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Maruti Suzuki: Navigating the Indian Car Market

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Abstract

Maruti Suzuki India Limited, the largest car manufacturer in India, has established itself as the undisputed leader in the Indian automotive industry. A subsidiary of the Japanese automaker Suzuki, Maruti Suzuki has revolutionized the Indian car market since its inception. From producing budget-friendly cars for the masses to becoming a household name, the company has played a pivotal role in making cars accessible to millions of Indian families.

With a deep understanding of the Indian consumer and market dynamics, Maruti Suzuki has adapted its strategies over the years to stay ahead of competitors. This case study examines the journey of Maruti Suzuki, its market positioning, the challenges it faces, and the strategies that have enabled it to maintain its market leadership.

Background of Maruti Suzuki

A. Origins and Growth

Maruti Suzuki was founded in 1981 as Maruti Udyog Ltd., a joint venture between the Indian government and Suzuki Motor Corporation of Japan. The primary objective was to promote car ownership in India, which had a very limited car market at the time. In 1983, the company launched its first product, the Maruti 800, which became a massive success. The Maruti 800 not only provided an affordable car option but also became a symbol of the growing middle class in India.

The partnership with Suzuki helped Maruti leverage global technology and expertise while keeping prices low. The government's support in terms of subsidies and policies played a crucial role in Maruti's early success. In 2007, Suzuki acquired a majority stake in the company, and it was renamed Maruti Suzuki India Limited. Since then, Maruti Suzuki has expanded its portfolio to include a variety of car models, from hatchbacks and sedans to SUVs and compact cars, catering to every segment of the market. The company's leadership in the Indian car market is evident, with over 40% market share in passenger car sales.

B. Market Evolution

The evolution of Maruti Suzuki's market strategy can be seen through its ability to adapt to changing consumer needs. In its early years, the company focused primarily on the entry-level segment with models like the Maruti 800, Alto, and WagonR, targeting the price-sensitive middle-class segment. Over time, it expanded its offerings to include higher-end models, such as the Maruti SX4, Vitara Brezza, and the premium sedan, Ciaz.

In recent years, Maruti Suzuki has placed a strong emphasis on introducing cars that cater to the needs of the evolving Indian consumer, who is now seeking more technology, safety features, and fuel efficiency in their vehicles. The introduction of cars like the Baleno, S-Cross, and Swift Dzire, which appeal to both young professionals and families, has further solidified Maruti Suzuki's position in the market.

Maruti Suzuki's Marketing Strategy

A. Positioning and Brand Strategy

Maruti Suzuki's brand positioning revolves around offering affordable, reliable, and fuel-efficient cars that cater to the masses. Its messaging focuses on the aspirations of middle-class India, emphasizing the affordability and practicality of owning a car. The company's strong association with the Indian middle class has made it a trusted brand in the country.

Maruti Suzuki's marketing strategy has been primarily centered around the following key elements:

- **Trust and Affordability:** Maruti Suzuki has built its brand on the pillars of trust, reliability, and affordability. The Maruti 800, for instance, was priced in such a way that it could be within the reach of the average Indian consumer, which helped the brand create a strong emotional connection with the masses.
- **Wide Product Range:** Maruti Suzuki offers cars across different segments, from the entry-level Alto and WagonR to the mid-range Swift and Dzire, to the premium models like the Baleno and Celerio. This wide

product portfolio ensures that the company caters to diverse customer preferences and income groups.

- **Customer-Centric Approach:** Maruti Suzuki has always focused on delivering value to its customers. From providing after-sales service to creating an extensive network of dealerships and service centers across India, the company has ensured that customer satisfaction is at the heart of its operations.

B. Digital Marketing and Social Media Presence

In recent years, Maruti Suzuki has made a significant push in the digital marketing space. Understanding the importance of online presence in the modern consumer's buying journey, the company has invested heavily in social media campaigns, digital ads, and influencer collaborations.

Maruti Suzuki has also embraced digital transformation in its sales and customer service operations, offering virtual car tours, online booking, and home delivery services, making the buying experience more convenient for customers.

One of the key success factors for Maruti Suzuki in the digital age has been its ability to engage with the tech-savvy younger generation through platforms like Instagram, YouTube, and Twitter. The company's innovative use of online campaigns has helped it build a strong connection with the younger demographic while retaining its loyal customer base from older generations.

Challenges Faced by Maruti Suzuki

A. Increasing Competition

Over the years, Maruti Suzuki has faced intense competition from both domestic and international car manufacturers. Domestic competitors such as Tata Motors, Mahindra & Mahindra, and Hyundai have been consistently vying for a larger share of the market. International players like Honda, Toyota, and Renault have also made significant inroads into the Indian car market.

As the market matures, price wars, product differentiation, and technological innovation have become more crucial. Maruti Suzuki has to continue to innovate and differentiate its products to stay ahead of the competition.

B. Shift Toward Electric Vehicles (EVs)

The future of the Indian automobile industry lies in electric vehicles (EVs). With the Indian government's push for a greener future and the global shift toward sustainability, Maruti Suzuki faces the challenge of adapting to this new trend. While Maruti Suzuki has launched a few hybrid and electric models like the WagonR EV, it needs to accelerate its efforts in the EV segment to compete with newer players in the market like Tata Motors and Hyundai.

C. Changing Consumer Preferences

Indian consumers are becoming more discerning and are now placing a higher emphasis on technology, safety, and design. This shift in consumer preferences means that Maruti Suzuki must adapt its models to meet these new demands while continuing to offer its traditional strengths of affordability and reliability. With the growing demand for premium cars, Maruti Suzuki has to ensure that it can compete in the high-end segments without alienating its core mass-market audience.

Strategic Recommendations for Maruti Suzuki

A. Focus on Electric Vehicles

Maruti Suzuki must accelerate its plans to introduce electric vehicles and hybrid cars. By investing in EV technology, the company can take a proactive role in the shift toward a greener future and position itself as a leader in the electric car market. Strategic partnerships with EV infrastructure providers, such as charging station networks, can also help Maruti Suzuki build a comprehensive EV ecosystem in India.

B. Strengthening the Premium Segment

Maruti Suzuki should continue to expand its presence in the premium car segment. While the company is well-established in the entry-level and mid-range segments, the growing demand for premium cars provides an opportunity to target affluent customers. Models like the Baleno, Ciaz, and the upcoming Suzuki cars should focus on offering superior technology, design, and performance to attract high-end buyers.

C. Digital and Customer-Centric Innovation

Maruti Suzuki should continue to innovate in the digital space by enhancing its online presence and integrating technology into the customer experience. Initiatives such as virtual car tours, online consultations, and AI-based customization tools can further strengthen its position in the digital-first consumer market. Additionally, an increased focus on after-sales service through online platforms can provide a seamless experience for customers.

D. Diversifying into New Markets

While Maruti Suzuki is dominant in India, there are opportunities to expand in other emerging markets. The company should explore new regions in Southeast Asia, Africa, and Latin America, where the demand for affordable and fuel-efficient cars is growing. By leveraging its expertise in low-cost manufacturing, Maruti Suzuki can provide value-for-money cars to these markets.

Case Study Questions

1. What factors contributed to Maruti Suzuki's dominance in the Indian car market?
2. How has Maruti Suzuki's branding strategy helped it connect with the Indian consumer?
3. What are the key challenges Maruti Suzuki faces in the Indian car market today?
4. How should Maruti Suzuki adapt to the growing trend of electric vehicles (EVs) in India?
5. What strategies should Maruti Suzuki employ to compete in the premium car segment?
6. What role does digital marketing play in Maruti Suzuki's overall marketing strategy?