Business strategy for marital suzuki

Business, Strategy

But however the government decision of opening the economy In 1991 had significant affects on Indian automobile companies such as Marital Suzuki. The main affect was the entrance of foreign competitors that made the industry very competitive and the situation made it difficult for domestic companies such as Marti to retain its market share, which is clearly reflected by the drop of automobile industry. However there will be certain advantages on the Indian automobile industry such as the entering of resources from foreign countries which are cheaper than the resources in India.

More access totechnologywill be another advantage to the Indian automobile companies from liberalizing. . 2 Defining the context of business strategy The prime aim of a business strategy is to provide superior value, differentiation, and core competencies for an organization. (http://]functions. Been. Com/abstract. Asps? Doc= 90501). Business strategy is a long term plan which adds value, differentiates and identifies key capabilities and capacities of an organization to make the best use of them. 2. 3 Importance of Business Strategy The strategy shows a direction to the organization to reach company's vision.

Gives an understanding about rapidly changingenvironment. Helps in overcoming problems. 3. Significance of stakeholder analysis Any organization operating in the real world influences the environment or the people related and unrelated to it. Also certain individuals or groups of people also might have impacts on the organization. The individuals or groups of people who are interested or are influenced by an organization's activities is called as stake holders. The stakeholders can be categorized as internal and external.

According to thecase study, Marti Suzuki has started losing its market share after the liberalizing. Therefore it is necessary for Marti to carryout an analysis on different interests and impacts on interests of its stakeholders. An analysis of stakeholders, their stakes and impacts of liberalizing on each of these stake holders are shown below: 3. 1 The stakeholder analysis of Marti Suzuki Government Interest: tax, sovereignty and prosperity The government decision to liberationists led competitors to enter the market and this will lead to a loss in sovereignty and prosperity of country.

The government intention to collect tax would be affected as Mauritius profits might now come down due to increase in competition. Competitors Interest: effective competition, gaining dominant power The competitor organizations which were seeking for competing opportunities were effected favorably from the government action of liberalizing. They made it an opportunity to enter the Indian automobile industry and compete effectively. This strategy of competitors was successful as they were able to capture Mauritius market share by attracting most of its customers. Customers Interest: quality, variation, low prices, customer care long time have well preferred the foreign cars leading to a great fall in Mauritius market share. (I. E. By 83. 1% to 60. 8%). Employees Interest: salary and other benefits The setting up of competing foreign automobile companies would have given Job opportunities at better packages which might have led some employees to leave Marti Suzuki and Join its competitors. Japan based Suzuki Interest: company image, profits, growth This is the mother company of Marti Suzuki.

After the loss of Mauritius market share and decline in profits, Suzuki image will be affected and in turn the profits will go down. Suppliers Interest: long lasting relationship, profits The suppliers of Marti Suzuki will gain the advantage of higher customer base. They ill also be able to sell the resources at a much higher price to foreign competitors than Marti Suzuki. Therefore this will lead to a loss of some suppliers or Mauritius competitors producing the same standard products. 2. 3 Internal environment 2. 3. Corporate analysis Strengths Being the dominant market leader in Indian automobile industry acquiring a market share of 55%. Strong brand name of Marti Suzuki. Increase in net sales to RSI. 90. 81 bin. Increase in net profit from RSI. 3. Bin to RSI. 5. Bin. The capabilities of employees in Marti Suzuki and their knowledge and ideas bout new technology. The availability of new technology to manufacture and design cars. Established distribution and after-sales networks, and supplier base. Understanding of the Indian market and the agreement with the government. Contemporary technology of Japanese Management practices Early mover advantages Marti Suzuki was the first company to have brought in the technology in India in 1983. Good promotional strategy is adopted by MULL to transform its thoughts to the people about its products E. G: Alto: " Lets Go" The fuel efficient and affordable car. The ability of Marti Suzuki which helped in identifying its downfall and the application of restructuring strategy to overcome this situation. Weaknesses Difficulty in competing with other global car manufacturing companies due to the availability of insufficient resources and technology. Marti Suzuki is a subsidiary of freedom of working as an individual body. For Marti to perform better, it needs to convert the weaknesses within the organization to strengths. The weakness of insufficient resources and lack of advanced technology could be overcome by investing more on advanced technology. Further the existing workforce in Marti can be outsourced in order to sharpen their tacit knowledge as they may now come up with new ideas. This factor might create core competencies in Marti. However investing in new technology can only be done in the long run.

Marti Suzuki is a subsidiary of Japan based Suzuki Motor Corporation. Therefore it has certain disadvantages such as less freedom of decision making and etc.... But however this might also have certain advantages such as being a part of a leading company Marti Suzuki can maintain its market share, gain publicity, can get aware of and grow into new markets and etc.... He weakness of insufficient materials and less access to new technology could also be overcome by having a good relationship with Japan Suzuki Motor Corporation. Opportunities The increasing demand for cars in the global markets. Improvement in infrastructure will encourage consumers to purchase automobile. Indians' preference to Indian products Reduced interest rates on automotive loans. Increase in purchasing power of Indian economy. The Joint venture agreement between the Indian government and Marti. Growing population in India provides Marti with cheaper labor which help them to achieve he objective of producing low cost cars. Threats The improvement in concerns on environment protection will however create negative impacts on companies like Marti Suzuki. The opening of economy to other countries caused foreign competition to enter Indian economy. Conversion of threats to opportunities would direct Marti towards its success. The concern on environmental protection is a factor, which has a rapid increase globally. Car manufacturing companies are said to be creating major impacts on environment especially because ofglobal warmingwhich takes place due toair pollutionand extraction of resources from the environment. To avoid this, Marti Suzuki can carry out with effective CARS projects.

This might increase its goodwill further. The opening of economy has helped new foreign competitors to enter the market. But however Marti can make this an advantage as it is now easy for Marti to aware about the strategies foreign companies are using. Also with the opening of economy, better imported resources might come to the Indian market with high quality and at a lower 2. 4 External environment 2. 4. 1 PESTLE analysts Political factors and legal factors Government policies on car industry.

The introduction of 'New industrial policy impacted Marti Suzuki by increased foreign competition but however, it brought in new technology which was beneficial to Marti Suzuki. Taxes which might be already existing and may be implemented in the future. The Joint venture agreement between the government and Marti has effected the company favorably in 1981. The improving economic stability in India would help Marti Suzuki in improving its performance. Economical factors Liberalizing The opening of economy to other countries caused foreign competition to enter

Indian economy, which dropped down Mauritius market share by 22. 3% (I. E. From 83. 1% to 60. 8%). The Economy of India is the eleventh largest in the world by nominal GAP and the fourth largest by purchasing power parity. The country's per capita GAP is $3, 176 (MIFF, 17th) in 2009. (source: http://en. Wisped. Org/wick/ Economy_of_Linda). Further the GAP of India proves to be increasing from 1960 to 2009 which in turn means that Marti Suzuki will have an increasing demand for cars, as cars are prestigious or luxury products. The State Bank of India reduced interest rates on automotive loans in February 2009 (source: http:// n. Wisped. Org/wick/Automotive_industry). This means that Marti Suzuki will gain an advantage of borrowing further loans at a low cost of borrowing in turn leading to expansion of the organization. Socio cultural factors Indians' preference to Indian products The Indians usually prefer truly Indian products rather than imports, therefore Marti Suzuki being an Indian car manufacturing company will be preferred by most of the Indians. Taste and fashion The preference of markets for latest designs and long lasting variation and colors will increase demand for cars produced by Marti Suzuki. The busy living styles of people in each part of the world would persuade them to have their own vehicle which is fuel efficient and easy to handle. This would be another great opportunity to Marti Suzuki as it is specialized in producing fuel efficient and cost effective cars. Use of upgraded technology to manufacture cars E. G.

CAM (Computer Integrated Manufacturing) To compete effectively Marti redesigned its structure and the major changes took place was the upgrading of manufacturing using new manufacturing techniques and use of information technology which brought back the declined market share to

55%. Improved technology in designing E. G. CAD (Computer Aided Design) and CAE (Computer Aided Engineering) The technological advances in designing cars has helped Marti Suzuki to come up with new designs to meet up with customer requirements. Environmental factors Improvement in infrastructure will persuade markets to purchase automobile. The improvement in concerns on environment protection will however create negative impacts on companies like Marti Suzuki. 2. 4. 2 Porter's five force analysis [pick] Threat of substitutes The major threats of substitutes to an automobile company like Marti Suzuki can be identified as other types of vehicles such as vans, Jeeps and bikes. E. G. : Motorcycles as a segment have grown at a CARR of 17. 4% during the last 16 years, while other two-wheelers (scooters, mopeds) have been virtually stagnant, growing at a meager CARR of 1. 8%. (source: http://www. Indetermination. Net).

Considering the above example it is much clear that there is a growing demand for substitutes of cars which will affect Marti Suzuki. Threat of new entrants Threat of entry refers to the entry and exit barriers of an industry. Marti Suzuki is an already established company which has been operating since 1971 and it is the arrest leader in the Indian automobile industry. This would be a threat for the new entrants. However to a great extent, Marti will not be affected due to an entry of a new organization as entering to automobile industry requires high initial capital and include greater sunk costs.

These factors might avoid new entrants but Marti need to continue with its market research and use new strategies to retain its market share, in case if a new entrant comes to the market. Bargaining power of customers Customers can not directly control the price of a product. But however, according to changes in prices they can vary their demand. Cars are usually considered as luxury increase in price would not lead to a huge fall in demand, but however it is necessary that Marti Suzuki controls its prices as competitors might make advantage of unstable prices.

Theresponsibilityof making low cost fuel efficient cars may be an advantage at this point. Bargaining power of suppliers Bargaining power of suppliers can be considered as a very powerful factor in this scenario. Marti imports most of its components from other countries and the prices of these components are set up to global standards which might be quite expensive for Marti. Further Marti would be a small customer to its suppliers in comparison with other large automobile companies. Therefore, here, the suppliers are seem to be having greater control or bargaining power over prices and other conditions compared to Marti Suzuki.

Competitive rivalry within the industry This is the extent of competition between car manufacturing companies. The competition seems to be very high in the industry as Marti Suzuki has loss a significant amount of its market share due to rivalry. According to the above diagram, it is very much clear that Marti Suzuki acquires the lath place in the global automobile market. 10 large competitors have greater shares of market are operating effectively in the global market. Therefore, the rivalry in the market can be said as very high and it would be difficult to Marti to compete with them.

However, the rivalry within the Indian automobile industry can be considered as favorable to Marti Suzuki as it is the market leader having more than 50% of market share. [pick] 5. 0 Growth strategies 5. 1 BCC manta BCC matrix of" Marti Suzuki' the 4 grids which are namely stars, question mark, cash cow and dog. The new oodles of cars introduced by Marti Suzuki (Grand Vital and etc....) are said to be positioned as stars since they have an increasing rate of growth and high market share due to increasing customer demand for new models of cars. Selling stocks or the cash cow grid indicates products with low growth and high market share.

These would be cars, which are already being existing in the market for a long time and have reached their maturity to have high market share and low growth rate. (E. G. Marti Alto, Swift and etc....) The question mark, which shows the products with high growth rate and low market hare, would be the extra stocks of cars. These products would not help in increasing market share but would increase the growth rate through increase in sales if the stocks were sold at a reduced price. The dog would classify cars, which are outdated or old models, which have a declining trend.