

Case Study

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Introduction

Automobile sector is very fast growing in recent times, as many want more sophistication and comfort. The automotive industry in India is one of the largest automotive markets in the world. It was previously one of the fastest growing markets globally, but it is currently experiencing flat or negative growth rates. In 2009, India emerged as Asia's fourth largest exporter of passenger cars, behind Japan, South Korea, and Thailand, overtaking Thailand to become third in 2010. As of 2010, India was home to 40 million passenger vehicles. More than 3.7 million automotive vehicles were produced in India in 2010 (an increase of 33.9%), making India the second fastest growing automobile market in the world (after China). India's passenger car and commercial vehicle manufacturing industry recently overtook Brazil to become the sixth largest in the world, with an annual production of more than 3.9 million units in 2011. From 2011 to 2012, the industry grew 16-18%, selling around three million units. Annual vehicle sales are projected to increase to 4 million by 2015, not 5 million as previously projected [Source: Society of Indian Automobile Manufacturers (SIAM)].

The Indian auto industry is one of the largest in the world with an annual production of 21.48 million vehicles in FY 2013-14. The automobile

industry accounts for 22 per cent of the country's manufacturing Gross Domestic Product (GDP). An expanding middle class, a young population, and an increasing interest of the companies in exploring the rural markets have made the two wheelers segment (with 80 per cent market share) the leader of the Indian automobile market. The overall passenger vehicle segment has 14 per cent market share. India is also a substantial auto exporter, with solid export growth expectations for the near future. Various 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 and Four Wheeler market in the world by 2020.

Market Size

Sales of commercial vehicles in India grew 5.3 per cent to 52,481 units in January 2015 from a year ago. Sales of cars also grew for a third month in a row to 169,300 units in January 2015, up 3.14 per cent from the year-ago period. Car market leader Maruti Suzuki India witnessed 8.6 per cent higher sales at approximately 118,551 units in February 2015, out of which 107,892 were sold in domestic market and 10,659 units were exported. Hyundai Motor India Ltd (HMIL) reported a 2.4 per cent growth in total sales at 47,612 units in February, compared with 46,505 units in the same month last year. In the two-wheeler segment, Hero MotoCorp witnessed sales of 484,769 units in February 2015. TVS Motor Co posted 15 per cent higher sales at 204,565 units against 177,662 units. Bajaj Auto sold a

total of 243,000 two and three-wheelers segment [Source: SIAM].

Automobile Companies in India

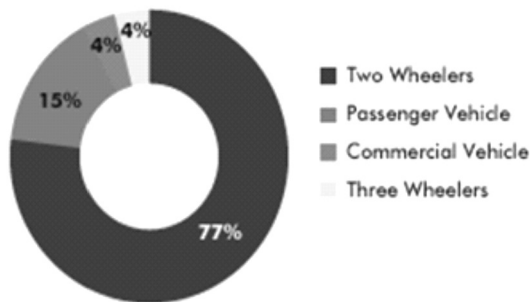
Passenger vehicle exports from India stood at 0.5 million during FY13.



Source: SIAM

Market Share of Indian Automobile Industry by Volume

Two wheelers dominate production volumes; in FY13, the segment accounted for 77 per cent of the total automotive production in India.



Source: SIAM

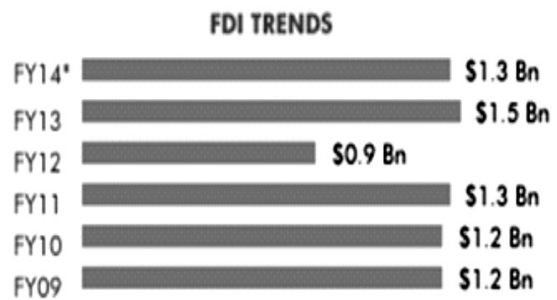
Investments

To match production with demand, many auto makers have started to invest heavily in various segments in the industry in the last few months. The industry has attracted Foreign direct

Investment (FDI) worth US\$ 12,232.06 million during the period April 2000 to February 2015, according to the data released by Department of Industrial Policy and Promotion (DIPP).

FDI in Indian Automobile Industry

FDI inflows in the Indian automotives sector aggregated to US\$ 9.6 billion during April 2000-February 2014.



FY14* - April to February

Source: SIAM

Some of the major investments and developments in the Automobile sector in India are as follows:

- DSK Hyosung has announced to set up a plant in Maharashtra and is planning to add 10-15 dealerships in the next financial year (FY 15-16) mostly in the tier-II cities and introduce more models in the 250cc segment.
- Germany-based luxury car maker Bayerische Motoren Werke AG's (BMW) local unit has announced to procure components from seven India-based auto parts makers.
- Mahindra Two Wheelers Limited (MTWL) has acquired 51 per cent shares in France-based Peugeot Motocycles (PMTC).
- Suzuki Motor Corp is planning to sell the automobiles made in the Gujarat plant, in Africa.

- Tata Motors Ltd, India's largest automobile maker, will sell trucks in Malaysia, Vietnam and Australia to strengthen its presence in the Asia-Pacific region.

Government Initiatives

The Government of India encourages foreign investment in the automobile sector and allows 100 per cent FDI under the automatic route. Excise duty on small cars, scooters, motorcycles and commercial vehicles was reduced in February last year to 8 per cent from 12 per cent to boost the 'Make in India' initiative of the Indian government.

Some of the major initiatives taken by the Government of India are:

- Under the Union budget of 2015-16, the Government has announced to provide credit of Rs 850,000 to farmers, which is expected to boost the tractors segment. The government is aligning to ensure that at least one family member is economically strong to support the family. This is expected to improve the sentiments of entry-level two-wheelers.
- The Government plans to promote eco-friendly cars in the country i.e. CNG based vehicle, hybrid vehicle, electric vehicle and also made mandatory of 5 per cent ethanol blending in petrol.
- The government has formulated a Scheme for Faster Adoption and Manufacturing of Electric and Hybrid Vehicles in India, under the National Electric Mobility Mission 2020 to encourage the progressive induction of reliable, affordable and efficient electric and hybrid vehicles in the country.
- The Automobile Mission Plan (AMP) for the period 2006–2016, designed by the government is aimed at accelerating and sustaining growth in this sector. Also, the well-established Regulatory Framework under the Ministry of Shipping, Road Transport and Highways, plays a part in providing a boost to this sector.

Players in the Automobile Industry in India

Ashok Leyland is the 2nd largest manufacturer of commercial vehicles in India, the 4th largest manufacturer of buses in the world and the 16th largest manufacturer of trucks globally. With a turnover in excess of US\$ 2.3 billion (2012-13) and a footprint that extends across 50 countries, they are one of the most fully-integrated manufacturing companies this side of the globe. Over 70 million passengers use Ashok Leyland's buses to get to their destinations every day while over 700,000 trucks keep the wheels of economies moving. With the largest fleet of logistics vehicles deployed in the Indian Army and significant partnerships with armed forces across the globe, Ashok Leyland help keep borders secure. Headquartered in Chennai, India, the manufacturing footprint spreads across the globe with 8 plants; including one at Ras Al Khaimah (UAE). Their joint venture (JV) partners include Nissan Motor Company (Japan) for light commercial vehicles, John Deere (USA) for construction equipment, Continental AG (Germany) for Automotive Infotronics and the Alteams Group for the manufacture of high-pressure die-casting extruded aluminum components for the automotive and telecommunications sectors.

Bajaj Auto is a part of the Bajaj Group, which was founded by Mr Jamnalal Bajaj in 1926. The Group's footprint stretches over a wide range of industries, spanning automobiles (two-wheelers and three-wheelers), home appliances, lighting, iron and steel, insurance, travel and finance. Bajaj Auto is one of the foremost motorcycle manufacturers of the country. It also manufactures three-wheeler commercial vehicles under the brand name Bajaj RE, which has been in operation since 1977, as well as gearless scooters. At present, Bajaj Auto's turnover stands at around Rs 120 billion (US\$ 1.95 billion). Its product portfolio has expanded and the brand has found a global market. The Bajaj brand is well-known across several countries in Latin America, Africa, Middle East, South and Southeast Asia.

Hero MotoCorp Ltd is owned by the Munjal brothers and was started in 1984 as a joint venture (JV) between Hero Cycles Ltd and Honda Motor Company. It was then known as Hero Honda Motors Ltd, but since 2010 following its separation with the Honda Group, the company is known as Hero MotoCorp Ltd. Presently, it is the world's largest manufacturer of two-wheelers. The two-wheelers are manufactured across three globally benchmarked manufacturing facilities. Two of these are based at Gurgaon and Dharuhera which are located in the state of Haryana in northern India. The third and the latest manufacturing plant is based at Haridwar, in the hill state of Uttarakhand. The company's growth in the two-wheelers market in India is the result of an intrinsic ability to increase reach in new geographies and growth markets. Hero MotoCorp's extensive sales and service network now spans over 6,000 customer touch points. These comprise a mix of authorised dealerships, service and spare part outlets, and dealer-appointed outlets across the country.

Founded in 1945 as a steel trading company, **Mahindra and Mahindra (M&M)** entered automotive manufacturing in 1947 to bring the iconic Willys Jeep to Indian roads. Over the years, the company diversified into many new businesses in order to better meet the needs of the customers. With over 65 years of operations, M&M is still India's premier utility vehicle (UV) company. In addition to making groundbreaking UVs like the Scorpio and Bolero, Mahindra offers cars, electric vehicles, pickups, and commercial vehicles that are rugged, reliable, environment friendly, and fuel-efficient. In 2011, the company acquired the SsangYong Motor Company – a major South Korean utility manufacturer with a presence in more than 90 countries. Mahindra maintains its vast customer base through the construction of excellent components, provision of spares, and commitment to superior service. The company also successfully caters to customers' transportation needs through its expert design,

top-class manufacturing, and top-of-the-line service.

Maruti Suzuki India Ltd (MSIL), commonly referred to as Maruti and formerly known as Maruti Udyog Ltd, is an automobile manufacturer in India. The company is engaged in the business of manufacture, purchase and sale of motor vehicles, automobile components and spare parts (automobiles). At present, the company is sitting on a capacity to make almost 1.5 million cars a year and it is in the process of adding capacity for another 250,000 cars. The company also pledged to invest in new, cost-effective technologies that bring down greenhouse gas emissions of its facilities. The Company is actively supporting the government, in laying down a robust policy framework to promote electric and hybrid vehicles in the country. It is also part of government efforts to introduce corporate fleet emission norms for 2015 and 2020. In the overall passenger vehicle segment, the company has enhanced its market share to over 40 per cent during April-July, FY13.

Established in 1945, **Tata Motors Limited** is India's largest automobile company with over 60,000 employees. The company is the leader in commercial vehicles in each segment, and among the top in passenger vehicles with winning products in the compact, midsize car and utility vehicle segments. It is also the world's fifth largest truck manufacturer and fourth largest bus manufacturer. Tata Motors is expanding its international footprint, established through exports since 1961. It is also listed in the New York Stock Exchange (September 2004) and has emerged as an international automobile company. The company's commercial and passenger vehicles are already being marketed in several countries in Europe, Africa, the Middle East, South East Asia, South Asia, South America, CIS and Russia. It has franchisee/joint venture assembly operations in Bangladesh, Ukraine, and Senegal.

TVS Motor Co is the third largest two-wheeler manufacturer in India and one among the top ten in the world, with annual turnover of more than

US\$ 1.4 billion in 2011-2012, and is the flagship company of the, US\$ 7.29 billion, TVS Group. The business ranges across automobile component manufacturing, components distribution, manufacturing of powered two-wheelers, computer peripherals, financial services, contract manufacturing services and software development. TVS Motor's strength lies in design and development of new products. The company has many firsts to its credit including the fact that TVS launched seven vehicles on the same day - a rare feat in automotive history.

Automobile Sector in India: Road Ahead

India is probably the most competitive country in the world for the automotive industry. It does not cover 100 per cent of technology or components required to make a car, but it is giving a good 97 per cent, according to Mr. Vicent Cobee, Corporate Vice-President, Nissan Motor's Datsun.

As per the vision of AMP 2006-2016, India to emerge as the destination of choice in the world for design and manufacture of automobiles and auto components with output reaching a level of US\$ 145 billion; accounting for more than 10 per cent of the GDP and providing additional employment to 25 million people by 2016 [IBEF].

The Japanese auto maker Maruti Suzuki expects the Indian passenger car market to reach four million units by 2020, up from 1.8 million units in 2013-14.

The automobile industry in India is expected to be the world's third largest by 2016, with the country currently the world's second largest two-wheeler manufacturer. Two-wheeler production is projected to rise from 16.9 million in FY14 to 28.8 million by FY21. Furthermore, passenger vehicle production is expected to increase to 10 million in FY21 from 3.1 million in FY14. Strong growth in demand due to rising income, growing middle class, and a young population is likely to propel India among the world's top five auto manufacturers by 2015. Automobile export volumes increased at a compound annual growth

rate (CAGR) of 17.5 per cent during FY05-14, out of which two-wheelers accounted for the largest share in exports at 67 per cent in FY14.

The government aims to develop India as a global manufacturing as well as a Research and Development (R&D) hub. It has set up National Automotive Testing and R&D Infrastructure Project (NATRiP) centres as well as a National Automotive Board to act as facilitator between the government and the industry.

Alternative fuel has the potential to provide for the country's energy demand in the auto sector as the CNG distribution network in India is expected to rise to 250 cities in 2018. Also, the luxury car market could register high growth and is expected to reach 150,000 units by 2020.

South India: A Potential Business Hub

The Economy of South India is largely agrarian, dependent on monsoons, as are most people in India. Some of the main crops cultivated in South India include rice, sorghum, and ragi. South India was and still is the "promised land" as far as spice cultivation is concerned. Areca, coffee, pepper, tapioca, and cardamom are widely cultivated on the Nilgiri Hills and Kodagu. But frequent droughts in Northern Karnataka, Rayalaseema and Telangana regions are leaving farmers debt-ridden, forcing them to sell their livestock and sometimes even to suicides. Scarcity of water has been a major problem for past few years in these regions along with cities like Hyderabad. Education is highly valued in the south Indian community, and is seen as a gateway to a better livelihood. Many of the nation's most prominent physicists and mathematicians have been South Indians. Kerala, while possessing a literacy rate above 98% also has the highest unemployment rates in India. The population growth rate of these states is also beginning to decline.

Brief History of TVS Motors

TVS was established by T. V. Sundaram Iyengar who was born in 1877 in Thirukkurungudi in the Tirunelveli district of Madras Presidency, British India. He began with Madurai's first bus service in 1911 and founded T.V.Sundaram Iyengar and Sons Limited, a company that consolidated its presence in the transportation business with a large fleet of trucks and buses under the name of Southern Roadways Limited. When he died in 1955, his sons took the company ahead with several forays in the automobile sector, including finance, insurance, and manufacture of two-wheelers, tyres and components. The group has managed to run 33 companies that account for a combined turnover of nearly \$3 billion.

TVS Group has over 90 Companies under the umbrella and spans across industries like Automobile, Aviation, Education, Electronics, Energy, Finance, Housing, Insurance, Investment, Logistics, Service, Textiles. TVS Motor Company Ltd (TVS Motor), member of the TVS group, is the largest company of the group in terms of size and turnover.

TVS Motor Company is the third largest two-wheeler manufacturer in India and one among the top ten in the world, with annual revenue of more than Rs. 10,131 Cr in 2014-15 (around USD 1.6 billion), and is the flagship company of the, USD 7.29 billion in 2013-14, TVS Group. The company has a production capacity of 3 million 2 wheelers & 1.2 Lakh 3 wheelers a year. TVS Motor Company is the third largest two-wheeler manufacturer in India and one among the top ten in the world, with annual revenue of more than Rs. 10,131 Cr in 2014-15 (around USD 1.6 billion), and is the flagship company of the, USD 7.29 billion in 2013-14, TVS Group. The company has a production capacity of 3 million 2 wheelers & 1.2 Lakh 3 wheelers a year.

The company has four manufacturing plants, three located in India (Hosur-Tamil Nadu, Mysore-

Karnataka and Nalagarh-Himachal Pradesh) and one in Indonesia (Karawang).

TVS Motor's strength lies in design and development of new products. TVS deliver total customer satisfaction by anticipating customer need and presenting quality vehicles at the right time and at the right price. The customer and his ever changing need is the continuous source of inspiration. The company has many firsts to its credit including the fact that they launched seven vehicles on the same day - a rare feat in automotive history. More than 28 million customers have bought a TVS product to date. TVS products give a cutting edge over other competitors in terms of Innovative, easy to handle, environment-friendly and backed by reliable customer service.

Review of Literature

M.Nandhini, and D.Siva Sakthi (1995) have analyzed the impact of leverage on profitability of the TVS Motor Company. Their study made an attempt to analyze the impact of both financial leverage as well as operating leverage on the profitability (measured through Earning Per Share "EPS") of the TVS Motor Company. The company has to control fixed cost as well as variable cost to attain adequate profit.

Shashank Shah (1995) has found an acute dearth of real-life cases of leading organisations (especially in the Indian context) and their endeavours towards achieving customer satisfaction, even though a number of variables contributing to customer satisfaction have been identified by experts. The purpose of the Case Study developed by the author on TVS Motors is to highlight the best practices of a leading Indian organisation and bridge the existing gap in the available management literature. The case gives a brief insight into the diverse initiatives undertaken by a two-wheeler industry automobile leader like TVS Motor Company Ltd. for ensuring customer satisfaction. In a matter of just over three decades, the Company is among the top three in

its industry category and has indigenously manufactured some extraordinary products of world-class quality. The philosophy of Total Quality Management adopted by the organisation not only earned it the Deming Quality Prize, making it the only two-wheeler company in the world to have won this distinction; but also the philosophy permeates the organisational culture very seamlessly. As seen in the case, the Company has endeavoured towards customer satisfaction by improving product and service performance in all aspects – technical superiority, unprecedented innovation, superior and personalised pre and after-sales service, dealer training and many more. Some of these initiatives are best practices worthy of emulation by organisations in this industry category, both in India and abroad.

SWOT ANALYSIS

Strengths of TVS Motors:

TVS Motor Company Limited has the following strengths:

- Strategic initiatives of the company
- Assess its prospective partner, vendor or supplier professionally
- Support sales activities by understanding its customers
- Stay up to date on business structure, strategy and prospects
- TVS Motors is the third largest automobile manufacturer in India next to Hero Moto Corp and Bajaj auto. TVS motors is belongs to TVS group which is \$ 2.2 billion. It is the first company to produce indigenous moped and enter into 100 cc two wheeler markets with collaboration of Suzuki.

Snapshot of TVS Financials

Details (in Rs. crores)	2013-14	2012-13	2011-12	2010-11
Sales and other income	7992	7193	7163	6324
Profit before interest, depreciation, amortisation and tax *	532	461	520	491
Profit before tax*	351	254	316	248
Profit after tax*	262	116	249	195
Net fixed assets	1174	1048	1078	995
Share capital	48	48	48	48
Reserves and surplus	1368	1177	1122	952
Networth	1416	1225	1170	999
Total borrowings	527	635	831	768
Earnings per share# (Rs.)	5.51	2.44	5.24	4.10
Dividend per share (Rs.)	1.40	1.20	1.30	1.10
Book value per share# (Rs.)	29.50	25.52	24.38	20.81
EBITDA/turnover (%)	6.7	6.4	7.3	7.4
Profit before tax/turnover (%)	4.4	3.5	4.4	3.9
Return on capital employed (%)	18.5	14.7	19.0	16.4
Return on net worth (%)	19.8	9.7	23.0	21.3

Source: Annual report of TVS

Financials of Competitors

	Details (2013-2014)	Hero Honda	Bajaj
(a)	Sales	25,024.04	20,735.68
	Less: Excise duty	1,655.99	1,009.40
(b)	Other operating revenue	210.98	432.01
	Net revenue from operations	23,579.03	20,158.29
	Other income 364.57	681.81	
	Total Revenue 23,943.60	20,840.10	
	Total Expenses 21,078.89	16,185.23	
	Profit before tax 2,864.71	4,654.87	
	Profit for the year 2,378.13	3,264.77	

Source: Annual Reports of the respective companies

Weakness of TVS Motors

The 19-years long association with Suzuki was to engage in technology transfer and design suiting to Indian market. But, in 2001, they had a strain in relationship in continuing the joint venture which led to a separation.

Back-to-back product launches may lead to bunching up of promotional expenses, implying likely pressure to some extent over the near term. New launches will enable TVS to have a product in all segments, but the company’s renewed thrust on strengthening its product portfolio will need to be synchronized with the right pricing strategy, as most of its products are costlier than those of rivals. Weakness in its product portfolio because of under-representation in certain categories, relatively slower new product launches and premium pricing strategy are responsible for TVS Motor losing market share [source: ICRA].

TVS also suffers from a problem of perception which is a common perception that TVS Motor is largely a south-based company, as per the auto analysts. Whereas the dealers’ opinion was that TVS Motor has never launched the right product at the right time, they are behind competition.

Dealers were under opinion that customer preference should have been taken into account early on in the development cycle and not during the test drive phase when only minor changes can be made which was proved in case of the product - Max 4R which sought to build on the success of the TVS 50 XL Moped. Seeing its wide use by milkmen and vegetable sellers, the company introduced the Max 4R targeted at the rural market and capable of carrying heavy loads. The only problem was that, after the rear was loaded up, the driver found it difficult to mount the vehicle. On the other hand, the company thinks that the market was not ready for their products as they were ahead of rivals in terms of technology.

Opportunities for TVS Motors

Where the two wheeler market in India is concerned, Hero MotoCorp and Honda Motorcycle & Scooter India continue to be in the lead. However, while Bajaj Auto occupied a third spot, its position has now been usurped by TVS Motors, as far as domestic sales are concerned.

Society of India Automobile Manufacturers (SIAM) has disclosed data that indicates sales of TVS

Motors being more than that of Bajaj Auto for the quarter April to June 2014. This is for the first time that TVS Motors leads over Bajaj Auto and follows the launch of TVS Motor's new Jupiter scooter that has seen excellent sales. Sales of over one lakh scooters in the first quarter of this financial year are what have allowed TVS Motors to gain an edge over.

TVS Motors total sales during first quarter of this financial year increased 23%. Total sales stood at 584,440 units as against 475,362 units recorded in the corresponding quarter of previous year. Exports of the company also increased from 26,047 units in June 2013 to 32,290 units in June 2014 while talking exclusively of two wheeler exports, an increase of 26% were reported, increasing from 20,020 units in June 2013 to 25,237 units in June 2014.

Two wheeler total sales increased 23% from 157,351 units recorded in June 2013 to 193,758 units in June 2014, with scooter sales increased 46% and motorcycle sales increasing 27%. Three wheeler sales increased 24% from 6,777 units in June 2013 to 8,419 units in June 2014.

New launches can help the company gain market share. But for products to succeed in the long run, they have to be differentiated. The Chennai-based company expects to regain market share with new launches as per the information given by the Chairman and Managing Director, Mr. Venu Srinivasan. In the past five years, it has used celebrities such as cricketers M.S. Dhoni and Virat Kohli and Hindi actress Anushka Sharma to endorse its products by spending Rs.638 crore.

Threats Faced by TVS Motors

TVS Motor Co. faced a tough task in trying to recapture its sliding market share with new products in a market where demand for motorcycles and scooters is slowing as consumers delay purchases deterred by the high cost of financing.

For many years, TVS Motor was India's third largest two-wheeler maker with a market share of 18-20% until it was overtaken in October 2011 by Honda Motorcycle and Scooter India Pvt. Ltd (HMSI). Since then, TVS has languished in fourth place.

TVS Motors Company is in talks with German automaker BMW AG's motorcycle division, BMW Motorrad, to source technological know-how for developing high-end motorcycles. Bigger rivals Hero MotoCorp Ltd and Bajaj Auto Ltd have signed similar pacts with foreign partners.

Hero MotoCorp is the leader of India's two-wheeler market, the world's largest for motorbikes after China. HMSI, which has gone past Bajaj Auto to become No. 2, and India Yamaha Motor Pvt. Ltd are chasing a greater share of a market where long traffic jams, frequent petrol price increases and more women opting to commute by two wheelers attest to potentially lucrative demand for bikes and scooters.

TVS Motor's market position has been under pressure since 2007-08, the year when the domestic two-wheeler industry sales declined by 8%. That year, the fall in TVS Motor's domestic sales was even sharper at 19%, resulting in a decline in its market share to 16% from 18% in 2006-07. Over the last five years, TVS Motor's market share has slipped even further to 13% in 2011-12. Slower economic growth and high interest rates have clouded consumer sentiment and deterred buyers in recent months. Growth in two-wheeler sales slumped to 4.1% in the nine months ended December, from 14% in the year ended 31 March, 2012.

It takes 24 months to develop and bring out a new product and with the TVS Phoenix, now TVS Motors have a complete range of portfolio, according to Mr. S.G Murali, Chief Financial Officer of TVS Motor. TVS is represented in the premium 150 CC segment with the **Apache** brand. Phoenix is yet to prove a success. In the next

seven months, TVS will launch one executive-class bike and two scooters, a category in which it has been losing out to Honda. In the second quarter of 2012-13, TVS sold 170,000 scooters (down by 23%); Honda sold 320,000 units (up by 71%).

TVS's Scooty brand was popular but Wego, a higher capacity scooter and positioned as a rival to the Honda Activa, didn't take off as the company expected. Over the past six years, the two-stroke bike Flame, the Jive, a bike without a clutch, and the Wego have failed to give TVS Motor a boost. Its most popular offering has been the Victor, a bike endorsed by cricketer Sachin Tendulkar, but the company hasn't been able to replicate that success.

Conclusion

TVS motors broad product categories include Domestic range, Three wheelers, International range. TVS motors is the only two wheeler automobile which has its penetration all consumer segments. They have products like Apache ATR which caters to sports segment, TVS super XL to rural, Scooty pep to young and dynamic women, Flame and Star City to working professional. Hence their product category meets the needs from rural to urban life style. They also have their presence in three wheeler segments. Recently they launched TVS Jive which is first clutch free bike.

TVS motor, a unit of TVS group is which is a 100 year old group is known for its strong values. There pricing strategy varies according to product category and the consumer segment. The pricing is often economical pricing with focus on quality and Indian pricing values and sentiments.

TVS motors have around 2000 country wide main dealer show rooms and service stations attached to it. Manufacturing plants of TVS are located at Hosur, Mysore, Nalagarh and Karawang (Indonesia). There are also sub dealers who are engaged in selling multiple brands in their show rooms with proper agreements.

The promotional strategies involve placing brand ambassadors for each product specific

to geographic division (North India and South India) - Cricketers like Virat Kohli , Dhoni for North India, Actor Surya and Actress Trisha for south India. The promotional activities include dirt bike rally, MRF super cross championship rally promotional events in Malls etc. TVS Motors majorly concentrates on rural markets. However, the company said 60% of its 800 dealers were outside south India.

Still, new products may help TVS Motor close the gap with its larger rivals provided the company is able to avoid strategic flaws that marred past launches.

Upcoming launches could add incremental volumes of 50,000 units to TVS sales on a monthly basis, improving market share potentially by four percentage points over a period of one-and-a-half years starting in November 2013, moving closer to its nearest competitor Bajaj Auto [Source: ICRA].

The entry of multinational companies has made the motorcycle market highly competitive, increasing the importance of distribution and strategic product positioning.

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