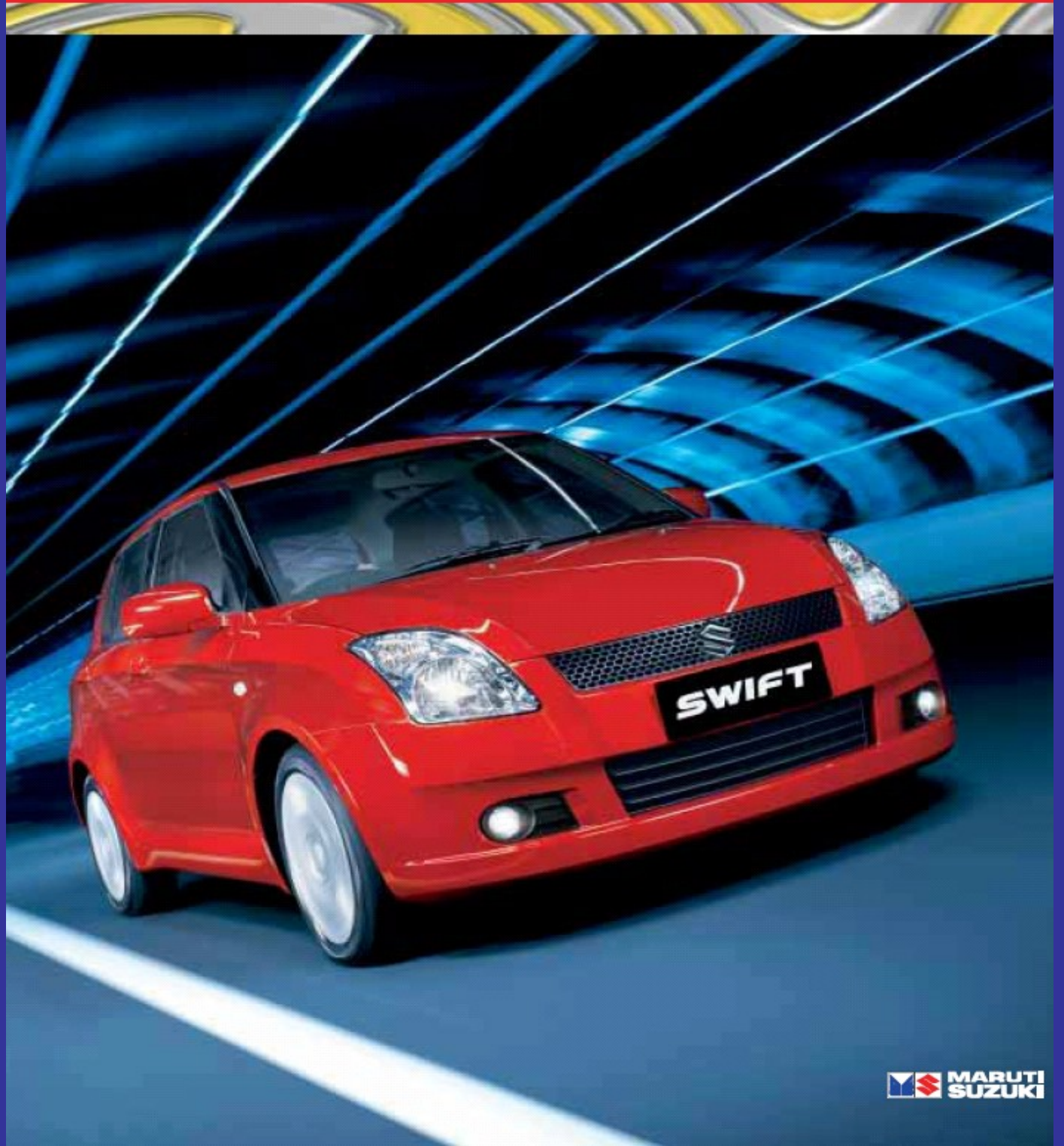


CAR OF THE YEAR 2006
SWIFT - YOU'RE THE FUEL

SWIFT

YOU'RE THE FUEL!



 MARUTI
SUZUKI

MARKETING MANAGEMENT

PROJECT

ON



SWIFT

MARKETING MANAGEMENT

MARUTI SUZUKI SWIFT

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INTRODUCTION

Maruti Udyog Limited

Maruti Udyog Limited, a subsidiary of Suzuki Motor Corporation of Japan, has been the leader of the Indian car market for about two decades. 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.

The company has a portfolio of 11 brands, including Maruti 800, Omni, premium small car Zen, international brands Alto and WagonR, off-roader Gypsy, mid size Esteem, luxury car Baleno, the MPV, Versa, Swift and Luxury SUV Grand Vitara XL7.

In recent years, Maruti has made major strides towards its goal of becoming Suzuki Motor Corporation's R and D hub for Asia. It has introduced upgraded versions of WagonR, Zen and Esteem, completely designed and styled in-house. Maruti's contribution as the engine of growth of the Indian auto industry, indeed its impact on the lifestyle and psyche of an entire generation of Indian middle class, is widely acknowledged. Its emotional connect with the customer continues

Maruti tops customer satisfaction again for sixth year in a row according to the J.D. Power Asia Pacific 2005 India Customer Satisfaction Index (CSI) Study. The company has also ranked highest in India Sales Satisfaction Study.

The company's quality systems and practices have been rated as a "benchmark for the automotive industry world-wide" by A V Belgium,

global auditors for International Organisation for Standardisation. In keeping with its leadership position, Maruti supports safe driving and traffic management through mass media messages and a state-of-the-art driving training and research institute that it manages for the Delhi Government.

The company's service businesses including sale and purchase of pre-owned cars (TrueValue), lease and fleet management service for corporates (N2N), Maruti Insurance and Maruti Finance are now fully operational.. These initiatives, besides providing total mobility solutions to customers in a convenient and transparent manner, have helped improve economic viability of The company's dealerships.

The company is listed on Bombay Stock Exchange and National Stock Exchange.

The objectives of MUL then were:

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

Production / R & D

Spread over a sprawling 297 acres with 3 fully-integrated production facilities, the Maruti Udyog Plant has already rolled out over 4.3 million vehicles. In fact, on an average, two vehicles roll out of the factory every minute. And it takes on an average, just 14 hours to make a car. More importantly, with an incredible range of 11 models available in 50 variants, there's a Maruti Suzuki made here to fit every car-buyer's budget. And dream.



HISTORY

Organization overview

Maruti Udyog Limited (MUL) was established in Feb 1981 through an Act of Parliament, to meet the growing demand of a personal mode of transport caused by the lack of an efficient public transport system.

Suzuki Motor Company was chosen from seven prospective partners worldwide. This was due not only to their undisputed leadership in small cars but also to their commitment to actively bring to MUL contemporary technology and Japanese management practices (which had catapulted Japan over USA to the status of the top auto manufacturing country in the world).

A licence and a Joint Venture agreement was signed between Govt of India and Suzuki Motor Company (now Suzuki Motor Corporation of Japan) in Oct 1982.

Production Milestones

- 1st vehicle produced, December 1983
- 1,00,000 vehicles produced by August, 1986
- 5,00,000 vehicles produced by June, 1990
- 10,00,000 vehicles produced by March, 1994
- 15,00,000 vehicles produced by April, 1996
- 20,00,000 vehicles produced by October, 1997
- 25,00,000 vehicles produced by March, 1999
- 30,00,000 vehicles produced by June, 2000
- 35,00,000 vehicles produced by December 2001

- 40,00,000 vehicles produced by April, 2003
- 45,00,000 vehicles produced by April, 2006



OTHER PRODUCTS OF MARUTI SUZUKI

<u>MODEL</u>	<u>TYPE</u>
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<u>Maruti 800</u>	<u>Small</u>
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- Maruti 800 STD BS III
- Maruti 800 AC BS III

<u>Omni</u>	<u>Small</u>
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- 5 seater Maruti Omni
- 8 seater Maruti Omni
- LPG Maruti Omni

<u>Maruti Alto</u>	<u>Small</u>
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- Alto
- Alto Lx
- Alto Lxi

<u>Maruti Zen</u>	<u>Mid-Size</u>
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- Maruti Zen Lx
- Maruti Zen Lxi
- Maruti Zen Vxi

<u>Wagon R</u>	<u>Mid-Size</u>
----------------	-----------------

- WagonR Lx
- WagonR Lxi
- WagonR Vxi
- WagonR Ax

Versa

Mid-Size

- 5 seater
- 8 seater (DX & DX2)

Maruti Esteem

Mid-Size

- Maruti Esteem Lx
- Maruti Esteem Lxi
- Maruti Esteem Vxi

Baleno

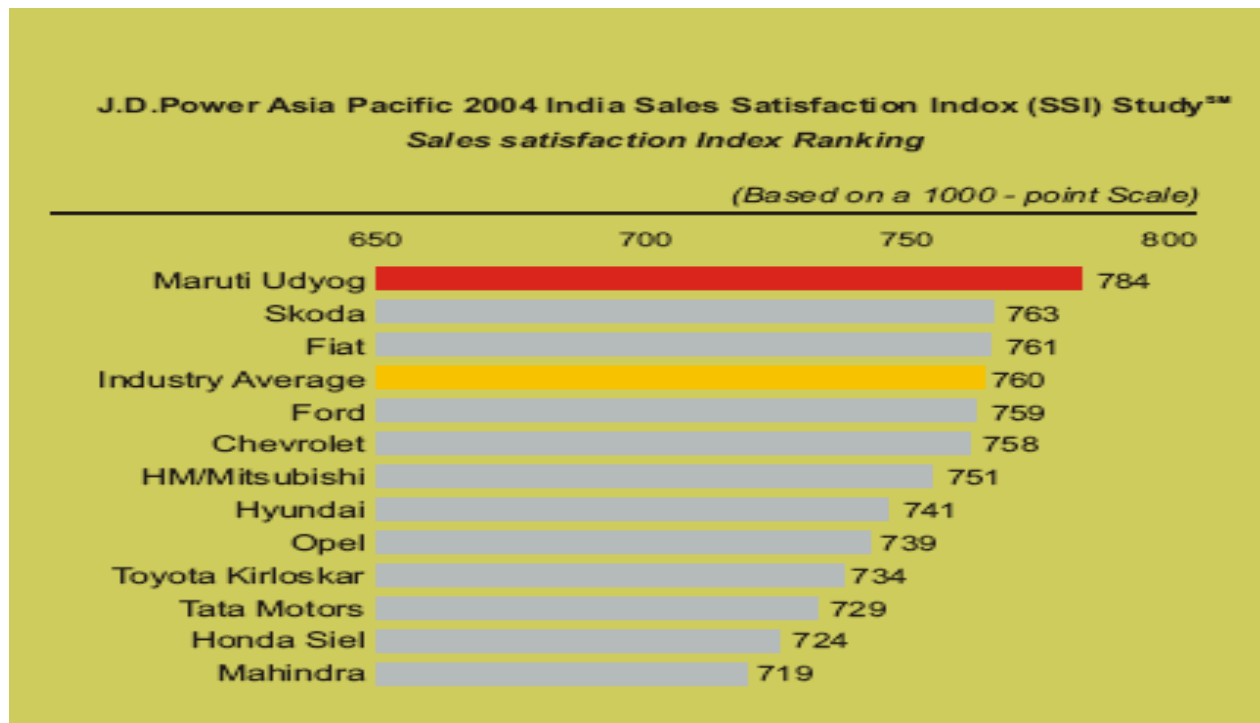
Mid-Size

- Baleno Sedan VXi
- Baleno Sedan LXi



BIT ABOUT MARUTI UDYOG LTD.

COMPETITORS OF MARUTI UDYOG LTD.

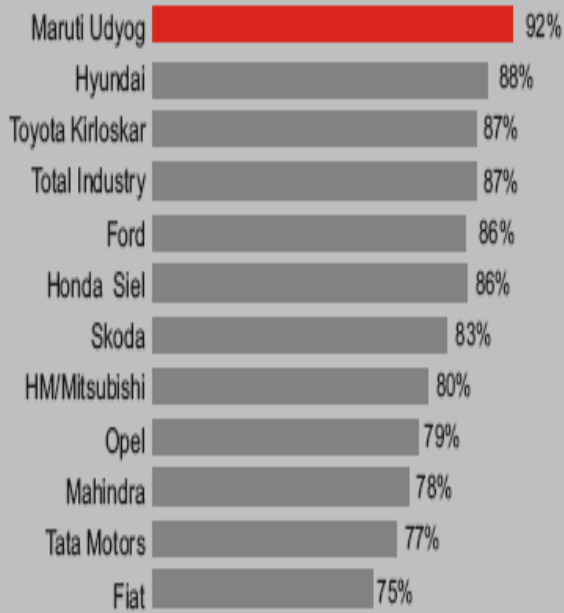


Maruti Suzuki has a sales network of 307 state-of-the-art showrooms across 189 cities*, with a workforce of over 6000 trained sales personnel to guide our customers in finding the right car. Our high sales and customer care standards led us to achieve the No.1 nameplate in the J.D. Power SSI study 2004.

- The SSI study measures sales satisfaction across 6 parameters: deal received, paperwork, dealer facility, salesperson, delivery timing and delivery process.
- Maruti Suzuki has not only got the No.1 nameplate in the J.D. Power SSI study 2004, but also ranked way above the industry average (Maruti Suzuki was at 784 while industry average was at 760). What is significant is that it was ranked above Skoda, Ford, Chevrolet, Mitsubishi and Hyundai.

J.D.Power Asia Pacific 2004 India
Customer Satisfaction Index (CSI) StudySM

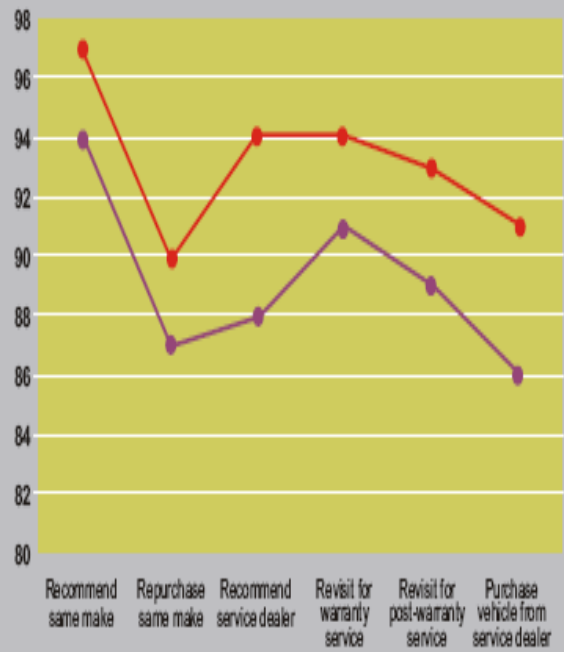
Maruti Suzuki owners feel that work gets done right the first time during service
% Work Done Right First Time



J.D.Power Asia Pacific 2004 India
Customer Satisfaction Index (CSI) StudySM

Maruti Suzuki owners would recommend and repurchase the same make and revisit the same service dealer

■ Maruti Udyog % Definitely & Probably would
■ Total Industry % Definitely & Probably Would



COMPETITORS OF MARUTI SUZUKI SWIFT

Hyundai Santro 1.1 CRDi

When Hyundai launch the Santro's replacement in 2007, it will come with the surprise addition of a 1.1 litre common rail diesel. Likely to be the cheapest car on sale powered by a CRDi engine, this motor is the new Accent's CRDi unit less one cylinder. Incredibly powerful for its size, this 1,120cc engine produces a whopping 75bhp. Unconfirmed reports talk of overall figures, city and highway combined, in excess of 20 kilometres a litre.

Hyundai Getz 1.5 CRDi

Not as attractive as the Swift, but more practical, with greater rear seat comfort and more useable space, Hyundai's diesel assault continues up the range with its large hatch. The Getz will share its motors with the new Accent/ Verna. Hyundai sell the Getz powered by a detuned version of the new Accent motor in the European continent, and it's likely to be the case here as well. Producing 87bhp as against 108bhp, using two versions of the same engine will help Hyundai get a handle on costs. The diesel Getz also qualifies for excise sops, meeting both length and engine capacity criteria.

Tata Indica 1.3 Multijet

By the time the larger new Indica is out, the Tata-Fiat tie-up will be going full throttle. Tata will borrow engines from Fiat with, you guessed it, the 1.3 litre Multijet being the engine of choice. Thoroughly localised, cheaply assembled and very capable, it will give the new Indica/ Indigo family a huge leap forward as far as overall ability is concerned.



4P's OF MARUTI SUZUKI SWIFT

- **PRODUCT**
- **PRICE**
- **PROMOTION**
- **PLACE**

➤ **PRODUCT**

Features:

The all-new Maruti Suzuki Swift is fully loaded with a range of exciting new features. It's a perfect complement to your evolved tastes and lifestyle. And the best way to take your driving pleasure to a brand-new high.

European Styling. Japanese Engineering. Dream-Like Handling.



The new Swift is a generation different from Suzuki design. Styled with a clear sense of muscularity, its one-and-a-half box, aggressive form makes for a look of stability, a sense that it is packed with energy and ready to deliver a dynamic drive.

Its solid look is complemented by an equally rooted road presence and

class-defining ride quality. New chassis systems allow for the front suspension lower arms, steering, gearbox and rear engine mounting to be attached to a suspension frame. You get lower road noise, and a greater feeling of stability as you sail over our roads with feather-touch ease.

There are three variants of Maruti Suzuki Swift :

- **Swift LXi**
- **Swift VXi**
- **Swift ZXi**

➤ **Swift LXi**

3 assist grips, 3 spoke urethane steering wheel, antenna, cabin light (3 position), console box (lower), cup holders (front 2, rear1), front door trim pockets, green tinted glass window, halogen headlamps, headlamp leveling device, heater and manual Air conditioning, OVRM (internally adjusted), rear fog lamps, wind screen wiper 2 speed plus 1 speed intermittent, tailgate opener key type, trip meter (digital display), sun visors (both sides), brake assist , child lock (rear door), high mounted stop lamp, power steering, rear seat belts etc. are the features available in this model.

➤ **Swift VXi**

Apart from the features found in other model, striking features of this model are black colored A & B pillars, 12v accessory socket in center console, day and night rear view mirror, door ajar warning lamp, driver's seatbelt warning lamp, tachometer, driver's seat belt warning lamp, vanity mirrors (sun visor co-driver side), rear seat head restraints, fabric accented door trims, central door locking (4 door), front and rear electronic windows, front fog lamps, light off/ key reminder, manual air-conditioning, key not removed warning buzzer, etc.

➤ **Swift ZXi**

Special features that have made this model more market friendly are rear window demister, rear parcel shelf, rear window wiper, room lamp and luggage room, keyless entry, dual front airbags, colored outside door mirror cowls, colored outside door handles, 12v

accessory socket in luggage room, driver seat height adjuster, central door locking (5 doors), seat belts 3-point ELR with shoulder adjusters, seat belts front 3-point ELR with pretensioning, tailgate opener electromagnetic type etc.

➤ **PRICE**

Maruti is expected to take Hyundai heads on with the pricing of their upcoming Maruti Suzuki Swift car. After launching cars for the masses since so many years, India's largest automobile manufacturer is now targeting the premium segment with their latest model from the Suzuki's stable. The analysts predict the pricing of this premium hatchback to start from Rs. 4 lakh.

This price range would practically rip apart Hyundai's offering in Getz, which is priced at a much higher tag of Rs. 4.5 lakh. Both the companies are known for their value based offerings and Maruti with their extensive service network and brand reputation for making reliable cars should get the customer's nod over their competition.

The official pricing however is still not out. However, the company is said to be studying the prospects of launching the base model at the 4-lakh price tag. There is another advantage in doing so considering in the capital city of Delhi NCR road tax on the sub 4 lakh priced cars is comparatively lower at 2%. Cars at a price higher than 4 lakh have to pay a 4% road tax.

Delhi NCR is one of the major targeted markets and it might get the benefit of this policy. And if they indeed do take the chance of pricing Suzuki Swift at a considerable lower price than Hyundai Getz, they would quite likely force the competition to rethink their strategy.

Variant	Non Metallic Price	Metallic Price
Swift LXi	416485	416485
Swift VXi	443924	443924
Swift VXi (ABS)	464962	464962
Swift ZXi	528096	528096

➤ PROMOTION

When Maruti Udyog launched the Swift in May last year, the automotive industry was agog with expectation that the car had the makings of a real winner. Three versions were launched with the base variant carrying a retail tag of Rs 3.85 lakh, ex-showroom, New Delhi, and this aggressive pricing only reinforced this feeling.

A year later, the company says the Swift is now the most-sold car in the first year of any car in the history of the Indian automobile industry, having totted up sales of 61,200 units.

This is higher than what Maruti had initially planned to sell. The car recorded an estimated 4,000 bookings at the time of its launch, and the initial output of 200 units a day on a two-shift basis, wasn't enough to cope with demand.

In October, the company increased capacity for the Swift which helped cut down on the waiting time from an estimated three months. The company currently makes over 300 units every day.

The Swift has made a real impact in the small hatchback segment leaving its closet rival, the Getz far behind. Between April 2005 and April 2006, Hyundai sold 16,872 units of the Getz. Maruti is now gearing up for the diesel version of the Swift which is expected to debut by October. The diesel version will benefit from the excise sops

in this year's budget, and it remains to be seen how the models fares in the marketplace.

➤ **PLACE**

The car manufacturing company, called Maruti Suzuki Automobiles India Limited, is a joint venture between Maruti Udyog and Suzuki Motor Corporation holding a 70 per cent and 30 per cent stake respectively.

The Rs1,524.2 crore plant has a capacity to roll out 1 lakh cars per year with a capacity to scale up to 2.5 lakh units per annum. The car manufacturing plant will begin commercial production by the end of 2006.

The engine and the transmission plant has owned by Suzuki Powertrain India Limited in which Suzuki Motor Corporation would hold 51 per cent stake and Maruti Udyog holding the balance.

The ultimate total plant capacity is three lakh diesel engines. However, the initial production is 1 lakh diesel engines, 20,000 petrol engines and 1.4 lakh transmission assemblies.

MUMBAI - Showrooms

➤ **AUTOMOTIVE MANUFACTURERS LTD**

MIDC,TTC INDL.AREA, PLOT
NO.D-234,SHIRVANE VILLAGE
BOMBAY PUNE ROAD

➤ **Autovista**

257,S.V. ROAD, BANDRA (W)
MUMBAI
MAHARASHTRA

➤ **M/S SK WHEELS PVT LTD**

SITE NO. D-267
TTC INDUSTRIAL AREA, MIDC
TURBHE, NAVI MUMBAI

➤ **NAVNIT MOTORS PVT LTD**
GOKUL NAGAR
MUMBAI-AGRA ROAD,
THANE-400 061

➤ **RATAN MOTORS**
23/24 BEZZOLA COMPLEX
SION-TROMBAY ROAD
CHEMBUR

➤ **SAH and SANGHI AUTO AGENCIES (P) LTD**
GIRI KUNJ, 11-C N S PATKAR MARG
KEMPS CORNER

➤ **SAI SERVICE STATION LTD**
PHOENIX MILL COMPOUND,
462, SENAPATI BAPAT MARG,
LOWER PAREL,



SWOT ANALYSIS OF MARUTI UDYOG LTD.

- **STRENGTHS**
- **WEAKNESSES**
- **OPPORTUNITIES**
- **THREATS**

➤ **STRENGTHS**

The Quality Advantage

Maruti Suzuki owners experience fewer problems with their vehicles than any other car manufacturer in India (J.D. Power IQS Study 2004). The Alto was chosen No.1 in the premium compact car segment and the Esteem in the entry level mid - size car segment across 9 parameters.

The J.D. Power APEAL Study 2004 proclaimed the Wagon R no. 1 in the premium compact car segment and the Esteem No.1 in the entry level mid - size car segment. This study measures owner in terms of design, content, layout and performance of vehicles across 8 parameters.

A Buying Experience Like No Other

Maruti Suzuki has a sales network of 307 state-of -the-art showrooms across 189 cities, with a workforce of over 6000 trained sales personnel to guide our customers in finding the right car. Our high sales and customer care standards led us to achieve the No.1 nameplate in the J.D. Power SSI Study 2004.

Quality Service Across 1036 Cities

In the J.D. Power CSI Study 2004, Maruti Suzuki scored the highest across all 7 parameters: least problems experienced with vehicle serviced, highest service quality, best in-service experience, best service delivery, best service advisor experience, most user-friendly service and best service initiation experience.

92% of Maruti Suzuki owners feel that work gets done right the first time during service. The J.D. Power CSI study 2004 also reveals that 97% of Maruti Suzuki owners would probably recommend the same make of vehicle, while 90% owners would probably repurchase the same make of vehicle.

WEAKNESSES

Commodity Price Risks

MUL's commodity price risks relates to higher costs due to changes in prices of inputs such as ferro-alloys (steel), non-ferro alloys (aluminum), plastics and rubber, which go into the production of automobiles.

In order to mitigate these risks, the company continues to attempt to enter into long-term contracts based on its projections of prices. In a volatile commodity market, where your company gives top priority to ensuring smooth availability of inputs, long term contracts are helpful. They also help minimise the impact of growing input prices. Conversely, long term contracts dilute the benefits, if any, of a decline in input prices.

Exchange Rate Risks

Your company is exposed to the risks associated with fluctuations in foreign exchange rates mainly on import of components & raw materials and export of vehicles. Your company has a well structured exchange risk management policy. The company manages its exchange risk by using appropriate hedge instruments depending on the prevailing market conditions and the view on the currency.

➤ **OPPUR TUNITIES**

Leading Growth

As the market leader, MUL led the growth in the passenger car sector last year. Maruti's sales went up 30% to 4,72,000 units. This is the highest annual sale since the company began operations 20 years ago. Maruti also gained market share, mainly on account of its performance in the competitive A2 segment where it increased its share from 40.3% in 2002-03 to 47.7% in 2003-04.

The record sales performance was reflected in the financials. Net Sales (excluding excise) grew by 31% to Rs 93,456 million. Operating Profit Margin increased from 0.8 % in 2002-03 to 4.7 % in 2003-04. Profit After Tax jumped 2700 million to Rs 5421 million.

MUL is committed to motorising India. Towards this end, company's partnership with State Bank of India and its Associate Banks took organised finance to small towns to enable people to buy Maruti cars.

➤ **THREATS RISK FACTORS**

In the course of its business, MUL is exposed to a variety of market and other risks including the effects of demand dynamics, commodity prices, currency exchange rates, interest rates, as well as risks associated with financial issues, hazard events and specific asset risks. Wherever possible, we use the instrument of insurance to mitigate risks.

Business Risks

The automotive industry is very capital intensive. Such investments require a certain scale of operations to generate viable returns. These scales depend on demand. Maruti is still dependent mainly on the Indian market. Although 2004-05 was a year of continued growth for the Indian economy, whether this growth momentum will continue has to be seen.

THREATS FROM COMPETITORS

Tata Motors Limited

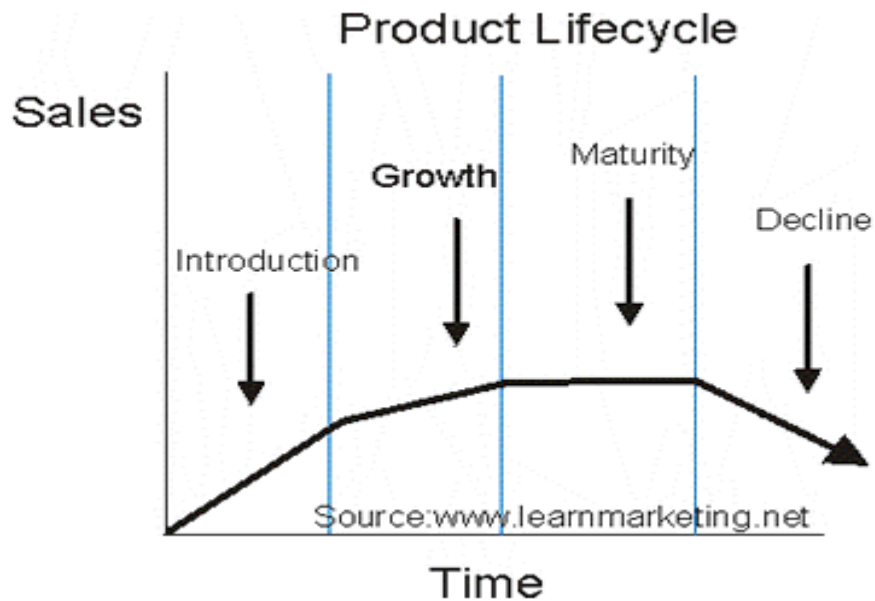
In the 2004 fiscal year, Tata Motors generated revenues of \$3,542.2 million (INR154,935.2 million). The company made a net profit of \$185 million (INR8,103.4 million) in the 2004 fiscal year.

General Motors Corporation

For the fiscal year ended December 2004, GM generated revenues of \$193,517 million, an increase of 4.3% from the previous year. The company reported a net income of \$2,805 million for fiscal 2004, down 26.6% from the previous year.



PRODUCT LIFE CYCLE



Introduction:

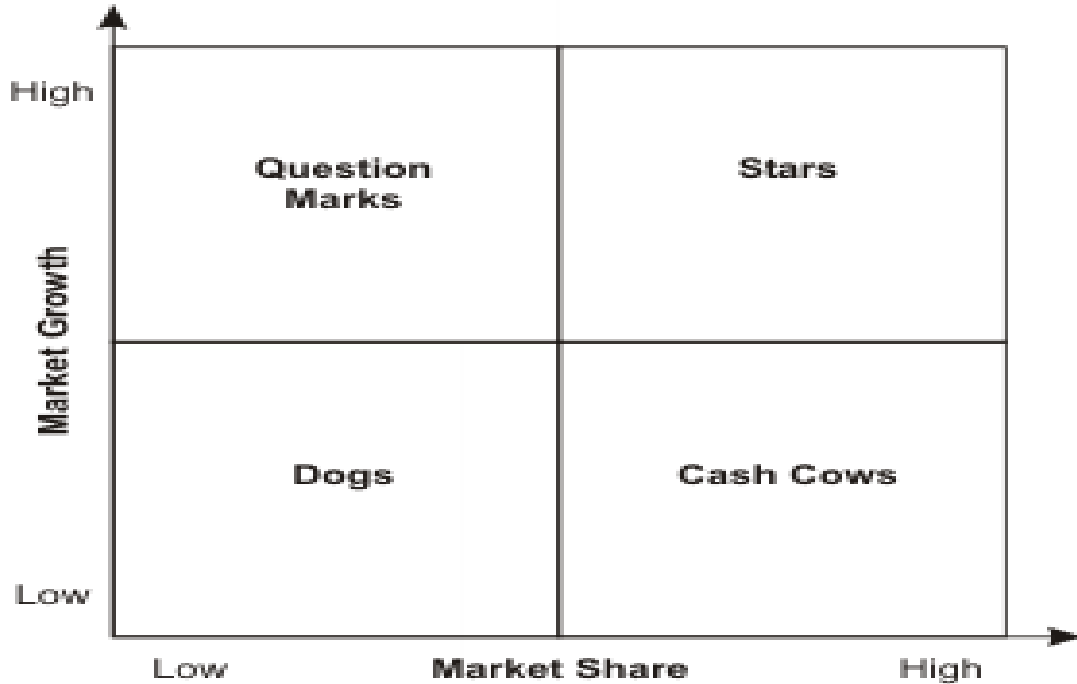
As a new product much time will be spent by the organisation to create awareness of its presence amongst its target market. Profits are negative or low because of this reason.

Growth:

If consumers clearly feel that this product will benefit them in some ways and they accept it, the organisation will see a period of rapid sales growth.

Maruti Suzuki Swift stands on Growth Stage. As the sales of Maruti Suzuki Swift is high as compared to Hyundai Getz then the consumer will buy Maruti Suzuki Swift by providing them with great benefits in future and they will accept it.

Figure 1: The Boston Matrix



Cash Cows:

High Market Share / Low Market Growth

Here, you're well-established, so it's easy to get attention and exploit new opportunities. However it's only worth expending a certain amount of effort, because the market isn't growing and your opportunities are limited.

Maruti Suzuki Swift stands on Cash Cows where they have established their brand in the market. Of which they can exploit new opportunities. They have opportunities to expand their product more in the market. As they have expanded globally in the global market.



FORECASTING OF MARUTI SUZUKI SWIFT

Just three months after it launched Swift, Maruti Udyog Limited has already sold over 8,000 units of the car and hopes to add another 5,000 this July.

The 1,298-cc hatchback -- the company claims more than 15,000 bookings before the car was launched. And that's even while competitors -- Corsa Sail, Hyundai Getz and Fiat Palio -- are available off the shelf.

Not surprisingly, MUL now has a lot riding on the car: there's over Rs 440 crore (Rs 4.40 billion) invested in the project (Rs 250 crore-odd is MUL's share). Not only is the company hoping that the Swift will help expand the market for the B-plus segment (premium hatchbacks), it's also counting on Swift to make a style statement -- that Suzuki can deliver good-looking cars on Indian roads.

For a company that has been known more for its value-for-money proposition -- from the 800 to the Esteem -- that's important. "It's not as if our cars weren't style statements. It's just that with Swift, we have made a break from the past," reveals a company official.

So, what went right? Swift's success is really due to a combination of carefully thought-out elements in its creation: the product design, marketing strategy and -- given the sensitivity of Indian buyers -- price.

When Japan's Suzuki Motor Corporation decided on a car like Swift, a team of around 50 designers and engineers spent more than six months in Europe, a booming market for the small car segment. Importantly, for the first time, 25 members of the team were Indian engineers from MUL.



REFERENCE

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- WWW.MARUTISWIFT.COM
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