BRAND

"MARUTI SWIFT"
CHAPTER IV
BRAND MARUTI

4.1 Introduction

The 1980’s had been a great period for the Indian industries. During this period the industry took the path of modernisation and technological advancement. This was the period when India launched Insat 1A and colour televisions made a debut and the Ninth Asian games was held in New Delhi.

In 1980 Maruti Udyod Ltd was established to launch its first modern car the iconic “Maruti 800”. The first car was rolled out from its plant in December 1983. Until the first Maruti 800 was rolled out the plant, cars in India were considered to be for luxury consumption. There were only two players the Premier Automobiles and the Hindustan Motors.

Maruti Udyog with its entry into the automobile sector set new standards of quality, productivity, industrial relations and customer care. Also Maruti set an important milestone in the history of Indian industry by being the first Public sector unit to manufacture and export a sophisticated engineering product to quality conscious European Market.

Maruti Udyog was started in Gurgaon a satellite town of New Delhi, which has now become the home for largest multinational companies operating in India. Initially when Maruti Udyog started, it was intended to produce 192 cars in the first three months and later they wanted the production to be scaled upto 2000 vehicles in the next financial year. The first cars were produced from Semi knocked down kits that is the cars along with most of the components imported from Japan.

In this chapter we will list and discuss about the vision, core values and the sales figures, the marketing and promotional cost of Maruti Udyog. Also we will discuss about the origin and evolution of Maruti Swift car which is the main course of study in this research.
4.2 Maruti Suzuki India Ltd.

Maruti Suzuki’s Vision and Core values

“The leader in the Indian Automobile industry creating customer delight and shareholders wealth: A pride of India”.

Core Values

“Customer obsession
Fast, Flexible, First mover
Innovation and creativity
Networking and partnership
Openness and learning”

The Brand Maruti

“We simply cannot forget that we are not (emphasis added) in the business of selling cars. We are selling to our customers a long term commitment to take care of their needs for transport efficiently & economically”. Krishnamorrthy, Chairman Maruti Udyog Ltd 1987.

The Chairman speech at the AGM 1987 goes to prove that Maruti has been living up to its vision and core values. Maruti Udyog Ltd. has gone through a sea of change right from its inception in 1981 till date.

The Maruti has transformed itself from a public sector unit (PSU) wholly owned by (100%) Government of India to a public listed company owned by Suzuki Corporation of Japan and rechristened as Maruti Suzuki India limited.

The transformation has been successful and Maruti has been able to weather all the storms in government, in the economy and the in the taste and preference of Indian customer.

Maruti Suzuki India ltd has got two production sites in India. The first production unit was started in 1981 in Gurgaon in Haryana and the second plant was inaugurated at Manesar also in Haryana.

The evolution of Maruti as a successful and trusted brand has been possible by the continuous transformation in the field of its people management, dealership
management, product management, sales and promotions, competitive pricing, ambience at the dealerships and service stations and in its process of manufacturing.

**Dealerships:** In the year 1983 Maruti had dealerships restricted to Kolkata, Chennai and Chandigarh with 852 cars to be distributed. Today Maruti is manufacturing a car every 12 seconds and has 933 dealerships in 878 cities across India. As the number of Maruti cars is increasing the service requirement also rises. To meet this service requirement Maruti has 2971 service station in 1425 cities across India. This enables Maruti to have a very good geographical spread and the customers get the best product in the place of their convenience.

**People:** Maruti Udyog Ltd., when it started as a PSU it had people at the top from various government departments and the PSU like BHEL, GAIL, NTPC, and from railways. To meet the market challenge and to win the competition Maruti has been constantly improving its man power management. Today the company is headed by Mr. R.C. Bhargava who is a technocrat and is supported by a young team of professional who have graduated from the premium management and technical institutes in India.

Not only the top management is well trained and efficient, but the employees in their dealership and service station are continuously given training and development by MSIL. By this process the people of MSIL who are first to interact with the customer are well groomed and fit to face the customers and competitors.

**Products:** Maruti 800 was the first car to be launched in 1983. Today Maruti has 17 brands with 150 variants to suit the need of every customer. Not only Maruti sells cars but also it offers a one stop shop for all its customers’ needs. To cater the customer financial needs Maruti has tied up with 34 financial institutions, Pan India and delivers finance to its customer through Maruti finance. To cater to the needs of customer in Insurance, Maruti Insurance is another product offered by the company. Through this the customer can avail various benefits under the insurance schemes.

MGA is Maruti genuine accessories. MGA which delivers genuine accessories to the car owners with a wide range of 1600 accessories. A single Maruti car has 20000 parts, working in tandem to give a smooth and comfortable ride. All these parts are available through MGP the Maruti genuine parts. Maruti Auto Card is a product towards improving the loyalty of the customers to Maruti. Maruti driving school is another initiative by Maruti which imparts the best driving skills to a “would be” or an existing customers.
Maruti in late 80’s was attracting a “premium” due to supply and production gap. The product was most sought after, but the availability was less. Maruti 800 was launched with a price tag of Rs. 1 lac. But today Maruti has 35 competitors externally and 150 products in its own stable. To reach out to the customer Maruti has been very aggressive and competitive in pricing its products so as not lose the market shares. Maruti has a market share of 44.9% (2010-2011).

In the 1980’s & 1990’s Maruti was more or less a monopoly. It had only 2 competitors and Maruti was in a seller’s market. In the 80’s the promotion and advertisement cost was only 10 lacs and in the year 97-98 it was 101.3 crores. Today Maruti nearly spends 3.25% on its turnover (2009-2010).

Maruti first had its corporate logo in the year 1987 and from then on it has come a long way in designing the showrooms and service stations. Pan India Maruti dealership has a uniform pattern of showroom floor design, color, ambience and spread. The Maruti service station are open and transparent to the customer i.e. a customer can view from the customer lounge his / her vehicle being serviced. This transparency and openness has boosted the customer’s trust towards Maruti. Pan India Maruti Suzuki’s sales, service and spares executives have a uniform dress code. This gives the customer a sense of uniformity of service across geographical borders.

“We simply cannot forget that we are not (emphasis added) in the business of selling cars. We are selling to our customers a long term commitment to take care of their needs for transport efficiently & economically”. Krishnamorrthy, Chairman 1987.

The Maruti had a target of 1, 00,000 cars to be manufactured within 5 years from the date of start. To achieve this they focused on the localization of parts. This process helped Maruti to achieve not only its target, but today it is producing at the rate of 1 car per 12 sec. Maruti continuously invests in improving technology to deliver and stand by the commitment of its vision and core values.

The present generation of cars is fitted with K-series engine which are lightweight, fuel efficient and produce less noise & vibration.

Not only the process of manufacturing has advanced but the process of booking, delivery and service has undergone a great change. The customers can sit and have a 360° view of the product at their finger tip, before booking their car. The service process has changed to such a great extent that there is pick up and drop of the car to be serviced from and to customer’s place.
Exhibit 1: Sales volume of Maruti Suzuki India Ltd

The exhibit 1 shows the sales volume of Maruti Suzuki India Ltd. From the figure we can observe the volume has been rising steadily. The bar with black color shows the domestic sales and the blue colored bar shows the export units.

The exhibit 2 shows the company’s net sales and profit after tax. The years shown are from 2005 to 2013. The black colored bar shows the net sales in Rupees and the blue colored bar shows the profit after tax.

Exhibit 3: Profit and loss ratio for the year 2009-2010

The exhibit 3 shows the profit and loss ratio for the 2009-2010. From the exhibit we can observe that the material cost for the year was 77.40% of the total outlay. The other most important aspect from this exhibit is the selling and distribution expenses which is 3.2% of the financial outlay.

Exhibit 4: Profit and loss ratio for the year 2011-2012

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Material Cost</td>
<td>80.9%</td>
</tr>
<tr>
<td>Employee Cost</td>
<td>2.4%</td>
</tr>
<tr>
<td>Royalty</td>
<td>5.4%</td>
</tr>
<tr>
<td>Mfg, Adm &amp; Other Exp (including Royalty)</td>
<td>9.1%</td>
</tr>
<tr>
<td>Selling &amp; Distribution Exp</td>
<td>2.9%</td>
</tr>
<tr>
<td>Other Income</td>
<td>2.4%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>7.2%</td>
</tr>
<tr>
<td>Interest</td>
<td>0.18%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>3.3%</td>
</tr>
<tr>
<td>PBT</td>
<td>6.2%</td>
</tr>
<tr>
<td>Effective Tax Rate (Tax/PBT)</td>
<td>23.81%</td>
</tr>
<tr>
<td>PAT</td>
<td>4.7%</td>
</tr>
</tbody>
</table>

The exhibit 4 shows the profit and loss ratio for the 2011-2012. From the exhibit we can observe that the material cost for the year was 80.9% of the total outlay. The other most important aspect from this exhibit is the selling and distribution expenses which is 2.9% of the financial outlay. We can observe from this exhibit that Maruti is trying to cut down the sales and distribution expenses in an era of stiff competition. In spite of the reduction in the sales and distribution expenses Maruti has not lost its unit sales. From the exhibit 1 we can conclude that the sale has increased by 11.32% in 2011-12 as compared to the year 2009-2010. This proves the brand loyalty enjoyed by Maruti in the market.

4.3 “The Journey” Maruti Swift

Hayabusa in Japanese means “Peregrine falcon” a bird which serves as a metaphor to speed. This bird while hunting takes a vertical snoop on its prey at a speed of 290-325 km/hr.

Exhibit 5: “Hayabusa” the peregrine falcon.

In 1999 Suzuki introduced to the world a super bike Suzuki Hayabusa with 1.3L DOHC engine (Double over head camshaft). This started the evolutionary journery of the car “The Swift”. In particular, the choice of name was made because the peregrine falcon preys on blackbirds, which reflected the intent of the original Hayabusa to unseat the Honda CBR1100XX Super Blackbird as the world's fastest production motorcycle. Eventually, the Hayabusa managed to surpass the Super Blackbird by a full 10 miles per hour (16 km/h).
The first generation of Suzuki Hayabusa was introduced between 1999-2007. The media-reported speed in miles per hour was consistently 186 mph, while in kilometers per hour it varied from 299 to 303 km/h, besides its speed, the Hayabusa has been lauded by many reviewers for its all-round performance, in that it does not drastically compromise other qualities like handling, comfort, reliability, noise, fuel economy or price in pursuit of a single function. They have the same production philosophy for Maruti Swift also.

The 1.3L DOHC engine of Suzuki Hayabusa served as a seed for the future Suzuki swift. With the super bike engine of Suzuki Hayabusa, the car GSX – R14 powered with 1.3L DOHC engine was born.
The exhibit shows the concept –S car. In the year 2002 the GSX – R14 was unveiled as Concept-S car in the Paris Auto show.
Exhibit 8: The Concept S -2 Top convertible

The exhibit shows the car Concept-S which was introduced by Suzuki as an open top convertible. This car was only having a cosmetic change without the engine being altered. The car was manufactured with the same 1.3L DOHC engine.

Source: Maruti Suzuki India ltd., www.marutiszukui.com and Suzuki swift Wikipedia.
First generation Swift Cars

Exhibit 9- 1st generation Swift car - Ignis - Germany

The first generation of swift cars was manufactured during 2000, fitted with M-family engine. This car was a replacement the of Suzuki Cultus in Japan and Suzuki Ignis outside Japan. The first generation of Swift cars came as 5 doors and 3 doors hatch back. In Japan only 5 doors hatch back was delivered and only outside Japan especially in Germany it was delivered as both the 5 and 3 doors hatch back.

Second generation - Swift cars

Exhibit 10: 2\textsuperscript{nd} generation of Swift cars.

This generation of car debuted in Paris Auto Show. The 2\textsuperscript{nd} generations of Swift Cars were manufactured during the year 2004-2010. In these years the 2\textsuperscript{nd} generations of Swift cars were manufactured in India, Pakistan, China, Egypt, Hungary, Indonesia, Japan and Malaysia.

Even today in Pakistan 2\textsuperscript{nd} generation Swift is used. The other generation of Swift car has not been introduced in Pakistan.

This 2\textsuperscript{nd} generation of cars has a horse power of 92 metric horse powers with a front wheel drive.

These generations of cars are being manufactured only in Japan, India, Hungary and Thailand. The 3rd generations of cars were manufactured in the year 2010 and later. The new generation of Swift car has an extended wheel base compared to the previous generation. The design of the car is altered in such a way that it’s longer and more rounded. These cars come with 1.4 L engine with 95 horse powers and K14B engines which is more fuel efficient and lighter in weight.

The Swift car which is available in India is manufactured at the Manesar plant in Haryana. In India Maruti Swift is available in six variants viz.
Maruti Swift LDi
Maruti Swift LXi
Maruti Swift VDi
Maruti Swift VXi
Maruti Swift ZDi
Maruti Swift Zxi
The price varies from Rs. 4, 72,592 to Rs 7, 14,682 (ex showroom Madurai). The main features of the contemporary Maruti Swift are “comfort, convenience, style and safety”.

**Comfort:** Maruti Swift is manufactured with Diesel engine also. The engine has got CRDI engine i.e. common rail system with NVH. The engine has a double over head camshaft DOHC which enhances a superior valve operation and results in better fuel efficiency. The Maruti Swift gives a performance of 22.9 km/l of fuel. This fuel efficiency is the best in its class of hatch back.

In today’s traffic and congestion the owners need a car with a great control system. Since *control is everything*. Maruti Swift has one of the well established control systems. It comes with RBSS – rally based suspension system. This system of suspension gives a very comfortable and safe ride on the bumpy roads. The driver need not worry about the pot holes or the raised speed breakers which are a bane in Indian roads. It gives the customer a very safe and smooth drive.

Maruti Swift comes with a turning radius of 4.8 meters. A sharp turning radius means easy maneuvering, which results in better control in the city roads. Maruti Swift comes with smooth gear drives. These improved gear drives gives the customers an easy shift in gears and improves the fuel efficiency.

Maruti Swift has larger and wider tires. Larger and wider tires give a better road grip i.e. the tires are designed so as to grab the road. The tire and road grip is very crucial for a better mileage and safe drive.

**Convenience:** Maruti Swift has got very plush exteriors and interiors. The exteriors are designed to be “strong, spirited and dynamic”. The main exterior design is on the aerodynamic lines, which gives more energy, fluid and great style. The car’s wheel base has been enhanced by 40mm which gives more strength and the length is extended by 90mm to give a strong visual appeal of a big car.

Maruti swift’s interiors are designed to give “excitement and anticipation”. To enhance the excitement and anticipation the interiors are set trendy and made of premium materials. The interiors of this car have the best ergonomics resulting in more ease and pleasure while driving.

The upholstery is of premium quality and the dash boards are layered with water fall centre console. This gives the driver the ease to handle from the driver seat and also for the passenger in aisle.
The cars are delivered in six dazzling shades viz., blazing red metallic, torque blue, glistening grey, metallic silky silver, pearl metallic arctic white, metallic midnight black.

**Style:** “Comfort is addictive” according to Maruti. The car is designed for the comfort in such a way that the seats are body hugging which gives a great seating and relaxed body posture. The leg room and foot space for the rear passenger is well taken care for. The passenger in the rear can have a very comfortable seating posture that reduces the strain on the long drives, with the thigh of the passenger held properly so that the pain is reduced.

Maruti swift to enhance the comfort and safety while driving has one of the best display systems on its dashboard. It is fitted with a multi information LCD display of fuel consumption meter and a low fuel warning lamp. The dashboard has got a 7 step illumination control odometer along with a trip meter and thermometer for displaying the car internal room temperature.

**Safety:** “Play but play safe” is what Maruti Swift stands for. Maruti feels it is their responsibility to give the best safety features to their customers. Maruti swift comes with a Dual SRS airbags which protects the driver and the passengers from accidents. For emergency braking they have fitted the cars with BAS – Boost assist system, which is very efficient and responsive.

Maruti swift is fitted with ABS – Anti lock braking system which gives better speed regulation and superior control of the car on the roads. To improve the stiffness of the car i.e. to enable the car to have a great pull and easy handling the torsional rigidity has been increased. The metal sheet is coated with anti rust coats to avoid corrosion there by increasing the life of the car and avoiding unwarranted body damages.

The main technical specifications of Maruti Swift are it comes with 5 doors and with the hatch back body. The engine capacity of petrol K series is 1197cc and DDiS engine is1248cc. This translates into raw power on the road giving the customer the sheer pleasure of driving. The petrol engine has got multipoint fuel injection system and the diesel engine has got CRDI fuel injection. This type of fuel injection increases the fuel efficiency of the car.

On the whole Maruti Swift is “customer’s delight”

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Madurai is the second largest city situated in the southern Tamil Nadu, on the banks of river Vaigai. According to history this city has been inhabited for more than 2500 years. This city is called the “city of temples” and “the city that never sleeps”. The old city is well laid out in the shape of “Lotus” with “Sri Meenakshi Amman” temple at its centre on the southern banks of river Vaigai.

Madurai is traditionally an agrarian society, known for its famous “Madurai malli (jasmine)”and is well connected to the other parts of Tamilnadu and it acts as a main hub for nearly all southern districts up to Kanyakumari. Modern Madurai is a Corporation with a population of nearly 30, 38,252 people of which males are 15, 26,475 and females are 15, 11,777. The Madurai city population has grown 17.84 percent compared to 2001. The literacy rate is 83.45 percent with male literacy rate at 89.72 percent and female literacy rate at 77.16 percent. (Census 2011).
Madurai city is a great educational hub with Madurai Kamaraj University at its centre, affiliating 109 colleges (MKU). Madurai has got 37 arts and science colleges, 15 polytechnics, 12 ITI’s, 3 music colleges and 77 schools. There are 9 engineering colleges, 2 medical colleges and 1 law College.

Madurai has got a lot of major rubber components manufacturing companies. The companies like TVS Rubber, Hi tech Arai, Fenner India are a few to quote, who are OEM’s (original equipment manufacturer) to Auto majors like Maruti Suzuki, General Motors, Ford and Bajaj.

Madurai has got other industries like Stainless steel utensil manufacturing, Sungadi sarees, gold jewelers and silver jewelry manufacturing. Madurai is also home to branches of ICAI and ICWAI. Madurai has got nearly 1350 medical professionals enrolled in IMA Madurai chapter. Also the city has got nearly 50 well established and equipped multi specialty hospitals apart from a multi specialty Government hospital.

Madurai has got 373 branches of Banks – nationalized, scheduled and private banks (RBI). Apart from banks Madurai has got some of the major NBFC’s operating with a couple of dozen branches.

Madurai city has got 5 Regional Transport offices (RTO) and the total number of Motor Car registered in each RTO as on 1st April 2013 is given below for reference.

<table>
<thead>
<tr>
<th>Madurai Regional Transport office (RTO)</th>
<th>Number of Motor cars as on 1st April 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Madurai North</td>
<td>20,112</td>
</tr>
<tr>
<td>Madurai Central</td>
<td>4,996</td>
</tr>
<tr>
<td>Madurai South</td>
<td>15,389</td>
</tr>
<tr>
<td>Madurai Melur</td>
<td>2,063</td>
</tr>
<tr>
<td>Madurai Tirumangalam</td>
<td>1,849</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>44,409</td>
</tr>
</tbody>
</table>
Tourism is one of the major industries in Madurai with its entire list of temples and Thirumalai nayak palace and the Jain caves dotting the periphery of city. To cater to the tourism industry the city has got a large number of hotels and lodgings. Also the city has got a very large number of Taxi car registrations in southern districts.

Madurai city is economically driven by education institutes, stainless steel utensils manufactures, multi specialty hospitals, rubber component manufactures, hotels and lodgers to cater tourist with a host of travel car operators. To augment the transport needs, Madurai city has got an Airport (to be upgraded as international airport), Railway junction and host of bus stations.

Sources: Apart from the web sites of Madurai Corporation, Census 2011, MKU, RBI, IMA, ICAI, ICWAI and list of colleges, the details were collected from experts in CII, MAVMM jewelers association, Madurai taxi operators union and stainless steel manufacturers association, www.tn.gov.in/stat/g5.pdf and g7.pdf.
Exhibit source: Madurai Wikipedia.