

# Synergistic Impact Of Joint Collaborations On Indian Car Markets- A Case Study

**Dr.G.K. NAGARAJU**  
**Assistant Professor of Economics**  
**Government First Grade College, Tumkur**

## **ABSTRACT:**

Indian automobile sector, especially car segments are booming very much faster in the market. Major chunk of Indian population falls in the category of middle class in their financial status. These population have a strong dream of having their dream car, manufactured by an esteemed well recognized brand having a better customer rating. It is also observed that, post covid -19 car sales have increased very much due to its absolute necessity for commuting purpose. All car manufacturers today are trying to focus on producing quality cars at affordable prices. They improvise their cars through rigorous investments in R&D as a matter of best practices. New user-friendly technology makes customers come out with better travelling experience. Currently major challenges before car manufacturers are improving business climate, facing formidable competition, improve sales & also remain in market place for longer periods. The feasible solution observed is to opt out for joint collaboration with leading car manufacturers, where competitor emerge as a business partner for certain creamy layer segments. This will help out in carrying out combined operations, which helps in focusing on quality & value additions to be delivered to the users. This can remain as added image for both collaborating companies.

**Key words:** Automobile, Category, Esteemed, Collaborations & Manufacturers.

## **INTRODUCTION:**

Car markets post Covid-19 has bought a stronger revolution, which most of them would believe that would change the life style of middle-class people who are aspirants of owning a car & in terms of their preference for cars. This is based on their family size, budget, & regular distance of commuting. When companies started vying with each other, there existed a huge competition among the car manufacturers. Every companies blindly focused on improvising their quality, adding value to their cars which indirectly enriches the value of its customers. To a certain extent market looked positive resulting at rapid increase in the volume of sales & profit growth. Even customers made rationalistic decisions in making their purchases. Manufacturers made their name in the market & became capable of earning hefty profits for a reasonable period. This trend lasted for couple of years after which we see new manufacturers making entry in the national markets manufacturing cars with sophisticated technologies, safety features, etc. These are easy to use & also affordable within the budget of most of the customers. These cars have increased comfort as well as satisfactory levels for both economical as well as for the premium class of customers. All what is observed is the rise in demand for the cars as well overall growth of competition

within the manufacturers so that business is shared, customers are divided, revenue as well profits started shrinking within the company hitting strongly the present survival in the market as well as future prospects.

When number of car manufacturers increased in the auto markets customers were more likely confused than convinced by the overall number of models manufactured by the company with different types of variants. This prevented them from taking rationalistic purchase decisions. The only way left out with the manufacturers was to develop collaboration with each other & start manufacturing quality cars worth its value providing better benefits to the customers as well as stronger partnerships within the companies instead of competition. The rationale behind companies manufacturing decisions are the following.

1. Improving value additions in the cars (Making it more worthy).
2. Attracting the dream customers looking for car purchases.
3. Making best use of optimal resources, platforms & technologies invested by the company.
4. Creating your own promotion platform.
5. Working newer ways out to attract middle class customer segments.
6. Not competing, rather building partnerships in certain specific segments through different variants.

Maruti Suzuki Ltd & Toyota Kirloskar Ltd stepped in as one of the leading brands of car manufacturers in India selling substantial number of units in the emerging markets. Both of these companies know very well that, three fourth of the population in India fall in the category of middle class. These middle-class population had a finite definite source of income & would afford neither too economical nor too premium segment cars. On the other side car is considered as a necessary vehicle for regular commuting purpose. Keeping this as the major market requirement, both of these companies shared their partnerships for manufacturing hatchback & urban SUV cars. Both the company's car was manufactured at the same plant under the same technological expertise & advanced R&D facilities used in smart manufacturing. Following are the cars which are freely available in the markets as of now which customers can freely purchase either from Maruti Suzuki Ltd or from Toyota Kirloskar.

1. Toyota Glanza (Maruti Baleno)
2. Toyota Urban cruiser Hyryder (Maruti Grand Vitara)
3. Toyota Innova Hycross (Maruti Invicto)
4. Toyota Taisor (Maruti Fronx)

There are other two variants which were expected very soon to arrive in Indian markets for which companies are trying their level best. These cars carry better features associated with them so that it is highly comfortable to the user. These are as follows.

1. Available in Hybrid (Petrol & Electric) variants.
2. Available in automatic transmission (No gear shifts physically/manually).
3. Better power & torque.
4. Better fuel economy & efficiency.

**Collaboration contracts:**

Looking at the needs of customers, as well as strength & deficiency of each company, both of these companies decided to come up with collaboration agreements providing platforms for manufacturing class vehicles at affordable prices. Also improvising each other's concerns to be met in the auto markets. These agreements served the purpose of using better technologies, better resources & targeting equal gains from the markets. Absence of competition & stronger building of partnerships were considered as the real strength in this collaboration.

Benefits of collaboration agreement to Maruti Suzuki:

1. Technological upgradation (Sunroof glasses, 360-degree camera etc.)
2. Upcoming future electric cars at minimum costs.
3. Having premier sedan class & SUV cars which were absent in Suzuki till now.

Benefits to Toyota Kirloskar:

1. Premium Hatchback cars will be bought in the market which was absent in Toyota till now.
2. Better brand establishment in developing economy markets.
3. Changing perception of middle-class customer segments inducing purchase decisions.
4. Eco friendly vehicles.

**STATEMENT OF THE PROBLEM:**

Increased competition due to increasing number of rivals has become a serious concern for automobile manufacturers, especially companies manufacturing cars in developing economy. Major population in developing economies like India is middle class. These population have limited income source out of which they have to address their regular commitments. A fixed sum of budget will be kept a side for car purchases. Therefore, premium vehicles become unaffordable to these populations. On the other side, these two Companies wanted to reduce their inner competition & decided to establish partnerships through collaborative agreements which will synergistically benefit both the companies at present & even in the future. Also, its very important to reduce & clarify the confusions of customers so that they can select appropriate cars suitable to their budget & come out with proper purchase decisions.

**OBJECTIVES OF STUDY:**

1. To understand purchasers' expectations for purchasing car.
2. To Know the overall benefits of joint collaboration.
3. To Study the overall perception & satisfaction level of respondents.
4. To give suggestions based on the findings of study.

**METHODOLOGY USED:**

Primary data is collected using questionnaire distributed to the respondents, also by observation & interview methods. Secondary data is collected from available published secondary sources such as Magazines, Auto India Journals, & related websites of company which provide all major details. Collected primary data is used for carrying out in depth analysis using applicable tools. From the analysis carried out findings are reported. Findings is followed by suitable Suggestions required for future improvements & the concluding remarks.

**METHOD OF SAMPLING USED:**

Method of sampling used in this study is convenient sampling. Type of audience taken in this study are respondents who already purchased cars of either of these companies or those who are planning to purchase the same. Area chosen for undertaking the survey for this study is Mangalore city. Targeted number of audiences chosen in this study are fifty respondents.

**SCOPE & SIGNIFICANCE OF THE STUDY:**

Competitors turning collaborators indicate a sign of growing together. Business can continue for longer periods by generating mutual gains. It is also opportunity for both the companies to strengthen their cars manufactured by using better technology, optimum resources, better value additions & also by manufacturing common quality need-based cars at affordable prices. The focus of companies here is to develop better products at affordable prices in collaboration with each other & in the absence of competition. Customers can initiate their purchase decisions without any kinds of fear or confusions.

**LIMITATIONS OF THE STUDY:**

1. Only Mangalore city is taken in this study.
2. Number of respondents taken for this study are fifty respondents.
3. Only two companies are taken in this study.
4. Targeted audiences fall in the category of middle class or lower middle class as far as their income status is concerned.

**DATA ANALYSIS:**

Analysis is carried out from the responses given by the respondents in the questionnaires. Summarized responses are as follows.

**Table 1: Age of respondents**

Age (In years)	Number of respondents	Percentage (%)
21-30	15	30
31-40	16	32
41-50	14	28
Above 51	05	10
<b>Total</b>	<b>50</b>	<b>100</b>

Source: Primary data

**Table 2: Gender of respondents**

Gender	Number of respondents	Percentage (%)
Male	35	70
Female	15	30
<b>Total</b>	<b>50</b>	<b>100</b>

Source: Primary data

**Table 3: Occupation/Profession of respondents**

Occupation/Profession	Number of respondents	Percentage (%)
Business	10	20
Self employed	07	14
Free lancer	03	06
Employed/Service	30	60
<b>Total</b>	<b>50</b>	<b>100</b>

Source: Primary data



**Table 4: Marital status of respondents**

Marital status	Number of respondents	Percentage (%)
Married	30	60
Unmarried	15	30
Divorce	03	06
Re married	02	04
<b>Total</b>	<b>50</b>	<b>100</b>

Source: Primary data

**Table 5: Purpose of usage of car**

Purpose	Number of respondents	Percentage (%)
Private	35	70
Public/Taxi	06	12
Both Private & Public	09	18
<b>Total</b>	<b>50</b>	<b>100</b>

Source: Primary data

**Table 6: Type of car owned by the respondents**

Type	Number of respondents	Percentage (%)
Hatchback	36	72
Sedan	06	12
S U V	08	16
<b>Total</b>	<b>50</b>	<b>100</b>

Source: Primary data

**Table 7: Budget planned by respondents for their car**

Budget (in INR)	Number of respondents	Percentage (%)
Up to 8 lakhs	30	60
8 to 12 lakhs	14	28
12 to 16 lakhs	06	12
<b>Total</b>	<b>50</b>	<b>100</b>

Source: Primary data

**Table 8: Normal expectations from your car**

Expectations	Number of respondents	Percentage (%)
Comfort	27	54
Fuel economy	14	28
Less maintenance cost	06	12
Good resale value	03	06
<b>Total</b>	<b>50</b>	<b>100</b>

Source: Primary data

**Table 9: Respondents opinion on benefits of collaboration**

Benefits	Number of respondents	Percentage (%)
New model entry	21	42
Technology	16	32
Manufacturing platform	05	10
Larger markets	08	16
<b>Total</b>	<b>50</b>	<b>100</b>

Source: Primary data

**Table 10: Respondents opinion on benefits to Maruti Suzuki ltd**

Benefits	Number of respondents	Percentage (%)
Premium sedan & SUV vehicle	27	54
Technology access	16	32
Next generation cars	07	14
<b>Total</b>	<b>50</b>	<b>100</b>

Source: Primary data

**Table 11: Respondents opinion on benefits to Toyota Kirloskar ltd**

Benefits	Number of respondents	Percentage (%)
Hatchback cars	36	72
Platform of Suzuki	08	16
Performance	06	12
<b>Total</b>	<b>50</b>	<b>100</b>

Source: Primary data

**Table 12: Respondents opinion on benefits to Purchasers (Customers)**

Benefits	Number of respondents	Percentage (%)
No confusions	14	28
Affordable budget	19	38
New generation vehicle	08	16
Affordable service cost	09	18
<b>Total</b>	<b>50</b>	<b>100</b>

Source: Primary data

**Table 13: Respondents perception on collaborative partnerships**

Perception	Number of respondents	Percentage (%)
Excellent	11	22
Good	25	50
Satisfactory	14	28
<b>Total</b>	<b>50</b>	<b>100</b>

Source: Primary data

**Table 14: satisfaction level of respondents on company & car**

Satisfaction level	Number of respondents	Percentage (%)
Highly satisfied	05	10
Satisfied	13	26
Somewhat satisfied	17	34
Not satisfied	15	30
<b>Total</b>	<b>50</b>	<b>100</b>

Source: Primary data

**Major findings of the study:**

The following are observed as the major findings in the study, these are the following.

1. It is found from this study that majority of the population are in the age group of 31-40 years (32%).
2. Males are majority in number (70%).
3. Most of the respondents are employed/service (60%) as far as their occupation status is concerned.
4. Most of the respondents are married (60%) as far as their marital status is concerned.
5. Majority of the respondents use their cars for their private use (70%).
6. Most of the respondent's own hatchback type cars (72%).
7. It is found from this study that, most of the respondents have set aside a budget of Rs 8 lakhs for car purchases.



8. Most of the respondents normally expect comfort from their cars (54%).
9. Respondents individual opinion on collaboration is a new model entry in the market with value added features.
10. Respondents individual opinion on collaboration benefits to Maruti Suzuki ltd is a new model entry of premium sedan class & SUV cars.
11. Respondents individual opinion on collaboration benefits to Toyota Kirloskar ltd is a new model entry of hatch back segment car in the market with new value-added features.
12. Respondents individual opinion on benefits of collaboration to individual car purchasers is availability of car at affordable budget with value added features.
13. 50% of the respondents perceive that collaborative partnership between these two companies is good.
14. Most of the respondents are somewhat satisfied with the company & the cars after collaboration.

### **Major suggestions:**

The need of the hour as far as Indian car market is concerned is the following

1. Extensive tie up with more than one banks or finance companies, as most of the customers who approach are from middle & lower middle class. Finance options must be made available with reduced time & paperwork.
2. Frequently changing the models or variants can create confusions in the mindsets of people, even they cannot recommend the company cars to others. This may become one of the reasons for slowdown of business.
3. Cost of services should be checked & cross verified, even this can indirectly influence new business.

### **Concluding Remarks:**

It is seen that car markets in India can see ups & downs. Still most of the companies keep on introducing new cars, undertake changes as per the expectations of the markets & also somehow balance the resource constraints faced by them. Both of these car manufacturers are well established themselves in the growing market economy of India. Their advantage mainly lies in their core business & passionate entry in the upcoming markets. To make the most in current market situations it was necessary to eliminate competition at least in certain segments and focus on building collaborative partnerships so that both of these companies see vertical growth together. From the view point of customer, both of these brands remained trustworthy therefore joint collaborations was rightly welcomed as it improvised the quality of cars, also it made these cars available with value added features at affordable prices. As market trends change in shorter business cycles, car manufacturers (especially Toyota & Suzuki) focused on making marginal improvements in performance & also provide customer value additions so that easily do reasonably well even in times when actual markets are not favorable.

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