

Automobile industry:of marketing assignment



ASSIGNMENT ON MARKETING Submitted by J. Rees 09BA128 MBA ? C? About Mahindra & Mahindra Type Founded Headquarters Key people Public Company 1945 Mumbai, India Keshub Mahindra (Chairman), Anand Mahindra (Vice-Chairman & Managing Director) Industry Revenue US\$ Employees Website Automotive, Farm Equipment 10 billion (2009 H1). 16, 000 plus Mahindra. com Mahindra & Mahindra Limited is part of the Mahindra Group, an automotive, farm equipment, financial services, trade and logistics, automotive components, after-market, IT and infrastructure conglomerate. The company was set up in 1945 as Mahindra & Mohammed.

Later, after the partition of India, Ghulam Muhammad returned to Pakistan and became that nation's first finance minister. Hence, the name was changed from Mahindra & Mohammed to Mahindra & Mahindra in 1948. Initially set up to manufacture general-purpose utility vehicles, Mahindra & Mahindra (M) was first known for assembly under licence of the iconic Willys Jeep in India. The company later branched out into manufacture of light commercial vehicles (LCVs) and agricultural tractors, rapidly growing from being a manufacturer of army vehicles and tractors to an automobile major with a growing global market.

At present, M is the leader in the utility vehicle (UV) segment in India with its flagship UV, the Scorpio (known as the Mahindra Goa in Italy). M is India's largest SUV maker. Business Mahindra & Mahindra grew from being a maker of army vehicles to a major automobile and tractor manufacturer. It has acquired plants in China and the United Kingdom, and has three assembly plants in the USA. M&M has partnerships with international companies like Renault SA, France and International Truck and Engine Corporation, USA.

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M&M has a global presence[and its products are exported to several countries. Its global subsidiaries include Mahindra Europe Srl. based in Italy, Mahindra USA Inc. , Mahindra South Africa and Mahindra (China) Tractor Co. Ltd. M&M is one of the leading tractor brands in the world. It is also the largest manufacturer of tractors in India with sustained market leadership of over 25 years. It designs, develops, manufactures and markets tractors as well as farm implements. Mahindra Tractors(China) Co. Ltd. manufactures tractors for the growing Chinese market and is a hub for tractor exports to the USA and other nations. M&M has a 100% subsidiary, Mahindra USA, which assembles products for the American market. M&M made its entry into the passenger car segment with the Logan in April 2007 under the Mahindra Renault joint venture. M&M will make its maiden entry into the heavy trucks segment with Mahindra Navistar, the joint venture with International Truck, USA. M&M's automotive division makes a wide range of vehicles including MUVs, LCVs and three wheelers.

It offers over 20 models including new generation multi-utility vehicles like the Scorpio and the Bolero. At the 2008 Delhi Auto Show, Mahindra executives said the company is pursuing an aggressive product expansion program that would see the launch of several new platforms and vehicles over the next three years, including an entry-level SUV designed to seat five passengers and powered by a small turbodiesel engine. True to their word, Mahindra & Mahindra launched the Mahindra Xylo in January 2009, and as of June 2009, the Xylo has sold over 15000 models.

Also in early 2008, Mahindra commenced its first overseas CKD operations with the launch of the Mahindra Scorpio in Egypt, in partnership with the

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Bavarian Auto Group. This was soon followed by assembly facilities in Brazil. Vehicles assembled at the plant in Bramont, Manaus, include Scorpio Pik Ups in single and double cab pick-up body styles as well as SUVs. The US based Reputation Institute recently ranked Mahindra among the top 10 Indian companies in its ' Global 200: The World's Best Corporate Reputations' list.

Mahindra is currently gearing up to sell the Scorpio SUV and pickup starting in the Fall of 2009 in North America, through an independent distributor, Global Vehicles USA, based in Alpharetta, Georgia. Mahindra has announced it will import pickup trucks from India in knockdown kit (CKD) form to circumvent the Chicken tax. CKDs are complete vehicles that will be assembled in the U. S. from kits of parts shipped in crates. Awards 1. 2. 3. 4. Bombay Chamber Good Corporate Citizen Award for 2006-07 Businessworld FICCI-SEDF Corporate Social Responsibility Award ± 2007 Deming Prize Japan Quality Medal in 2007 Models y y y y y y y y y y y

Mahindra Bolero o Mahindra Bolero Camper o Mahindra Bolero Inspira o Mahindra Bolero Stinger Concept Mahindra Scorpio o Mahindra Scorpio Getaway o Mahindra Scorpio First Mahindra Xylo Mahindra Legend Mahindra MM550 XD Mahindra-Renault Logan (in cooperation with Renault) Mahindra Axe Mahindra Major o Mahindra Souvenir Concept Mahindra Commander Mahindra Grand Vitara Mahindra DI Mahindra Cab Chassis[28] Core Business Activities y y y y y y y y y Automotive Farm Equipment Systech Financial Services Information Technology Infrastructure Development After-Market Two-wheelers Mahindra Partners Division Specialty Services Community Initiatives y y y Mahindra United World College of India Mahindra United, a football club based in Mumbai, Maharashtra Mahindra Foundation K. C.

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Mahindra Education Trust: Nanhi Kali About Mahindra Scorpio The Mahindra Scorpio is an SUV manufactured by Mahindra & Mahindra Limited, the flagship company of the \$6.3 billion Mahindra Group. It was the first SUV from the company built for the global market. The Scorpio has been successfully accepted in international markets across the globe, and will shortly be launched in the US. The Scorpio was conceptualized and designed by the in-house integrated design and manufacturing (IDAM) team of M&M.

The car has been the recipient of three prestigious awards – the “Car of the Year” award from Business Standard Motoring, the “Best SUV of the Year” by BBC World Wheels and the “Best Car of the Year” award, again, from BBC World Wheels. Prior to the mid-nineties, Mahindra & Mahindra was an automobile assembly company. The company manufactured Willys Jeeps and its minor modified versions (modifications carried out in India). In 1996, the company planned to enter the SUV segment with a new product which could compete globally.

Since M & M didn't have the technical know-how to make a new age product, they devised a whole new concept among Indian auto companies. Roping in new executives such as Dr. Pawan Goenka and Alan Durante who had worked in the auto industry in western countries, the company broke the rule that says automakers must design, engineer and test their own vehicles (spending millions of dollars in the process). The new Mahindra Scorpio SUV had all of its major systems designed directly by suppliers with the only input from Mahindra being design, performance specifications and program cost.

Design and engineering of systems was done by suppliers, as was testing, validation and materials selection. Sourcing and engineering locations were also chosen by suppliers. The parts were later assembled in a Mahindra plant under the Mahindra Badge (as Mahindra is a well known brand in India in the MUV segment). Using this method the company was able to build a from scratch a new vehicle with virtually 100 percent supplier involvement from concept to reality for \$120 million, including improvements to the plant. The project took 5 years to move from concept to final product.

In April 2006, the company launched an upgraded Scorpio ± dubbing it the ‘ All-New’ Scorpio. In June 2007, Mahindra launched a pick-up version in India known as the Scorpio Getaway. Recently, M & M has launched a face lifted version of the model. Exports The Mahindra Scorpio is sold across the world in countries such as: y y y y y y y y y y y y y y India Italy France Spain Turkey Sri Lanka Nepal Bangladesh Egypt Russia Malaysia South Africa Qatar Brazil Chile: The Scorpio Pick Up is the first passenger vehicle of the Mahindra brand to be offered in Chile, and both were presented to the press the night of July 25, 2007.

In Western Europe, so as not to confuse the vehicle with a previous Ford vehicle of the same name, it is called the Mahindra Goa. Safety A new Mahindra Pick-Up model being introduced to Australia mid-09 will have additional safety features to the current model, such as ABS Brakes and Airbags which should elevate its rating to a minimum of 3 stars from the current 2 star ANCAP rating. Future Soon after the success of the Scorpio, Mahindra launched an upgraded Scorpio with plush seats and rear centre arm rest, dual tone exterior colour and various minor changes.

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At the Auto Expo 2006, Delhi, Mahindra showcased their future plans on the Scorpio model by showcasing a Hybrid Scorpio with CRDe engine and a Scorpio based on a pick-up truck. The Hybrid, the first such vehicle developed in India was developed by Arun Jaura, a former Ford employee. His senior, Dr. Pawan Goenka, a former GM engineer currently heads Mahindra's automotive division and looks after the overall Scorpio project. In November 2007, Mahindra launched a teaser campaign for their new Scorpio Model, the m_Hawk on their official website.

On April 14, 2008, Mahindra revealed a concept of a diesel-electric hybrid version of their Scorpio SUV at the 2008 SAE World Congress. 21st Sep 2008 Mahindra launched their latest Scorpio with 6 speed automatic transmission gears. Mahindra has for a while had plans on exporting to the United States, possibly with a dieselelectric hybrid. In 2006 it entered into an agreement with Global Vehicles USA to import and distribute Mahindra vehicles. It now plans to release a modified Pick-up version of the Scorpio (currently unnamed due to copyright issues with the Ford Scorpio) in the US by the end of 2009.

This vehicle is projected to cost in the low \$20, 000s. First year of launch y y y y 8Scorpio to capture 22 per cent of the premium hard top market in F03 (9 months) Sell 12000 Scorpions in F03 (9 months) Mahindra unaided brand recall score to increase by 22 pts (defined in terms of Brand Track study scores) Scorpio brand recall score to achieve 50 points (in W4) 2nd generation Specifications: 120 horsepower 6-speed auto y y y y y Wheelbase: 105. 5 in (2, 680 mm) Length: 176. 9 in (4, 493 mm) Width: 71. 5 in (1, 816 mm) Height: 77. 8 in (1, 976 mm) Base curb weight: 3, 850 lb (1, <https://assignbuster.com/automobile-industryof-marketing-assignment/>

750 kg) (CG estimate) Within three years of launch y y Scorpio to capture 45 per cent of the premium hard top market Scorpio to sell 24, 000 units in F04 Mahindra to emerge as a true urban player SWOT Analysis Strength y y y India's first BS IV Car. Revolutionary Micro-Hybrid Technology. Powerful mHawk Diesel Engine. Weakness y y y Effortless Acceleration. Fire Retardant Upholstery. Excellent Driving Experience. Threats y Automatic Transmission only on Top-End Variant. Opportunities ? Mahindra vehicles have gone on display to auto enthusiasts around the world, participating in prestigious automobile shows in Paris, Rome, Bologna, Johannesburg and Sao Paulo.

STP Analysis Segment A BRAND is a thought, and launching brands can be a great growth strategy for any corporate. But, it takes two to tango. A brand founded on a good idea needs to be built with an ever-evolving gameplan. A case in point is the launch of the sports utility vehicle (SUV), Scorpio, by Mahindra & Mahindra (M). When Scorpio hit the streets, it arrived as an SUV with a 'car plus' package. Two-and-a-half years later, it has caused a paradigm shift in its category. Equipped with a savvy marketing strategy, the brand has not only grown the SUV market, but almost touched base with the 'C' class cars segment (Rs 5 lakh and upwards. According to automobile manufacturers' data, the premium utility vehicle segment grew at approximately 14 per cent up to June 2002. With the launch of Scorpio, the growth rate from July 2002 to March 2003 rose to about 51 per cent. Between April 2003 and March 2004, the segment grew by 33 per cent. Positioning attract a lot of cross-over customers. Unlike for its competitors in the UV category, people who wished to purchase a C class car would also

consider a Scorpio,” says Hormazd Sorabjee, Editor, Autocar India. Cut to market expansion of premium utility vehicles against `C` class cars.

Out of the total number of premium utility vehicles and `C` segment cars put together, premium UVs accounted for about 21 per cent during the year 2000. The figure touched 49 per cent this year. “ The Scorpio launch did play a significant role in driving the UV market up. This to me is the ultimate measure of success – the ability of a company to drive the growth of markets,” remarks Abraham Koshy, Professor of Marketing, Indian Institute of Management, Ahmedabad. Marketing gurus suggest that the positioning of Scorpio was also very bold and innovative.

Mahindra Scorpio Pick Up secures third position in T2 category of Rally dos Sertoes in Brazil Target The track monitors `high value` consumers, and registers those who are in the SEC A and B categories, while 67 per cent of the sample size is from the top eight metros; the rest from the next 50-60 towns across India. Sales too has been zooming, says the company.

According to brand-wise data, the company claims to be matching sales of most C segment cars, even outselling some of them. In the last six months,

M sold 14, 389 Scorpions, against a total C segment sales of 79, 346,

according to company ata. PEST Analysis Political y y Taxation Policy

Government Policy Social y y y y Give good quality to their customers

Providing offers to its retailer and customers Providing life style product

Change the customer attitudes and opinions Economy y y y Launch low cost

car in rural areas Launch economy related brand Launch power full car in the

market so customers make good image in their mind Technological y y y

Provide new innovative product to their customers Provide the competing technology Provide new technology to their worker

Market Share The Scorpio is the flagship product from Mahindra & Mahindra (M), India's foremost Automobile Manufacturing Co. , with a group revenue of over USD 1. 3 billion. Scorpio will be launched in UAE in the next few weeks. The Scorpio, a truly world-class vehicle, bridges the gap between style and adventure, luxury and ruggedness, and performance and economy. The Scorpio has been conceptualized and designed by the M&M in-house integrated design and manufacturing (IDAM) team, incorporating the most contemporary styling, design and technology.

The Scorpio, during the last one-year, has been the proud recipient of three prestigious awards – the “ Car of the Year” Award from Business Standard Motoring, the “ Best SUV of the Year” by BBC on Wheels and the “ Best Car of the Year” award, again, from BBC on Wheels. Scorpio has gained 34% market share in the premium utility vehicle market in India and sold over 29, 000 vehicles in the first 18 months after its launch. Mr G. A. Kazmi, General Manager, Galadari Automobiles said, “ The U. A. E. SUV market is one of the most dynamic and demanding in the world.

In India, the Scorpio has been well received with its unique blend of style and utility, luxury and ruggedness and we are confident that customers here would be similarly delighted with the Scorpio experience. ” Elaborating on the association with Mahindra & Mahindra to launch Scorpio in the UAE market, Mr. G. A. Kazmi said, “ For the customer, the competitively priced Scorpio will be a great value for money. Launching Scorpio in the UAE

market is in tune with our objective of offering the customer world-class vehicles.

We believe that the Scorpio offers a strong value proposition that will make it a preferred vehicle in the SUV segment in this market. " BCG Matrix THE BCG GROWTH-SHARE MATRIX y It is a portfolio planning model which is based on the observation that a company's business units can be classified in to four categories: Stars (Scorpio) Question marks Cash cows (Jeep) Dogs (Balero) y It is based on the combination of market growth and market share relative to the next best competitor. To assess : Profiles of products/businesses The cash demands of products The development cycles of products

Resource allocation and divestment decisions BENEFITS y BCG MATRIX is simple and easy to understand. y It helps you to quickly and simply screen the opportunities open to you, and helps you think about how you can make the most of them. y It is used to identify how corporate cash resources can best be used to maximize a company's future growth and profitability.

LIMITATIONS y BCG MATRIX uses only two dimensions, Relative market share and market growth rate. y Problems of getting data on market share and market growth. y High market share does not mean profits all the time. y Business with low market share can be profitable too.