

“Study the Effectiveness of Marketing Strategies on sales of Maruti Cars in Nexa Showroom.”

Neha Verma¹

Ashrita Biswas²

Minal Shah³

Student, BIT Durg¹ Student, BIT Durg² Assistant professor, BIT Durg³

[*bestfriendneha3@gmail.com*](mailto:bestfriendneha3@gmail.com)

[*ashritabiswas23@gmail.com*](mailto:ashritabiswas23@gmail.com)

[*28minalshah@gmail.com*](mailto:28minalshah@gmail.com)

EXECUTIVE SUMMARY

This is an attempt to know how the theories can be applied to practical situation. As a student of MBA, it is part of study for everyone to undergo RESEARCH at some good institute or organisation. So for this purpose, I got the opportunity of summer training at Maruti Suzuki Nexa.

In the first part of the report, the general information of the company has been collected. Information is gathered through the primary and secondary source as well.

In the second part of the report, contains the specialised subject study. Objective of the project is to understand the effectiveness of marketing strategies on sales.

Goals indicate what a business unit wants to achieve. Strategy is the action plan for getting the goals. Every business must design a strategy for achieving its goals, consisting of a marketing strategy, and a compatible technology strategy and sourcing strategy.

Marketing strategy is a process that can allow an organisation to concentrate its limited resources on the greatest opportunities to increase sales and achieve a sustainable competitive advantage. A marketing strategy should be centred on the key concept that customer is the main goal.

Introduction

The **automotive industry in India** is one of the largest in the world with an annual production of 23.96 million vehicles in FY (fiscal year) 2015–16, following a growth of 2.57 per cent over the last year. The automobile industry accounts for 7.1 per cent of the country's gross domestic product (GDP). The Two Wheelers segment, with 81 per cent market share, is the leader of the Indian Automobile market, owing to a growing middle class and a young population. Moreover, the growing interest of companies in exploring the rural markets further aided the growth of the sector. The overall Passenger Vehicle (PV) segment has 13 per cent market share.

India is also a prominent auto exporter and has strong export growth expectations for the near future. In FY 2014–15, automobile exports grew by 15 per cent over the last year. In addition, several initiatives by the Government of India and the major automobile players in the Indian market are expected to make India a leader in the Two Wheeler (2W) and Four Wheeler (4W) market in the world by 2020

GST EFFECTS ON AUTOMOBILE SECTOR OF INDIA:

Under the current tax system, there are several taxes applicable on this sector like excise, VAT, sales tax, road tax, motor vehicle tax, registration duty on car and bikes which will be subsumed by GST. Though it is too early to provide an in-depth analysis of cost per product post GST implementation, as some ambiguity still remains due to incentives/exemptions provided by different states to the manufacturers/dealers for manufacturing car/bus/bike, our experts have taken the information available, and predicted the future of this industry once GST goes live in July.

Table showing the different types and rate of taxes levied on the passenger vehicles/SUV.

Segment	Excise	*Nccd +auto cess	VAT	Road Tax	Motor Vehicle Tax	Total	CGST	SGST	Total	Diff
Small Cars <1200cc	12.50%	1.1%	14%	State Based	State Based	28% (approx)	9%	9%	18%	10%
Mid-Size Cars from 1200cc to 1500cc	24%	1.1%	14%	State Based	State Based	39%	9%	9%	18%	21%
Luxury Cars>1500cc	27%	1.1%	14%	State Based	State Based	42%	14%	14%	28%	14%

SUV's >1500cc, >170mm ground clearance	30%	1.1%	14%	State Based	State Based	45%	14%	14%	28%	17%
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COMPANY PROFILE



Maruti Suzuki India Limited, formerly known as **MarutiUdyog Limited**, is an automobile manufacturer in India. It is a 56.21%-owned subsidiary of Japanese automobile and motorcycle manufacturer Suzuki Motor Corporation. As of January 2017, it had a market share of 51% of the Indian passenger car market. Maruti Suzuki manufactures and sells popular car such as the Ciaz, Ertiga, WagonR, Alto, Swift, Celerio, Swift Dzire, Omni, Baleno and Baleno RS. The company is headquartered at New Delhi. In February 2012, the company sold its ten millionth vehicle in India.



Maruti was established in February 1981 by Sanjay Gandhi on Background of Government of India though the actual production commenced only in 1983. It started with the Mafruti 800, based on the Suzuki Alto kei car which at the time was the only modern car available in India. Its only competitors were the Hindustan Ambassador and Premier Padmini. Originally, 74% of the company was owned by the Indian government, and 26% by Suzuki of Japan. As of May 2007, the government of India sold its complete share to Indian financial institutions and no longer has any stake in MarutiUdyog.

In 1982, a license & Joint Venture Agreement (JVA) was signed between MarutiUdyog Ltd, and Suzuki of Japan. At first, Maruti Suzuki was mainly an importer of cars. In India's closed market, Maruti received the right to import 40,000 fully built-up Suzuki in the first two years, and even after that the early goal was to use only 33% indigenous parts. This upset the local manufacturers considerably. There were also some concerns that the Indian market was too small to absorb the comparatively large production planned by Maruti Suzuki, with the government even considering adjusting the petrol tax and lowering the excise duty in order to

boost sales.^[16] Finally, in 1983, the Maruti 800 was released. This 796 cc hatchback was based on the SS80 Suzuki Alto and was India's first affordable car. Initial product plan was 40% saloons, and 60% Maruti Van.^[16] Local production commenced in December 1983.^[12] In 1984, the Maruti Van with the same three-cylinder engine as the 800 was released and the installed capacity of the plant in Gurgaon reached 40,000 units

History:

MUL was a joint venture created in February 1981 between Japan's Suzuki Motor Company and the Indian Government when the latter decided to produce small, economical cars for the masses. The intention from the beginning was to produce a people's car. On December 14, 1983, MUL launched the first Maruti vehicle the Maruti 800. The first model was the SS80, a 796cc hatchback car priced at Rs. 47,500. Available in vibrant colours when India's passenger car population comprised mainly Ambassadors and Fiats in black and white, M800 gave Indians the first taste of global quality and reliability. In the years that followed, MUL consolidated its position with a line of Indian classics, such as the eight-seat Omni, the rough-terrain Gypsy, and, in October 1990, a 3-box Maruti 1000. MUL took the lead in the green drive by launching its CNG-run Omni and Maruti 800 in 1999. MUL redefined the premium compact segment with the launch of the Zen in October 1993. It was the company's first µworld car,¶ selling across multiple markets. A year later, the Zen had won several awards, including µNo. 1 car in Europe¶ (Auto Week, 1994), µNo.1 import in Europe¶ (1997) and µmost fuel-efficient car¶ (ADAC). Since its launch, the Zen has sold over 624,979 units. This µtrue Indian globetrotter¶ was followed by 1300cc Esteem, which was an exact replica of the Maruti 1000 ± since discontinued ± with more power and a new exterior. In 1999, MUL launched Baleno and WagonR. Baleno targeted the premium mid-segment while WagonR was positioned as a multi-activity vehicle. In 2000, MUL announced that it would launch a new model every six to twelve months. Accordingly, in 2000, Maruti Suzuki introduced Alto ± a premium small car targeting the export market ± and in October 2001, Versa, a multipurpose vehicle. As competition intensified, MUL launched various initiatives to improve customer service. In 1999, it established a chain of model workshops and soon after, set up customer call centres in the metros. Traffic on Maruti Suzuki's interactive website, which provided information and practical help to customers, increased three-fold by March 2002.

The Story Behind Designing Nexa – Maruti's 'Premium' Dream in India

They say that 'Rome was not built in a day,' and quite rightly so. To build something enduring, one has to invest considerable amount of time, thought and money. A similar story went into the making of Maruti Suzuki Nexa, the brand's premium dealership in India.

Maruti Suzuki is the most loved car brand of India for its great value, fuel efficiency and huge service network. As per reports, the brand controls over 45% of the Indian car market with its small cars. Some of its popular products involve Maruti 800, Zen, Swift, Dzire.

However, over the years, the brand has not been able to foray into the premium car segment despite repeated attempts with products such as Kizashi and Vitara. Some of the reasons for this failure are attributed to reasons like Maruti Suzuki being known as affordable, fuel efficient and great value providing car brand. Secondly, it has not been positioned as high-end brand, and hence so people ask - Why should I pay such a high price?

However, lately, Maruti Suzuki has returned with a fresh attempt to enter the high-end car segment with the launch of first of its kind premium retail network - Nexa. In recent times, Nexa is one of the biggest bets from the Maruti Suzuki in the Indian market.

What is Nexa?

Nexa is a retail network from Maruti Suzuki that caters the high-end consumers who have gone beyond their first cars and are now looking for an experience. It offers a high level of sophistication and is based on the principles of exclusivity, pampering and listening to the consumer.

But creating Nexa was a mammoth task for both the brand and Hakuhodo India team, the agency entrusted with the responsibility of creating Nexa. On to the drawing board, the agency had to revisit the entire journey of customer's experience while buying a Maruti.

Elvis Sequeira, COO, Hakuhodo India, shares that they aimed at creating a different mindset and imagery for Maruti. "Nexa is for a well travelled consumer who is digitally savvy, updated and seeks a world class experience while buying a car. After research, we found that the Maruti's popular retail channel is not equipped for it and hence a separate channel was needed," adds Sequeira.

Research Objectives

Research is one of the most viral part of the survey and is related to collection of information and knowledge. Marketing Research is defined as the systematic design, collection, analysis and reporting of data and finding relevant to a specific marketing situation facing the company.

My objective behind this study as a whole was to **Understand the Sales and Marketing Strategies for NEXA Cars, Baner Highway.**

My main Research objectives were as follows:

- i. To understand the effect of Marketing Strategy on sales.
- ii. To understand the sales pattern of NEXA cars.
- iii. To calculate average number of cars selling each week.
- iv. To understand the consumers response and preference.

- v. To measure the number of customers visiting NEXA and their conversion ratio

Product Profile

BALENO:



Price: 5.29L-8.49L(EX-SHOWROOM)

NEXA welcomed its newly-launched premium hatchback Baleno with a never seen before digital campaign. The campaign was a huge hit amongst the digital users and also created a buzz across various social media platforms for its innovative and creative online presence. The campaign was executed from 30th October to 5th Nov 2015, on diverse media platforms with its two neoteric revolutionary techniques, which are the Shake Innovation and Redirection Technique.

The concept behind both the campaigns is different and unique in terms of planning, strategy, execution and novelty

CIAZ

Price:7.5L-10.5L (EX-SHOWROOM)

Maruti Suzuki India Limited gears up for launch of their new Ciaz which comes in as a replacement to the SX4. Launching just ahead of the festive season in the country, first teaser images of the new Ciaz have emerged drawing attention to its marketing initiative called – Cool Cat is in Town.

The story is such that India Times and NDTV first published a sponsored post (native advertising) which spoke about this cat in town who was spotted driving a car and how a fictitious Mrs. Raghunath fainted after seeing the cool cat. Though the story does not talk about new MarutiCiaz, the teaser image with the post (above) gives away Maruti's new marketing strategy. There is also a new twitter account with the handle where you can find more such teasers.

Maruti Suzuki Ciaz will be launched in the second half of September. Production has already begun at the company plant in Manesar, Haryana, as revealed latest spy shots. Pre launch bookings commence later this month, while prices are slated to be in INR 7.5 lakh to 10.50 lakh category.

Ciaz sedan was showcased at 2014 Auto Expo where it was seen with aggressive body language, well defined headlamps and extended front grille. The new Ciaz also sports stretched fog lamps and chrome finished tail lamps.

S-CROSS:



To stand out from their competition in a crowded advertising marketplace, businesses, nonprofits, and government agencies are enthusiastically adopting this nimble approach to "outmarket" bigger competitors.

Their cross-promotions include "bundled" offerings, joint media appearances and events, and unconventional cause-related marketing

RESEARCH METHODOLOGY

Research Methodology is the master plan for conducting the research study. It should be noted that a Research Methodology is unique to a Research Design. As the project undertaken by me primarily emphasizes on the Marketing and Promotional strategies of the company as well as the Showroom sales record of NEXA, Baner so I took help of Descriptive Research Studies.

Descriptive research involves the description of the characteristics of the variable, description of the extent of association between variables and it allows the researcher to infer about the variables. Like in this case, the variables were analysing Foot-Fall, sales conversion ratio of the customers. Another reason was that I worked on the data provided by the showroom i.e. it was secondary data (total footfall, total sales, total number of customers etc) and I knew which parameter to work upon. Also I interviewed the customers and observed their behaviour toward showroom.

The project's data collection was through Primary and Secondary sources. Primary was the one where i interviewed and observed the customers and gave them questionnaires to fill. Secondary data include the analysis part through the data given by the store.

The type of sampling procedure I have chosen is Probability Sampling, specially Simple Random Sampling.

. Research Design:

A research design is purely and simply the framework or plan for a study that guides the collection and analysis of the data.

Research Instrument:

For doing the survey research, structured questionnaire with close-ended questions was used.

Mode of Survey:

The mode of survey was personal interview with respondents during the filling up of the questionnaires.**Sample Size:**

Here my sample size was 100 among those who has visited showroom.

Sample Area:

My sample area was NEXA showroom Baner Highway.

Sample Unit:

My sample unit was the consumers who had visited the showroom.

DATA SOURCES:

Primary Data: It is that kind of data which is collected directly by the investigator herself for the purpose of the specific study. Here the data from questionnaire was primary data.

Secondary Data:

When an investigator uses the data that has been already collected by other, is called secondary data. Here the sales record of the showroom which was provided to me was secondary data.

Findings, Suggestions and Recommendation:

These 8 weeks of my internship was a good learning experience for me. I was exposed to the practical aspect of Marketing. While carrying out this project in Pune, I got the opportunity to gain a substantial knowledge about the automobile market scenario. After accomplishing this project, there were certain suggestions and findings and recommendations in my mind which would help in the promotion of the cars in a better way. They are

❖ **Selling techniques of the cars should be improved**

Since the sales of Baleno and Ciaz is already good I don't think it needs any improvement. But the sales of other two cars that are S-Cross and Ignis are not up to the mark. So these two cars need some improvement in selling technique.

❖ **Incentives of cars**

Incentive for Baleno is lowest because the sale rate of it is really good so sales person does not need to put much efforts to sell. Incentive for Ciaz is also ok, it also has very powerful features to be sold automatically. Incentive of S-cross and Ignis is highest because these two cars are newly launched and need some serious efforts to sold.

❖ **TRUE VALUE department**

True Value department of NEXA is the pre-owned car section. It needs some serious improvement. The value offered to the customer by TV is not good enough, most of the time the price is below expectations.

❖ **Service department**

NEXA Baner is a newly launched showroom so they don't have proper service center. But they are building it.

❖ **Promotional Activities**

NEXA baner is doing some promotional activities in showroom and outside also. Recently they conduct two events one at Hinjewadi, it was a road show of NEXA cars and the other at showroom it was CIAZ event for 3 days. On these days they display only CIAZ cars and all variety of CIAZ cars.

Promotions of Ignis Cars

Since the sales of ignis is not good and it is also newly launched car so they should do some in showroom and out showroom activities for IGNIS specially so that it can boost the sales.

❖ **Delivery Time**

Waiting Time of NEXA cars specially Baleno is very long (near about 8 weeks). It should be reduced.