Strategic Alliance Between Toyota and Suzuki:
Is It a Win for Toyota or a Loss for Suzuki?

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EXECUTIVE SUMMARY

It was in the year 1977 in October that the Toyota Motor Corporation entered India. Toyota entered into a joint venture with the Kirloskar Group, therein establishing Toyota Kirloskar Motor Private Limited. Carving their place in the Indian automobile sector, Toyota has successfully carved its place known for their dependability and durability likewise as it was globally. In India, the cars like Corolla Altis sedan, Innova Crysta premium MPV, and the Fortuner premium SUV are one of the most popular models that run successfully. In addition to being the largest automobile manufacturer in the world, the Toyota camp has always been renowned for the cutting-edge technology and brilliant production practices it employs in its manufacturing operations. Toyota has always been a path finder propagating and manufacturing eco-friendly automobiles. Over the years Toyota has developed and mastered developing incredible and refined power plants, which empowers it to deliver tremendous power while minimising fuel consumption.

Dilemma/Issues: Challenge of Product Cannibalization for Suzuki as the launch of Hybrid Glanza leads to decrease in sales of original model Baleno which is Suzuki's Best seller car in Hatchback segment.
Name of the Organization: Maruti Suzuki and Toyota
Name of the Protagonist: Maruti Suzuki and Toyota

Toyota's coming to India:

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TOYOTA'S INDIA BIG SMALL CHALLENGE

Toyota has been a synonym for the quality, premiumness and reliability when it comes to cars but it has failed to win the hearts of the Indians when it comes to the economy segment or the hatchback cars are concerned. Toyota has very limited to offer in the hatchback offers. In addition to it the Indian market is highly price sensitive and price driven in fact. The Toyota cars as compared to the counterparts are priced higher and are not perceived as affordable by the Indian consumers. The Japanese giant blames it on the Government's tax structure saying that despite the repeated demand of a viable Tax structure the government levies Heavy taxes which do not let them operate at the Economies of scale. According to industry executives and experts, these automakers face roadblocks due to a lack of knowledge of the Indian market and a mindset that isn't adapted to the local requirements.

"India is primarily a market for small cars" therein lie the true challenge for Toyota. Toyota's lack of knowledge when it comes to Indian market is another reason that is quoted by the various industry experts. "To be successful in any market, it is essential to understand the customer in order to create the right product lineup, effective channels to reach the customers, and an aspirational, relevant brand. The strategy that Toyota uses for Indian market is not sustainable the experts claim.

SUZUKI: INDIA'S LOVE AFFAIR WITH THE JAPANESE GIANT

The story of Maruti Suzuki dates back to the year 1981, when the Indian government laid foundation of the Maruti Udyog. In the following year 1982, India's Maruti merged with Japan's Suzuki to form well known Maruti Suzuki India Ltd as it is known today. His 1980s "Maruti car" became immensely popular and is still regarded as a classic.

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