# Reliance industries plc essay

1. IntroductionAccording to the case, Reliance Industries PLC is a UK based manufacture of mainly suspension and braking parts for the automotive industry. Five years ago, the company purchased the loss-making Ashton and Shaw UK ltd, primarily a manufacture of electrical sub-assemblies for the automotive sector. As a result of significant investment in new technology and a change of management, Reliance turned this once ailing business into a profitable “ cash-cow”. However, in recent times both Reliance Industries PLC and Ashton and Shaw UK Ltd have begun to lose sales to low-cost competitors and recently both lost long-standing, medium-sized accounts.

In order to keep the other key accounts, this report is about to research the global marketplace for the business sector and develop a revised strategic and tactical marketing plan. Kolter (2003) noted that the strategic marketing plan lays out the target markets and the value proposition that will be offered, based on an analysis of the best market opportunities. The tactical marketing plan specifies the marketing tactics, including product features, promotion, merchandising, pricing, sales channel, and service. The marketing plan will start from the executive summary, which gives a synopsis of the overall marketing plan with an outline that conveys the main thrust of the marketing strategy and its execution. And then the marketing plan will carry out the environment analysis, which summaries all the pertinent information obtained conditions: the external environment, the target market environment, and the company’s internal environment. And then the marketing plan will carry out a SWOT analysis, which focuses on the internal factors and external factors, derived from the environmental analysis in the preceding section, that give the company certain advantages and disadvantages in satisfying the needs of its target markets.

Based on a carefully study of SWOT analysis, the marketing plan will then set the marketing goals and objectives. And then the strategy section of the marketing plan will outline how the firm will achieve its marketing objective. Finally, the implementation of the marketing plan will describe how the marketing strategies delineated in the previous section. 2. Executive summaryIn recent times both Reliance Industries PLC and Ashton and Shaw UK Ltd have begun to lose sales to low-cost competitors and recently both lost long-standing, medium-sized accounts. In order to keep the other key accounts, this report is about to research the global marketplace for the business sector and develop a revised strategic and tactical marketing plan.

I defined our marketing goals as: " We want to produce the highest quality products, offer the most service, achieve the widest distribution, and sell at the lowest prices." To address this goal, the major objectives were established: " We will focus on the key accounts, such as small size accounts and large size accounts. We will re-achieve the lost long-standing, medium-sized accounts in one year's time. We will explore our target markets globally.

Such as entry the major Asian markets: Japan, China, and South Korea." To achieve these objectives, a marketing strategy will be implemented as: " The company will decide to build manufactures in China and export our products globally, especially to our current existing accounts based in UK and the other west European countries, Japan, and South Korea. The reason for manufacturing in China is make sure we have the best quality, cheapest labour cost, to re-set our price to be the lowest.” 3. Environment AnalysisKolter (2003) mentioned that the environment analysis presents relevant background data on sales, cost, profits, the market, competitors, channels, and the forces in the microenvironment. This information is used to carry out on a SWOT analysis.

* Global environmentTo summary from Keynotes (2002), it indicated that the US and Canada, Western Europe and Japan dominate the world’s motor industry and, collectively, they account for around 70% of the world’s production of motor vehicles. The main producers have exported their expertise and manufacturing techniques to many other countries, which did not have indigenous motor industries, and their subsidiaries have attracted large-scale investment and manufacture of parts by their leading components suppliers. Motor manufacturing plants now exist in almost all the more advanced countries in central and South America, central and Eastern Europe, the Middle and Far East, South Africa and Australia. Nevertheless, despite high levels of indigenous production, there remains a very active world import and export trade in cars and commercial vehicles* Domestic environmentTo summary from Keynotes (2002), it indicated that automotive manufacturing in the UK is a slow growth industry; so domestic opportunities would be limited, even if there were little competition from overseas suppliers.

In reality, there is intense competition, because buyer of the auto parts were already buying from overseas suppliers in large volumes before their recently stated intentions to increase their business with component manufacturers in other countries. This situation has arisen because there is general agreement among component buyers that the weak euro/strong pound has strengthened the position of continental European competitors in the UK and that they have enough surplus capacity to meet increased demand. Buyers in the replacement and repair markets are also looking for cheaper prices in an area where competition has always been intense. However, the most frequently replaced items of equipment are batteries, spark plugs, lamp bulbs, windscreen wipers, brake pads, shock absorbers, various drive belts and tyres. As annual vehicle inspections become more comprehensive in scope and as higher maintenance standards are legally imposed, they provide a considerable amount of replacement business for authorised MOT garages.

Nevertheless, they do not have a monopoly on repair work, as many car owners are just as inclined to use the services of other independent garages if they have a reputation for low cost and fast-fit chains, which carry out specific tasks at fixed prices.* Current marketing situation of the company in the growth-share matrixAccording to the case, it indicated that the automotive-parts industry is intensely competitive. On a growth-share matrix, this business is becoming a weak cash cow. Kolter (2003) noted that the harvesting strategy is appropriate for weak cash cows whose future is dim and from which more cash flow is needed. The objective of the harvest strategy is to increase short-term cash flow regardless of long-term effect.

Harvesting generally involves eliminating R; D expenditures, not replacing the physical plant, not replacing salespeople, reducing advertising expenditures, and so on.* CompetitionGKN PLC: to quote from http://www.

gknplc. com, GKN PLC is focused on supplying the automotive and aerospace industries with precision-engineered components.

It is the largest manufacturer of auto parts in the UK and supplies all the leading global manufacturers with components made in its factories in the UK and overseas. Its products include constant-velocity jointed half shafts, chassis frames and under body members for cars and commercial, all-wheel drive and military vehicles. The integration of the operations of the Automotive Driveline division in Japan and Germany was completed and a new factory was opened in Japan. Sales of drivelines increased by 10% in 2003. However, the other automotive businesses were less successful. Unipart Group of Companies: To quote from http://www.

unipart. com, UGC Ltd became the second-largest manufacturer of auto parts in the UK when it acquired its rival, Partco. Its principal activities are the manufacture, sale and distribution of parts for the automotive market. Keynote (2003) noted that the group was badly affected by the disruption to production caused by BMW's sale of Rover in 2000, changes at Land Rover when this company was sold to Ford, and the general downturn in production by other companies that it supplies. As a result, underperforming assets have been disposed of and a number of co-operative agreements have been terminated.

UGC has undertaken an extensive review of costs, as a result of the intense pressure on suppliers to reduce the price of automotive parts. Delphi Automotive Systems UK Ltd: To quote from http://www. delphiauto. co. uk, Delphi Automotive Systems UK Ltd is a subsidiary of Delphi Automotive

Systems Corporation (US), the largest manufacturer of automotive components in the world, which was previously owned by General Motors.

It makes chassis systems and other parts for the automotive industry.