

A Study On Marketing Strategies Of Automobile Companies

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Abstract: A marketing strategy is a process that can allow an organization to concentrate its limited resources on the greatest opportunities to increase sales and achieve a sustainable competitive advantage. Marketing strategy determines the choice of target market segment, positioning, marketing mix, and allocation of resources. It is most effective when it is an integral component of firm strategy, defining how the organization will successfully engage customers, prospects, and competitors in the market area. On the Canvas of Indian Economy, Auto Industry occupies a prominent place. Automobile sector is one of the cores of Indian Industry. One of the largest industries in India, automotive industry has been witnessing impressive growth during the last two decades. On the Canvas of Indian Economy, Auto Industry occupies a prominent place. Automobile sector is one of the cores of Indian Industry Indian automobile industry has a mix of large domestic private players such as Tata, Mahindra, Bajaj, Ashok Leyland and major international players including GM, Ford, Toyota, Honda, Hyundai, etc. The obvious place to shop for technology was Japan, which had developed world class capabilities in small cars by that time. Its manufacturing plant, located some 25 km south of New Delhi in Gurgaon, has an installed capacity of 3,50,000 units per annum, with a capability to produce about half a million vehicles. Hyundai Motor India Limited (HMIL) is a wholly owned subsidiary of Hyundai Motor Company, South Korea and is the second largest car manufacturer and the largest passenger car exporter from India.

Keywords: Evolution of automobile industry, market strategy, pre-liberalization period and post- liberalization period

I. INTRODUCTION

A marketing strategy is a process that can allow an organization to concentrate its limited resources on the greatest opportunities to increase sales and achieve a sustainable competitive advantage. It's a written plan which combines product development, promotion, distribution, and pricing approach, identifies the firm's marketing goals, and explains how they will be achieved within a stated timeframe. Marketing strategy determines the choice of target market segment, positioning, marketing mix, and allocation of resources. It is most effective when it is an integral component of firm strategy, defining how the organization will successfully engage customers, prospects, and competitors in

the market arena. Marketing strategies serve as the fundamental underpinning of marketing plans designed to fill market needs and reach marketing objectives. Marketing strategies are dynamic and interactive. It may differ depending on the unique situation of the individual business.

One of the largest industries in India, automotive industry has been witnessing impressive growth during the last two decades. Indian automobile industry has a mix of large domestic private players such as Tata, Mahindra, Bajaj, Ashok Leyland and major international players including GM, Ford, Toyota, Honda, Hyundai, etc. To remain in this competitive market on has to come up with different ideas and strategies. Various Marketing Strategies enables a firm to expand business activities for market reputation, to satisfy human

wants, to lead to specialization and efficient performance of production function climaxing in economic stability. After liberalization automobile Industry is growing at very high rate and many new companies have also entered into market.

The most obvious objective marketers have for promotional activities is to convince customers to make a decision that benefits the marketer (of course the marketer believes the decision will also benefit the customer). For most for-profit marketers this means getting customers to buy an organization's product and, in most cases, to remain a loyal long-term customer. However, marketers must understand that getting customers to commit to a decision, such as a purchase decision, is only achievable when a customer is ready to make the decision.

OBJECTIVE OF STUDY

- ✓ To know the various strategies used by Maruti Suzuki and Hyundai Company to attract maximum number of customers.
- ✓ To know which company offers better cars, better after sales services and by which company cars customers are satisfied most.
- ✓ To know the demand of Automobiles Competition from other car manufacturers.

SCOPE OF STUDY

- ✓ Company will come to know what attracts Customers.
- ✓ Company as well as Dealers of Maruti Suzuki and Hyundai will come to know that which are the criteria's customers look for before buying car.
- ✓ Company and Dealers will also come to know the future changes which will be require satisfying customer needs and wants.

METHODOLOGY OF DATA COLLECTION

PRIMARY DATA

Visiting various Dealers and asking them about their promotional strategies and requirement of customers. Asking to users of Maruti and Hyundai about their preference, criteria's while buying car and their experience with dealers and their expectations from dealers.

SECONDARY DATA

Advertising in News papers and Magazines

In this companies advertise about the car in various local newspapers like Economic times and they give detail explanation about the feature of the cars, keeping customer's requirement. They also provide various dealers addresses and contact numbers for reference. Company also tries to advertise through various magazines like Auto Cars, Overdrive, etc.

Maruti Suzuki's Profile

In early 1980s Indian Govt decided to produce a small car, which would be within buying reach of Indian middle class. The obvious place to shop for technology was Japan, which had developed world class capabilities in small cars by that time. It was not Toyota, or Nissan, or Honda, three largest player in Japan, but Suzuki, a much smaller company with strong capabilities in making small cars. Suzuki grabbed the opportunity with both hands and formed a joint venture with govt. called Maruti Udyog.

Hyundai Motors Profile

Hyundai Motor India Limited (HMIL) is a wholly owned subsidiary of Hyundai Motor Company, South Korea and is the second largest car manufacturer and the largest passenger car exporter from India. HMIL presently markets 54 variants of passenger cars across segments. The Santro in the B segment, the Getz Prime, i10 and the Premium hatchback i20 in the B+ segment, the Accent and the Verna in the C segment, the Sonata Embera in the E segment and the Tucson in the SUV segment.

II. HISTORY OF INDIAN AUTOMOBILE INDUSTRY

PRE- LIBERALIZATION PERIOD

Since Independence the Car Industry was closely monitored and controlled by the government till 1981. Limited choices were available to the car buyers due to the limited manufacturers and tight supply. Hindustan Motors (HM) and Premier Automobile (PAL) that were set up in 1940's dominated the vehicle market and industry. In the 1950s, the arrival of Tata Motors, Bajaj Auto, and Mahindra & Mahindra led to steadily increasing vehicle production in India, while the 1960s witnessed the establishment of the two- and three-wheeler industry in India. But between 1970 to the economic liberalization of 1991, the automobile industry continued to grow at a slow pace due to the many government restrictions. However, the automotive industry witnessed tremendous growth after the entry of Maruti Udyog in the 1980s. In 1981 the government decided to review their car industry policy and found that the segment was neglected and there was a big market available for cars. The existing cars available in the market were costly and technically less sound with compare to international standard. Then government initiated dialogues with Suzuki Motors, a Japanese car manufacturing company, finalized a joint venture, and formed a company named Maruti Udyog Limited (MUL). The initial venture was between Government of India with a share of 74% and Suzuki Motor with a share of 26%. That was a revolutionary step taken for the car industry in India. In 1983 MUL launched its first car in India (Maruti 800) with a price tag of Rs.40, 000/-.

This development was a big shock to the existing car manufacturers and they also rushed to improve and increase their product line. After the lifting of licensing in 1993 by government, 17 new ventures came up, of which 16 are for manufacture of cars. Today, almost all of the major global

players are present in India. The automotive industry is today a key sector of the Indian economy and a major foreign exchange earner for the country.

GOVERNMENT

1981 was the year when government taken a revolutionary initiative to review and reform its policy related to car industry. Now getting permission to produce cars in India is easier and new entrants are coming almost every year. Government has also imposed heavy import duties on imported vehicles to safeguard the car manufactured locally.

POST- LIBERALIZATION PERIOD

Following the economic reforms of 1991, the automobile section underwent delicensing and opened up for 100 percent Foreign Direct Investment. A surge in economic growth rate and purchasing power led to growth in the Indian automobile industry, which grew at a rate of 17% on an average since the economic reforms of 1991.

India's automotive components industry is being urged by the government to partner with overseas firms with the aim of making India a platform for outsourcing as well as a global R&D hub. As the Indian vehicle production industry has grown, so has the domestic supplier industry. But the global auto industry's search for lower cost and more international outsourcing has led to a sharp growth in component output and exports in recent years.

The positive demographic factors, stable macro-economic environment and pro-reform policies of the government, low manufacturing costs, availability of skilled labor has attracted almost all major global auto players making their way into India like GM, Ford, Daewoo, Honda and Toyota. The intense competition has compelled the manufacturers to launch the latest global offering in India as early as possible. It has also enabled to keep the prices of the vehicles under check. The consumers, in turn, have benefited from wide choice of models, technologically advanced cars and better service from the car manufacturers.

Major Manufacturers in Automobile Industry and their Cars

Maruti Udyog Ltd.

Cars: Maruti 800, Omni, Zen, Esteem, WagonR, Swift, SX4, Alto, Ritz, Grand Vitara.

Tata Motors

Cars: Indica, Indigo Marina, Safari, Sumo, Nano

Hyundai Motor India Ltd.

Cars: Santro, Accent, Sonata, Verna, Getz, Elantra,

Tuscon, 110, 120

Honda

Cars: Honda City, Civic, Accord

BMW

Cars: 3 Series, 5 Series, 6 Series, 7 Series, X3, and X5.

Other Automobile Companies are:

Skoda

Toyota

Hindustan Motors

Ford

Toyota
Mahindra and Mahindra
General Motors
Mercedes

EVOLUTION OF AUTOMOBILE INDUSTRY

Initial Years	Early to mid 90s	Mid 90s- 2009
Manufacturing was Licensed	Seller's market and Long waiting periods	Buyers Market
High customs duty on import	Deli censing in 1993	Increase in Indigenization
Steep excise duties & sales tax	Removal of Capacity restrictions.	Easy Auto Finance
2 Major Players	Decrease in customs & excise.	Manufacturers diversifying into related activities:
Premier Automobiles Ltd & Hindustan Motors	Auto finance boom- more players (foreign banks & non banking companies, better schemes).	Finance lease, fleet management, insurance and
1980s		Used car market.
Entry of MUL, better product, with Govt. support.		Variety of Options available to choose from.
Seller's Market.		
Long waiting periods.		

III. COMMON MARKETING STRATEGIES OF AUTOMOBILE COMPANIES

ADVERTISING IN NEWS PAPERS AND MAGAZINES

In this companies advertise about the car in various local newspapers like Economic times and they give detail explanation about the feature of the cars, keeping customer's requirement. They also provide various dealers addresses and contact numbers for reference. Company also tries to advertise through various magazines like Auto Cars, Overdrive, etc.

PERSONAL SELLING

Personal Selling largely takes place at the Dealers' End. The way customer is attended depends mainly on the Dealer as he acts as an interface between the company and the Consumer. The various cases in which Personal Selling takes place is Individual Sales, Corporate Sales, Sales Presentations, Fair and trade Shows. Mostly in case of Individual Sales the Customer goes to the showroom and takes a look at the product.

MARKET SHARE OF AUTOMOBILE COMPANIES

Above market share graph shows us that in automobile industry still Maruti Suzuki is enjoying highest market share.

And then come companies like TATA and Hyundai Motors India Ltd.

MARKETING STRATEGIES USED BY MARUTI SUZUKI

ADVERTISEMENTS

Good promotional strategy is adopted by Maruti Suzuki to transform its thoughts to the people about its products by marketing through advertisement in television, radio, newspaper, etc. Through radios they try to promote their product by organizing quiz contests and the person who wins are offered special discounts, gift vouchers, coupons, etc. Through television they promote their vehicle by showing the utility value, its comfort level.

SOME OF THE STRATEGIES USED FOR CARS WERE

Baleno: "Missed the flight catch Baleno" The most comfortable Car even in long drives.

Esteem: "My Daddy's Big Car" Affordable mid size car

Alto: "Lets Go" The fuel efficient and affordable car

After Sales Service: "Kya yahan Maruti Service Station hai" Availability of service stations even in the remotest place in the country.

DISPLAY

If you visit any of the Maruti Dealers showrooms what you will notice is one thing very similar that is the display. They display only 2-3 cars in the showroom. Well this is the strategy to make people concentrate on only few choices otherwise they might get distract and get confused. Here Maruti wins one customer.

TIE UP WITH MANY BANKS

To promote its bottom line growth, Maruti launched Maruti Finance in Jan 02.

Prior to the start of this service Maruti had started two joint ventures – Citicorp Maruti and Maruti countrywide with Cities Group and GE Countrywide respectively to assist its client in securing loan.

Today Maruti has tie ups with ABN Amro Bank, HDFC Bank, ICICI Ltd, Kotak Mahindra Bank, Standard Chartered Bank etc.

EXCHANGE OFFERS

Maruti has also placed its step and progress by marketing through exchange offers. In this it makes possible to leave and get it replaced for a new one with barely some amount. This is one of the greatest ways to attract more and more customers and also makes possible to increase sales.

SBI MARUTI CAR LOANS

The country's largest bank and the largest car maker have joined hands to make affordable car finance available to more

and more people across the country. The mega alliance makes car loans available at lower interest rates to a wider section of people, with transparent terms and conditions.

The unbeatable advantages of SBI Maruti car loans:

- ✓ Two market leaders in their respective industries with trusted brand names.
- ✓ Low interest rates
- ✓ No processing fees or hidden costs to ensure transparency.
- ✓ Car loans available for diverse categories of customers including govt. employees and agriculturist.

MARKETING STRATEGIES OF HYUNDAI

Hyundai had used Bollywood star Sharukh Khan as Brand Ambassador for promoting their car. Through this they tried to attract the customers. To promote their product they organized quiz contests on radio and the person who wins was offered special discounts, gift vouchers, coupons, etc. They also advertise in Newspapers. In this companies advertise about the car in various newspapers and they give detail explanation about the feature of the cars, keeping customer's requirement. They also provide various dealers addresses and contact numbers for reference.

FREE CHECKUPS

Hyundai arranges free checkups from time to time in which they check for any problem and advice to visit the nearest service center for servicing. This helps in maintaining good relationship with customers and tries to keep good image in market.

EXCHANGE OFFERS

As Hyundai deals in second hand cars also. They offer exchange offers to customers. And by paying adjusted amount customer can get brand new car in exchange of old once. Exchange offer makes customer happy as they don't have to pay full amount also, they get new car also and their old car gets replaced also with new one.

COLD CALLINGS

In this type of strategies old customers are given a relationship call just to know some other references. This gives a boost to sales and customers also feel a sense of involvement. Hyundai gets maximum sale through such type of cold callings only.

EVENTS AT CORPORATE OFFICE AND BANKS

Hyundai tries to attract customers by conducting camps, events at corporate offices and bank as most of the customers are of middle-age group and corporate offices are good source for company to attract such customers.

DISPLAY

Hyundai keeps attractive display so that maximum number of people gets noticed. And they even keep their own accessories related to cars at special accessories counter. For attractive display they decorate their showroom as well as all the cars which are displayed.

IV. CONCLUSION

Maruti suzuki is good in its marketing strategy and shows good results. And as Maruti has its vast network of dealers and service centers they are Able to maintain good relationship with customers which are their strongest point. Maruti is also benefited with its goodwill and Brand name which is already there in market. So Maruti can use these as an opportunity to bring new and innovative car models in market and try to attract more and more customers. The Hyundai strategy of endorsing their products with celebrities has got a very good response but Hyundai should advertise better to create a good picture of its products by transferring the key good things about its cars. Hyundai has a good track record of having

successful diesel mid size cars in its portfolio and it should encase the same opportunity to launch the diesel versions of small car before Maruti too have competitive advantage.

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