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# **TERM-PAPER OF**

# **MARKETING MANAGEMENT**

**Design a Marketing Plan to Launch a Small Car**

Submitted to: -

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# **ACKNOWLEDGEMENT**

No serious and lasting achievement or success one ever achieves without the friendly guidance and co-operation of so many people involved in work.

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Yours faithfully

Rahul Kundliya

# **Marketing Plan To Launch A Small Car –**

## **INTRODUCTION OF MARKETING PLAN -**

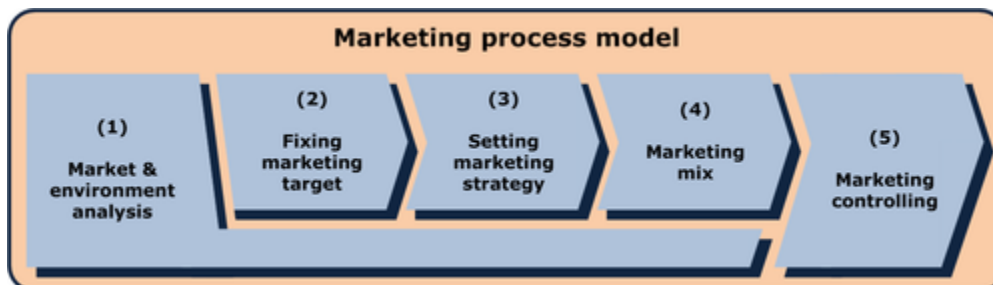
A marketing plan is a written document that details the necessary actions to achieve one or more marketing objectives. It can be for a product or service, a brand, or a product line. Marketing plans cover between one and five years.

A marketing plan may be part of an overall business plan. Solid marketing strategy is the foundation of a well-written marketing plan. While a marketing plan contains a list of actions, a marketing plan without a sound strategic foundation is of little use.

## **PROCESS OF MARKETING PLAN-**

In most organizations, "strategic planning" is an annual process, typically covering just the year ahead. Occasionally, a few organizations may look at a practical plan which stretches three or more years ahead.

To be most effective, the plan has to be formalized, usually in written form, as a formal "marketing plan." The essence of the process is that it moves from the general to the specific; from the overall objectives of the organization down to the individual action plan for a part of one marketing program. It is also an interactive process, so that the draft output of each stage is checked to see what impact it has on the earlier stages - and is amended.



The marketing process model based on the publications of Philip Kotler. It consists of 5 steps, beginning with the market & environment research. After fixing the targets and setting the strategies, they will be realized by the marketing mix in step 4. The last step in the process is the marketing controlling.

## **Marketing Planning Aims and Objectives –**

Behind the corporate objectives, which in themselves offer the main context for the marketing plan, will lay the "corporate mission"; which in turn provides the context for these corporate objectives. In a sales-oriented organization, marketing planning function designs incentive pay plans to not only motivate and reward frontline staff fairly but also to align marketing activities with corporate mission.

This "corporate mission" can be thought of as a definition of what the organization is; of what it does: "Our business is ..." This definition should not be too narrow, or it will constrict the development of the organization; a too rigorous concentration on the view that "We are in the business of making meat-scales," as **IBM** was during the early 1900s, might have limited its subsequent development into other areas. On the other hand, it should not be too wide or it will become meaningless; "We want to make a profit" is not too helpful in developing specific plans.

A bell suggested that the definition should cover three dimensions: "customer groups" to be served, "customer needs" to be served, and "technologies" to be utilized. Thus, the definition of IBM's "corporate mission" in the 1940s might well have been: "We are in the business of handling accounting information [**customer need**] for the larger US organizations [**customer group**] by means of technology."

Perhaps the most important factor in successful marketing is the corporate vision. Surprisingly, it is largely neglected by marketing textbooks, although not by the popular exponents of corporate strategy - indeed, it was perhaps the main theme of the book by Peters and Waterman, in the form of their super ordinate Goals. In Search of Excellence said nothing drives progress like the imagination. The idea precedes the deed. If the organization in general, and its chief executive in particular, has a strong vision of where its future lies, then there is a good chance that the organization will achieve a strong position in its markets and attain that future. This will be not least

because its strategies will be consistent, and will be supported by its staff at all levels. In this context, all of IBM's marketing activities were underpinned by its philosophy of "customer service"; a vision originally promoted by the charismatic Watson dynasty. The emphasis at this stage is on obtaining a complete and accurate picture.

**1. Financial data** - Facts for this section will come from management accounting costing and finance sections.

**2. Product data** - from production, research and development.

**3. Sales and distribution data** - Sales, packaging, distribution sections.

4. Advertising, sales promotion, merchandising data - Information from these departments.

**5. Market data and miscellany** - From market research, which would in most cases act as a source for this information. His sources of data, however, assume the resources of a very large organization. In most organizations they would be obtained from a much smaller set of people.

## **Introduction of Small Segment Car –**

A Compact car, or small family car, is a classification of cars which are larger than a supermini but smaller than or equal to a mid-size car. The term often leads into confusion, however, since international compact cars are somewhat larger than their North American equivalents, mostly because no supermini/subcompact size is manufactured by American, Mexican and Canadian car makers up to date.

# **Marketing Plan to launch a Small or C- segment car-**

## **Marketing & Environmental analysis-**

It is crucial for an organization to constantly study its external and internal environment. This enables the organization to adapt itself proactively to any change and enhances its success chances. It also helps the organization to gain competitive advantage in the market. Market environment analysis discusses three different analytical tools used by an organization to assess its environment. They are the Strength, Weaknesses, Opportunities and Threats SWOT analysis, the PEST analysis, and Porters Five Forces analysis.

### **SWOT -**

Internal - strength  
Internal - weakness  
External - opportunity  
External - threats.

### **PEST -**

**1. Political factors** - monopolies legislation, environmental protection laws, taxation policies, employment laws, Government policies, Legislation, and others.

**2. Economical factors** – Inflation, Employment, Disposable income, Business cycle, Energy availability and cost, others.

**3. Social-cultural factors** – Demographics, Distribution of income, Social mobility, Lifestyle changes, Consumerism, Levels of education, and others.

**4. Technological factors-** New discoveries and innovations speed of technology transfer, rates of obsolescence, internet, information technology, and others.

## **Porter's Five Forces Analysis –**

The Porter's 5 Forces tool is a simple but powerful tool for understanding where power lies in a business situation. This is useful, because it helps you understand both the strength of your current competitive position, and the strength of a position you're looking to move into.

Porter's Five Forces Analysis assumes that there are five important forces that determine competitive power in a situation. These are - Supplier Power, Buyer Power, Competitive Rivalry, Threat of Substitution, and Threat of New Entry.

### **FOR EXAMPLE –**

#### **□ A Small Car or C-Segment Car – Tata Nano SWOT Analysis -**

### **Strengths -**

- The internationalization strategy so far has been to keep local managers in new acquisitions, and to only transplant a couple of senior managers from India into the new market. The benefit is that Tata has been able to exchange expertise. For example after the Daewoo acquisition the Indian company learned work discipline and how to get the final product 'right first time.'
- The company has a strategy in place for the next stage of its expansion. Not only is it focusing upon new products and acquisitions, but it also has a programme of intensive management development in place in order to establish its leaders for tomorrow.
- The company has had a successful alliance with Italian mass producer Fiat since 2006. This has enhanced the product portfolio for Tata and Fiat in terms of production and knowledge exchange. For example, the Fiat Palio Style was launched by Tata in 2007, and the companies have an agreement to build a pick-up targeted at Central and South America.

## **Weaknesses -**

- The company's passenger car products are based upon 3rd and 4th generation platforms, which put Tata Motors Limited at a disadvantage with competing car manufacturers.
- Despite buying the Jaguar and Land Rover brands (see opportunities below), Tata has not got a foothold in the luxury car segment in its domestic, Indian market. Is the brand associated with commercial vehicles and low-cost passenger cars to the extent that it has isolated itself from lucrative segments in a more aspiring India?
- One weakness which is often not recognized is that in English the word 'tat' means rubbish. Would the brand sensitive British consumer ever buy into such a brand? Maybe not, but they would buy into Fiat, Jaguar and Land Rover (see opportunities and strengths).

## **Opportunities -**

- In the summer of 2008 Tata Motor's announced that it had successfully purchased the Land Rover and Jaguar brands from Ford Motors for UK £2.3 million. Two of the World's luxury car brand have been added to its portfolio of brands, and will undoubtedly off the company the chance to market vehicles in the luxury segments.
- Tata Motors Limited acquired Daewoo Motor's Commercial vehicle business in 2004 for around USD \$16 million.
- Nano is the cheapest car in the World - retailing at little more than a motorbike. Whilst the World is getting ready for greener alternatives to gas-guzzlers, is the Nano the answer in terms of concept or brand? Incidentally, the new Land Rover and Jaguar models will cost up to 85 times more than a standard Nano.



- The new global track platform is about to be launched from its Korean (previously Daewoo) plant. Again, at a time when the World is looking for environmentally friendly transport alternatives, is now the right time to move into this segment? The answer to this question (and the one above) is that new and emerging industrial nations such as India, South Korea and China will have a thirst for low-cost passenger and commercial vehicles. These are the opportunities. However the company has put in place a very proactive Corporate Social Responsibility (CSR) committee to address potential strategies that will make its operations more sustainable.
- The range of Super Milo fuel efficient buses are powered by super-efficient, eco-friendly engines. The bus has optional organic clutch with booster assist and better air intakes that will reduce fuel consumption by up to 10%.

## **Threats -**

- Other competing car manufacturers have been in the passenger car business for 40, 50 or more years. Therefore Tata Motors Limited has to catch up in terms of quality and lean production.
- Sustainability and environmentalism could mean extra costs for this low-cost producer. This could impact its underpinning competitive advantage. Obviously, as Tata globalizes and buys into other brands this problem could be alleviated.
- Since the company has focused upon the commercial and small vehicle segments, it has left itself open to competition from overseas companies for the emerging Indian luxury segments. For example ICICI bank and DaimlerChrysler have invested in a new Pune-based plant which will build 5000 new Mercedes-Benz per annum. Other players developing luxury cars targeted at the Indian market include Ford, Honda and Toyota. In fact the entire Indian market has become a target for other global competitors including Maruti Udyog, General Motors, Ford and others.
- Rising prices in the global economy could pose a threat to Tata Motors Limited on a couple of fronts. The price of steel and aluminum is increasing putting pressure on the costs of production. Many of Tata's products run on Diesel fuel which is becoming expensive globally and within its traditional home market.

## □ **A Small Car or C-Segment Car - Hyundai SWOT Analysis -**

### **Hyundai SWOT analysis –**

#### **1. Strengths -**

- **The Quality Advantage -**

Hyundai owners experience fewer problems with their vehicles than any other car manufacturer in India (J.D. Power IQS Study). The Santro was chosen the best in the premium compact car segment and the Getz in the entry level mid - size car segment across several parameters. This study measures owner in terms of design, content, layout and performance of vehicles across several parameters.

- **A Buying Experience like No Other -**

Hyundai has a sales network of 250 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 higher nameplate in the J.D. Power SSI Study.

- **Quality Service across 1036 Cities -**

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

## **2. Weaknesses -**

- **Commodity Price Risks -**

Hyundai commodity price risks to higher costs due to changes in prices of inputs such as steel, aluminum, plastics and rubber, which go into the production of automobiles. In order to mitigate these risks, the company continues to attempts 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 minimize the impact of growing input prices. Conversely, long term contracts dilute the benefits, if any of a decline in input prices.

- **Exchange Rate Risk**

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

## **3. Opportunities -**

- **Leading Growth**

As the market leader, company led the growth in the passenger car sector last year. Hyundai sales went up 30% to 4, 72,000 units. This, as I said earlier, is the highest annual sale since company began operations 20 years ago. Hyundai also gained market share, mainly on account of its performance in the competitive A2 segment where it increased its share from 40.3% in 2005-06 to 47.7% in 2006-07. 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 2005-06 to 4.7 % in 2006-07. Profit after Tax jumped 270% to Rs 5421 million.

## **4. Threats -**

- **Risk Factors -**

In the course of its business, Hyundai 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 risk associated with financial issues, hazard events and specific assets risk. Whenever possible, we use the instrument of insurance to mitigate the risk.

- **Business Risks**

The automotive industry is very capital intensive. Such investments require a certain scale of operation to generate viable returns. These scales depend on demand. Although 2005-06 was year of continued growth for the Indian economy, whether this growth momentum will continue has to be seen.

## **5. Threats from Competitors**

- **Maruti Udyog Limited**

For the fiscal year ended December 2006, Maruti 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 2005, down 26.6% from the previous year.

- **Tata Motors Limited**

In the 2006 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 2006 fiscal year.

## **PEST ANALYSIS-**

**Political environment –**

largest democracy, era of coalition governments, fair amount of political stability, political consensus on economic reforms and higher target of growth of the economy, sound legal system – a factor contributing to a large foreign direct investment.

**Economic environment –**

Continued economic liberalization, encouragement to foreign investment, big growth in services sector, controlled inflation in recent time, reasonably stable exchange rate, scarce and costly energy, abundance of skilled low cost labor, easy availability of raw material being a major producer of steel.

**Social environment –**

Large middle class, major changes in life style, a major increase in urbanization, consumption, both parent working, nuclear families, leisure activities, and trend of using credit cards.

**Technological environment –**

Technology import liberalized and a significant effort in internal technology development.

**After the PEST analysis we should know about the other factors before lunching Small car such as -**

- **Demographic factors-** population, sex ratio, socio-culture.
- Income distribution
- Lifestyle changes

**Target Markets –**

## **FIXING MARKETING TARGET -**

The main target of small segment cars is the middle class family because the middle class families can afford small segment cars due to low price.

**For example** - Hyundai Pa's marketing strategy is differentiated marketing. Our primary consumer target is middle to upper income professionals who need true value for their money and comfortable ride in city conditions. Our secondary consumer target is college students who need style and speed. Our primary business target is midsized to large sized corporate that want to help their managers and employees by providing them a car for ease of transport. Our secondary business target is entrepreneurs and small business owners who want to provide discounts to managers buying a new car. Each of the four marketing strategies conveys Hyundai Pa's differentiation to the target marketing segments identified above.

## **Setting marketing strategy-**

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

**Price-** The pricing strategy we can also apply on c-segment cars for example-Hyundai's base model will be introduced at ex-showroom price of 3 lakh. This price reflects a strategy of -

- o Attracting desirable channel partners
- o Taking market share from Maruti.

## **Distribution will also apply-**

- The Stockiest will represent 3 to 4 districts in a State.
- The Dealer will represent a district or main City.
- The Sub-Dealer shall represent a particular area or taluka.

- The booking agents will be individuals working on freelance basis.

## **Marketing Communications -**

By integrating all messages in all media we will reinforce the brand name and main points of product differentiation. Research about media consumption, pattern will help our advertising agency to choose appropriate media and timing to reach prospects before and during the product introduction. Thereafter, advertising will appear on a pulsing basis to maintain brand awareness and communicate various differentiation messages. The agency will also co-ordinate public relation efforts to build Hyundai brand and support the differentiation message. To attract market attention & encourage purchasing, we will offer a limited time, registration & insurance. To attract, retain & motivate channel partners for a push strategy, we will use trade sales promotions and personal selling to channel partner.

Product strategy such as the new features, design **for example-** Hyundai 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 Hyundai is a generation different from Getz and Santro 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, and 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.

## **Marketing mix-**

The marketing mix is generally accepted as the use and specification of the 'four Ps' describing the strategy position of a product in the marketplace. The 'marketing mix' is a set of controllable, tactical marketing tools that work together to achieve company's objectives such as -

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

## **PRODUCT-**

A tangible object or an intangible service that is mass product or manufactured on a large scale with a specific volume of units. Intangible products are often service based like the tourism industry & the hotel industry or codes-based products like cellophane load and credits. Typical examples of a mass produced tangible object are the motor car and the disposable razor. A less obvious but ubiquitous mass produced service is a computer operating system.

## **PRICE -**

The price is the amount a customer pays for the product. It is determined by a number of factors including market share, competition, material costs, product identity and the customer's perceived value of the product. The business may increase or decrease the price of product if other stores have the same product.

## **PLACE -**

Place represents the location where a product can be purchased. It is often referred to as the distribution channel. It can include any physical store as well as virtual stores on the Internet.

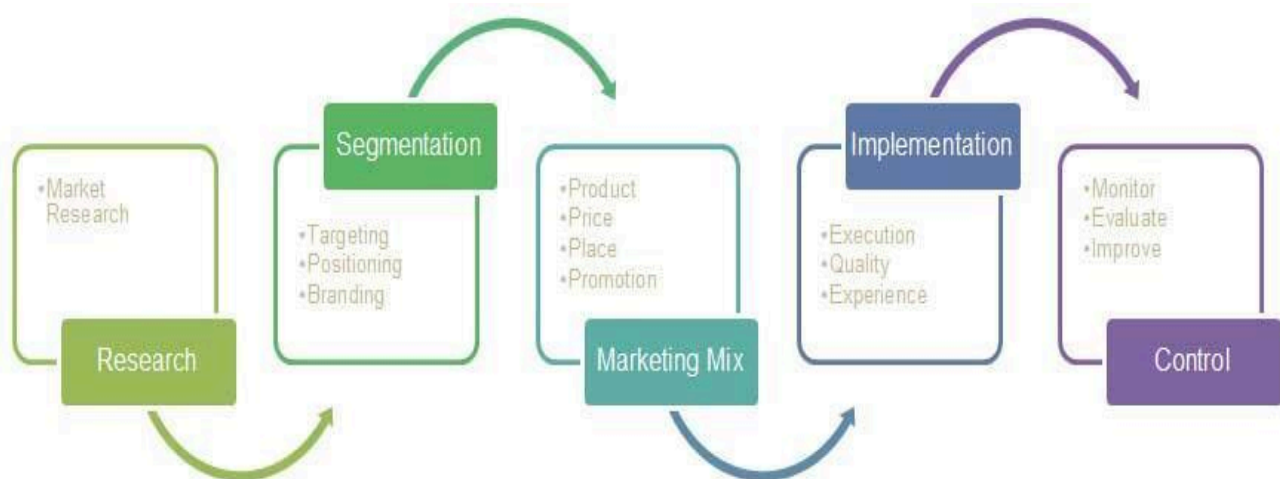
## **PROMOTION -**



Represents all of the communications that a marketer may use in the marketplace. Promotion has four distinct elements - advertising, public relation, word of mouth and point of sale. A certain amount of crossover occurs when promotion uses the four principal elements together, which is common in film promotion. Advertising covers any communication that is paid for, from cinema commercials, radio and Internet adverts through print media and billboards. Public relations are where the communication is not directly paid for and includes press releases, sponsorship deals, exhibitions, conferences, seminars or trade fairs and events. Word of mouth is any apparently informal communication about the product by ordinary individuals, satisfied customers or people specifically engaged to create word of mouth momentum. Sales staff often plays an important role in word of mouth and Public Relations.

### **Marketing controlling-**

There is no planning without control. Marketing control is the process of monitoring the proposed plans as they proceed and adjusting where necessary. If an objective states where you want to be and the plan sets out a road map to your destination, then control tells you if you are on the right route or if you have arrived at your destination.



Control involves measurement, evaluation, and monitoring. Resources are scarce and costly so it is important to control marketing plans. Control involves setting standards. The marketing manager will then compare actual progress against the standards. Corrective action (if any) is then taken. If corrective action is taken, an investigation will also need to be undertaken to establish precisely why the difference occurred.

**There are many approaches to control –**

- Market share analysis.
- Sales analysis.
- Quality controls.
- Budgets.
- Ratio analysis.
- Marketing research.
- Marketing information systems.
- Feedback from customers' satisfaction surveys.
- Cash flow statements.
- Customer Relationship Management (CRM) systems.
- Sales per thousand customers, per factory, by segment.
- Location of buyers and potential buyers.
- Activities of competitors to aspects of your plan.
- Distributor support.
- Performance of any promotional activities.
- Market reaction/acceptance to pricing policies.
- Service levels.

**And many other methods of monitoring and measurement.**

## **Conclusion-**

The target market of small or c-segment cars is the middle class people because they want car with low price and high mileage.

With the boom in the automobile industry in India, many world-class car manufacturers, producing cars in different sizes and different price range have established their production and operation centers in the country. Indigenous car manufacturing companies also are coming up with many new cars fitted with world-class comforts. India is a growing market for automobile companies across the world. There are a number of companies and automobile prices also vary from company to company and model to model.

Automobile prices are influenced by a number of factors. The most vital parameter in deterring the automobile prices is the target market. India being a major focus for many world-class car manufacturers, automobile prices usually undergo a revision. It also depends a lot on the facilities provided and the technology involved in the manufacturing of the vehicle. The price of a particular model of car of a specific company depends on the price of the similar models manufactured by other companies.

Some of the reputed small or C-segment car manufacturers operating in India include, TATA, Suzuki, Ford, Mitsubishi, Honda, Hyundai, and Chevrolet. These cars usually come under a price range of Rs 2 lacs to Rs 10 Lacs or more.

**So that this overall process will apply in launching a small segment car.**