CHAPTER-IV

MARKETING OF PASSENGER CARS IN INDIA

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1. Marketing Elements and Study Methods:

Marketing elements comprise of the four P's of marketing which constitute the marketing mix.

Marketing Mix is the combination of elements of marketing and what role each element plays in promoting the products and services of the firm and delivering those products and services to the customers.

The elements of the marketing mix are also referred as five P's of marketing of years marketers referred to the 4 P's of marketing only recently a 5th P has been added

The Four P's of Marketing Mix-

(a) Product - The products or services offered by a manufacturer to his customers.

(b) Price - The price of the product or services so that the price remains competitive but allows the manufacturer to make a good profit (without exploitation of the consumer).

(c) Place (Also Referred As Distribution) -

It means where the business products and services will be sold and how will the products and services reach the customers.
(d) **Promotion -**
The methods used to communicate the features and benefits of the products and services to the prospective and target customers,

**The 5th P of Marketing -**

(e) **People -**

The 5th P has been added recently by few marketing theorists. They say that this 'P' refers to 'people' which include the 'people' who work for the manufacturer. 'People' means how the expertise of the manufacturer including all those who work under nine. This 'p' says that people can influence marketing and expertise of the people can take business and firm above the competitors.

**Methods Of Marketing -**

There are various methods which the marketing use to attract the consumers. For example according to latest references auto firms **Like Maruti Suzuki, Hyndai, Tata Motors** are making efforts to tap customers on **facebook and Twitter.**

The above mentioned automobile companies are trying to tap the younger customers and they are increasing their expenses to market their products through sites like **Facebook and Twitter.**

2. **Marketing Techniques Of Indian Car Manufacturers:**

There are **five** successful marketing techniques-
1. **Keep Adding Something New**-

The Indian car manufacturers are very smart. They know very well that a customer will be attracted towards their models only if they keep on adding something new and innovating. These are basically these advantages of adding innovation to a product-

(a) It attract new customers who were earlier not interested in your product/model

(b) It generates repeat sales because people want to also buy the latest model car along with the previous model.

(c) People keep on telling the advantages and features of the new models of the cars to their associates and relatives which in turn increases the number of customers for the car manufacturers.

2. **Distinguish And Separate The Firm From That Of Competitors**-

Indian car manufacturers create some difference in their models which make them different from competition. It pushes the buyers to get attracted towards the particular model which is different from other passenger cars.

3. **Become A Valuable Resource**-

The Indian car manufacturers have started becoming a valuable resource for their customers. They provide full knowledge to the customers when the customers go inside their outlets to purchase any car. This knowledge creates new buyers because knowledge of that customer about any particular model get transferred from one customer to another.
4. **Promote The End Result**-

Customers never want any product or service really. They only want the benefit produced by it so any car manufacturer must see that the benefits produced by their model must satisfy the customers.

5. **Anticipate Change**

Change is the law of nature so Indian car manufacturers always keep on changing something on the other in their models. They know that change is the biggest challenge to their business success. They try to bring more innovative and fruitful changes than that by competitors to attract new and more customers.

3. **Marketing Management:**

Marketing management is a business discipline which is focused on the practical application of marketing techniques and the management of a firm's marketing resources and activities.

Recently, due to globalization it has become compelling and compulsory for the firms to market their products beyond the borders of theirs nation. To create an effective cost efficient marketing management strategy firms must possess a detailed, objective understanding of their business and the market in which they operate.

Traditionally marketing analysis was structured into three areas customer analysis, company analysis and competitor analysis (3 c's analysis), but now marketing circles have been divided into 5 c's namely-
(a) Customer analysis
(b) Company analysis
(c) Collaborator analysis
(d) Competitor analysis
(e) Analysis of the industry context.

Marketing management studies all the above mentioned 6 c's. It employs various tools from economics competitive strategy to analyze the industry context in which the firm operates. These include-poster's five forces, analysis of strategic group of competitors, value chain analysis and others.

4. **Marketing Organization:**

The automobile associations deal with several crucial auto related issues. These act as solution providers to many companies under one roof. Since the entire automobile industry is widespread, it has numerous issues to be dealt with. Some associations focus on dealing with the manufacturers of auto parts while others aim at resolving areas like car or truck dealing.

**Following Is The List Of Several Such Automobile Associations:-**

**Society of Indian Automobile Manufactures (SIAM)-**

The society of Indian automobile manufacturers (SIAM) is the apex national association representing the auto industry.
The Automotive Component Manufacturers Association of India (ACMA)-

The Automotive Component Manufacturers Association of India (ACMA), with a membership of over 365 companies, has been the Indian auto component industry's spokesman for the last 38 years.

The Western India Automobile Association (WIAA)-

The Western India Automobile Association (WIAA) was founded on October 15th 1919 and today is the largest and the oldest motoring body with over forty-eight thousand members and a network of 7 branches in 4 states of Western India.

Federation Of Automobile Dealers Associations (FADA)-

This is the first Indian Association formed by the dealer community in January 1964 and signified the urge of India's automobile dealer community to have their own identity and a national organization of their own.

Association of International Automobile Manufacturers, Inc (AIAM)-

Members of the Association of international Automobile Manufacturers, Inc. (AIAM) distribute world class passenger cars, multipurpose passenger vehicles, and light trucks in the United States.
Auto Bright India-

Auto Bright India, established in 1988 is known for its quality in manufacturing as well as marketing products like Alternator Slip Rings, Solenoid Switches and Commentators over the years.

Automotive Research Association Of India (ARAI)-

It is amongst the most reliable company that promises to deliver the quality assured vehicle in terms of R&D, testing, certification, homologation and framing of vehicle regulations,

Automotive Association of Southern India (AASI)-

This organization provides the private car owners with the assurance of the maintenance of their cars. It offers them to be its member and thus avail the lifetime services like regional transport authority vehicle, touring, road safety, insurance.

Automobile Association of Upper India-

Established on 20 September 1950, this association had the opportunity of being honored by Late Rajindra Prasad, the first President of India. It has a remarkable history in providing services to the public and the Transport Department, Police and Customs.

Motor and Equipments Manufacturers Association (MEMA)-

MEMA has been successfully representing and serving various motor components manufacturing companies, systems for the original equipment (OE) and providing several other services since 1904.
Federation of All India Automobile Spare Parts Dealers' Associations (FAIASPDA)-

It was founded in 1950 with the membership of associations from Bombay, Calcutta, Delhi and Madras. The association plays the role of medium between spare parts dealers and various Government bodies.

National Automobile Dealers Association

Established in 1917, NADA represents over more than 20,000 car and truck dealers. It has extended its reach not only domestically but even internationally with more than 43,000 franchises.

All India Car Dealers Association

Founded in 2006, the association aims at finding solutions for sale and purchase of cars by providing the sellers and buyers a common platform. It is a multi purpose association dealing with various other issues like problem of dealers or any other vehicle related problem.

Automotive Tyre Manufacturers' Association (ATMA)

Set up in 1975, ATMA represents the automotive tyre industry in India. It has eight largest companies that is responsible for 90% of the total production of tyres in India as its members.

Automobile Association of Eastern India

The association is remarkable known for extending its assistance in all issues related to motor vehicle department. It delivers various other services like insurance, touring etc under one roof.
There are many methods which are used in Marketing. The most commonly used are listed above other methods used in marketing are-

- Positioning,
- Relationship marketing,
- Salesmanship,
- Viral marketing etc.

6. Distribution Channels:

**Maruti Suzuki**-

According to the latest references India’s top car maker Maruti Suzuki is expanding its distribution network and is planning to add 200 more dealerships as demand has increased in the auto sector.

The company’s chief general manages marketing Mr. Shashank Srivastava said Maruti currently has 800 plus outlets covering more than 500 cities.

The company is also concentrating on the rural market. Srivastava said that in the year 2009-2010 the company did very good sales in the rural areas. He said that Maruti has good ground in the rural market too and the company will make more efforts to re-read their distribution in rural and sub-urban areas.

**Tata Motors**-

Tata motors, just like Maruti Suzuki are trying to make their distribution channel as wide speed as possible and they are also ensuring that Tata spare parts are easily available
Distributors and Authorized Retailers Of Tata Motors -

**Tata Motors** have 19 distribution and approximately 1000 retail outlets across the country. Ever on the highways- Tata Motors have their outlets.

7. **Marketing Plans and Programmes:**

Maruti in order to maintain its **number 1 position** in Indian passenger car market keeps on planning some thing new and different from competitors

According to recent references **Maruti Focuses on rural market, plans to double outlets, says the Hindu Business line.**

Maruti Suzuki plans to double the number of its outlets in rural India from the present **231 to 450 in the next two years.** Also after two years the total number of dealerships will be **around 1000.** in other words we can say that the retail outlets will account for **50% of Maruti's network (550 will be located in urban centers)** at present retail outlets cover only 35% of Maruti's network.

This objective is also part of Maruti's mid-term plan to generate sales of 2.5 lakh cores annually from rural India, which in turn will go a long way in helping Maruti to meet its target of a million vehicles in the domestic market by **2011-2012.**

Mr. Shashank Srivastava chief General Manager (Marketing) told Business line that in the initial stage volumes from the rural outlets will be small.
Maruti has an exclusive rural marketing department which employs **2500 rural development sales executives**. In all it has 15000 such executives and lot of special schemes

8. **Marketing Decisions:**

Maruti Suzuki always take rational decisions keeping in mind the success of the company and at the same time the satisfaction and desires of the customers. Maruti while launching any new model always take into account the pockets of the Indian buyers.

**Maruti Drops Their Plan of Launching 'K' Cars in India**-

Maruti Suzuki has recently dropped the plan of launching its 16k' Cars (660CC) into the Indian auto market. This is because the company believes that the prices of Cars will not be in line with the financial plans of most Indian customers. The 'K' Cars were displayed at the 2012 Expo.

The chairman of Maruti Mr. R.C. Bhargave says that 'K' Cars are not going to be launched as they have turned out too costly and expensive for the Indian market. Maruti Suzuki is questioning and doubting the customers on the amount they would be willing to spend for getting these cars, says Bhargava. He also told that Indian market normally works on the principle that the smaller a Car engine was the lesser its price would be. He said, that these cars did not resemble Nano, and had greater sophistication as well as higher technological levels including aluminum engines.
These 'K' Cars have been designed to after optimum Fuel economy. These cars have a mileage of 30.2 KM/L ranking them amongst the top in the, list of petrol operated cars in the world.

9. Market Segmentation of Indian Car Market:

Maruti, Hyundai, Tata Motors Lose Market Share To Smaller Firms In 2010-11-

NEW DELHI: With many players entering the small car segment in India with new models, leading players like Maruti Suzuki, Hyundai Motor and Tata Motors lost their market share in 2010-11 to mainly Ford India and Volkswagen, says SIAM.

According to figures released by the Society of Indian Automobile Manufacturers (SIAM), the country’s car market leader Maruti Suzuki India’s (MSI) market share in the passenger car segment fell to 48.74 per cent in the last fiscal from 50.09 per cent in 2009-10.

Hyundai Motor India Limited-

HYUNDAI

Hyundai Motor India Limited is a wholly owned subsidiary of the Hyundai Motor Company in India. It is the 2nd largest automobile manufacturer in India after Maruti Suzuki.
History

Hyundai Accent car used by the Greater Chennai Police.

Hyundai Santro Xing/Atos Prime is made only by Hyundai Motor India Limited.

Hyundai Motor India Limited was formed in 6 May 1996 by the Hyundai Motor Company of South Korea. When Hyundai Motor Company entered the Indian Automobile Market in 1996 the Hyundai brand was almost unknown throughout India. During the entry of Hyundai in 1996, there were only five major automobile manufacturers in India, i.e. MIJL, HM, PAL, TELCO and M&M. Daewoo had entered the Indian automobile market with Cielo just three years back while Ford, Opel and Honda had entered less than a year back.

The Hyundai i20 is manufactured only by HMIL and is exported worldwide through India.
HMIL has two manufacturing plants in Sriperumbudur, Tamil Nadu capable of producing 600,000 vehicles annually.

Models:

- Hyundai Sonata Transform
- Hyundai Fluidic Verna

Manufactured Locally:
1. Hyundai Accent Executive (Launched 2011)
2. Hyundai Santro Xing (Launched 2003)
3. Hyundai Uber Cool i20 (Launched 2008)
4. Hyundai Next Gen i10 (Launched 2010)

Hyundai i-10 Sportz model launched recently in 2012
5. Hyundai Fluidic Verna (Launched 2011)
6. Hyundai EON (Launched 2011)

**Imported-**

For more than a decade till Hyundai arrived, Maruti Suzuki had a complete dominance and monopoly over the Passenger Cars segment because TELCO and M&M were solely Utility and Commercial Vehicle Manufacturers.

**HMIL's first car, the Hyundai Santro was launched in 23 September 1998 and was a runaway success. Within a few months of its inception HMIL became the second largest automobile manufacturer** and the largest automobile exporter in India. Hyundai Motor India Limited (HMIL) is a wholly owned subsidiary of Hyundai Motor Company (HMC), South Korea and is the largest passenger car exporter and the second largest car manufacturer in India. HMIL presently markets 6 models of passenger cars across segments. The A2 segment includes the Santro, i10 and the i20, the A3 segment includes the Accent and the Venia, the A5 segment includes the Sonata Transform and the SUV segment includes the Santa Fe.

HMIL's fully integrated state-of-the-art manufacturing plant near Chennai boasts of the most advanced production, quality and testing capabilities in the country. To cater to rising demand, HMIL commissioned its second plant in February 2008, which produces
an additional 300,000 units per annum, raising HMIL’s total production capacity to 600,000 units per annum.

In continuation with its commitment to providing Indian customers with cutting-edge global technology, HMIL has set up a modern multi-million dollar research and development facility in the cyber city of Hyderabad. It aims to become a centre of excellence for automobile engineering and ensure quick turnaround time to changing consumer needs.

As HMC’s global export hub for compact cars, HMIL is the first automotive company in India to achieve the export of 10 lakh cars in just over a decade. HMIL currently exports cars to more than 110 countries across EU, Africa, Middle East, Latin America, Asia and Australia. It has been the number one exporter of passenger car of the country for the sixth year in a row.

To support its growth and expansion plans, HMIL currently has a 307 strong dealer network and 627 strong service points across India, which will see further expansion in future.

**Manufacturing Facilities**

The Hyundai i10 is exclusively manufactured only by HMIL.

5. Hyundai Santa Fe (Launched 2010)
6. Hyundai Sonata (Launched 2012)

**Discontinued**
15. Hyundai 10 (2007-2010)
16. Hyundai Verna Transform (2010-2011)

**Sales And Service Network-**

*As of March 2011,* HMIL has 451 dealerships and more than 647 Hyundai Authorized Service Centers in 340 cities across India. HMIL also operates its own dealerships known as Hyundai Motor Plazas in large metros across India. HMIL has the second largest sales and service network in India after Maruti Suzuki.
10. After Selling Services and Customer Satisfaction:

India Most Trusted Brand 2010: The Economic Times

Maruti Suzuki has been ranked India’s most Trusted Brand in, Automobile Sector by India’s leading Business newspaper The Economic Times.

2000-2011: JD Power Customer Service Index Award - India

The biggest draw for the past twelve years has been the award for highest recognition by the customer. In **2009-10 again, for the twelfth consecutive time**, Maruti Suzuki ranked the highest in J.D. Power Asia Pacific 2011 India Customer Service Index (CSI) study.

Maruti has been awarded twelve times in a row by J.D. Power Asia Pacific

Other Achievements-

During 2009-10, the company, its products and services received reputed awards and achievement instituted by independent expert groups, media houses and research agencies.
These Include-
Rated as No. 1 in J D Power Sales Satisfaction Index
Hatchback of the year - Ritz by Autocar
Car of the year - Ritz by Business Motoring
Manufacturer of the year by CNBC Overdrive
Ranked third amongst global car companies in the World’s Most Reputed Company Survey 2009
National Award for Excellence in Corporate Governance by CSI

National Road Safety Mission-
Driving, its message for road safety, Maruti Suzuki India Limited, unveiled a National Road Safety Mission programme in December 2008. Under the programme, the company will:

J.D. Power Asia Pacific

2010 India Customer Service Index (CSI) Study℠
Factors Contributing to Overall Satisfaction

![Pie chart showing factors contributing to overall satisfaction]

- Service Quality: 43%
- Service Advisor: 14%
- Service Facility: 14%
- Vehicle Pickup: 17%
- Service Initiation: 11%
electrical breakdown and or traffic accident of a vehicle. It is an initiative to increase the HMIL’s focus on its customers. The Road Side Assistance Program was launched with the aim of providing emergency roadside assistance services round the clock to ensure a pleasurable and uninterrupted journey virtually anywhere in India.

The program is designed to enhance the customer ownership experience and ensure that customers get immediate and hassle free service in the event of any car breakdown.

The scheme is available as a complimentary service on all vehicles sold from February 1, 2010. The 24x7 Road Side Assistance program covers services such as: wheel change, fuel delivery up to 5 liters, taxi co-ordination, opening the vehicle in the event of a key lock-out, rectifying electrical problems related to the battery and fuse, on-spot repairs for complaints that can be attended to on site and car towing to the nearest workshop in cases of an accident or breakdown.

**Terms & Conditions:**

1.) The service is applicable for all Hyundai vehicles sold from 1st Feb 2010 onwards.

2.) The service is applicable for the basic warranty period of the vehicle.

3.) The 24 x 7 Road side Assistance is available up to a distance of 50 kilometer from an Hyundai authorized workshop.

4.) The service is applicable for a condition in which the vehicle has been immobile.