

Honda as automobile manufacturers that own huge market shares in india

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Competitive Rivals

- Maruti Suzuki (44.77% of the market shares)
- Hyundai India (17.53% of the market shares)
- Mahindra India (8.48% of the market shares)

*These are the three main automobile manufacturers that own more market shares than Honda India.

Alongside the above listed automobile manufacturers, Honda faces many other rivals in India such as Volkswagen (VW) and General Motors (GM). Both of these companies are able to rival Honda in India for multiple reasons such as their superior R&D departments, their quick to release diesel engines and the efficiency and productivity of their companies. Honda's R&D Department is one of the company's most glaring flaws. This is demonstrated through their lack of innovation in their engines and car designs. In addition, Honda's rival were able to offer a cheaper alternative. Both VW and GM had established a quality and reliable diesel engine while Honda was not able to offer their consumers anything. VW and GM were able to take advantage of this opportunity and dethrone Honda as the most popular automobile manufacturer. This ultimately means that Honda has very little strength due to the fact that they if they don't get a good deal from Honda, they can easily go to any of the other automobile manufacturers.

Buyer Power

Honda's customers have a large influence on the company's success. If there is any change in values or opinions, Honda will have to change its business

plan in order to accommodate the change. There are many examples of the influence Honda's consumers has on the company such as the trend towards diesel engines. Honda previously only sold petrol operated cars to India. However, when prices for petrol increased, society shifted towards diesel operated cars which Honda could not provide. This provided an opportunity to Honda's competitors to gain popularity in the region. Another example of the bargaining power of Honda's consumers is their price sensitivity. Honda offered expensive cars to its customer base which was perceived poorly once VW and GM came to India. VW and GM offered consumers the same quality car, with diesel engines at a lower price. This allowed the two companies to gain popularity while Honda began to struggle with its lowering consumer base. Honda then had to make large price cuts to their cars in order to remain competitive in the country.

Supplier Power

Honda previously relied on large imports of materials in order to keep their manufacturing plants in India operational. This meant that Honda's suppliers from countries like Japan had large bargaining powers over them because Honda did not have a reliable secondary source for resources. If the companies that Honda imports from demanded more money, Honda would have no choices but to comply because they rely so heavily on them for all their automobile parts. In addition, any change in its importers may result in setbacks in Honda's production line. This is seen during the 2011 Tsunami in Japan. As a result of the devastating Tsunami, Honda was unable to receive essential parts from Japan which they needed to make their cars. This halted their production line for a brief moment which shows Honda's reliance on its

suppliers. However, Honda has begun to change its business plan and has started to buy supplies from local retailers and sources. It has diversified its supply chain which has lessened the bargaining power of its previous suppliers.

Threat of New Entrants

There are no significant threats of new entrants into the industry as there are already three notable automobile industries operating in India. These three companies are Honda, Volkswagen and General Motors. All three of these companies are very popular in the region and any new business attempting to enter the industry will face tough competition.

Threat of Substitutes

As of right now there are no significant threats of substitutes to the product Honda offers. Honda offers people a mode of transportation (cars) to the people of India that is unrivaled by other sources. India does not have a strong public transportation system which eliminates the main substitute to Honda. People could walk or drive scooters but cars will ultimately remain the most popular mode of transportation