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A CRITICAL ANALYSIS REPORT OF FORD MOTOR & HYUNDAI MOTOR LTD. IN AUTOMOBILE INDUSTRY

Shivam Rajput¹

I. INTRODUCTION

This project provides a critical analysis report of the car automobile industries in which we will discuss about those things, why Ford motors limited has failed in Indian market and why Hyundai motors India limited achieved grand success in India. The main focus of this study report between the car competitor automobile companies i.e., Hyundai motor India limited and Ford Motor limited. In this research we will also discussed about the automobile industry of Indian market, in which production of passenger vehicles, growth of car companies as well as future of car companies in an Indian market.

In this research report we will also be discussed about the general information of both the car automobile companies in which from where both the companies started their business in India as well as globally and right now where they exist. What are the tactics and marketing strategies used by the companies for their success in India and what are the loophole in which they ignored or we can say that they didn't work properly over those criteria where the Indian automobile car industries run?

II. FORD MOTOR LIMITED

Ford Motor company was established in the year 1903 by Henry ford with eleven associates' investors, in the United States of America. The company was established for the purpose of manufacturing passenger's car, trucks, automotive parts and equipment as well as accessories for the same. The headquarter of the Ford Motor limited is situated in

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Dearborn, Michigan. The Ford Motor limited was entered in an Indian automobile industry in the year 1988 with the name of Ford India limited and launched a car i.e., ford escort. In the year 2001, the ford India limited launched ford ikon which got huge success in Indian automobile market, afterward the company launched and added some other version of passenger car such as Ford fiesta, Ford Mondeo, Ford Fusion etc.

At initial stage, when the company was introduced in India then company has invested huge amount for the finest services given to Indian automobile market with Rs.1700 crore the amount is invested to integrated a manufacturing plant of their own at Maraimalai Nagar which is situated in Chennai. The plant in which the company has invested and established for the same has the capacity to produce or manufactured 100000 vehicles per annum.

III. KEY PERSONNEL OF FORD INDIA LIMITED

Arvind Mathew is appointed as managing director and president of ford India limited. He took his charge in august 2005. He has great experience in same field and he manage the company from the very beginning phase of the company at the same time the company is going to take entry in the new phase of Indian automobile market in the country.

Lucy Millar is appointed as vice president of finance and IT at Ford India limited; she took up her charge in May, 2005. She has to reports to Arvind Mathew for the same.

Scott McCormack is appointed by the company as an vice president of marketing, sales and services in Ford India limited. He took his charge in July 2006. Scott reports to Arvind Mathew for the same.

Nancy Reisig is the vice president of human resource management at ford India limited, she took her charge in march 2005 and she also reports to the president and managing director of ford India limited for the same.

Sandeep Sanyal appointed as vice president of supply and total value management (TVM) and he took his charge in the September 2005 and he has also reported to Arvind Mathew who is the managing director and president for the same.

Steve Bridgman is appointed as country manager for Ford India limited in which it provides wholesale funding to dealer of the country to established the network and he has also reports to Arvind Mathew, Managing director and president of ford India limited.

IV. BUSINESS MODEL OF FORD INDIA LIMITED

The company started their manufacturing plant in Chennai with an investment of Rs 1700 crore. The plant well equipment and technologies and it covers near about 350 acres area and also gives employment to 2000 people on directly basis and on indirectly basis there is so many employed people in the plant. Furthermore, the plant has the capacity to manufacture and produce 100000 per annum. According to the mission of the company i.e., Ford India's every step and every planning, strategy is called planned to perfection.

So here we discussed about the business model which is followed by their company for their mass manufacturing of the passenger's car are as following:

- The first step is stamping, under the process company used to press line moulds sheet into the different body parts of the car as well as to check regarding the dimensional and surface area of the quality for the same.
- The second comes body shop, under this process company used to check entire shell with military genuineness dimensions as well as also check the welding quality of body of the car used for the same.
- The third stage is paint shop, under this process the company used to check their paint which is not affected by the rainy season or the colour should not flow from sunlight. They also check about the

pvc coating for the corrosion protection. Due to this the ford has global speciality in paint.

- In the fourth stage the company used to check and proper take care of door and sear corner to keep in mind that customer comfort and peace of mind and uses professional and technology for the betterment and high security and service to their customers.
- The final stage is quality testing under this process, the company used to check and ensure that every car is best and even used to trying condition and Ford Motor company compliance with BS-III which was notified by the Indian government.

V. OBJECTIVE OF FORD INDIA LIMITED

Ford motor limited is used to provide their services and problem-solving issues in the of Ford solution in which their goals to provide good quality, customer satisfaction and customer oriented products through this they can achieve their objective as well as the need and wants of the customer for the particular area of interest in which they can fulfils, furthermore they tried to satisfied their customers as mentioned for the same in the field of automobile sector.

VI. HYUNDAI MOTOR LIMITED

Hyundai motor company is also known as Hyundai motors is an south Korean company which was established in the year 1967 by Chung Ju Yung. The headquarter of the Hyundai motor is situated in Seoul, South Korea. Hyundai is the sixth largest car maker company in the world, the annual manufacturing capacity of the company is 1.6 million units and the company gave employment near about 75000 people worldwide report as well as the company sold their car vehicle 193 countries with their 5000 dealerships and showrooms.

Hyundai motor company was entered into an Indian automobile market in the year 1996 in the with their name i.e. ***Hyundai motor India limited***. The first car vehicle introduced by the company in the market

was Hyundai Santro, launched in the 1998 and the car was considered huge success in the Indian automobile market because it was considered as second bestselling car in India in the year 2000. Now, Hyundai motor India limited is the second largest manufacturing and growing company in an Indian automobile sector.

There were so many cars introduced by the company during that time such as Santro, Elantra, Accent, Tuscon etc, these are those car variants of Hyundai motor India limited which achieved grand success in an Indian market. Now, Hyundai motors India limited dealing with their 34-car segment. The tactics used by the Hyundai motor India limited i.e., sustainable environment management standards which impact is that they get their maximum. In India, the Hyundai motor India limited wholly owned and management by the subsidiary company of Hyundai motor company.

Hyundai motor India limited has recorded their achievement as their combined sales of 252851 in the year 2005, with the growth rate of 17.26% over their last year, the company also achieved that it is the largest exporter of car vehicles of value Rs.1800 crore as well as company also recorded their growth rate in export i.e., 27.2% in the year 2004.

Hyundai motor India limited established their fully integrated manufacturing plant in the state of Chennai in which they introduced some advancement in the car technology, qualitative quality as well as best testing capabilities in the country. After that in the continuous process the Hyundai motor India limited invest to their second plant through which they will produce 300000 more unit per annum and it also increased the total number of productions of car vehicles in the country i.e. 600000 unit in the year 2007 across India.

In the year 2006 the Hyundai motor India limited achieved their significant success by their exports i.e., 300000 car vehicles export by the company near about 65 countries in the world. Hyundai motor

company has been awarded for their benchmark ISO-14001 for their sustainable development as well as sustainable environmental management program.

VII. BUSINESS MODEL OF HYUNDAI MOTOR INDIA LIMITED

Hyundai India limited has used those business tactics in which modern generation requires modern technology with advance development and this standard strategy is used to followed by the company in which it basically deals with the proper implementation of their manufacturing plan such as on time inventory management which helps them to making world's best car, right here available in India.

The business model which is strictly followed by the company are as following:

- In the first stage the company used press shop in which the computer control line which convert sheet metal into body panel of high consistency as well as high dimensional accuracy.
- In the second stage i.e. body shop in this process company used automated robotics arms for welding operations that build full body shell from the panel, it ensures the superior and consistent quality build for the same.
- The third stage is paint shop under this stage, company used environment friendly water-based colour which is lasting exterior and superior and it helps to deliver most attractive colour range which customer get their preferred at any time.
- This is one of the most modern paint shops in the Indian automobile market because it has unique management system and a smaller number of batch requirements for the same.
- In the fourth stage of company i.e. engine and transmission shop, it is considered as highest and biggest engine shop in the country because it has most advance modern tooling system and testing facilities which makes wide range of engines manufactured after

that the company used plastic paint to the body of the car vehicle which provides highest grade finish and good touch to the plastic components of the vehicle, furthermore this technology has very few manufacturing unit in India automobile industry.

- The last and final stage model is the test track in which company used to check the ABS braking system and the testing has done through rattle testing, the track has designed to meet pre-delivery certification standards i.e., PDI afterward the vehicle is ready for the customer test drive for their need and desire.

Hyundai motor company has the most advanced research and development techniques which mainly focuses on quality enhancement and product design engineering through which they meet the need and demand of the market.

VIII. SWOT ANALYSIS OF HYUNDAI MOTOR

Under the swot analysis we will discussed about the strength, weakness, opportunities and threats for the company in which we will deals with those issues and policies company should work on this and sustain in automobile industry.

First of all, we talk about the **Strength** of Hyundai motor in which some major points need to detailed are given below: -

1. Company has exceptional excellent car safety features and has unique design as it achieved so many awards which proven for the same. The company also made some important improvements to the car safety feature and won so many award in this regard. Furthermore, the company also improved their product design efforts, in the year 2015 Hyundai 's Sonata, Elantra etc.
2. According to the success report of the company, Hyundai motor is the sixth highest rating brand in the world, the behind companies such as Mercedes Benz, Honda Car, BMW, Ford etc

3. Hyundai motor has invested so much amount on the research and development because of this company get new innovative car for the present market requirement as well as to keep in mind that what is demand of their customers in the present market scenario.
4. If we talk about the cost of the car of the company then the cost is low and their customers are able to purchase at the same time the Hyundai motor provide five-year guarantee for their new sold cars, which is one of the best covered guarantees as well as longest guarantee in the automobile industry.
5. The company is able to do for the same because it manufactures quality car.
6. The company has very strong presence in India and China automobile market as well as if we talk about in Indian markets then company has best resale value for their old vehicles.
7. Hyundai motor company has taken various steps towards the betterment of the society through the CSR activities. It includes donations to the government holding schools and educational institutions, expanding the forest in Tamil nadu, promoting eco-friendly products and services, drilling of waters and so on.

Second thing is **Weakness** of the company which determined by the following causes:

1. Hyundai company has very poor brand value because it only sales Hyundai and kia on other hand Toyota deals with four brand and Volkswagen sells twelve different as well as ford sells two different brands simultaneously. So here we can say that few different brand deals with fewer customers, here the company suffers for the same.
2. If we talk about the US automobile market then the presence of the Hyundai motor is very low as well as Japan Automobile market simultaneously. The US automobile market is the leading vehicle market where it sells 21.5 million unit alone in the year 2015. In this market Hyundai motor was not fall among the top car

manufacturing company and sold less than ten percent of the total unit of automobile market.

3. The biggest weakness of the Hyundai motor company is the share market value falling or we can say that it has lower market of its share, the main reason behind it to increase the total number of competitors in the market due to this the price of the share of the company is decrease.

The third phase of the analysis of the company is **Opportunities** in which we will discuss about those opportunities in which Hyundai motor need to work upon this are as following:

1. The greatest opportunity for the company is to expand their business in US automobile market if the company has work upon it then their market share value will increase because the interest rate of US market has been low in several years. So, it is best opportunity for the company to achieve it for the same.
2. The Hyundai motor company need to focus on the time and frequency of their new model of vehicle because customers' expectations in relation to car technology has changed day by day while company launches their car model with some new modifications which take time near about four to five years. So here need to understand what is the frequency of the market for the same.
3. In the present time scenario, the people are moving to the electric car because the present trend of the market is to used electric cars which is eco-friendly as it lower the cost of usage. On other hand, the price of the fuel is on top so the customer moving on for the same.

The last and final analysis under the swot is **Threat**, here we will discuss those points which can be so called threat for the company are:

1. There is no doubt that the Hyundai motor offer their car at low price as compare to other car companies. There are so many people who used to travel by public transport such train and buses. So here we can say that the substitute available in the market for the people is the biggest threat for the growth and expansion of the company.
2. There are so many competitors are existing in the automobile market i.e., Honda, Toyota, BMW etc in which customer have faith in their brand value because they have loyal customers. So here company lose their market share value due to increased share value of the said companies.
3. If we talk about the revenue of the Hyundai motor company i.e., more than fifty percent comes from international automobile markets, it simply means that the company highly depend upon this.

On another hand the issue has arisen the rising Korean won exchange rate due to these other currencies has fall so the company face the loss because it lowers the revenue because of currencies of other countries is not increased according to the Korean currency. There are so many polices which as framed by the government of various countries in which the cost of production of the vehicle is high and need to pay taxes for the same. So, it is also biggest threat for the Hyundai motor company.

IX. SWOT ANALYSIS OF FORD MOTOR COMPANY

Swot analysis report of Ford Motor company in which we will discuss about those points which is strength, weakness, opportunity and threats for the company to sustain in an automobile market. Through this analysis report it will be clear that why Ford Motor company face loss in Indian automobile market and what are those points in which the company need to focus on and how to remove it for the betterment of the areas following:

The first thing is **Strength** in which we deal those points which is the strength of the company, there are some basic points given below:

1. The Ford Motor is a reputed and established brand in the automobile industries and it is well known for it recognised globally and the achieved it because their marketing strategies as well.
2. The Ford Motor company is second largest automobile company in US market at the same time hold fifth largest company in the world, in which the company sold their unit near about 4187000 car vehicles in the world.
3. In this point we can say that the Ford Motor company has reported that it has very good research and development skill towards their enhancement of the company and its efficiency. Through their research company know about their new products and services towards their need and want of the customers. On other hand company also find out and evaluate the efficiency of the safety and satisfaction of its customers' expectations.
4. The company also has their distribution channels in which they have huge dealership network in the world. The company have near about 10000 dealers in the world and it manufactures their product on a standard basis
5. The financial position of the Ford Motor company is the biggest strength of the company because of its very strong position and performance in US market.

The second analysis is based on **Weakness** of the Ford Motor company in which their certain points, company need to focus to remove their weakness as it show their internal strategy has failed, the points are as under:

1. Ford Motor company face an huge amount of loss when they recall their product it get back to the company, through this step company lose their goodwill in the automobile market. Its recall

- affects the image of the company and the company get back their car unit near about 830000 to fix problems arise in the products.
2. If we talk about the Indian automobile market then the Ford Motor lose their identity because of company did not focus on production as well as their performance of their vehicles after the sales. Furthermore, the Ford Motor company did not achieve the monopoly in the emerging automobile market in India.
 3. The company has very poor image in the automobile market because of their poor top-level management as well as the company had not fulfilled the expectations of the people of India regarding for respective reasons. On other hand, ford company has focused only on SUV car vehicles and truck and no care about the mini car or we can say that five-seater car and sedan car. The company fully depends on their SUV car and trucks this is biggest loophole for the failure of the company for the same.
 4. The company also have their full focus on European and American markets regardless with the emerging market of India and China Simultaneously.

The third phase is to deal with the **Opportunity** in which we will focus those areas where Ford Motor company need to focus and expand their business in an automobile sector are as following:

1. Firstly, company need to understand that they manufacturing those vehicles which eco-friendly because now it is the demand and need of the society as well as government of the respective countries are also focusing on them. So here i would like suggest that the Ford Motor company need to manufacture or produce those vehicles which can be run by different types of energy, here company has more choice in respect for the same.
2. Secondly, the company need to determine that what is current trend of automobile market in which they can attract as well as to impress their customers. Although the need and want of the

customer must be fulfilled so here company need to enhance their approach regarding customer satisfaction.

3. The Ford Motor Company need to understand that how their market growth in India and frames those planning and strategies in which they reached the customer-oriented approach as well as to create the goodwill which the company loosed through the recalled of their existing vehicles. The company should also keep in mind that to produces those light vehicles which is used as rental purposes such as uber, ola etc, if the company has focused on this, then definitely goes their maximum.
4. The Ford Motor company should expand their business into their own related field for the company known. The new CEO of the Ford Motor company Jim Farley, he announced that the company is going to expand their business into fleet management, software etc. So here i can say that the used to invest and expand their business in their related automobile sector not any other sector because the market knows them for their vehicles not for any other things.

The fourth stage of analysis is the **threat** for the Ford Motor company, there are following points to deals with same given below:

1. The Ford Motor company has beard huge loss for the available competition because of the other competitors the company is struggling to sustain in the market of automobiles industry. On other hand the price of the raw materials is increased due to which the cost of production is also increased which directly impacts the profit margin of the company.
2. There are some rules regulations and policies which is framed by respective governments of the country through which the company need to follow with all the compliances. Because there are so many guidelines for the safety and security feature of the vehicle as well as the concerned quality of the product must be meet those

regulations which is set by the government for the betterment of the society.

3. After the introduction of uber and self-drive car available in the market for the use general public it also affects the sale of the company because public used those services regardless to purchase their own vehicles.

X. COMPARATIVE RESEARCH ANALYSIS BETWEEN FORD MOTOR COMPANY AND HYUNDAI MOTOR INDIA LIMITED

There are so many different reasons in which we will discuss those points and tactics used by Hyundai motor India limited follow to achieve their grand success in India and also discuss those point in which Ford Motor company failed, the comparative analysis research report are as following:

1. At the initial starting stage, the *Ford India limited* had not focused on customer approaches such safety and others features which is specific need of the people. The company's production cost is very high and the did not commit to achieve the goal from the customer and Indian market point of view. If the customer wants to purchase the vehicle from Ford in regard with safety features, then price of the vehicle is very high. On other hand, if we talk about the *Hyundai motor India limited* then the company started their business after the research and development report in which they determine the need and want of the customer as well as their expectations from their vehicle at minimum cost. So, company used to those strategies and standards which is according to the Indian automobile sector. Through this tactics company create a great opinion in the mind of the Indian customer because of their unique features and standards.
2. If we talk about the previous reports then Ford is not first company which failed in Indian automobile market because of their profit

making. There are some other companies which also left the Indian automobile market i.e. The General Motors, Fiat India limited and Eicher Polaris due to high competition in Indian automobile sector. The Ford India limited left Indian automobile sector due to their poor management and Strategies as well as their failure of partnership. On other hand, Hyundai motor India limited provides superior customer service after their sales. The company main aims is that to provide effective services to their customers irrespective of their any issue whether it related to mechanical as well as services queries.

3. Ford India limited has invested huge amount of investment to their manufacturing plants, it was look like a Taj mahal which is no relevant to the Indian automobile market as well as customers' expectations. This is waste of money to build such type plants which is no relevance for the same. If the Ford invested such amount to the betterment of their vehicles and need of the Indian automobile market then the present situation of the company is somewhat different and also give competition to their competitors. On other hand Hyundai motor India limited has invested their investment toward the better quality of their vehicles instead of them to build their plant looks more attractive. Hyundai has committed to give maximum integrity and passenger safety because it is most important things in which customer think while purchasing the car vehicles.
4. The main objective of the Ford is to target those customers in which they get maximum profit irrespective of the general and basic need and expectation of the common people that's why the company failed in India while the Hyundai target the basic need and expectations of the common people of the Indian market that's why the achieved their maximum goals as well as to create a grand goodwill in Indian automobile sector.

XI. CONCLUSION

Here I conclude my research that the Ford India Limited should have focused on those market scenarios in which the other companies used their tactics to take their control over the automobile market of India, which has been done by the Hyundai Motor India Limited. The present scenario is that the Hyundai is the second largest automobile company in India and whereas the situation of Ford is to shut down their business from India. As the Ford targets their customers in US and gain their maximum profit margin, the same things applicable to India in which the company used to follow those strategic management where they can compete the market with given market situation rather than to gain maximum profit margin.

Hyundai Motor India Limited was entered into an Indian market when the Ford entered but we can see the situation of both the companies. Hyundai got its great success just because of their better management strategy as well as their long-term goal which create a positive impact in the automobile sector of India. Ford Motor company must think about the mini five-seater car and sedan instead of its SUV and trucks, because the buyer of the SUV and trucks are less in numbers. If the company used those technologies and techniques which are used by the competitors then it can surely survive in the market because there a greater number of buyers who purchases the car vehicle according to their needs and willingness. While, if we talk about Hyundai then the company targets a greater number of buyers of its product that's why it focuses on the mini five-seater car as well as sedan instead of SUV and trucks.