

Bcg of tvs matrix

Business



Dhir History of all great works is to witness that no great work was ever done without either the active or passive support of a person's surrounding and one's close quarters. Thus it is not hard to conclude how active assistance from seniors could prohibitively impact the execution of a project .

I am highly thankful to our learned faculty Mr. Nitin Dhir for her active guidance throughout the completion of project. Last but not the least, I would also want extend my appreciation to those who could not be mentioned here but here well played their role to inspire the curtain. B

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WHEELER INDUSTRY Automobile is one of the largest industries in global

market. Being the leader in product and process technologies in the

manufacturing sector, it has been recognized as one of the drivers of

economic growth. During the last decade, well directed efforts have been

made to provide a new look to the automobile policy for realizing the sector's

full potential for the economy. Aggressive marketing by the

autofinancecompanies have also played a significant role in boosting

automobile demand, especially from the population in the middle income group.

Two-wheeler segment is one of the most important components of the automobile sector that has undergone significant changes due to shift in policy environment. The two-wheeler industry has been in existence in the country since 1955. It consists of three segments viz. scooters, motorcycles and mopeds. In India there are some MNC's and Indian company dealing in automobile sector. The main key players who are dealing in this sector are Hero Honda, Bajaj, Yamaha, Honda, and TVS. Global two wheeler market – 2009 Two-wheelers to remain the preferred option over Cars – The ownership and maintenance cost of a car is 4 times of a two wheeler – Two wheelers deliver a superior mileage of 70kmpl as compared to 12kmpl of the cars.

– Mileage is a key factor influencing buying behavior. Size of the total market: 43 million numbers Figures in % 42 22 9 2 3 5 15 2 Thailand USA Brazil Others China India Indonesia Vietnam Two-wheelers Purchase Trend? Growing working population ? Increased access to credit and lower interest loans ? Increased consumer embrace of financial products ? Upward migration of household income levels ? Fast paced urbanization to rise from 28% to 40% by 2020 ? Middle class expanding by 30 - 40 million every year India is on every major global automobile player's roadmap and it isn't hard to see why: ? India is the 2nd largest two-wheeler market in the world, ? 4th largest commercial vehicle market in the world ? 11th largest passenger car market in the world and is ? Expected to become the 7th largest by 2016.

Two-wheelers on a roll ? ? The demand drivers for the two-wheeler industry are High growth in service sector @ 9% ? Favorable demographics – a young <https://assignbuster.com/bcg-of-tvs-matrix/>

population, rising house-hold incomes, increasing literacy levels ? ? ? Faster introduction of new models Increasing replacement demand (from 6 to 3 years) Absence of effective public transport. ? Increased availability of low cost retail finance (more than 1500 locations) The key factors emerging are:

- Target audience for two-wheelers is huge.
- 140 mn people will be added to the working population in the next 5 years time.

Two-wheelers to remain the preferred option over Cars – The ownership and maintenance cost of a car is 4 times of a two wheeler – Two wheelers deliver a superior mileage of 70kmpl as compared to 12kmpl of the cars – Mileage is a key factor influencing buying behavior.

Year	Event
2003-04	
2004-05	
2005-06	
2006-07	
2007-08	
2008-09	Introduction of TV Sundaram Iyengar and Sons Limited (TVSs)

TVS Motors is the second largest company in the two-wheeler industry with a market share of 16%.

In fact, it is the only Indian company without a foreign collaboration in the two-wheeler industry. When the company opted out of the collaboration with Suzuki in 2002, many believed that TVS was headed towards extinction. But the company proved the doomsayers wrong and came out with a very successful 'TVS Victor'. TVS Motors Ltd. originally incorporated in 1982 to manufacture two-wheelers in collaboration with Suzuki Motors of Japan, TVS was one of the leaders in two-wheeler industry. It is the holding company for the TVS Group of companies engaged in the manufacturing of various automotive components, two wheelers and a few other industrial products. They are also into the financial services sector.

The turnover of the entire group was close to \$2 billion in 2003. TVS was founded by T. V. Sundaram Iyengar in 1911. It is the only automotive

manufacturer in India to get the prestigious Deming Prize. One of its subsidiaries Sundaram Clayton was the first company in India to receive the Deming followed by Sundaram Brake Linings also getting the Deming Prize. This prize is " given to organizations or divisions of organizations that have achieved distinctive performance improvement through the application of TQM in a designated year.

Sundaram Clayton went on to be awarded the Japan Quality Medal. The TVS group of companies is mainly situated in Padi, Tamil Nadu, in the Type Founded Headquarters Key people Products Revenue Private Conglomerate (BSE) in 1911 by Shri. T V Sundaram Iyengar Chennai, Tamilnadu, India Mr. Venu Srinivasan Chairman Motorcycles, Mopeds, Ung geared scooters, Automotive components USD 3. 2 billion (FY 2009) TVS Motors: TVS Motor Company has its origin in SUndaram Clayton Limited, Moped Division, started in 1980. The factory was started in Hosur, Tamil Nadu in southern India. The first product launched was a 50 cc moped, which appealed to the masses because of its capability to carry two people.

In the same location, the same promoters started another company in 1984, in collaboration with Suzuki Motor Corporation of Japan, for the manufacture of 100 cc motorcycles under the brand name of Ind-Suzuki Motorcycles. Subsequently in the moped division was bought by Ind Suzuki Motorcycles in 1987 and the company changed its name to TVS Suzuki Ltd. Even though the company started producing all kinds of two wheelers like mopeds, scooters and motorcycles, the collaboration with Suzuki continued for the motorcycles only. The collaboration with Suzuki Motor Corporation ended in 2001 and since then the name of the company changed to TVS Motor Company. The <https://assignbuster.com/bcg-of-tvs-matrix/>

company now develops all types of two-wheelers through its own in house R&D facility and manufactures in three locations in India, Hosur in Tamil Nadu, Mysore in Karnataka and Baddi in Himachal Pradesh. It has recently started a new manufacturing plant in Indonesia to cater to the South East Asian market. The Chairman and Managing Director of the Company is Mr.

Venu Srinivasan who is the grandson of TV Sundaram Iyengar. OPERATIONS REVIEW Quality The Company has significantly improved the quality performance of all its products through a systematic task force approach. The fact that the Company came out with Industry first five year extended warranty program on Star brand is a testimony to its manufacturing quality. TQM The Company continues to benefit from 100% participation of employees in TQM activities. The employees have completed more than 1, 200 projects through QC Circles and Cross Functional Teams. The average number of suggestions implemented per employee was 69 during 2007-08. Cost management The Company continues its rigorous focus on costs through an effective deployment system.

Value engineering and aggressive global sourcing projects are being pursued to reduce material costs and also to partially neutralize input material cost increase. TPM is practiced in all the plants to ensure significant improvement in productivity and reduction in manufacturing cost. During 2007-08, the Hosur and Mysore plants were awarded the TPM excellence certificate by the Japanese Institute of Plant Management (JIPM). Going forward, the road for TVS appears to be bumpy. Automobile industry is the most competitive industry with competition on all fronts viz. pricing, innovations, supply chain, efficiency etc. The situation is further aggravated by rise in raw <https://assignbuster.com/bcg-of-tvs-matrix/>

materials like steel, rubber, plastics etc, as the company is not able to increase the selling price in proportion, thereby affecting the net profit growth.

This is evident from the fact that though in FY04 sales grew by 4%, operating profit fell by 1%. Though the raw material prices have cooled off from their peaks, we expect margins to remain under pressure in near future. Riding on significant growth in the two-wheeler segment over the years, coupled with strong cash position and expectation of buoyant economy, two wheeler companies have been planning capacity expansions. Hero Honda has embarked on a green field expansion plan (initial investment of Rs 2.5 bn). Bajaj Auto (BJAT. BO, news) is expected to increase its capacity by 33% by June 2005.

Similarly Honda Motors and Scooters (SCOO. BO, news) India Ltd, 100% subsidiary of Honda Motors Japan is expected to double its capacity in FY06. These developments are likely to create a significant increase in supply of two wheelers, changing the demand supply scenario and thus putting pressure on margins. As compared to TVS, its competitors are sitting with on a huge pile of cash. Hero Honda generated close to Rs 9 bn from operations, where as Bajaj Auto generated Rs 15 bn from operation in FY04, thereby are in a better position to execute expansion plans. TVS generated Rs 2 bn from operations in FY04. National Council for Applied and Economic Research (NCAER), in its report has projected that the demand for motorcycles will be almost 10 times of that of the scooters by 2011-12.

TVS, traditionally is considered to be a regional player with a strong hold in Southern region. As per NCAER report, major demand for Scooters is expected to come from northern region, which will account for 50% of the total demand. Similarly the major demand for motorcycle is expected to be from Western region, which will account for 40% of the total demand. Thus it will require considerable effort on part of the management to significantly improve their presence in these regions. This may have an adverse impact on profits due to additional expenditure on account of advertising and publicity. Suzuki sees TVS Motor as main competitor SUZUKI MOTOR Corporation (SMC) and Venu Srinivasan-led TVS Group may have parted company. But the separation seems to be still working on the mind of the erstwhile foreign partner in the former joint venture TVS Suzuki Ltd.

(now TVS Motor). SMC, which is now entering the Indian two-wheeler segment independently, has sort of identified TVS Motor as its principal competitor. In a chat with the visiting Indian newsmen at Hamamatsu in Japan, Shinzo Nakanishi, Managing Director, had on more than one occasion indicated that their target would be TVS Motor. Suzuki would aim to match the production and sales of TVS. " Otherwise, there is no meaning for the divorce," he asserted. Suzuki is currently waiting for the `cooling off' period post-separation to end to launch head-on into the Indian two-wheeler market. The cooling-off period ends in April 2004.

Mr. Nakanishi indicated that the SMC joint venture with Integra Group would go on stream in the autumn of 2005. While declining to divulge the capacity of the proposed plant, he said the initial Suzuki investment in the venture would be around \$10 million. To a question, he said, the joint venture would

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focus on producing products in the growing segments (100cc to 150cc four-stroke vehicles). Suzuki had picked the plant location in Haryana in view of the fact that Maruti Udyog had already established a large vendor base around that place. Mr. Nakanishi said Integra would function only as a facilitator for Suzuki to get into the two-wheeler business.

" It will be a gate for us. We will buy them out over a period," he added. Asked to comment on TVS Motor's proposal to enter the Southeast Asian market, Mr. Nakanishi was guarded but did not mince words. " We will fight them out there as well," he asserted. The market in Southeast Asia was competitive, he said. And, Suzuki had presence in countries like Indonesia, Thailand and Vietnam.

Indian two wheeler market – Competitive Scenario India is now the second largest two-wheeler market in the world TVS Motor Company - Mission We are committed to being a highly profitable, socially responsible, and leading manufacturer of high value for money, environmentally friendly, lifetime personal transportation products under the TVS brand, for customers predominantly in Asian markets and to provide fulfilment and prosperity for employees, dealers and suppliers. Vision Statement TVS Motor - Driven by the customer TVS Motor will be responsive to customer requirements consonant with its core competence and profitability. TVS Motor will provide total customer satisfaction by giving the customer the right product, at the right price, at the right time. TVS Motor - The Industry Leader TVS Motor will be one among the top two two-wheeler manufacturers in India and one among the top five two-wheeler manufacturers in Asia. TVS Motor Company is the third largest two-wheeler manufacturer in India and one among the top

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ten in the world, with annual turnover of more than USD 1 billion in 2007-2008, and is the flagship company of the USD 4 billion TVS Group. TVSM – Strategy for growth • Secure product leadership by – Introducing brands that break compromises for customers. – Offering the most innovative ‘ package’ of product, access and finance.

– Faster introduction of Refresh / upgrades • Forge TVSM into an organization that is ‘ fit for growth’ by – Delivering best-in-class durability ; reliability – Building a lean and flexible manufacturing with faster ramp-up capability. – Aggressive global sourcing – Sweating assets to the maximum. – Leveraging the power of IT across core functions. • Accelerate development ; deployment of energy-efficient technologies. TVS Motor posts 23% growth in November 2009 Scooters grow at 38%; Domestic Sales increase 38% Hosur, 01 December 2009: TVS Motor Company has posted 23% growth in November 2009, registering total two wheeler sales of 120, 844 units against 98, 402 units in the corresponding period of the previous year. The company continued to post growth in sales for the eighth consecutive month, registering a cumulative growth of 8% with sales of 989, 353 units in the current financial year up to November 2009 against 917, 439 units in the same period last year. Domestic sales of the company witnessed a quantum increase in sales positing growth of 38% recording 106, 836 units in November 2009 as against 77, 491 in the corresponding period of the previous year.

The company's scooter sales grew by 38% posting 25, 115 units when compared to 18, 210 units in the corresponding period of the previous year. Total motorcycle sales of the company stood at 45, 080 units in November
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2009 when compared to 45, 276 units recorded in November 2008. Exports recorded sales of 14, 008 units of two wheelers in November 2009 as against 60, 911 units in the corresponding period of the previous year. During the month, the company unveiled two novel products, 110 cc motorcycle TVS Jive and 110 cc automatic scooter, TVS WEGO. TVS Jive features innovative T-Matic technology with rotary gear technology coupled with an automatic clutch. The bike's anti-stall mechanism makes smooth riding possible at low speeds even in high gears, without the engine shutting off. The downward rotary gear system enables the rider to reach neutral straight from top gear.

The bike can be started in any gear and is fitted with an electric start for convenience. TVS WEGO is a multi-user, family-friendly and sleek metal bodied scooter that strikes a perfect balance between stability and maneuverability, power and mileage, and sturdiness and ease, making it a delight to ride for any category of users. The company hopes to add around 15% to 20% to its monthly sales, once these new products are made available in the market.

BCG MATRIX OF TVS:-

- Star Ungeared scooter
- Question mark (Flame bike and newly launched ungeared scooter)
- Dog (Motorcycles)
- Cash cow (Mopeds)

Cash cow:- tvs moped is the cash cow of tvs motors , because it covers 82 % market share in the moped sector The success of this product can be attributable to two things : price and utility. At a low price one could have something better than a cycle and also which was simple to handle and no hassles. The brand became favorites for small traders and at one point of time an entry level category for teenagers

Star: This category represents the high market share and high industry growth. SBU's in this category require large investment to defend their position.

SBU will turn as cash cow after some time Ungeared scooters grew at 12% as compared to 16% in the previous year, increasing its category share to 14%. that's why it will come in star category Dogs: SBU's in this category generates less cash for the company as it operates in low growth and low market share. Usually companies will not invest in this category and try to liquidate or divest. In the motorcycle category, the Economy segment suffered maximum decline of 15%, as this segment is most sensitive to retail finance. The Executive segment increased by 15% aided by launch of new products by leading manufacturers. Premium segment recorded growth of 7% over the previous year. The category share of motorcycles came down marginally from 82% in 2007-08 to 81% in 2008-09.

so motorcycle will come in dogs category Question Mark: This category represents high market growth and low market share. SBU's in this category has two options, either to invest heavily and bring them to star position or divest / liquidate from that position. The refresh of TVS Flame and a new motorcycle planned for launch in the second half of 2009-10 will help the Company to leverage this opportunity. The Company has a strong presence in the sub-100cc ungeared scooter segment. However, the Company is currently absent in the large scooter format, which accounts for 70% of the total ungeared scooters. The Company plans to launch a new product during the second half of 2009-10 to target these customers. Emergence of electric scooters, especially in the context of rising fuel prices, provides a new avenue of growth.

So these products will come under question mark category ANSOFF MODEL:-

Market penetration: A strategy used in increasing the sales of company's

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existing products without modifying it in the existing market. Characteristics of market penetration. 1. Serve customer with existing products by opening new stores. 2. Increase the promotion activities to increase the consumption. 3.

Improve the service offerings. So in marketing penetration company doing penetrate on moped market because there are very few competitor and large market , so this area TVS recognized and working in this areaMarket development: In this strategy company identifies the new markets to sell their existing products In case of market development company identifies and develops new markets for its existing products. In the premium segment, TVSL successfully replaced a high selling model like Fierro with another advanced product Apache. Apache along with the recently launched fuel injected(FI) model have been able to garner a ~10% market share. However increased competition in the segment owing to Yamaha FZ-16 ; Suzuki GS150R could translate into loss of market share for TVS. Product development: In this strategy, Company identifies new markets and sells their existing products. Over the last four years, the positive surprise for the company has come from most unlikely segment of mopeds.

This segment had a CAGR of 13% over FY05-09 with strong demand from rural areas of South India. At present, TVSL is the only player in the moped segment. In the same timeframe, motorcycles sales for the company had a negative CAGR of 8%. Mopeds which were contributing 22% of TVSL's volumes in FY05, now contributes 32% of volumes. This reflects the marginalization of the company n the domestic motorcycle market. In this process, company's profitability has been adversely impacted due to growing

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dependence on low margin entry level segment motorcycles.

Diversification's strategy for company growth through starting up or acquiring businesses outside the company's current products and markets TVS launched its 3-wheelers passenger carrier in endFY09.

At present, this product is launched in South India and company intends to have a country wide presence during 2010. TVS King is currently available with a 2-stroke engine in petrol and LPG variants, with 4-stroke version planned for launch by 2010. The 3wheelers industry in India is in a slowdown phase and is dependent on replacement demand as there are restrictions on issue of new permits for 3-wheelers in major towns and cities. The market is currently dominated by BJAUT which is developing a 4-wheeled alternative for the 3wheelers. TOWS ANALYSIS: Strength Weakness • Huge sale network (3500 Dealers). • Better sale service. • It has the highest share in automobile sector.

- It has a good brand image. • It gives better service for customers. • Best customer preference. • Debt equity ratio is only 0. 1. Suppose to be very sophisticated. • Not fit for rural India.

- They have big gap between cubic capacities of its products. • Its market share is reducing from last few years. • Spare parts are too costly. • If they are able to improvise the fuel efficiency of Scooty pep+, it will be a golden opportunity to take over the market. • Growing world demand for entrylevel motorcycles especially in emerging markets • Main threats to TVS are their competitors like: • Bajaj Auto Ltd. • Hero Honda. • Yamaha Motors India.

- The cost of the product is very high in comparison to other companies.

SUGGESTION:- Services offer by showroom: TVS should provide quality services to their customers to keep long lasting customers relationship. ? Sales ? Repairs ? Servicing ? Maintenance of vehicles The unit should undertakes all kinds of sales, repairs, servicing and maintenance of all TVS motorcycles. It should offers 4-5 free services for new vehicles, regular services after free services and general checkups. Competitors:- As the business grows the competition also increases. So the firm to be successful must prove greater customer value and satisfaction than its competitors. So the firm should carry out continuous innovative marketing strategy to hold the market.

The main competitors of TVS are: ? (Hero Honda). ? (Yamaha-Escorts). ? (Bajaj) Sales promotion: Sales promotion tool are used by most firm including manufacturers, distributors, retailers and trade association. They should targeted towards final buyers. It is a short term incentives to encourage purchase or sale of a product, where advertising offers reason to buy a product , sales promotion offers reason to buy now . Promotion plays an important role in the total performance mix. Tvs Motors should undertakes various promotional activities.

Such as: ? Exchange offers by arranging exchange melas ? Monsoon Mela ? Mega service camp ? Finance facilities ? Test drive ? Free service camps ? Keeping customer data base ? Calling for free service to the customers ? Follow-up customers complaint ? Diwali Dhamaka offers So these all activities company should use to promote their product and give the best service to maintain their growth in the market. BIBLIOGRAPHY:- ?

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