

S.t.p analysis of ford india essay sample

[Business](#), [Marketing](#)



INTRODUCTION OF AUTOMOTIVE INDUSTRY IN INDIAThe automotive industry in India is one of the largest in the world and one of the fastest growing globally. India's passenger car and commercial vehicle manufacturing industry is the sixth largest in the world, with an annual production of more than 3.9 million units in 2011. According to recent reports, India overtook Brazil and became the sixth largest passenger vehicle producer in the world (beating such old and new auto makers as Belgium, United Kingdom, Italy, Canada, Mexico, Russia, Spain, France, Brazil), growing 16 to 18 per cent to sell around three million units in the course of 2011-12. In 2009, As of 2010, India is home to 40 million passenger vehicles. More than 3.7 million automotive vehicles were produced in India in 2010 (an increase of 33.9%), making the country the second (after China) fastest growing automobile market in the world. By 2050, the country is expected to top the world in car volumes with approximately 611 million vehicles on the nation's roads.

FORD INDIA PRIVATE LIMITED

Ford India Private Limited is a wholly owned subsidiary of the Ford Motor Company in India. Ford India Private Limited's head quarters are located in Chengalpattu, Chennai, and Tamil Nadu. It currently is the 6th largest car maker in India after Maruti Suzuki, Hyundai, Tata, Mahindra and Chevrolet. The modern Ford India Private Limited began production in 1996, although the roots trace back to 1907 when the Model A was launched. Its manufacturing facilities are in Maraimalai Nagar near Chennai. Ford India Private Limited began production in 1926, but was shut down in 1954 as the company was in loss. Production began again with the joint venture Mahindra Ford India Limited (MFIL) in October 1995, a 50-50 venture with

Mahindra & Mahindra Limited. Ford Motor Company increased its interest to 72% in March 1998 and renamed the company Ford India Private Limited. The total investments made by Ford Motor Company since it set shop in 1995 stands at \$2 billion as of April 2012.

MARKETING OF FORD INDIA Ford India implemented integrated marketing strategies to capture the Indian Automobile market. They tried to identify and profile distinct groups of buyers who differ in their needs and preferences. They selected one or more market segments to enter and established and communicated the distinctive benefits of the market offering. Some of their strategies are discussed below-

SEGMENTATION OF FORD MOTORS:

Market segmentation is the segmentation of markets into homogenous groups of customers, each of them reacting differently to promotion, communication, pricing and other variables of the marketing mix. The importance of market segmentation results from the fact that the buyers of a product or a service are no homogenous group. Through segmentation, the marketer can look at the differences among the customer groups and decide on appropriate strategies/offers for each group. The Segmentation process involves:

- Dividing the consumers depending upon their needs.
- Grouping the marketing actions like the products offered by the organization.
- Developing a matrix relating the market to the organizations products or actions.
- Selecting the target segments where the company directs its marketing actions.
- Opting the actions to reach the target segments.

The various types of segmentations are

- 🏠 **Geographic segmentation:** Ford motors has major manufacturing operations Worldwide in countries like United Kingdom, Canada, etc. Branding depends on Public relations, scholarships, clubs, factory visits, trade shows, event marketing, press release, social cause, founder or a celebrity personality, mobile phone marketing, etc With 108 plants worldwide, the company' s core and affiliated automotive brand include Aston Martin, Ford, Jaguar, Land Rover, Lincoln, Mazda, Mercury and Volvo. It also owns a 33. 4% controlling stake in Mazda. Ford has very strong placement strategy. This has its presence globally; it manufactures and distributes automobiles across six continents with 90 plants worldwide.
- 👤 **Demographic segmentation:** Ford segmented the market based on the youth as it did in designing the cars for the youth and middle aged people.

Ford basically focus on the family oriented cars. Ford Figo could be considered as one of the most loved family cars. , Ford Fusion is mainly for Youth and society class people.

- 🎬 **Psychographic segmentation:** Ford segmented based on the customer's income Fiesta and Focus is segmented for the upper middle class. 60% of vehicles worldwide being smaller size, about 25% being medium and 15% being large (vehicles). Ford is a complete family of vehicles for the customers around the world—small, medium and large cars, utilities and trucks.
- 👤 **Behavioral segmentation:** Distinctive benefits which will differentiate it from the competitors. The mission Statement of Ford reflects the success and the fame that the company has acquired after surviving strongly in the automotive industry all these years. The most popular of the Car coming out of Ford Motors is the Mustang, an

invention in the category of phony cars, to the large scale manufacturing of using moving assembly lines show us how Ford Motors has been setting standards in the fields of innovation and quality. (Contact Magazine 02, 2009).

POSITIONING BY FORD INDIA:

One reason is the Indian subsidiary Ford India's success is riding on the success of its compact car Figo. It has trebled its market share in the last three years, from 1.5 per cent in 2009/10 to 4.5 per cent. With the Indian car market estimated to grow from 2.3 million vehicles in 2011 to nine million by 2020, Ford expects India to become its third largest market after the US and China by then. In the last four years, India has seen the largest ever investment the car maker has committed in any country in recent times, \$1.7 billion (Rs 8,500 crore) in the last four years. But there are also other reasons why Ford India has captured the imagination of Ford's top executives.

The Indian arm is fast changing the way Ford works. 70 per cent of Ford's future growth will come from Asia-Pacific and Africa 2020. Ford expects India to become its third largest market Ford India employs 10,000 people, will increase this by 50%. Once the Sanand plant, Gujarat, is ready, it will have a capacity of 440,000 cars annually. Building petrol and diesel engines in the same manufacturing line under one roof created an assembly line that can produce multiple models at the same time. Another of Ford India's achievements was adapting a particular technology – called the '3 Wet High Solid Paint Technology' – to cars. Ford Motor had developed it and was piloting

it at one of its truck lines, but it had never been tried on cars. Ford India adopted it while expanding its Chennai facility in 2009. It reduced our fuel utilisation on the manufacture of each car by 30 per cent. The process eliminated one baking cycle and reduced emissions by over 20 per cent. It also cut our water consumption sharply. Today, Ford India's water consumption per car at 1. 18 kilolitres is the lowest among Ford's operations worldwide, and is a benchmark for all other facilities. (REFERENCE: [businessstoday. intoday. in](#))

FORD INDIA'S TARGETING:

Ford has released their massive expansion plans, explaining their targets at becoming one of the top manufacturers in India as well as other countries from the South East Asia region. Ford declared that total of eight cars will be launched and a total of 500 service centres will be opened by year 2015. This is not something new and was already disclosed by Ford last year. An average seller in India, none of the cars from this great American Company has had great sales until the launch of the Ford Figo, which was the 'game-changer' as the new President of Ford India, Mr. Jogindar Singh, called it. Figo was the first of the target 8 launches for India which has certainly delivered well. They have similar expectations from their next major launch that is the EcoSport to be launched in 2013. As the compact SUV market in India is hitting up, Ford expects tremendous sales from this sub 4-metre SUV. Also they will launch new products, mostly in the small car segment to complete their line of eight new cars by 2015.

The main problem Ford faced in India was the lack of strong after sales and service support for their cars. The new president of Ford India aims to rectify that by introducing many new ‘Touch Points’. They aim at 250 outlets by end of 2013 and as many as 500 outlets by end of 2015. Many of these service centres will be in tier II and III locations and lot of sales are expected from these towns. As part of the company’s intensified business development efforts supporting the launch of the new Figo, the company has decided to place dealerships in close proximity to city centres – where they are conveniently located for customers. Various packages, including Total Maintenance, Extended Warranty, Roadside Assistance and Scheduled Service Plans are offered by Ford India outlets. Enhancing the ownership experience is Quick Service, a unique vehicle servicing process that allows routine service to be performed in less than 90 minutes. Quick Service bays are available in 45 dealerships across India.

MARKETING MIX:

■ **PRODUCT MIX** : In USA, the Ford Motor Company has such a wide selection of vehicles in order to satisfy every different type of potential consumer. They offer small cars, sports car, midsize cars, luxury cars, vehicles, convertibles, wagons, minivans, vans, SUVs, trucks, commercial trucks, and even environmentally efficient cars. The 2012 Explorer for example, runs roughly \$25, 715 dollars, without any extras. In India as well as in US, the customers are provided with the freedom to customize the engine, transmission, drive, rear axle, wheel type, tire type, seat type, seat equipment and much more. The company also offers the vehicles in different

colours for the exterior. Ford targets towards different age groups, personalities, gender, economic standing and more. For example, Ford introduced small, lower- priced model Ford focus starting at \$14, 300. Similarly in India, product line filling is adopted which means increasing the product line by adding more items within the present range of the line. For example, Ford introduced Fiesta with its own different versions within its present line.

📌 **SERVICES OFFERED:** When you own a Ford vehicle, you can register for Owner Services. This includes reminders of when your vehicle need to be serviced, tips for vehicle safety, maintenance information. Further Services that are offered by Ford Motor Company in USA and in India are Customer Assistance Centres, Collision Assistance, Roadside Assistance, Technical Service Information and their web site.

📌 **PRICING STRATEGIES IN INDIA:** In India, when Ford entered the market with its Ford Escort in 1998, there were competitors, so they had to enter the market with the Market Pricing strategy. In India, as there are only assembling parts in India, the parts have to be imported from other parts of the world which has a value for cross border taxation purposes. So this is the cause for the increase in the price of car in India when compared to other parts of the world. On the other hand Ford' s pricing strategies is the fact that they try to help the consumer finance a Ford vehicle. Ford offers its consumers many plans to the financing options provided are Red Carpet Lease, Mobility Financing etc.

📦 **DISTRIBUTION:** Distribution involves activities that make products available to customers when and where they want to purchase them. It is sometimes referred to as the —PLACE|| element in the marketing mix. The distribution starts from the manufacturer and ends with the ultimate customer. This process includes further sub-processes like assembling and the supplier. The product is first manufactured in the warehouses. This product is transferred to the authorised dealers and finally supplied to the customers. In India as there are no manufacturing plants, the parts are imported from other part of the world which are later assembled in two of its assembling plants- Delhi and Chennai, from where it is transferred the customers through authorized dealers all over the country.

📦 **PROMOTION STRATEGIES:** The current promotions that are offered by the Ford Motor Company are Radiator Service, Brake Service, and Batteries. All of the above promotions are wonderful for the winter months. The radiator service includes, top of all fluids and a free 12 pt all weather check of hoses, clamps, belts and more. All of the above promotions appeal to people who are thinking ahead to the cold winter months. The battery promotion comes with over an 82-month warranty. The Brake promotion comes with Motor craft brake service. The promotion includes replacement of brake pads or shoes, front or rear turn rotators and drums. In India, with varied climate throughout the country, especially the states like Tamil Nadu, Rajasthan, Delhi (in summer) etc where the climate is hot, Ford provides aluminium chase extra cooling engines.

FUTURE PROSPECTIVES:

Ford India has crossed 1, 00, 000 engine production mark from its new plant in Chennai which was opened 14 months ago. The engine plant started its operations in January 2010. Ford has invested \$500 million at the Chennai' s Maraimalainagar plant which has a capacity to produce 1, 50, 000 engines per year. The plant produces five ' Duratec' petrol engine variants and one ' Duratorq' diesel engine variant for Ford vehicles. The plant is important for Ford' s future prospects in domestic as well as overseas market.

Ford India opened new 3S Dealership in Muvattupuzha. Ford India has initiated and new dealership in Muvattupuzha with a business name, Kairali Ford, as a surprise for Kerela in the Onam festival. The Kairali Ford dealership is following the 3S concept, i. e. sales, service and showroom.

Ford has announced to launch eight new products by 2015 in Indian market. Ford India has also confirmed to unveil the much hyped Ford EcoSport compact Sports Utility Vehicle (SUV) in domestic car market in early 2013. Further, it has been revealed that most of the upcoming eight Ford models are going to fall under the compact vehicle segment.

Ford plans to bring more global products to the Indian market which will increase its sales. The car manufacturer plans to launch a new car every 12-18 months in India and open 28 dealerships. Ford plans to convert India into an export hub for the Figo and launch new models in India. Ford announced a £1million scholarship program called the —Ford Blue Oval Scholarship Programme|| for sponsoring university students in 2011. Ford India sells Ikon

in five variants viz. Ford Ikon, Ford Ikon NXT, Ford Ikon , CLXi NXT, FordIkon Sxi, Ford Ikon Flair. Ford Mondeo comes in two different variants: Ford Mondeo, Ford Mondeo Ghia. Ford launched Endeavour to cater to the Sports Utility Vehicle (SUV) market.

CONCLUSION-

Ford India is expanding its business very well to capture the Indian market. They have done much research works in the marketing department for which they are doing well, In this assignment we have discussed about the segmentation, targeting and positioning strategies implemented by Ford India. We have also discussed about their marketing mix. We made this assignment with due care by referring various articles and blogs. These are stated below. All in all it was a great experience for us while making this assignment through which we can explore the practical implementation of marketing concepts. Thank you mam for giving us this fruitful opportunity.

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