LATEST MARKETING TECHNIQUES: NEXA THE NEXT GENERATION SHOWROOMS OF MARUTI SUZUKI

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ABSTRACT
Maruti Suzuki, ranked as India’s largest car selling company has been able to maintain this position for many years. Moreover, in the 1990s, when the ‘open market’ scenario began, Maruti Suzuki controlling more than half of the automobile market was unprecedented anywhere in the world. However, this highly successful company was not without problems. The main problem the company faced was perception. Nexa – the next gen showroom is Maruti’s attempt to win over a new generation of tech savvy, well informed premium customers.

Key words: Automobile, Maruti Suzuki, Nexa, Marketing

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1. INTRODUCTION
Maruti Suzuki ever since its inception in 1982 has been delivering technologically competent value for money cars to its discerning customers. In its initial years, it operated in a protected market environment enabling it to garner more than half of the Indian automobile market with its famous Maruti 800 car and Omni van. The other cars available in the market at that time like the Hindustan Ambassador and Fiat Premier Padmini were using decades old technology. The high fuel efficiency of Maruti’s light weight car and van instantly endeared it to the middle classes and the waiting period for the vehicles ran into many months. In fact during the eighties when the Maruti 800 was available for about fifty thousand rupees, the high waiting period for the car made customers willing to pay another fifty thousand rupees as premium for getting quick car delivery.
2. THE ROAD TO NEXA

The ‘protected market’ scenario changed into an ‘open market’ in the 1990s with the opening up of Indian economy to foreign competition. The question that arises is whether this transition affected India’s largest car selling company. Maruti had the advantage of high localization levels of its products. Although many foreign manufacturers entered India, they could not match the low cost structure of Maruti’s products. So, Maruti Suzuki continued to go from strength to strength. In 2005, Maruti launched the Swift car with the tagline 'you are the fuel'. This stylish car immediately caught the imagination of the public and along with its booted sibling Swift Dzire, has continued to rake up huge numbers for the company. In fact if we take the latest July 2015 automobile sales figures in the Indian market for comparison, the Swift and the Swift Dzire (both of them currently in their second generation) together sold close to forty two thousand units. This figure may not make much sense in isolation. But this figure exceeded the sales of Hyundai, India's second largest car manufacturer which came only to thirty six thousand five hundred during the same period. So Maruti with its Swift and Swift Dzire models alone are outselling every other car manufacturers in India. The total sale of Maruti Suzuki for July 2015 stands at 1.10 lakh cars giving it a market share of 50.43%. That a single manufacturer is controlling more than half of the automobile market is unprecedented anywhere in the world where open market conditions are prevailing.

Even this highly successful company is not without problems. A major headache for the company has been its inability to sell premium cars. In automobile market like in any other market, the margin the manufacturer gets when selling a product goes up as the price of the product increases. However, Maruti’s sales have been concentrated in the low to medium range segment of the market when the margins are less and cutthroat competition is prevalent. The Maruti Suzuki Kizashi, launched in the market in 2011, in the 15 – 20 lakhs segment, made no impact in the market and was quietly withdrawn in 2014. The fate of the Grand Vitara SUV priced slightly lower than the Kizashi was also no different. One of the reasons for the failure of these models was the non-availability of diesel engines, given the Indian market's preference for diesel engines. The other important reason for their failure was perception. This is the same reason why Toyota had to introduce the Lexus brand for selling premium cars in the U.S. Even if Toyota introduced a car better than that of the premium car manufacturers like Mercedes-Benz, BMW, Jaguar etc. it would still fail in the market because of customers perceiving Toyota products as occupying a lower market segment compared to that of the premium manufacturers. They would be judged as ‘not premium enough’ not based on the technical specifications, comfort or driving manners but based on brand value. Toyota was simply not premium enough to occupy the same market segment as the premium car manufacturers. Similarly Maruti Suzuki was judged as not premium enough to compete with manufacturers like Toyota, Honda, Hyundai etc. in the Indian market. This is not due to any problem with their product but due to brand perception in the market. In fact Suzuki, the Japanese automobile and motorcycle manufacturer, whose subsidiary Maruti Suzuki is, has a better perception in many markets around the world. However in India, because they were so successful with their small cars, first with the Maruti 800 and then with the Maruti Alto (they were Indian's largest selling cars for many years), the market perception about Maruti Suzuki is that of a small car manufacturer.

Maruti Suzuki didn’t want to rest on its laurels as India's largest car manufacturer. But it wanted to increase its sales to 2 million units annually by 2020. It wanted to add
a healthy mix of premium cars also to make this figure of 2 million as that would give them better margins. They have almost solved their first problem area in selling premium cars by entering into collaboration with Italian Fiat Automobiles, world renowned for their diesel engines. Maruti is manufacturing Fiat engines under license from Fiat Automobiles and tuning them for their specific applications. In fact Maruti engineers have earned a reputation for tuning the engines to the extent that they are performing even better in the Maruti vehicles than in the Fiat counterparts.

Solving the second problem, that of brand perception in the market, was more complicated. The perception had been built up over many years and cannot be changed overnight. So after many failures in the premium segment of the market like Kizashi, Grand Vitara etc. where Maruti Suzuki tried to push the products using novel advertising campaigns, Nexa comes into the limelight.

Nexa showrooms are a new set of showrooms to be opened by the company in the coming days, to sell its premium cars. Unlike other Maruti Suzuki showrooms, where they are very proud of their vast network criss-crossing the country, Nexa is to be a set of very exclusive showrooms coming up only in important cities of India. Maruti Suzuki aspires to make the showrooms, numbering about 100, to go beyond just selling of cars. Nexa showrooms are focusing on delivering enhanced selling and buying experiences to meet the aspirations of the new age buyers. This class of buyers has a taste for great service, professionalism, convenience and above all a personal touch and Nexa is all about delivering something special for them. In many showrooms, the customers usually are not very satisfied with how things are going on there. However, in Nexa the customer will have the right to expect better.

The Nexa showrooms are manned by relationship managers. Maruti takes in these managers having experience in dealing with high end customers in fields like tourism, aerospace, hospitality. These managers once taken are then given a week’s intensive training before being posted to Nexa showrooms. As customers, the only thing required is to get in touch with any one of these relationship managers to be guided through the buying process. As stated by one of the first visitors to the Nexa showroom, ‘The moment I reached the main door of the showroom, I was welcomed in by a gentleman whom I later realized was the relationship manager. The manager initially explained few novel features of the S-Cross, a premium cross-over which is a new segment for Maruti Suzuki and the first model to be sold through the Nexa showrooms. I was then given enough personal space to explore the vehicle features and specifications. Unlike the other showrooms, I was never even once persuaded into buying the vehicle. What I felt personally was that if the vehicle performance matched with the customer service provided, it would be another success story for Maruti Suzuki.’ This speaks volumes about the excellence of the Nexa showroom.

In Nexa showrooms, convenience offered to the customers, is boosted through the use of technology. For instance, a customer who wishes to get informed about the competitive models is led to it with the use of I-Pad connected to Apple T.V. This facility gives an added advantage of going paper less, which is definitely a better approach towards conserving the environment. Furthermore, if a Nexa owner downloads the Nexa owner’s app, it would enable him/her to get a vast array of information concerning service history, emergency support, accessory purchase, event updates, booking and managing service requests and many more. In a nut shell, the experience of a customer does not end with him driving out of the showroom but it will extend throughout his/her relationship with Nexa.
Maruti Suzuki is mainly concentrating on selling cars costing above 10 lakhs through Nexa. Currently, such cars make up only 1-2% of Maruti's total sales. Hence the volumes to be handled by Nexa, at least in its initial days would be very low compared to other Maruti Suzuki showrooms or even the competing showrooms. This gives Nexa a chance to pursue quality over quantity, as it does not have to worry too much about its bottom line being part of the highly successful Maruti Suzuki group.

3. CONCLUSION
If Nexa can become synonymous with quality in its initial days itself, the market share of Maruti Suzuki in the premium car segment is definite to shoot up like anything and in all probability, Maruti Suzuki would have to adjust its production to make room for more premium cars. It can even be possible that premium customers start buying from Maruti Suzuki not so much for the products offered for sale but because they can be part of the Nexa network. We are in the exciting times and watching the automobile market developing the next few years would be very interesting indeed.

REFERENCES


