Marketing Strategies of Indian Automobile Companies: A Case Study of Maruti Suzuki India Limited

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Abstract— In today’s competitive era the word ‘Strategy’ is very crucial for all business organizations. Presently organizations started realizing that customer centric and aggressive marketing strategies play vital role to become successful leader. Though globalization has opened the doors of opportunities for all, the market is still crowded with some unknown risks and lot of competition. Because of this competition, a marketing strategy must aim at being unique, differential-creating and advantage-creating. To obtain unique and differential advantage, an organization has to be creative in its marketing strategy. Today due to innovative marketing strategies Maruti Suzuki has become the leading & largest seller of automobiles in India. Company has adopted various Brand positioning, Advertising, Distribution strategies to capture the market. Maruti’s few unique promotional strategies include Teacher Plus Scheme, 2599 scheme, Change your life campaign. The objective of this paper is to focus on various marketing strategies of Maruti Suzuki India Ltd.

Keywords- Strategy, Brand Position, Marketing, Promotion, Distribution

I. INTRODUCTION
(HISTORICAL REVIEW)

The automobile manufacturing industry in India dates back to 1948. At that time there were just three companies manufacturing passenger cars i.e. Premier Automobiles in Mumbai, Hindustan Motors (HM) in Kolkata & Standard Motors Products India in Chennai. In early years the Indian automobile Industry faced several challenges and road blocks to growth because in those days automobile manufacturing was subject to restrictive tariff structure, strict licensing and limited avenues for expansion. Due to lack of competition initially the prices of cars were extremely high. And the customers had to wait for a long period of time for car. Before Independence India was considered as a market for imported vehicles. In the 1950s the arrival of Tata Motors, Mahindra & Mahindra & Bajaj Auto led to steadily increasing vehicle production in India. In 1953 the government of India and the private sector launched efforts to create an automotive component manufacturing industry to supply to the automobile industry. By the end of 1970s, significant changes in the automobile industry were witnessed. After 1970 the automobile industry started to grow, but that growth was mainly driven by scooters, tractors and commercial vehicles.

In 1983, the government of India made a tie-up with Suzuki Motor Corporation of Japan to manufacture low-cost cars in India. The Maruti 800 which is still known rolled out the factory of Maruti Udyog Limited in December 1983 and changed not just India’s automobile industry but also the way people commuted and travelled. In 1990s through liberalization initiatives India opened its gates for all the countries and in 1993, the government followed up its liberalization measures with noteworthy reductions in the import duty on automobile components. Today the Indian automobile market has a mix of large domestic automobile players like Tata Motors, Mahindra & Mahindra, Bajaj, Hero Motocorp, Ashok Leyland and major international giants including Suzuki, Honda, BMW, Audi, Daimler-Chrysler, Volvo, Hyundai, Toyota, Nissan, General Motors and Ford etc.

II. OBJECTIVES OF THE PAPER

• To Review the progress of Indian Automobile Sector
• To understand the Marketing Strategies of Maruti Suzuki India Limited

III. REVIEW OF LITERATURE

• Sumit Jain & Dr. R.K. Garg, in their research paper described about current scenario of automobile industry and challenges facing by Industry. They pointed that, the companies have to shorten product lifecycles in order to
react to the expectations of individualize and fast changing consumer demands with innovative products, and the integration of strategic partners with more responsibility into the value chain should be intensified.

- Exim bank’s occasional paper highlighted that the global financial meltdown of the year 2008 has created a precarious condition across various sectors, which has forced countries and industries to take a fresh look at their future strategies. The paper also pointed out that the Indian automotive industry holds significant scope for expansion, both in the domestic market, where the vehicle penetration level is on the lower side as compared to world average and in the international market, where India could position itself as a manufacturing hub.

- Rajkumar Gautam & Sahil Raj, in their research paper depicted the scenario of automobile sector of the world and India. In their paper they have investigated that the globalization process has affected the sector in all the areas of manufacturing, sales, personal research & development and financing. They also concluded that, in order to meet the challenges posed by globalization the Indian automobile manufacturers need to ensure the technological advancement, appropriate marketing strategies and adequate customer care feedback system in their organizations.

- P Krishnaveni in her article focuses on the current details and some future plans of Maruti Suzuki India Ltd. The article also highlighted the various innovation of company like introduction of Electronic power Steering (EPS), introduction of superior quality of 16*4 hypertech engines.

IV. PROFILE OF MARUTI SUZUKI INDIA LIMITED

Maruti Suzuki India Limited (formerly known as Maruti Udyog Ltd) is a subsidiary of Suzuki Motor Corporation, Japan and has been the leader of the Indian car market for over two decades. Maruti Suzuki revolutionized the industry and put a country on wheels. Since inception Maruti is credited with having catalyzed and led the modernization of the Indian passenger car industry. Over its 26 years of journey, Maruti Suzuki transformed itself from a successful Public Sector Company (PSU) to a vivacious and listed Multi-National Company (MNC), sustained its leadership position and remained profitable despite tough competition. In October 2, 1982 the company signed the license and joined venture agreement with Suzuki Motor Corporation, Japan. It was the first company in India to mass produce and sell more than a million cars. In the year 1983 the company started their productions and launched Maruti 800. In the year 1987 the company forayed into the foreign market by exporting first lot of 500 cars to Hungary. In the year 2005 company launched world strategic car model popularly known as Maruti Suzuki Swift which hit the Indian car market.

The core values of company include:
- Openness and learning
- Innovation and Creativity
- Fast, Flexible and First mover
- Customer Obsession
- Networking and Partnership

Currently Maruti Suzuki India Ltd offers 14 brands which include Maruti 800, Omni, Eeco, Zen Estilo, Alto, Alto-K10, A-Star, Wagon-R, Swift, Ritz, Swift Dzire, Sx4, Gypsy, and Grand Vitara. Maruti Suzuki has a market share of 44.9% of the Indian passenger car market as of March 2011. Today Maruti Suzuki has built a strong sales network of 600 outlets spread over 393 towns and cities. The maintenance support is offered to the customers through 2628 workshops spread over 1200 towns and cities.

V. PERFORMANCE OF MARUTI SUZUKI INDIA LIMITED

A. The Sales trend of Maruti Suzuki from year 97 to 2008 is illustrated in Figure 1.1

![Sales Chart](image)

**Fig 1, Source: CMIE Prowess Database (97-2007) (Rs. in Crore)**

From the above pie chart it is observed that in the March 2008 Maruti Suzuki’s sales was 21221 Crore which is 21.55 % more than March 2007.
B. The Industrial Sales trend of Maruti Suzuki from year 97 to 2008 is illustrated in Figure 1.2

![Industrial Sales Chart]

Fig 2, Source: CMIE Prowess Database (97-2007) (Rs. in Crore)

As observed in the above chart it is revealed that the Industrial sales grew for the period Mar 04 to Mar 08. The Industrial sales of Maruti Suzuki in the year March 2008 was 20070.9 Crore which is 23.26% greater than previous year.

VI. MARKETING STRATEGIES OF MARUTI SUZUKI INDIA LIMITED

In earlier days when the market was dominated by only a few brands like Ambassador & Premier Padmini, Maruti Suzuki India Limited entered the Indian market with different strategy. The strategy of the company was to offer a compact, modern and fuel efficient car. Maruti released its first Maruti 800 car on 14 December 1983 to fulfill the dreams of Indian customers and became the market leader. Since 1983 till date Maruti Suzuki gradually offered several choices to the consumer. Due to aggressive competitors today Maruti Suzuki believes in Innovative Marketing Strategies. With the changing needs, wants & requirements of customers and markets, Maruti Suzuki is altering their Brand Positioning, Advertising and Distribution strategy.

VII. BRAND POSITIONING STRATEGY OF MARUTI SUZUKI INDIA LIMITED

Brand Positioning is the most vital concept in a brand’s strategy. Brand Positioning is also linked with managing a brand’s meaning. Today several brand of cars are positioning themselves on the features like Price, Comfort dimensions, Safety, Mileage etc. Currently Maruti Suzuki followed a very effective multi-segmentation strategy to grab the different segments of the market with different versions of its brands. About brand positioning Mayank Pareek says that, Maruti Suzuki believe in research and before launching a product the Maruti team does an extensive research on the needs of the customer. Maruti try to understand the customer’s demography and psychology to position a brand. Also the company follows the suggestions made by existing customers.

1. Maruti 800

Considering the middle class & small families the Maruti 800 was launched. The car was also targeted at the urban professionals. It was projected as a car with minimum maintenance needs and with greater fuel efficiency. Later the company added some features like MPFI (Multi Point Fuel Injection) technology & few changes in front grill, head light, and rear light.

2. Omni:

Earlier the Omni was known as Van. The van was targeted more at businessman, tourist taxis and large families. It was positioned as a vehicle offering benefits of a car with more space. But due to some different perceptions of consumers regarding van, after some time the van was renamed as Omni and was repositioned as the most spacious car. Recently Maruti Suzuki launched new variant called Omni Cargo which has been positioned as a vehicle for transporting cargo and meant for small traders.

3. Alto:

Maruti launched Alto with tagline ‘Let’s Go’. In the TVC of Alto, a young married couple goes to different destinations in their Alto. By this TVC Maruti positioned Alto as a car for young people. Also the car has highlighted as fuel efficient car.

4. Wagon R:

Maruti Suzuki launched the Wagon R brand in February 2000. This is one of the successful brand from Maruti portfolio in the premium segment of compact cars. Wagon R was initially positioned on the basis of the functionality platform. Earlier this car was promoted as a family car with the baseline, ‘Feel at Home’. Then as per the changing pattern of market, competition and customers Maruti altered the positioning of Wagon R from Feel at Home to ‘Inspired Engineering’ to “As Interesting as you are” and finally to “For a Smarter Race”.

5. A-Star:

While speaking about A-Star Mr. Shashank Srivastav says that the A-Star was the only car in the Indian market that was targeted at the urban youth. “It is about the new generation of Indians who are confident”. Also in the second campaign,
which was done around July 2009, the company’s focus was to inform the consumers about the A-Star’s K-Series engine. The current campaign of A-Star focuses on self belief and confidence. Considering the fact that self belief and confidence are the attributes of youths, Maruti has positioned A-Star very well. In the current ad campaign a focus has given to a young person who goes for an Interview & with his confidence and self belief he impresses all.

VIII. PROMOTIONAL STRATEGY OF MARUTI SUZUKI INDIA LIMITED

Every company is it a big or small needs an innovative promotional strategy because promotional campaigns tend to have a huge effect on the reception of the product. Maruti Suzuki India Ltd has a formidable line-up of vehicles in its stable and has been quite aggressive about promoting each of its automobile brands. With an intention to face with cutthroat competition and due to declining market shares, in 2000 Maruti Suzuki cut the prices of few models like Wagon R, Omni and Maruti 800 because Maruti knew very well that the Indian consumer is very sensitive about price & this price cut will definitely beneficial for company. In Jan 2002 to attract the customers, Maruti decided that some of its corporate assets in Delhi including Maruti’s manufacturing plant and children’s park should be promoted. With an intention to promote road safety and efficient driving the company held ‘carnivals’ periodically at IDTR.

In 2003, to attract the customers Maruti Suzuki launched attractive campaign like “Change Your Life”. The company also offered vehicle insurance for One rupee only. In this campaign the customers were asked to write down the chassis and engine number of their vehicles on the entry form and had to answer the question. In this contest the winners were chosen by a draw of lots and were entitled to gifts worth Rs.50 million.

In 2004, Maruti introduced the ‘2599’ offer under which by paying an EMI of Rs. 2599 for seven years after a down payment of Rs.40000, a consumer could buy a Maruti 800. In 2004 Maruti introduced the ‘Teacher Plus’ scheme, in a tie up with SBI. In this scheme the bank offered reduced rates of interest for teachers who were interested in buying a new car.

Rural India is a fast emerging as a focus area in the country’s economy. Maruti knew that there is a great potential in rural markets & in rural markets, the endorsements of opinion makers takes precedence over an informed objective Judgment. Considering this fact, Maruti Suzuki launched a panchayat scheme for such opinion makers which covers the village Sarpanch, doctors and teachers in government institutions, rural bank officers where in an extra discount is given to make a sell. As a part of customer engaging strategy and to attract the potential customers Maruti organized various melas wherein local flavor is added by organizing traditional social activities like Gramin Mahotsava are conducted round the year. As a part of promotional approach Maruti Suzuki promoted Swift & other brands through sponsoring various live programmes (Dancing shows) like Dance India Dance.

IX. ADVERTISING STRATEGY OF MARUTI SUZUKI INDIA LIMITED

Advertising is one aspect of brand building. Whenever Maruti launched any brand, it supported that brand with an ad campaign. Maruti’s advertising campaigns included TVCs, Radio and Print ads, Point of Sale, Mobile promotions, online marketing, Outdoor promotions. Maruti’s advertising strategy focused both on building up its corporate image and promoting its cars. Maruti’s campaigns emphasized different aspects of its cars, including fuel efficiency, looks, space, etc.

In the late 1990s, Maruti’s advertising campaigns were handled by Lowe India (later known as Lowe Lintas & Partners, India) and Rediffusion DY&R. While advertising related to Esteem, Zen and Baleno were handled by Lowe India and the ad campaign of Maruti 800, Gypsy, Omni and Wagon-R were handled by Rediffusion. With an intention to promote the all brands effectively, in 2000 Maruti decided to appoint Capital Advertising. In 2003, Maruti Suzuki came up with an innovative advertising that became popular for its simplicity and clear message. In this ad one child plays with his toy car & when the father asked him, he replies, ‘Kya karoon papa petrol khatam hi nahi hota’. This ad depicted the fuel efficiency of Maruti Suzuki.

X. BRAND RELATED ADVERTISMENTS OF MARUTI SUZUKI INDIA LIMITED

Maruti segmented the customers by designing its brand specific advertisements. The advertising of Maruti was targeted towards the needs and wants of a particular consumer segment.

1. Wagon R

Maruti launched Wagon R in 2000 and launched an ad campaign with the tagline, ‘A Car Full of Ideas’. In May 2009, Maruti launched an outdoor campaign for Wagon R using billboards, mobile vans, unipoles etc. The outdoor ads of WagonR were placed on 23 outdoor sites in and around
airports of several cities across India. In the ads different backgrounds were highlighted and each ad displayed a landmark structure from each city with different messages. For e.g. in Mumbai it was,’ Welcome to the city of film stars and WagonR’, in Hyderabad, the message was ‘Welcome to the city of Charminar & WagonR’.

2. Swift
In 2005, Maruti came up with an ad campaign for its new Swift. The ad campaign included print ads, teaser TV ads and a TVC. In the TVC ad a Maruti Swift car being driven by a young couple at high speed on the road without stopping & car stopped only after chased by a traffic police.

3. A-Star
Maruti has always been advertised A-Star with the tagline of ‘Stop at Nothing’ which shows the attitude that this car has always stood for. In this ad Farhan Akhtar was the brand ambassador during the launch and the launch TVC also shared elements with the Bollywood hit film ‘Rock On’ to make it more relatable to the young adult seeking an expression for his passion. According to Mayank Pareek, Head of Marketing, Maruti Suzuki India Ltd says that Cyber media is the best Marketing tool. The company has displayed their banners on various internet sites. And due to boom of Cineplex’s and Malls, marketing has become easy.

XI. DISTRIBUTION STRATEGY OF MARUTI SUZUKI INDIA LIMITED

Distribution is an important marketing mix. In earlier days the consumers used to book for a car and wait for more than a year to actually buy it. Also the concept of Show rooms was non-existent. Even worse thing was the state of the after sales service. With an objective to change this scenario & to offer better service to customers, Maruti took initiative. To gain competitive advantage, Maruti Suzuki developed a unique distribution network. Presently the company has a sales network of 802 centres in 555 towns and cities, and provides service support to customers at 2740 workshops in over 1335 towns and cities.

The basic objective behind establishing the vast distribution network was to reach the customers even in remote areas and deliver the products of the company. The company has formed the Dealer territories and the concept of competition amongst these dealers has been brought about. Periodically corporate image campaigns in all dealership are carried out. In 2003, to increase the competition the company implemented a strategy for its dealers to increase their profitability levels. Special awards were sometimes given by company for sales of special categories. Maruti Suzuki had given an opportunity to dealers to make more profits from various avenues like used car finance and insurance services.

In 2001, Maruti started an initiative known as ‘Non Stop Maruti Express Highway’. As a part of this initiative Maruti developed 255 customer service outlets along with 21 highway routes by 2001-02. Also with an intention to provide fast service in less time Maruti had offered Express Service Facility. In the year 2008, Maruti had near about 2,500 rural dealer sales executives, among the total 15,000 dealer sales executives.

CONCLUSION
Automobile market today is very dynamic & competitive with a range of players and products. There are many reasons for the impressive growth of the Indian passenger car Industry. Some of these are easy availability of vehicle finance, attractive rate of interest and convenient installments. In today’s cutthroat competition it is very difficult to survive. Stiff competition has forced manufacturers to be innovative and responsive to customer demands and needs. Maruti Suzuki India Limited is a leading company in Indian Automobile sector which occupies prominent place due to its innovative strategic marketing, promotional, Brand positioning, advertising strategies. In today’s scenario the success of company lies in structuring and restructuring the marketing strategies and continuous innovation of product and services.

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