

| | |
|---------------|--|
| Name: |  UPES UNIVERSITY WITH A PURPOSE |
| Enrolment No: | |

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, December 2019

| | | |
|---------------------|--|------------------------|
| Course: | Introduction to Automotive Industry | Semester: III |
| Program: | BBA AUTOMARKETING | Time: 3 Hours |
| Course code: | MKTG2003 | Max. Marks: 100 |

Instructions: (i) All the questions in section A and section D are compulsory.
(ii) Attempt any 4 out of 5 questions in section B.
(iii) Attempt any 2 questions out of 3 in section C.

SECTION A **(20 Marks)**

| | | | |
|-------|---|---|-----|
| Q1. | Define the following terms with respect to automobile sector. | | |
| i. | NATRIP | 2 | CO1 |
| ii. | FAME Scheme | 2 | CO1 |
| iii. | End of Life Policy | 2 | CO1 |
| iv. | Safety Glass | 2 | CO1 |
| v. | Strategic Alliance | 2 | CO2 |
| vi. | Free Trade Agreement | 2 | CO2 |
| vii. | Electrical Vehicles | 2 | CO1 |
| viii. | Customization | 2 | CO1 |
| ix. | ABS | 2 | CO1 |
| x. | Earth Moving Equipment | 2 | CO1 |

SECTION B

Attempt any 4 of the following in this section
(4* 5 Marks Each -20 Marks)

| | | | |
|----|---|---|-----|
| Q2 | Safety of the driver and the passengers should be the utmost priority of each and every automobile manufacturer. Explain Safety standards required by the automotive industry in near future. Will it affect profitability of Industry? | 5 | CO2 |
| Q3 | Identify the value added services which automobile manufacturers can offer to remain competitive/for gaining competitive advantage. | 5 | CO3 |
| Q4 | India is an agricultural based economy. To boost the productivity, we need to have good and efficient low cost agriculture vehicle and equipment. Describe the need of | 5 | CO3 |

| | | | |
|--|--|----|-----|
| | the development of tractor industry in our country. Suggest how our tractor industry can become the global leader. | | |
| Q5 | Three wheeler industry is back bone of our transportation system. Comment using suitable example. | 5 | CO2 |
| Q6 | Since last two years, automobile sector is not performing well because of poor demand form domestic as well as industrial market. What may be the major reasons for this decline? | 5 | CO4 |
| SECTION-C (2* 15 Marks Each- 30 Marks) (Attempt any 2) | | | |
| Q7 | In order to cater the huge geographical territory of the domestic market and also the exports to other countries, companies in automobile sector are located across India. Give a brief description of the automotive clusters in our country. Explain the impact made by them in the development of the respective geographical economy. | 15 | CO4 |
| Q8 | Discuss the development of Industrial Vehicle segment in our country. What are the various strategies adopted by automotive companies in India to become more competitive in global market. | 15 | CO4 |
| Q9 | What are the salient features of AMP 2026? Do you think it can change the dynamics of entire Indian Automobile sector? Why or why not? | 15 | CO5 |
| SECTION-D (30 Marks) | | | |
| | <p style="text-align: center;">MAHINDRA AUTOMOTIVE & FARM SECTORS: AUTOMOTIVE BUSINESS : WHO OWNS THE AUTOMOTIVE FUTURE?</p> <p>Mahindra Automotive & Farm Equipment Sectors (AFS) comprise businesses ranging from Automotive (including Cars, UVs, Small Commercial Vehicles, Trucks and Buses), Agri-business (including Dairy, Seeds and Applitrac equipments), Construction Equipment, Powertrains (Engines, Transmissions & Gensets) to Tractors. This caselet pertains to the Automotive Business of Mahindra AFS.</p> <p>BUSINESS BACKGROUND</p> <p>The Automotive business is one of Mahindra Group's oldest businesses, which commenced with the launch of Mahindra Jeep in 1947. Six decades later today, Mahindra is still India's premier Utility Vehicle company, with iconic brands such as Bolero and Scorpio, and an offering that ranges from Cars, Electric Vehicles, Pick-ups and Commercial Vehicles that are rugged, reliable, environment-friendly and fuel efficient. Mahindra Group's automotive product range includes small commercial vehicles such as Gio, Bolero Maxi Truck and Maxximo, Verito & Vibe range of Cars, e2o range of Electric Cars and Utility Vehicles including Thar, Bolero, Scorpio, Xylo, Quanto, XUV500 and Rexton, along with Mahindra range of trucks and buses. Mahindra Automotive's R&D is concentrated in Mahindra Research Valley Chennai, with manufacturing facilities across 9 plants world-wide. In 2011, Mahindra acquired Ssangyong Motor Company of South Korea with presence in over 90 countries worldwide. Mahindra's vehicles ply both paved and unpaved roads of Australia,</p> | | |

Europe, Latin America, Malaysia, South Korea and South Africa today, contributing about half of Mahindra Group's revenues.

LIVE CHALLENGE: WHO OWNS THE AUTOMOTIVE FUTURE?

The Automotive Industry began in the 1890s, with hundreds of manufacturers disrupting the horse carriage industry. Before the Great Depression of 1929, there were 32 million automobiles in use, and the US Industry produced almost 90% of them. In 1980, Japan overtook the US as the largest producer of cars, which the US reclaimed in 1994, only to lose to China in 2009. In 2012, China produced twice as many automobiles as the United States. Mahindra ranks 25, in the global list of Original Equipment Manufacturers of Automobiles including Cars, LCV, HCV and Buses, by volume. In this long and chequered history of 100+ years, 2 things have both driven the automotive business, and remained constants:

1. The Automobile has always been an aspirational product.
2. The Automotive OEMs have always exercised great control on the price at which a vehicle is offered.

Such an industry met with an incredible threat from an unknown quarter! In late 2007, Steve Jobs launched the iPhone, soon to be copied by a slew of other "smartphones". Smartphones disrupted the phone market, overthrew global leaders Nokia and Blackberry out of business, and began to revolutionize the world with their teeny-tiny "apps". Soon enough, iPhone and Android Apps started doing everything for smartphone users, from checking into a plane or a hotel to helping them buy groceries to getting around in unknown places.

18 months after iPhone's launch, Garrett Camp and Travis Kalanick received USD. 200,000 as seed funding and started Ubercab offering smart-phone based hailing, tracking and paying of Taxis. In 6 short years, the company grew to a value of USD. 50 Billion, with operations in 300 cities across 58 countries worldwide. The rapid growth of app-based cab companies made car companies sit up and take notice, even in an evolved auto market like the US. India too was 'uberified' with rival apps such as Ola, TaxiForSure and eventually, Uber itself.

With the advent and rapid growth of these app-driven "aggregators", Automotive businesses are faced with the prospect of car-ownership not being as much of an aspiration in the future, as it is today. Are Younger Indians as big on owning things, as their parents were? News reports have started trickling in, of customers who sold their cars and have started relying solely on taxi hailing apps. The cost of acquiring the asset (the car), maintaining it, paying for costs like having a chauffeur, parking etc. are beginning to be weighed against the convenience of calling a taxi on demand. There are reports of customers opting out of a second car, substituting it with taxi usage through these apps. Cars are being commoditized, and the pricing control that OEMs currently exercise may not remain with them in the future. Aggregators use their volume-buying power to significantly influence the price at which an automobile is sold - the power of pricing an automobile has shifted from the OEMs to the aggregators in a short span of time. Differentiation among brands is disappearing, and

| | | | |
|-----|--|-----------|--|
| | <p>it is becoming increasingly difficult to hold on to a customer, build customer loyalty. It is like, a brand has to start all over again, every time a customer wants to buy a new vehicle. The two fundamental premises that have governed the Automotive Industry for a century now, have been challenged globally.</p> <p>Car ownership penetration level is low in India - about 18 for every 1000 people, compared to 800 per thousand in the US. Will this market potential be realised? The share of organized cab services is low too, at 7% of 2 million cabs, which itself is considered a low fleet size for a country of India's size. Will the former market potential translate into realizing of this potential, or both will grow, feeding off each other?</p> <p>In the US, OEMs such as Ford have recently started car-sharing initiative that helps people let out their Ford cars to a select set of customers, to lower the cost of maintaining the vehicle. The app-based cab companies are also to be viewed in the light of their current "cash burn rate" to acquire customers, if it is sustainable in the longer run, and if they could survive beyond discounting.</p> | | |
| Q10 | How will this game eventually play out? Are cars just a means of commuting, as app-based cab companies believe, or are they an extension of one's taste and personality, as the OEMs believe? | 15 | |
| Q11 | What should be Mahindra's strategy to neutralize the adverse impact of Aggregators on its businesses, and prepare itself for the disruptive changes that could possibly take place? Evolve a Strategy for Mahindra Automotive in the new Digital Era. | 15 | |