



Appraisal of Marketing Practices of Maruti Udyog A Case Study of Maruti Udyog Limited

KEYWORDS

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Introduction

The dominant basis of competition in the Indian passenger car industry has changed from price to price-value, especially in the passenger car segment. While the Indian market remains price sensitive, the stranglehold of Economy Models has been slackening, giving way to higher-priced products that better meet customer needs. Additionally, a dominant trend in the Indian passenger car segment is the increasing fragmentation of the market into sub-segments, reflecting the increasing sophistication of the Indian consumer. With the launch of new models from FY2000 onwards, the market for MUVs (Multi Utility Vehicles) has been redefined in India, especially at the upper-end. Currently, the higher-end MUVs, commonly known as Sports Utility Vehicles (SUVs), occupy a niche in the urban market, having successfully shaken off the tag of commercial vehicles attached to all MUVs till recently. Domestic car manufacturers are now venturing into areas such as car financing, leasing and fleet management, and used-car reconditioning/sales, to complement their mainstay-business of selling new cars. Maruti Udyog Limited is one such leading venturer in the field of manufacturing and marketing cars. This article makes an attempt to present the case study of MARUTI UDYOG LIMITED.

Statement of the Problem

Due to the emergence of globalization and liberalization there is a stiff competition among the variety of car industries which are focusing attention in capturing the Indian markets. MUL have consistently increased their sales. This was possible mainly due to good quality of cars, a good distribution network and promotion policy. The company has shown innovative ability by bringing out variety of cars to cater to various tastes in the consumer market. MUL follow a good marketing practice then only they play leading players in automobile company.

Review of Literature

Brands help to identify a product by the consuming public and create an awareness regarding the product. After acquiring the awareness the consumer moves for the brand trial and gets satisfaction or he is disappointed in varying degree (Nagarajan, N.R 1996).

The rising consumer and community expectations in relation to vehicle quality, safety and environment related performance parameters are paving the way for stringent regulatory standards. These, in turn, are driving major technological developments in product and process formats. In the emerging environment, India has major challenge as well as advantages few others in the world can match. (Sunil Chaturvedi, 2003)

The competition makes the automobile manufacturer to launch at least one new model or a variant of the model every year. Diesel cars are becoming popular in India and the announcement of reductions in excise duties by the Government has helped to some extent to boost the demand. (Satya Sundaram, 2005)

Car sales are estimated to jump to 3 million units a year by 2016. Over the next two to three years with the arrival of more than a dozen new brands making compact car models, India will have a plethora of options to choose from it. Carmakers are designing new strategies in rural India. (Satya Sundaram, 2011)

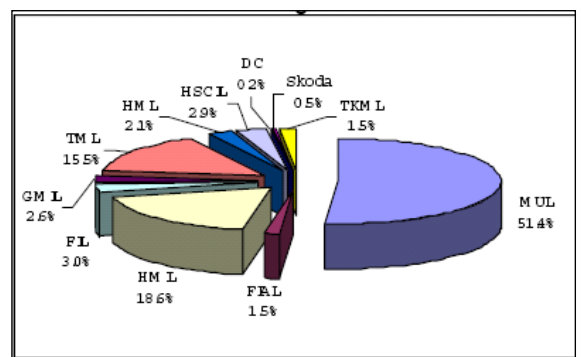
The young executives who feel that their personality and spirits were pepped by this dream machine despite being small in size (Varun Mudgil (1998)).

Methodology

The analysis of this case study is totally based on the secondary data. The secondary data have been collected from the company's bulletins, annual reports and websites.

MARUTI UDYOG LIMITED - A Leading Player in India

Maruti Suzuki is the market leader in India and has amazing brand equity. Maruti is known for the service it provides and is synonymous with Maruti 800 – the longest running small car in India. Maruti is India's largest automobile company. The company, a joint venture with Suzuki of Japan, has been a success story like no other in the annals of the Indian automobile industry. Today, Maruti is one of the leading players in automobile industry. This feat was achieved by the missionary zeal of our employees across the line and the far-sighted vision of our management. The following chart clearly shows that the MUL occupy a major player (ie, 51.4%) in India.



Maruti Udyog Ltd is one of India's leading automobile manufacturers and the market leader in the car segment, both in terms of volume of vehicles sold and revenue. They have, Good Technology, Uniform Pricing, Good Strength, More Coverage Area, Frequent /Regular Product Launch, Market Leader (with 47% share), Oriented Driven Company, More Products, Offering Healthy Annual Report, Brand Image, Maximum Dealership as compared to other brands, Good Sale Service, Spare parts are cheap as compared to any other brand, Cheap and reliable quality.

The objectives of MUL then were:

1. Modernization of the Indian Automobile Industry.
2. Production of fuel-efficient vehicles to conserve scarce resources.
3. Production of large number of motor vehicles, which was necessary for economic growth.

The core value of MUL is

- Customer Obsession
- Fast, Flexible and First Mover
- Innovation and Creativity
- Networking and Partnership
- Openness and Learning

MUL have a good strength and achieve their goal in the car market.

- Major strength of MUL is having largest network of dealers and after sales service centers in the country.
- Strong Brand Value and Loyal Customer Base are big strengths for MUL
- There are around 15 vehicles in Maruti Product portfolio. Has good product lines with good fuel efficiency like Maruti Swift, Diesel, Alto etc
- Alto still beats the small car segment with highest number of sales
- MUL is the first automobile company to start second hand vehicle sales through its True-value entity.
- MUL has good market share and hence it's after sales service is a major revenue contributor.
- Good promotional strategy is adopted by MUL to transfer its thoughts to the people about its products.

Performance indicators of MUL

Analysis of the Sales

Sales means, "Special disposal of goods at lowered prices". Sales only indicate the performance of the business. MUL increased their sales very rapidly because, they adopt good marketing practices and procedures. To analyse the MUL sales for the period of six years using Compound Annual Growth Rate.

$$\text{Formula} = \text{CAGR} = (\text{EV}/\text{BV})^{1/n} - 1$$

where,

EV= Investment's ending value,

BV = Investment's beginning value

The sales figures for March 2012 are given below:

Category Segment	Sub-Models	March 2012			Till March 2012			April'10 - March'11
		2012	2011	% Change	2011-12	2010-11	% Change	
Passenger Vehicles								
Mini	M800, A-Star, WagonR, Alto,	52826	58799	-10.2 %	491389	573238	-14.3%	573238
Compact	Swift, Estilo, Ritz	27913	22576	23.6%	235754	261799	-9.9%	261799
Super Compact	Dzire	16451	10278	60.1%	110132	107955	2.0%	107955
Mid-Size	SX4	1520	3632	-58.1%	17997	23317	-22.8%	23317
Executive	Kizashi	48	103	-53.4%	458	138	----	138
Total A: Passenger Vehicles		98758	95388	3.5%	855730	966447	-11.5%	966447
B: Utility Vehicles	Grand Vitara, Ertiga*	1530	620	146.8%	6525	5666	15.2%	5666
C: Vans	Omni, Eeco	12436	14416	-13.7%	144061	160626	-10.3%	160626
Total Domestic Sales		112724	110424	2.1%	1006316	1132739	-11.2%	1132739
Total Export Sales		13228	11528	14.7%	127379	138266	-7.9%	138266
Total Sales (Domestic + Export)		125952	121952	3.3%	1133695	1271005	-10.8%	1271005

n = Number of periods (months, years, etc.)

Maruti Suzuki's revenue over the years as follows

Year	Net Sales (Rs. in Millions)
2006-2007	1,45,922
2007-2008	1,78,603
2008-2009	2,03,583
2009-2010	3,01,198
2010-2011	3,58,490
2011-2012	3,47,059

Compound Annual Growth rate is =15.54%

Over the course of six period of years MUL investment grew from 1, 45,922 to 3, 47,059 millions. The calculated compound annual growth rate is its 15.54%. From the above table it is clearly explicit that MUL earn more revenue compared to the previous years. Because, the MUL adopted a good marketing strategy then only they increase their revenue successfully.

Overseas Sales

"India as export hub for Maruti"

In recent years, the Company has expanded its presence in the overseas markets. It is not uncommon to find a Suzuki badge car in countries as different as Algeria, Netherlands, Chile, Sri Lanka, France and Italy. The Company has exported over one million units cumulatively.

Today, Maruti Suzuki exports, models such as A-star, Alto, Estilo, Ritz, M-800 across to over 125 countries. In 2011-12 the Maruti Suzuki exported over 1,27,300 units. For its sustained efforts in developing new international markets Maruti Suzuki won the Business world International Business Awards 2012 (in Exports Auto and Engineering Category).

Overall Sales (March 2012)

The company sold a total of 125,952 units in March 2012 reflecting a growth of 3.3 % over March 2011. This includes 13,228 units for exports, a growth of 14.7%. The company had sold a total of 121,952 units in March 2011. The total sales in March 2012 are the highest ever monthly sales in the Company's history. The previous high in total sales was in March 2011 at 121,952 units. The domestic sales in March 2012 are also the highest ever monthly domestic sales in Company's history (Previous highest domestic sales in March 2011 at 110,424 units).

Findings and Recommendations

1. MUL total domestic sales is increased 2.1% and total export sales is 14.7%. Their growth is increased tremendously compared to the previous year (2010-11 and 2011-12). It recently attained the 10million domestic sales mark.
2. Maruti Udyog limited (MUL) is in a leadership position in the market with a market share of 48.74.
3. Over the course of six period of years MUL investment grew from 1, 45,922 to 3, 47,059 millions. The calculated compound annual growth rate is its 15.54%.
4. Maruti is found to be leading players and dominates the

market. Various models like Maruti 800, Alto and Wagon R are favorites in all regions.

Conclusion

Majority of customers are very much satisfied with the product quality, vehicle performance and design, after-sales service, brand image, and cost-of-ownership, quality and dealer network. The saying "You don't buy a Maruti Suzuki. You invest in it" is true in today's competitive zone of passenger cars and automobiles.

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