

# Maruti udyog ltd and suzuki



**ASSIGN  
BUSTER**

**Executive summary**

Maruti Suzuki is a joint venture between Maruti Udyog Ltd and Suzuki.

Arguably, it is one of the biggest and also most successful car manufactures in India. Maruti Suzuki offers a wide range of cars from small segment to the SUVs. Maruti Suzuki currently holds approximately 55% of the entire car market in India.

Following is a marketing plan for Maruti Suzuki Sx4 targeted towards family users who want ‘a value for money’ car. By the below given plan I expect to increase the sales of the Maruti Suzuki Sx4 in Mumbai (India) by 11% by December 2010.

**Introduction**

The Sx4 car was launched by Maruti Suzuki in 2007 in India, when it took the market by storm. The car was a major competitor for the Honda City. The first edition of the Sx4 had a faulty clutch issue which the company later replaced with an improved clutch. However, subsequently the car sales started losing steam due to it lacking quality and competition- from Honda city the market leader in the segment. The car has been recently modified in 2009 to potentially meet the demands of its customers but is yet found to lack in certain areas.

**Situation Analysis**

The current market situation has been analysed using Porter's model (PEPSOS) (Kotler and Singh) and Porter's Industry competency analysis model (Porter's 5 forces).

1. The key issues of the Porter's Model (PEPSOS) are mentioned below.

Key findings of Functions (attached in appendix)

Product – A3 segment car which is powerful and has a lot of features which ‘ make it value for money’

Place- The car is sold thru a channel of dealers the address of which can be found on their website [www. marutisx4. com](http://www.marutisx4.com)

Promotion- The company spends a substantial amount on television and print adverting; also there are many blogs, forum and news channels which give a positive review of the car

Price- There are 5 variants of the car which give a wider option for the customer to choose from

People- Various dealers, sales representatives at the dealer outlets, employees and the existing customers

Process- The buying process of a car is a complicated process but there is adequate knowledge and help from the sales representatives

Physical Evidence- the car’s masculine looks, posters and internet website

### **Customer**

Typically, customers buying cars in this segment want a ‘ value for money’ sedan car which offers good mileage and adequate power.

- Customers look for cars which can help in improving or maintaining their status symbol.

- Customers want a car which is low maintenance with easily accessible, reliable and budget-priced service centres.
- Customers feel that Maruti Suzuki is a company that is reliable, trust worth and delivers cars which are ‘ value for money’ and easy to maintain. These are the likely reason as to why Maruti dominates the car market in India. At the same time the customers seem to perceive that Maruti lacks the capability of providing a superior quality car such as the Honda City (Carwale website, 2007).
- Market segments interested in buying a sedan are: people who want to buy a family car, personal car (single user), value for money car, a car that has adequate power, car that has a car comfort ride, a car that helps raising their status symbol.
- The market for buying cars is increasing in size as the disposable income of mid class in Mumbai has increased and this trend has even been seen over the global slowdown as well. Maruti Suzuki recorded a growth of approximately 33 % whereas Sales in the domestic market grew by approximately 28% i. e. 67, 528 units in July from 52, 911 units in the same month last year figures as mentioned on the Maruti Suzuki website.(Maruti Suzuki website, 2009)

### **Competitors**

Maruti's competitors are the Honda, Hyundai, Fiat, General Motors and Mitsubishi. Furthermore, India's second hand cars sales market acts as competition for the company. The main objective of the competitors seems to be domination of the car markets in India and dethroning Maruti Suzuki from its current leading position.

Strategies implemented by Maruti's competitors:

Bringing new models at regular intervals to enable customers to a wider choice and also to differentiate themselves from their competitors.

Below are the strategies adopted by some of Maruti's competitors:

- Honda is cashing in on the goodwill of quality and drive comfort that is generally associated with the brand.
- Fiat is trying to sell the Linea as a value for money car which is cheaper than the Honda city which is current market leader in this segment(HondaCity website 2009)

The competitors are vulnerable as Maruti has been in the market for 25 years and has built a strong supply and distribution network and also manufacturing most of the car on its own thus enabling it to maintain a cost leadership over its competitors(Marutisuzuki website).

KEY FINDINGS OF PESTEL (Entire PESTEL attached in the appendix)

Political – In the current union budget the central excise duty has been raised from 4% to 8% on cars thus there has been an increase in pricing of all the cars (indiabudget, 2009).

This shows that the government wants people to reduce using private vehicles and use the public transport more frequently.

Economical -The disposable income of the Indian consumers has increased. Even during the economic slowdown. Maruti, as well as some other cars sales figures were on the increase.

Social – The increased disposable income, especially in the young population has made a social status an important criterion. A big car is seen as a status symbol.

Technological – The technology in cars keep on changing at a rapid pace, each trying to outdo his competitor. The latest engines either increase the mileage of the vehicle or give the car more power. Furthermore, consumers these days have a craving for advanced technologically driven products.

Environmental – People are becoming more eco-friendly and thus want cars which are less pollution causing. The government of India is also pushing for car manufactures to meet up with the strict environment standards set by them.

Legal – Regional Transport Organisation rules and regulation, insurance laws. Income tax laws and also manufacturer also have to follow the law imposed by the state authorities and also by the India Motor Vehicles Act for engine efficiency.

SWOT analysis for Maruti Suzuki Sx4, Based on Marketing Audit done

### **VISION AND VALUES OF THE COMPANY**

Maruti Suzuki currently has no written down mission statement but mentions the vision statement and the core values in which they believe on their website and also is visible at the dealer's showroom. A Corporate Mission Statement should not only state the company's purpose of existence but also mention the scope of the business (Pearce J, 1987). The Vision and Mission

statements of the company need to be SMART (Sustainable, Measurable, Actionable, Realistic and Timed/Targeted).

In order to build the mission and vision statements for the organization, 9 important statements from Pearce (1987) were taken in consideration: customers, services, geographic market, technology, growth, philosophy, public image, employees and distinctive competence as follows:

## **VISION**

The vision as mentioned on the website is

To be The Leader in the Indian Automobile Industry, Creating Customer Delight and Shareholder's Wealth; A pride of India.

The above vision is not smart thus a new vision of the company should be made proposed Vision of the company is as follows

## **CORE VALUES (as mentioned on the website)**

- CUSTOMER OBSESSION
- FAST FLEXIBLE & FIRST MOVER
- INNOVATION AND CREATIVITY
- NETWORKING AND PARTNERSHIP
- OPENNESS AND LEARNING

The above core values show that the company is customer focused and also focused on meeting their demand and also conducting research so that they can meet demands or help satisfy the latent demand of the customers. They also seem to value their suppliers and their networks

## **CORPORATE AND MARKETING OBJECTIVES**

### **CORPORATE OBJECTIVES**

The following are the corporate objectives of Maruti Suzuki Sx4 for the next 12 months

1. Increase the market share of the company in Mumbai by 11%.
2. Bring about improved modifications on Sx4.
3. Improve their general company website i. e. [www. marutisuzuki. com](http://www.marutisuzuki.com)

### **MARKETING OBJECTIVES- Next 12 Months:**

Following are the Marketing objectives for next 12 months.

1. Achieve a steady increase in market penetration of sedan cars by 4% per quarter
2. To raise sales in Mumbai by 11% by December 2010
3. Raise the market share of Maruti Suzuki in the A3 segment
4. To increase awareness of the quality improvements that are made in the car
5. To encourage people chose Sx4 over the competitors

### **E-MARKETING OBJECTIVE**

1. To achieve a maximum number of visitors on the website
2. To provide all the required information on the website
3. Leading search engine optimisations like google and yahoo



## **SEGMENTATION TARGETING AND POSITIONING**

### **Segmentation**

#### **Targeting**

Currently the Sx4 is targeted towards middleclass men who want a car which is a 'value for money' i. e. having a mixture of features such as looks, power, accessories and others

In this marketing plan we will continue to focus on family users who want a value for money car, which is responsible for approximately 74% of the company's revenue from this product, also narrowing down are market can help us in improving the product and also in serving them better.

### **POSITIONING**

Positioning is placing of a product into the minds of customers. For effective positioning it is extremely important to be able to make customer differentiate a product from competitor offerings.

The car is advertised as 'Men are back' The car is currently positioned as a 'Value for money' car. This is not mentioned directly in the advertisement campaign as big cars are considered as status symbols as mentioned in the PESTEL thus it would be detrimental to the car sales but however they do mention that the car offers much more features than any other car in the segment.

But the customers believe that it lacks the quality compared to its competitors as mentioned in marketing Audit. Therefore it is important to change the perception of the customer about the car as a car which is value for money as well as having an high quality standards.

## **MARKETING PROGRAMMES**

- Product-There is a requirement
- Improve the Quality of Interiors and parts
- Bring in a diesel variant into the market
- The armrest of the rear seat needs to be aligned with the seat so that when the third person sits in the centre he is comfortable.
- Promotion – The promotion of the car should talk and stress on the fact of the changes which will be made and also compare the cars to its near rivals to show the customer as to why he should buy the car and not the rivals.
- Price- The price of the car can be slightly increased to compensate for the modifications in the car but not by a very high margin as this would tarnish the ‘ value for money’ image of the car.
- Physical evidence- the customer is to be given an extended warranty on the quality of the interiors for 2 years which if found faulty shall be replaced free of cost This will help in winning the customers trust and also make the customer feel important for the company and also make the customer feel that the company does actually believe in its core values.

## **MARKETING BUDGET, RESOURCES, EVALUATION AND CONTROL**

### **Budget**

The company currently spends 9% of its budget on marketing and promotional activities i. e. 44, 00, 000/- INR all across India (data acquired from the annual report). Out of which 8, 00, 000/- INR is the budget for Mumbai.

The KPI from the table above are performance and time linked. Therefore Maruti Suzuki needs to be monitoring its activities regularly, in monthly bases, so that the company has time to rectify any activity which is not gaining the adequate response.

### **CONTINGENCY PLANS**

Sales plan not met? Revisit marketing plan, review the working of the advertisement campaign and finally consider price reduction to the original price or extend into the extended market quadrant of the modified Ansoff matrix.

The advertisement and promotional campaign is not working? Revisit marketing plan, review the current campaign by feedback from the market and make the necessary changes lastly consider investment in other communication channels (like newspapers, radio and advertorials).

No increase in market share ? Do a detailed analysis on what the major competitors in the market segment are doing and revisit marketing plan, check if promotional campaign is working effectively or not.

### **Bibliography**

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