. With a constant change in its positioning, Maruti Suzuki always tried to keep alive the buzz associated with Swift.

Maruti Suzuki repositioned Swift as "Sunshine Car (smart car for young people)" from earlier "complete family car". This was done because the competitors were coming out with similar products and then Maruti Suzuki started what they call as 'Emotional Positioning'. This repositioning of Swift also helped it to target the segment of first time car buyers. Even the print ads at this time were designed in a

way to project Swift as the first car for the fastest growing consumer segment of India at that time, The Young Professionals, of the service industry that combined with various loan facilities were too eager to buy their first car. This led to a phenomenal growth in its sales and further strengthening its position as a brand in consumer mind. Thus the repositioning of Swift gave it an edge over its competitors and also to emerge as a tough rival to Maruti 800 as 'The First Car'.

PORTERS FIVE FORCES MODEL



SWOT ANALYSIS

STRENGTHS

- ✓ Brand Name: Maruti Suzuki has emerged as a strong brand name in recent times. Backed with the parent company Maruti Suzuki this is recognized as a strong player in worldwide automotive market, Swift has definitely a value associated with it any individual will like associated with.
- ✓ Large Distribution Network: With a strong dealer network of around 3000 dealers all around the country, Maruti Suzuki has made its presence felt in each and every corner of India.
- ✓ Wide Product offerings at different price points: Maruti Suzuki has launched various models in various segments and hence has a very good product mix of offerings at different price points.
- ✓ Cheapest cars in respective segments: Maruti Suzuki has always followed an aggressive pricing policy. As a result it has its cars priced at lowest possible rates in respective segments.
- ✓ Encouraging Exports: Backed by a strong production and a global setup at Gurgaon, Maruti Suzuki is exporting a lot. An export of worth Rs. 1,325 crores has been achieved in last six months.
- ✓ Awarded Many Awards: Maruti Suzuki has been awarded with many awards and recognitions like "The Star Company" amongst unlisted companies by Business Standard this year. Its various models like Swift has achieved many awards, thereby increasing the brand value of the company.
- ✓ Economy with technology: Maruti Suzuki's cars have always been seen as a company producing cars blending economy with technology. Swift's initiative of putting a 16-bit microprocessor on board has proved as one of the major reasons for its success and that too for the lowest price in its segment.

WEAKNESSES

- ✓ Lack of in house R & D: Maruti Suzuki does not have a comprehensive R & D department.
- ✓ New model introduction to only cosmetic changes: There is no major design changes incorporated in Maruti Suzuki products. Only some cosmetic changes have been made.
- ✓ Dominance mainly at lower level: Maruti Suzuki dominance in Indian market is only at its lower level segments like Swift in B-Segment and Accent in C-Segment. It has to focus on its upper segment models to strengthen its position in Indian car industry.

OPPORTUNITIES

- ✓ Rise of Indian middle class and small cities: As a phenomenal growth is seen in recent times in Indian middle class and the purchasing power of working class individuals. Also a rise in small cities across the country has given a great opportunity to Maruti Suzuki for achieving a higher growth rate in coming times.
- ✓ A Booming Economy: Indian economy is growing at a rate of on an average of 7% every year thereby giving an opportunity of larger sales in each and every segment.
- ✓ Rising exports: With a export of Rs. 1,325 crores in last six months, Maruti Suzuki has a great opportunity of achieving a export target of Rs. 2,700 crores in this fiscal year.

THREATS

- ✓ Many players fighting for the same cake: There are many major players in the B-Segment and since the size of market is not expanding rapidly, Maruti Suzuki has a major threat in form of tough competition.
- ✓ Entry of new players: with coming of Tata Indica and other players planning to come out with much more models in B-Segment, the competition is just getting hotter.
- ✓ Cannibalism: to some extent the Zen is affecting Swift because of its price. Thus Maruti Suzuki has to focus more on its positioning strategy of Zen and Swift.

CONCLUSION

Maruti Udyog Ltd., a joint venture between the Government of India and the Suzuki Motor Corporation of Japan was India's largest automobile company in 2005. It operated in the passenger vehicle market and manufactured affordable and fuel efficient cars for the Indian masses. Maruti 800 was its flagship small sized car and was the best selling car in India since decades. In 2005, Suzuki launched their global car 'Swift' in international markets and later in India. Swift was the first stylish compact car from the stable of Maruti and was a differentiator from its earlier products. The launch of Swift had brought Maruti in lime-light and various global international automobile manufacturers announced their plans to boost their investments in India and launch competing cars. The competition was expected to intensify to grab the burgeoning customer base.

The Indian car market currently appears to be at a crossroads, where car marketers are attempting to change customer perceptions of their brands and where specific buying motivations appear to be replacing generalities.

This meanwhile is quite unlike the west where buyers consider aesthetics, comfort and safety, not necessarily in that order, before finalising a purchase. "It's smarter to think about emotions and attitudes, if marketers are to do a better job of marrying what a car offers to the consumer's image of the offerings.

The mindset of the Indian consumer is such that he is delighted if he buys a pen a little cheaper than his neighbour. Things are, however, slowly changing and customers at the upper end of the market are now ready to pay more for more. I hope that this approach will soon enter the small car segment, maybe not with the same intensity .

"Success will largely be determined to the extent a company can differentiate itself in terms of intangibles that go with a car". Thus, success could well hinge on the best of bundle of services that a carmaker can provide. Maruti Suzuki grew from zero to the 500,000 mark and the number One sales spot in India in just five years. Looking at the present scenario it can be said that though there is lot of competition in the auto world Maruti Suzuki is picking up well.

ANNEXURES

Q1. From how many years you are Using Maruti Suzuki Cars?

- a) More than 2 years
- b) More than 5 years
- c) More than 10 years

Q2. Is Customer price Sensitive?

- a) Yes
- b) No

Q3. What is Competitive Advantage of Maruti Suzuki over other cars Companies?

- a) Price
- b) Quality
- c) After sales services
- d) Other

Q4. Which Version is the Customer Prefer more?

- a) Petrol
- b) Diesel
- c) LPG or GAS

Q5. What is its Sales Position of Maruti Suzuki?

- a) Going Up
- b) Going Down
- c) Remains Constant

Q6. Are you aware about the present boom in Market?

- a) Yes
- b) No

Q7. What method do you follow for sell of your products?

- a) Direct sales Method
- b) Indirect Dealership Method
- c) Both

Q8. Which is the major factor to increase the sale of your products?

- a) Brand

- b) Demand Supply Factors
- c) Quality
- d) Other Factors

Q9. Which are the products of the company that are favorite among the customers?

- a) Quality Based
- b) Economical / Cheap
- c) Branded

Q10. Do you see the probability of a separation between Maruti and Suzuki in future?

- a) Yes
- b) No

Name –

Sign –

Profession –

Date -

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