

Maruti suzuki india limited a passenger car company marketing essay



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Maruti Suzuki India Limited (MSIL) is a passenger car company. The Company is very busy in the business of manufacturing, purchase and sale of motor vehicles and auto mobile spare parts. It includes various activities like Company facilitation of pre-owned car sales, fleet management and car financing. The Company is a subsidiary of Suzuki Motor Corporation, Japan. The Company has a portfolio of 13 brands and over 150 variants. It is mostly famous for car financing almost all the people of even middle class persons can buy by this finance method of purchasing the car. From the starting stage, maruti brought to India, a very simple yet powerful Japanese philosophy fewer , smaller , shorter , neater and lighter.

It also exports entry-level models through out the world more than 100 countries and the main vision has been to identify new markets. Some important market includes Africa, latin America and south east asia. though it is the leading manufacturer company for the four wheelers in india and gaining huge profits all over the part. And also the maruti company's philosophy is three R's mainly refers to reduce , recycle and reuse. In this basis the company is recycling the old cars and made it into a new product.

Maruti suzuki India limited is also known as maruti udyog limited. The company's main aim is by the year 2013 its manufacturing capacity must raise to 1. 75million. it is a passenger car company includes facilitation of pre-owned car sales and the company is in such a way condition that in only 2010 it sold 295, 920, 000, 00 vehicles. The company's head quarter is located in New Delhi India.

Executive Summary

Maruti Suzuki India Limited is a widely listed automaker in India. It is the biggest automobile manufacturer in Southern Asia. Suzuki Motor Corporation of Japan holds a majority stake in the company. It was the first company in India to mass-produce and sell more than a million cars. It is largely credited for having brought in an automobile revolution to India. It is the market leader in India and on 17 September 2007, Maruti Udyog Limited was renamed Maruti Suzuki India Limited. The company's headquarters are located in Delhi.

Maruti Udyog Limited (MUL) was established in 1981 in the month of February, though the actual production commenced in 1983 with the Maruti 800, based on the Suzuki Alto car which at the time was the only modern car available in India, its only competitors- the Hindustan Ambassador and Premier Padmini were both around 25 years out of date at that point. Through 2004, Maruti Suzuki has manufactured over 5 Million vehicles. Maruti Suzukis are sold in India and various several other countries, depending upon export orders. Models similar to Maruti Suzukis (but not manufactured by Maruti Udyog) are sold by Suzuki Motor Corporation and manufactured in srilanka, bangladesh and other South Asian countries.

The company annually exports more than 40, 000 cars and has an extremely huge home market in India trading over 720, 000 cars per year. Maruti 800, till 2004, was the India's largest trading compact car ever since it was launched in the year 1983. More than a million units of this car have been sold across the world so far. Currently, Maruti Suzuki Alto tops the sales charts and Maruti Suzuki Swift is the largest selling in A2 segment.

Due to the huge number of Maruti 800s sold in the Indian market, the term “Maruti” is normally used to refer to this compact car model. Maruti Suzuki has been the leader of the Indian car market for over two decades.

Its manufacturing facilities are located at two facilities Gurgaon and Manesar south of Delhi. Maruti Suzuki’s Gurgaon facility has an installed capacity of 350, 000 units per annum. The Manesar facilities, launched in February 2007 comprise a vehicle assembly plant with a capacity of 100, 000 units per year and a Diesel Engine plant with an annual capacity of 100, 000 engines and transmissions. Manesar and Gurgaon facilities have a combined capability to produce over 700, 000 units annually.

More over almost half of the cars sold in India are Maruti Suzuki cars. The business group is a auxiliary of Suzuki Motor Corporation, Japan, which owns almost 54 per cent of Maruti Suzuki. The rest is owned by the public and financial institutions. It is displayed on the national Stock Exchange and mumbai Stock Exchange.

During 2007-08, Maruti Suzuki sold 764, 842 cars, of which 53, 024 were exported. In all, over six million Maruti Suzuki cars are on Indian roads since the first car was rolled out in 1983 december 14th.

Maruti Suzuki offers 15 models, Maruti 800, Alto, WagonR, Estilo, Ritz, Swift, Swift DZire, SX4, Omni, Eeco, Grand Vitara. Swift, Swift DZire, Gypsy, A-star and SX4 are manufactured in Manesar, Grand Vitara is imported from Japanese company as a (CBU) completely build unit, remaining all models are produced in Maruti Suzuki’s Gurgaon Plant.

Suzuki Motor Corporation, the parent company, is a worldwide leader in mini and compact cars for three decades. Suzuki's technical superiority lies in its ability to pack power and performance into a compact, lightweight engine that is good, clean and the fuel efficiency is high.

Nearly 75, 000 people are employed directly by Maruti Suzuki and its partners. It has been first rated in satisfaction for the customers among all car companies in India from 1999 to 2009 by J D Power Asia Pacific.

In the past this maruti cars are being used by most of the people across India thought they are very simple, good looking and can get it in a cheaper price. But now a days these maruthi Suzuki cars are reduced though many companies are offering a new type of cars with low price and good comfort.

Vision:

Visions of any company are those values on which company works. As the MUL is started by Governmental initiatives it tends to be more consumer oriented and hence cost effective, but on the other hand Suzuki's participation ensures not only need of the profit, but of the need of maximum profit. The only way for this Nora's dilemma of selecting principals for company's working vision , was to maximize profit and reducing cost by maximizing output and sales Hence MUL declared its Vision as-

“ The Leader in the Indian Automobile Industry, Creating Customer Delight and Shareholder's Wealth; eventually become a pride of India”

Customer Delight is making sure that performance, after sales service and customer support are best and beyond expectation.

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Shareholder's wealth is the prime concern for running business smoothly.

MUL knows this and understands "customer is king", he can change the fortune of any company, hence goes company's brand line: COUNT ON US!

Mission:

Mission is the statement of an organization's purpose, what it want to accomplish in the larger environment and its goals which are specific, realistic and motivating. Missions are described over visions and visions demand certain objectives. The main objectives/Missions of MUL are:

- Modernization of the Indian Automobile Industry.
- manufacturing the cars quickly and selling them for a low rate
- Producing fuel-efficient vehicles to conserve scarce resources.
- Production of large number of motor vehicles which was necessary for economic growth.

Market Penetration, Market Development Similarly Product Development and Diversification.

- Partner relationship management, Value chain, Value delivery network .

Current Situation

ALTO the brand under study is the brand which is the largest selling entry level car in India is one one of the most successful brand of the Maruti arsenal.

The Maruti Alto is the Indian-built version of the fifth generation Alto, manufactured by Maruti Suzuki. It was launched in the local Indian market on September 27, 2000 although the Alto nameplate was very successfully being used to export the Maruti Zen to Europe from India since around 1994 having captured over 40% market share in Belgium and 33% in Netherlands by 1998.

It is the best-selling hatchback in India. Since 2006, It is India's largest selling car and crossed the 1 million production figure in February 2008 becoming the 3rd Maruti model to cross the million mark in India after Maruti 800 and Maruti Omni and 4th overall joining Hyundai Santro. Besides being exported to Europe from 1994-2004, it has also been exported to several other countries.

Specifications

The Alto is powered by a three-cylinder 796cc gasoline engine with 4 valves per cylinder,

MPFI and a 32bit ECM. All models have a five-speed manual transmission.

Maximum Power: 47PS (35 kW) at 6, 200rpm

Torque: 62N·m (46 ft·lbf) at 3, 000rpm

Acceleration: 0-100km/h: approximately 20 seconds

Top Speed: 137km/h (85 mph)

Engine specifications:

Engine type: FC engine, 4valves

Swept volume: 795 cc

Number of cylinders: 3

Engine control: 32 bit computer

Torque(nm/rpm) : 62/3000

Transmission: 5 speed synchronous and manual type

Suspension system:

Rear end: Mc person strut mechanism

Front end: coil spring gas-filled shock.

Capacity: 5persons

Tyre type: with out tube 145/80 R12.

Kerb weight is 725 kg

Gross weight of the vehicle is 1160kgs

Dimensions of the vehicle are:

Over all height of the vehicle is: 1460mm

Over all length of the vehicle is: 3495mm

Over all width of the vehicle is: 1495

Maximum turning radius is 4.6m

Ground clearance is noted as 165mm

Total base wheel is 2360mm

Overall weight of the vehicle is 75kg

Level of the sound system is 70

Speed of the brush in rotations per minute is 150

Size of the brush in mm is 430

Steering is electronic power steering.

The Alto was seen as a natural successor to the time-tested and equally popular Maruti 800 (MB308). It contained all the plus points that the 800 offered Indian car-buyers, in addition to features such as power-steering, power-assisted braking and a 5th gear that the 800 did not normally have. The popularity of the Alto has steadily increased over the past few years, mainly due to the aggressive pricing. This reduction in prices has mainly come in due to the reduction in excise duty over time. Alto became the first car in India to sell over 200,000 units in a single financial year, the last 100,000 units being sold in 5 months. Alto was also the only car to sell over 22,000 units in a single month. Maruti's vast network of dealerships and Maruti Authorized Service Centers (MASS) have also contributed towards this massive popularity in the Indian entry-level automobile market.

ALTO is the cash cow of the Maruti automobiles and hence needs an replacement before it vanishes out of the market as it has entered its decline phase of life cycle. There are various options available such as:-

Market penetration:- this option is already out of question as it is one cheapest car available in the entry segment of the car.

Market extension:- this is an feasible option and the company is already practicing it as it has exporting it to other countries especially in Indian subcontinent. But this is also not and long term solution as the biggest market of it (India) will still be lost if something is not done in time.

Product development:- So this is the only feasible option to keep the brand alive in its biggest market (India). This can be done by breaking away the shackles the brand has developed over time in mind of youth i. e. Of a cheap, low power car which is only is a car with no other features.

So what can we do is launch a higher power and better interior and feature car to the youth which as appeal to this high spending demography of Indian population.

Macro-environment

Economy:- the current situation of Indian economy is booming so thats a favorable factor that will support the extension of brand.

Legal:- the legal structure of india supports the production of automobiles. The rules are lenient and the taxation is being lowered in last few years on small car segment.

Government:- govt. Policies support the production. Govt. In the past has always supported the industrial developments; in-fact Maruti was a venture of personnel interest to former Indian prime minister Mr. Rajiv Gandhi

Technology:- they have one of the best technologies in the small car segment

Ecological:- they have a favorable ecology for the brand ALTO with all parameters supporting the segment leadership of the brand

Socio cultural:- the ALTO brand is well placed in the minds of the customers and have a wide acceptance among general people. In-fact it enjoys the first choice brand of the new customers to the segment

Supply chain:- Maruti enjoys one of the most descriptive supply chain across country

Market Analysis

market definition:- the market is clearly the entry level customers of the lower & middle middle class

market size:- the market size currently is about 0. 5 million for the entry level

Market segmentation

Industry structure and strategic groupings:- the car market is clearly divided into 3 levels entry level middle level & executive class basically. Our ALTO stands clearly in the entry level segment

SWOT Analysis

STRENGTHS

Contemporary technology. Japanese Management practices (that had captured Japan over USA to the status of top Auto manufacturing country in the world) Early mover advantages. Added to it ALTO enjoys best mileage in the segment and the lowest cost with best value to the customers

WEAKNESS

ALTO doesn't evolved with time and hence kept himself aloof of the progress goin on in the entry level segment. The car has an image of being most cheap car of hte segment and that has hurt a lot of sales as the spending power of the potential customers have increased.

OPPORTUNITIES:

with better buying power more customers will be promoted to entry level segment of the cars. Also the brand image ALTO enjoys will surely help in grasping this new entry of potential customers.

THREAT:

increased spending capabilities of the customer's is promoting higher end entry level cars also foreign players are gaining a lot from this. The same ALTO design has been overdone with in the industry

Marketing Strategy –

Product:- the product needs repositioning as the product is old hence it doesn't need to make a base again but only need to introduce some more to it`s portfolio

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product mix:- in addition to its current portfolio of LX, LXI, STD, and addition in higher engine power will help as the competitors are having better power to our product so that will attract some power hungry customers.

Product life cycle management and new product development

Brand name:- the brand name ALTO has a huge popularity in the mind of the customers. ALTO in itself is a self defined name in car market.

Augmented product:- an augmented product will definitely be a life saver for this declining phase of this brand

Marketing Strategy – segmented marketing actions and market share objectives

by product:- The new ALTO should focus on little higher segment of the society by giving better interiors and better power from the improved engine.

by customer segment:- the segmentation will be the same xcept that a new higher power car will help to increase the appeal to the power hungry customers and will increase the product life which is facing a decling phase of its PDLC

Marketing Strategy –

Price:- the price currently of the product is already one of the lowest in the segment. While the new product will be slightly higher as it is higher in power plus it will also add some appeal to the car

pricing objectives:- pricing objective should be clearly the same as before as at this phase it will be dangerous to change the image of the product rather we should concentrate on the old age image and try to en-cash upon it with newer versions.

pricing method:- simply it should be competitor indexing as it goes with set image of the brand

pricing strategy:- we should simply go for penetration strategy at this phase of the life cycle

Marketing Strategy – promotion

promotional goals:- the goal for this new version is to get the best visibility for it and achieve as higher sales as possible

promotional mix:- as electronic media is the strongest at this time higher visibility on the electronic media will help a lot it will also help to replace the image of the basic car requirements to a newer heights as set previously by ALTO himself.

Internet is also an media of greatest potential in these days and hence advertisements on internet will definitely help. As we are launching a higher power variant of the established brand and the main aim to attract potential customers of the youth segment so interest all the way more important to trap this segment.

Added to this print media is to be skimmed as this help to promote the product regionally which is also of great importance.

Local displays at high visitor places is also to be focused on

Marketing Strategy – Distribution

as MARUTI enjoys the most extensive coverage both in terms of dealers and service centers this isn't a big issue to the new product we adding to the ALTO portfolio to extend its life cycle which is in its declining phase

LEARNING OUTCOMES

1. Components of a Marketing Plan

A comprehensive marketing plan is an excellent tool to guide your company's strategy. Although not all parts of the plan will directly relate to your particular business, following these guidelines will help you to make sure you've taken all factors into consideration when making decisions.

Executive Summary

The executive summary is the first part of the marketing plan, but should be written after all other parts are completed. It is a brief overview of the entire plan and covers only the main points. It is useful to people you approach with your plan, such as investors, who may want to read a synthesized version to determine if they are interested in it before taking the time to read it in depth. The executive summary is also useful internally, as it helps to remind you and your employees of the organization's desired marketing goals and how to achieve them.

Situation Analysis

The situation analysis helps you to determine where your organization presently stands. It should examine what's going on outside of the

organization, what's happening with consumers, and how the business is functioning internally.

External Analysis

What changes are taking place in your city, county, state, country and around the world that could potentially impact your business? Some things to investigate are:

- Changes in political positions and legislation at the local, state, and national levels
- Changes in technology
- Trends in society's values and habits
- Identify competitors and list their characteristics
- Economic conditions

Customer Analysis

This may require some marketing research. Think about these factors:

- Current and potential customers
- Trends in consumer buying habits
- Why do consumers purchase this product or service?
- Why do others not purchase this product or service?

Internal Analysis

Knowing the state of the organization and its resources helps to determine where it is

strong and what areas need attention. Include the following in the marketing plan:

- Current state of financial and human resources
- Anticipated state of financial and human resources
- Your business's performance in relation to competitors

SWOT Analysis

SWOT analysis is a tool for auditing an organization and its environment. It is the first stage of planning and helps marketers to focus on key issues. SWOT stands for strengths, weaknesses, opportunities, and threats. Strengths and weaknesses are internal factors. Opportunities and threats are external factors. As from our project we learned that there is a difference between understanding & applying the theory

A strength could be:

Your specialist marketing expertise.

A new, innovative product or service.

Location of your business.

Quality processes and procedures.

Any other aspect of your business that adds value to your product or service.

A weakness could be:

Lack of marketing expertise.

Undifferentiated products or services (i. e. in relation to your competitors).

Location of your business.

Poor quality goods or services.

Damaged reputation

An opportunity could be:

A developing market such as the Internet.

Mergers, joint ventures or strategic alliances.

Moving into new market segments that offer improved profits.

A new international market.

A market vacated by an ineffective competitor.

A threat could be:

A new competitor in your home market.

Price wars with competitors.

A competitor has a new, innovative product or service.

Competitors have superior access to channels of distribution.

Taxation is introduced on your product or service

Marketing Goals and Objectives

After determining our company's strengths, weaknesses, opportunities, and threats, we have a better idea of what marketing goals and objectives should be set. Goals are the overall accomplishments that you'd like to make and objectives are benchmarks to meeting those goals. You might say that goals are more qualitative and objectives are more quantitative. Like we set where to place the project & how to market it & whom to target.

Marketing Strategies

In this section, we define our primary, secondary, and tertiary target markets and their purchasing characteristics. Next, discuss the marketing mix elements (product, price, distribution, and promotion) as they relate to your product or service.

Product

we should know that what is the USP of our product and what are the features we should sell. Likewise we should actually know what product related services we will be able to provide.

Price

The cost associated and the offers that can be given to promote the sales depends upon the strategy that we use. There are different strategies for pricing and one need to opt for one.

SKIMMING STRATEGY: If your offering has enough differentiation to justify a high price and you desire quick cash and have minimal desires for significant market penetration and control, then you set your prices very high.

MARKET PENETRATION STRATEGY: If near term income is not so critical and rapid market penetration for eventual market control is desired, then you set your prices very low.

COMPARABLE PRICING STRATEGY: If you are not the market leader in your industry then the leaders will most likely have created a 'price expectation' in the minds of the marketplace. In this case you can price your offering comparably to those of your competitors

Distribution

On-premise Sales involves the sale of your offering using a field sales organization that visits the prospect's facilities to make the sale.

Direct Sales involves the sale of your offering using a direct, in-house sales organization that does all selling through the Internet, telephone or mail order contact.

Wholesale Sales involves the sale of your offering using intermediaries or "middle-men" to distribute your product or service to the retailers.

Self-service Retail Sales involves the sale of your offering using self service retail methods of distribution.

Full-service Retail Sales involves the sale of your offering through a full service retail distribution channel.

Promotion

To sell an offering you must effectively promote and advertise it. There are two basic promotion strategies, PUSH and PULL.

PUSH STRATEGY maximizes the use of all available channels of distribution to “push” the offering into the marketplace. This usually requires generous discounts to achieve the objective of giving the channels incentive to promote the offering, thus minimizing your need for advertising.

The PULL STRATEGY requires direct interface with the end user of the offering. Use of channels of distribution is minimized during the first stages of promotion and a major commitment to advertising is required. The objective is to “pull” the prospects into the various channel outlets creating a demand the channels cannot ignore.

ANALYSIS:-

we from project learned that things in practice are somewhat related to theory but applied in a different fashion altogether in practical life. And therefore, there is no hard & fast ruling for implementing the theories and one should be flexible enough to adapt to the changes that may come on the course of practical application.

2. Use appropriate marketing terminology, concepts, theories and models applied in a variety of marketing settings.

We have studied a lot of terms while learning theories and these terms may look abstract but yes they are used though not in the context but still are relevant like some of the theories we used and applied practically are:-

SWOT analysis to find out the sale able characteristics of the product and the advantages over competitors.

The pricing strategy to be followed to place the product as it is a new product and we have to make sure that we maximize the sales.

The promotion strategy as well as promotion mix was studied while the duration of the project and made us aware of the bucket composition of the mix.