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Hyundai Motor's Global Market Strategy

Jun Akabane*

Summary

The purpose of this study is to statistically analyze the global market strategies of Hyundai Motor. Our analyses first reveal that Hyundai has recorded significant growth during the past five years, and one of the key factors behind that growth is Hyundai's successful exploitation of emerging markets.

When we explore the market strategies of Hyundai in China and India more closely, we identify a common point in that Hyundai launched small vehicles at low prices in both markets. On the other hand, we also find differences regarding market strategies between China and India. Hyundai markets a wide variety of models in China, while it focuses on particular models and pursues economies of scale in India. We also clarify that Hyundai is facing a couple of agendas in both markets. Hyundai has not earned solid brand loyalty in China, meanwhile it seems an important issue for Hyundai how to differentiate its products against those of Maruti Suzuki in India.

Key words: Hyundai Motor, Global Market Strategy, Emerging Markets, Small Vehicles

Introduction

Hyundai Motor is a Korean automotive maker established in 1967. Previously, there were two other major automotive makers in South Korea, namely Daewoo Motor and Kia Motor. However, both makers ran into financial trouble after the Asian financial crisis and consequently were dissolved or taken over¹⁾. Today, Hyundai Motor is the only Korean representative automotive maker, and it has been increasing unit sales globally in recent years. The purpose of this study is to statistically analyze the global market strategies of Hyundai Motor (hereafter "Hyundai"), and in particular to explore key factors behind its success in emerging markets.

As described in detail later, Hyundai has almost doubled its global automotive unit sales during the last five years. Analysts and scholars started to study Hyundai in association with such dramatic growth. Over the past few years, several studies have already been carried out. For instance, Professor Shioji revealed that the "Quality 5 star system" improved the quality of Hyundai cars (Shioji, 2010). He and Professor Tomiyama also clarified that the sales and commercial strategies of Hyundai were very effective for expanding sales in India and Russia (Shioji and Tomiyama, 2011a) (Shioji and Tomiyama, 2011b). Moreover, it is also indicated that top-down decision making by the president led Hyundai to invest rapidly up-front in emerging markets (Tsuchiya, Oshika and Inoue, 2006).

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1) Daewoo Motor (automotive division of the Daewoo group) was sold to GM and Kia Motor was taken over by Hyundai Motor.

However, few attempts have been made to statistically analyze the global market strategy of Hyundai. One reason is that published, freely available automotive market data are difficult to use for this kind of empirical research²⁾. In this study, we rely on the non-free database of Marklines³⁾ to statistically investigate the characteristics of the global market strategy of Hyundai.

With respect to the research method, little attention has yet been given to a comparative analysis with other automotive makers. In this study, we conduct a comparative analysis with other major makers so that we can, in relative terms, clarify the characteristics of Hyundai. It is also likely that we can identify the reasons why Japanese automotive makers are suffering from sluggish growth if we compare Hyundai to Japanese makers.

We present a concrete discussion as follows. The first section reviews trends of the global automotive market and examines the rapid growth of Hyundai. In the second section, we investigate the regional composition ratio of the global unit sales of Hyundai and other major automotive companies, and identify their characteristics in terms of a global market strategy⁴⁾. In the third section, we explore in-depth the market strategies of Hyundai in China and India. One background factor behind the growth of Hyundai in recent years is that it has successfully exploited such emerging markets. Finally, we summarize our discussion.

1. Overview of global automotive market trends

In this section, we look at several statistics to overview current trends of the global automotive market and examine the background to the rapid growth of Hyundai.

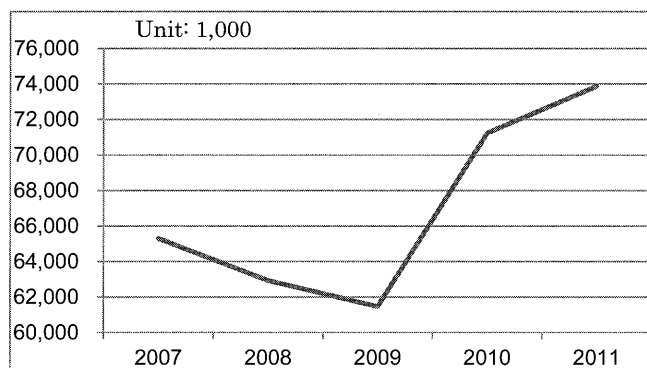
Figure 1 presents recent time series data of global automotive unit sales. As shown here, it decreased two years in a row from 2007 following the so-called Lehman Brothers Shock. The economic crisis we refer to as the Lehman Brothers Shock is the financial crisis that occurred in the United States in the second half of 2008⁵⁾. This kind of crisis is transmissible worldwide as we had already experienced with the Asian currency crisis (Jose, 1998). However, what differs from the Asian currency crisis is that the United States was not only the epicenter of the shock, but was also the center of world trade. The United States has established trade networks with most countries in the world. Therefore, many countries were impacted more or less by the Lehman Brothers Shock, and were forced to experience economic recession after the

2) Generally, often-quoted data when we study the automotive market are statistics published by the automotive manufacturing association or automotive dealers' association of individual countries. However, it would be very painstaking and time consuming to aggregate these data for more than one country, because the ways statistics are compiled by each automotive association often differ.

3) The database of Marklines provides data on the global unit sales of major automotive makers and countries, which are useful for analyzing the global market strategies of individual automotive makers.

4) The first section and second section are basically same as the former half of Akabane (2012), however we write more extensively on issues related to Hyundai in this article.

5) Andrew (2009) describes the process of Lehman Brothers shock in detail.



Source: Marklines database

Figure 1: Global automotive unit sales

crisis⁶⁾.

In terms of the automotive market, the crisis had a significantly negative impact, which was brought about mainly through a credit squeeze. As is well known, one of the solutions to recover from a financial crisis is a belt-tightening policy. However, this causes interest rates to rise with a subsequent credit squeeze. It is widely acknowledged that automotive loans play as significant role in car sales⁷⁾ as housing loans do for housing sales. Therefore, it is easy to imagine that people (especially middle-class people) were discouraged from purchasing cars during this economic turmoil⁸⁾.

However, global automotive unit sales recovered in 2010 and already surpassed unit sales recorded before the Lehman Brothers Shock. Under this recovery process, we should emphasize that the growth center of the automotive market has changed. Table 1 shows the regional composition ratios of global automotive unit sales. We should note the reduced share of advanced countries and contrasting expansion of emerging countries, especially in Asia.

Next, we can see from Figure 2 that the top 10 makers are composed of Japanese, US, European makers, and Hyundai. Hyundai is ranked fifth in terms of global automotive unit sales, and its share of total global automotive unit sales was 9% in 2011. There is one more point we should note regarding Figure 2. GM's share of global automotive unit sales was a mere 12% in 2011. According to the Lanchester Strategy⁹⁾, the

6) Tulus (2012) explores the economic impacts on Southeast Asia not only of the Asian currency crisis but also of the Lehman Brothers Shock.

7) It is known that the use of auto loans becomes more prevalent as a financial system develops. In Japan, slightly more than 20% of purchasers use an auto loan when they purchase a new car. Also, the rate of use of auto loans increases in the small car segment (Furue, 2006).

8) According to Takenaka (2009), the impact on automotive makers was more severe in Japan than in the United States. This is because the Japanese automotive industry depends heavily on exports, which fell sharply due to the worldwide economic turmoil.

9) The Lanchester strategy was originally a military theory and was applied to management science in Japan. A management adopting this strategy is called a Lanchester management.

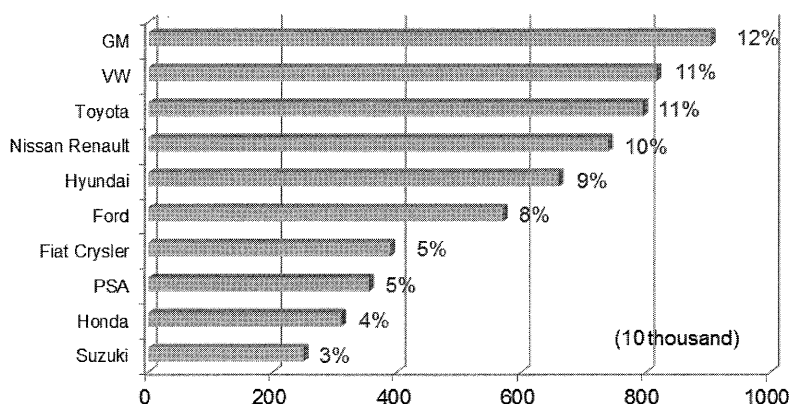
Table 1: Regional composition ratio of global automotive unit sales

	2007	2008	2009	2010	2011
North America	27.8%	24.1%	19.7%	18.7%	19.4%
Japan	8.2%	8.1%	7.5%	7.0%	5.7%
Western Europe	25.8%	24.6%	24.4%	20.1%	19.4%
Oceania	1.8%	1.8%	1.6%	1.6%	1.5%
Asia	21.8%	23.6%	31.6%	35.5%	35.3%
Russia & Eastern Europe	5.4%	6.1%	3.5%	3.9%	4.8%
Latin America	7.0%	7.9%	7.7%	7.9%	8.1%
Middle East & Africa	2.2%	3.9%	4.0%	5.4%	5.8%
<i>Advanced countries</i>	<i>63.6%</i>	<i>58.6%</i>	<i>53.2%</i>	<i>47.4%</i>	<i>46.0%</i>
<i>Emerging countries</i>	<i>36.4%</i>	<i>41.4%</i>	<i>46.8%</i>	<i>52.6%</i>	<i>54.0%</i>

Notes: Advanced countries: North America, Japan, Western Europe, and Oceania.

Emerging countries: Asia, Russia & Eastern Europe, Latin America, and Middle East & Africa

Source: Marklines database



Source: Annual report of each maker and Marklines database

Figure 2: Global unit sales of the top 10 makers in 2011

market is an unstable polyopoly with a strong probability of abrupt shifts in maker rankings¹⁰⁾. That is, the global automotive market is still quite competitive and there is no dominant maker acting as a leader.

Table 2 shows the rate of expansion of the global automotive unit sales of the top 10 makers from 2007 to 2011. We understand that the top 10 makers can be divided into two groups, namely a growth group with a high expansion rate and a sluggish group with a low expansion rate. In particular, it should be noted that Hyundai has almost doubled its global automotive unit sales. Hyundai is likely to provide a good benchmark for Japanese makers suffering from sluggish growth since the Lehman Brothers Shock.

10) Taoka and Onoda employed "The Lanchester strategic equation" of B.O. Koopman to develop market share targets (Koopman, 1943) (Taoka, 1971) (Onoda, 1980).

Table 2: Rate of expansion of global unit sales of the top 10 makers from 2007 to 2011

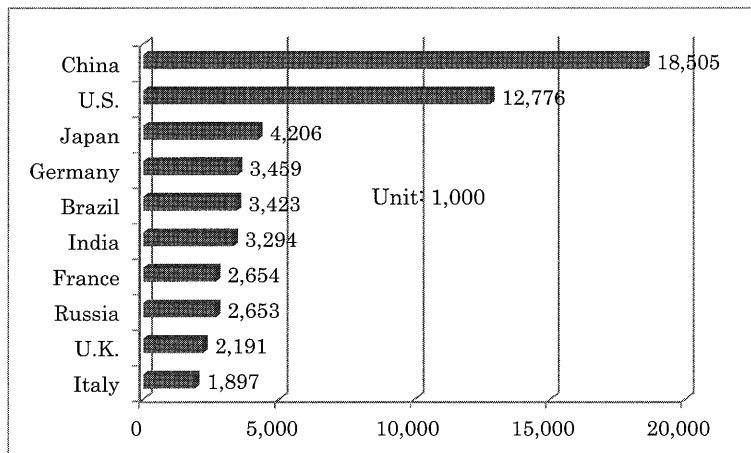
	2007→2011
VW	1.35
GM	0.89
Toyota	0.88
Nissan Renault	1.25
Hyundai	1.94
Ford	0.84
Fiat Chrysler	0.79
PSA	1.13
Honda	0.83
Suzuki	1.10

Source: Marklines database

Table 3: Rate of expansion of unit sales from 2007 to 2011 of the top 10 countries

	2007→2011
China	2.10
U.S.	0.78
Japan	0.79
Germany	1.01
Brazil	1.39
India	1.66
France	1.05
Russia	1.03
England	0.78
Italy	0.68

Source: Marklines database



Source: Marklines database

Figure 3: Global unit sales of the top 10 countries in 2011

On the other hand, Figure 3 shows the unit sales of the top 10 countries consisting of six advanced countries and four emerging countries, or the so-called BRICs. Furthermore, Table 3 presents the rate of expansion of unit sales from 2007 to 2011 for the top 10 countries. We see here that the markets of China, India, and Brazil have grown comparatively rapidly during recent years¹¹⁾. The total share of BRICs to global automotive unit sales reached 38% in 2011. It is predicted that emerging countries such as BRICs will lead the global automotive market over the next several years, as long as past market trends continue.

To sum up the results of the statistical analyses conducted so far, we can present the following two points. The first is that Hyundai has expanded global automotive unit sales prominently over the last five

11) Meanwhile, the Russian market was relatively stagnant because it depends highly on natural resource prices, which were decreasing at that time (Hibi, 2012).

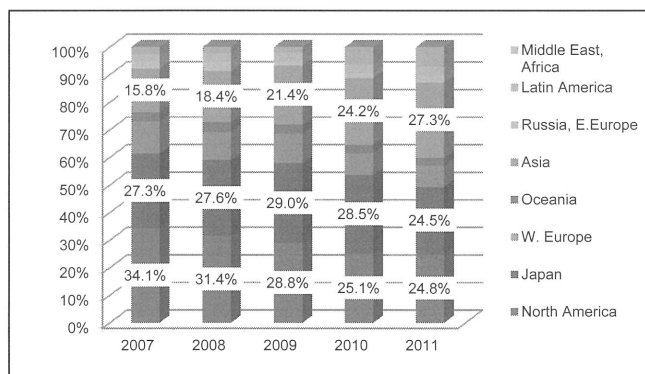
years. The second point is that we can assume Hyundai has succeeded in exploiting large emerging markets, while automotive makers such as Toyota and Honda have not. In the next section, we investigate the global market strategies of Hyundai and compare them to other makers more closely.

2. Regional composition rate of global automotive unit sales

In this section, we look at the regional composition ratio of the global unit sales of individual makers. We first review the other five makers, and then look at Hyundai to clarify the differences and uniqueness of Hyundai's global market strategies.

1) Toyota

From Figure 4, we find that the share of North America to Toyota's global sales was 34.1%, the largest share among the eight regions in 2007. However, this has been decreasing gradually, and dropped to 24.8% in 2011. In contrast, the share of Asia, which was only 15.8% in 2007, has been increasing over time, and reached 27.3% in 2011. It is said that Toyota has given importance to the Asian market during the past five years. On the other hand, the share of Japan seems to be relatively stable. As a consequence, Toyota currently has three main markets: Asia, North America, and Japan.



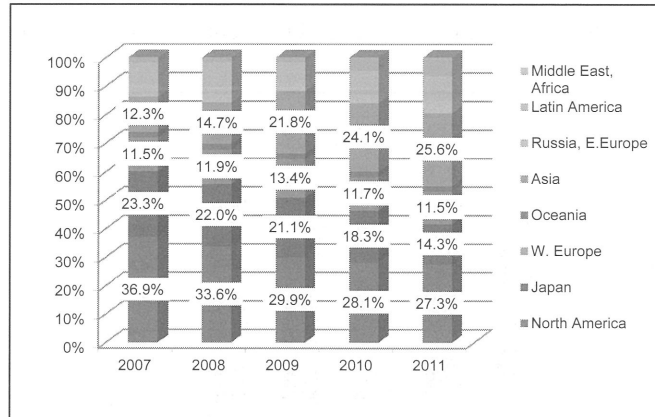
Source: Marklines database

Figure 4: Regional composition ratio of the global unit sales of Toyota

2) Nissan

From Figure 5, we find that Nissan shares a similar trend with Toyota. That is, the share of North America is decreasing while that of Asia is increasing. On the other hand, it differs from Toyota in the following three points. The first is that the share of Japan is also decreasing significantly. The second point is that the share of Western Europe consistently occupies more than 10%. This seems to be due to the alliance with Renault, which has dealer networks with a wide coverage in Western Europe. The third point is

that Nissan's market portfolio seems to be more diversified. Specifically, the number of regions with more than a 10% share in 2011 was four for Nissan, while it was three for Toyota, as shown by comparing Figures 4 and 5.

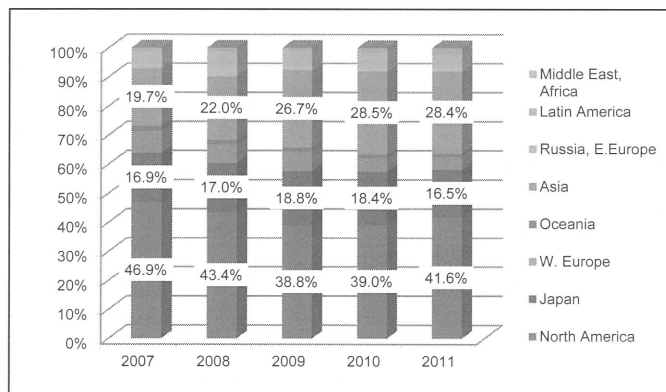


Source: Marklines database

Figure 5: Regional composition ratio of the global unit sales of Nissan

3) Honda

From Figure 6, we can observe first that Honda depends significantly on the North American market. The share of North America reached 41.6% in 2011, which is higher than that of GM, whose home country is the United States. Although the share of Japan is lower than that of Toyota, there seems to be a rather stable trend. Honda had three main markets in 2011: North America, Asia, and Japan, as is the case for Toyota.

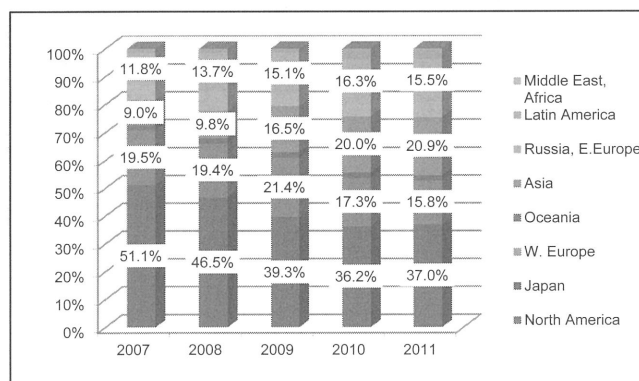


Source: Marklines database

Figure 6: Regional composition ratio of the global unit sales of Honda

4) GM

From Figure 7, we become aware that the share of North America is decreasing, while those of Asia and Latin America are expanding. At the same time, it is also remarkable that Western Europe occupies a constant share. As a consequence, GM had four main markets in 2011: North America, Asia, Western Europe, and Latin America. What differs from the Japanese Big Three is that the share of Japan is negligible for GM.

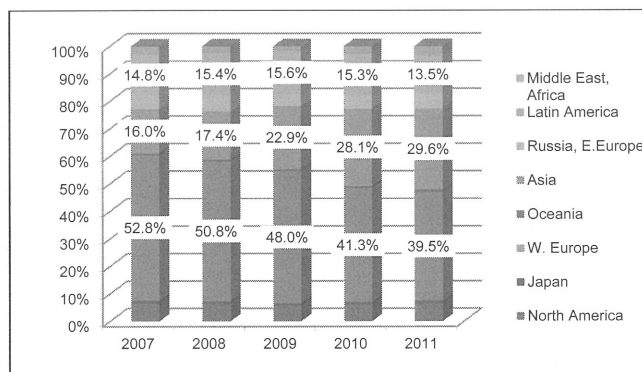


Source: Marklines database

Figure 7: Regional composition ratio of the global unit sales of GM

5) VW

We observe in Figure 8 that the share of Western Europe is decreasing, while that of Asia is expanding. Moreover, the share of Latin America is around 15% and stable over time. In 2011, VW had three main markets: Western Europe, Asia, and Latin America. The share of Japan is negligible, as is the case with GM.

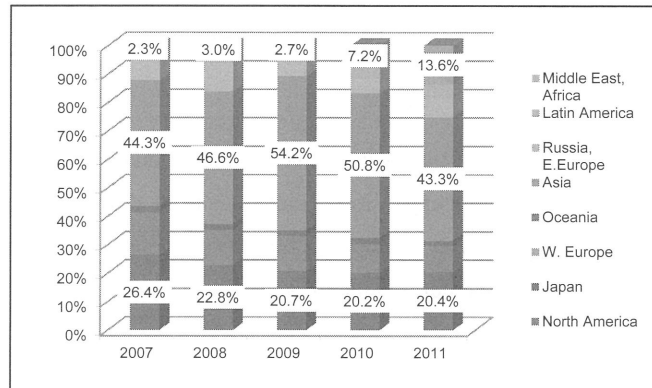


Source: Marklines database

Figure 8: Regional composition ratio of the global unit sales of VW

6) Hyundai

Regarding Hyundai, we can clearly find a unique trend that differs from all of the other five makers. The share of Asia occupied more than 50% in 2009, but then started decreasing, dropping to 43.3% in 2011. On the other hand, the share of North America decreased from 2007 to 2009, and remained unchanged at around 20% after 2009. What is remarkable for Hyundai is the share of the Middle East and Africa. It expanded after 2009, and reached 13.6 % in 2011. This is the highest share among the six makers in 2011.



Source: Marklines database

Figure 9: Regional composition ratio of the global unit sales of Hyundai

7) Comparative analysis

Table 4 shows comparisons of the main markets of the six automotive makers with shares of global automotive unit sales in 2011. Only regions with more than a 10% share are picked up here. We understand that Nissan and GM have more diversified market structures than the other makers. We can call the structure of the two makers a tetrapod structure and that of the others a tripod structure.

Among the four makers with a tripod structure, we find the following differences. The top three regions of Toyota and Honda are the same, of which two regions are advanced countries, namely U.S. and Japan. In contrast, of the top three regions of VW and Hyundai, two regions are emerging countries. This implies that VW and Hyundai have made positive strategic moves into emerging markets that have great potential, while Toyota and Honda cling to conventional markets where they already have built-in bases.

With respect to shares of emerging markets, Hyundai achieved 68.5% in 2011, which is the highest among the six automotive makers. Considering that of global automotive unit sales is 54.0% as shown in Table 1, we confirm that Hyundai has achieved its dramatic growth by positively exploiting emerging markets. We take up the Chinese and Indian markets to explore the market strategy of Hyundai more closely in the next section.

Table 4: Comparisons of the main markets of major automotive makers in 2011

Toyota	Asia (27.3%), North America (24.8%), Japan (24.5%)
Nissan	North America (27.3%), Asia (25.6%), Japan (14.3%), Western Europe (11.5%)
Honda	North America (41.6%), Asia (28.4%), Japan (16.5%)
GM	North America (37.0%), Asia (20.9%), Western Europe (15.8%), Latin America (15.5%)
VW	Western Europe (39.5%), Asia (29.6%), Latin America (13.5%)
Hyundai	Asia (43.3%), North America (20.4%), Middle East & Africa (13.6%)

Source: Marklines database

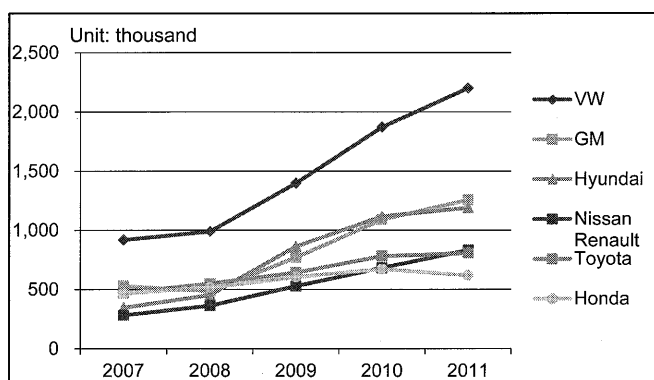
3. Market strategies in China and India

As shown in Figure 3, automotive unit sales in China and India ranked first and fifth in 2011, respectively. Furthermore, in terms of the rate of expansion of unit sales from 2007 to 2011, China and India were the highest and second highest, respectively, among the top 10 countries. We consider that Hyundai has successfully penetrated these two major emerging markets.

1) China

First, we verify the historical trends of automotive unit sales and the position of Hyundai in China. Figure 10 shows automotive unit sales for the six major automotive makers. We understand that VW is ranked first by far and Hyundai has been fighting for second position with GM during the past several years. There was also a considerable gap between these top three makers and the so-called Japanese big three in 2011.

On the other hand, looking at market shares in China, we can divide the six makers into two groups, namely the growing group and the sluggish group. The former comprises VW, GM, Nissan, and Hyundai. The latter comprises Toyota and Honda. Furthermore, if we calculate the average growth rate of automotive unit sales from 2007 to 2011, that of Hyundai is 39.5%, which is the highest among the six makers.



Source: Marklines database

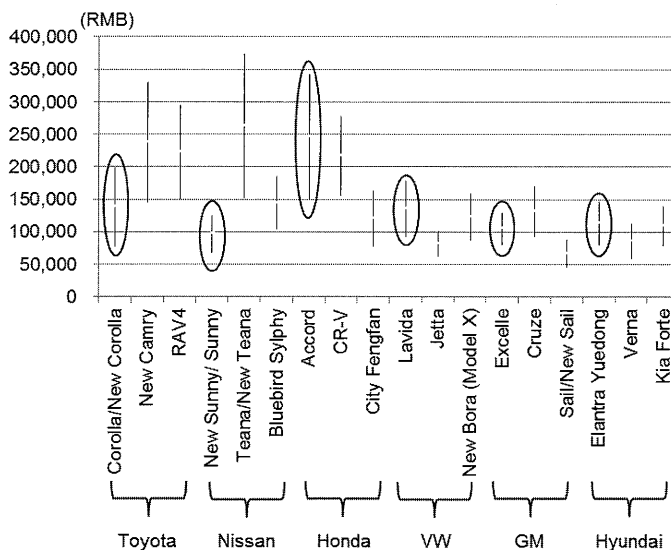
Figure 10: Automotive unit sales in China of six automotive makers

Next, let us explore the key factors of Hyundai's success. Various points such as improved quality and design, effective commercial strategy and strategic sales promotion have already been presented in previous studies. Therefore, we focus on the product aspect here, namely we are interested in the characteristics found in car models launched in Chinese market by Hyundai.

Figure 11 shows the price ranges of the top three models of the six makers in China. The top three models of each maker are ranked in descending order from the left. For instance, in the case of Toyota, the Corolla (including new Corolla) is the top-selling model, and the New Camry and the RAV4 are ranked second and third, respectively. The price range of the top model of each maker is circled, so we can understand the price range of the top-selling model at a glance.

What we can identify immediately from the figure is that the price ranges of VW, GM, and Hyundai seem to be lower than those of Toyota and Honda. If we calculate the weighted average prices of the top three models to analyze this more precisely, the results are as presented in Table 5. As expected, the weighted average price of the top three models of VW, GM, and Hyundai is almost half that of Toyota and Honda.

Based on the analyses carried out so far, we recognize one of the key factors accounting for the growth of Hyundai is that it input competitive models in the low price and small car segment. As Shioji indicated, segment B¹²⁾ occupies the largest share of China's passenger automotive market (Shioji, 2012). All three top models of Hyundai belong to segment B. More specifically, the market strategy of Hyundai focuses on the volume segment and succeeds in capturing part of the huge potential demand for small vehicles.



Source: Bitauto.com

Figure 11: Price ranges of the top three models of major makers in China in 2011

12) The definition of segment B in china is an engine capacity of more than 1,000cc and less than 1,600cc.

Table 5: Weighted average price of top three models (RMB)

Toyota	180,900
Nissan Renault	169,408
Honda	200,592
VW	114,310
GM	102,772
Hyundai	104,096

Source: Author's calculation based on Bitauto.com

On the other hand, Table 6 implies another aspect of the market strategy for Hyundai. It describes average unit sales per model for the six makers, which is calculated by dividing unit sales by the number of models sold in 2011. Table 6 shows that unit sales per model of Hyundai are the smallest among the six makers. This means Hyundai is marketing a wide variety of models, which seems to be another factor accounting for the recent rapid growth of Hyundai in the Chinese market. Although this kind of marketing strategy would be inefficient from the viewpoint of economies of scale, it should be judged comprehensively considering other elements such as standardizing components and modular production. In general, Hyundai is evaluated to be more advanced than Japanese makers in standardizing components and modular production¹³⁾.

Table 6: Unit sales per model of the six makers in China

	Unit sales in 2011 (1,000 unit)	The number of model	Unit sales per a model (1,000 unit)
Toyota	806	13	62
Nissan	832	14	59
Honda	617	8	77
VW	2,201	22	100
GM	1,256	14	90
Hyundai	1,190	22	54

Source: Author's calculation based on Marklines database

Furthermore, let us investigate the agenda Hyundai is facing in Table 7. It presents the results of a questionnaire directed at Chinese car users and potential users about the brands they hope to purchase next time. The row of the matrix indicates the brands car users own now, while the column indicates the brands car users and potential users would like to purchase next time. The on-diagonal percentage of the matrix means the possibility that the same brand will be purchased next time, namely brand loyalty.

From Table 7, we understand that Hyundai's percentage for brand loyalty at 13% is comparatively low. The only brands whose percentage is lower than that of Hyundai are Dongfeng Nissan at 7% and Tianjin FAW at 0%. This result indicates Hyundai has not built brand loyalty among Chinese car users yet. It is probable that Hyundai will stop its rapid growth if competitors catch up with its differentiated elements such as low price and sophisticated design.

13) Hyundai MOBIS, one of the major affiliated parts companies of the Hyundai group, has promoted modularization of production.

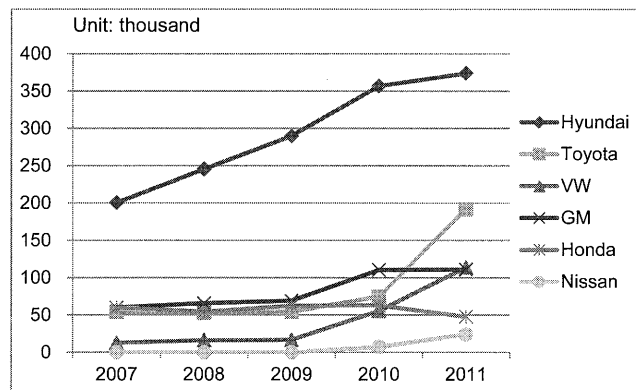
Table 7: Brands Chinese car users and potential users hope to purchase next time

	Beijing Hyundai	FAW VW	Shangjai VW	Shanghai GM	Dongfeng Nissan	Guangzhou Honda	Dongfeng Honda	FAW Toyota	Guangzhou Toyota	Tianjin FAW	Chery	Geely	BYD	Others	Potential uses
	N=45	N=86	N=101	N=46	N=41	N=78	N=34	N=57	N=22	N=2	N=30	N=11	N=46	N=101	N=300
Beijing Hyundai	13%	6%	2%	2%	2%	5%	0%	2%	5%	0%	3%	18%	4%	5%	5%
FAW VW	9%	36%	14%	20%	7%	13%	12%	2%	23%	0%	13%	0%	11%	9%	15%
Shangjai VW	13%	13%	35%	7%	15%	8%	6%	11%	5%	0%	10%	0%	11%	10%	12%
Shanghai GM	2%	7%	12%	22%	5%	8%	0%	5%	14%	0%	0%	9%	2%	8%	3%
Dongfeng Nissan	7%	3%	3%	0%	7%	8%	15%	7%	9%	0%	7%	0%	0%	4%	10%
Guangzhou Honda	13%	6%	7%	15%	15%	15%	9%	11%	5%	0%	10%	0%	11%	5%	5%
Dongfeng Honda	0%	3%	1%	0%	2%	10%	24%	2%	0%	0%	0%	0%	0%	9%	1%
FAW Toyota	9%	10%	5%	7%	7%	0%	3%	25%	9%	50%	7%	0%	9%	5%	1%
Guangzhou Toyota	2%	2%	0%	2%	15%	4%	12%	16%	14%	0%	3%	9%	2%	3%	4%
Tianjin FAW	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Chery	2%	0%	1%	2%	2%	0%	0%	0%	0%	0%	13%	0%	9%	3%	10%
Geely	0%	1%	0%	2%	0%	1%	0%	0%	0%	0%	3%	27%	2%	1%	3%
BYD	2%	2%	3%	4%	7%	5%	0%	0%	5%	0%	7%	27%	17%	4%	11%
Others	27%	9%	18%	17%	15%	23%	21%	21%	14%	50%	23%	9%	22%	35%	21%

Source: Akabane and Noro (2012)

2) India

Besides China, India is one of the emerging markets drawing attention, and Hyundai is also showing remarkable sales performance there. Figure 12 shows the automotive unit sales of the six makers in India. Hyundai achieved unit sales of over 350,000 in 2011, which is the largest among the six makers.



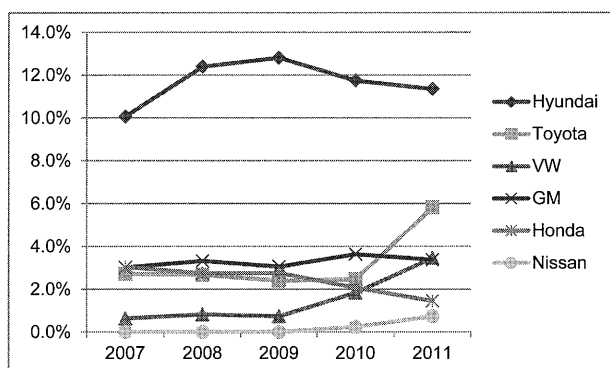
Source: Marklines databases

Figure 12: Automotive unit sales in India of major automotive makers

Looking at the trends of market shares in Figure 13, we see that the share of Hyundai remained unchanged at around 12%, while other makers recorded increases, more or less, with the exception of Honda. Among the other five makers, the unit sales of Toyota doubled from 2010 to 2011. This followed Toyota's launch of the low-priced Etios¹⁴⁾ for which it succeeded in creating demand. However, there is a considerable gap between Hyundai and Toyota in 2011 in terms of sales volume and market share. We can say that

14) The Toyota Etios is a low-priced vehicle exclusively targeting emerging markets.

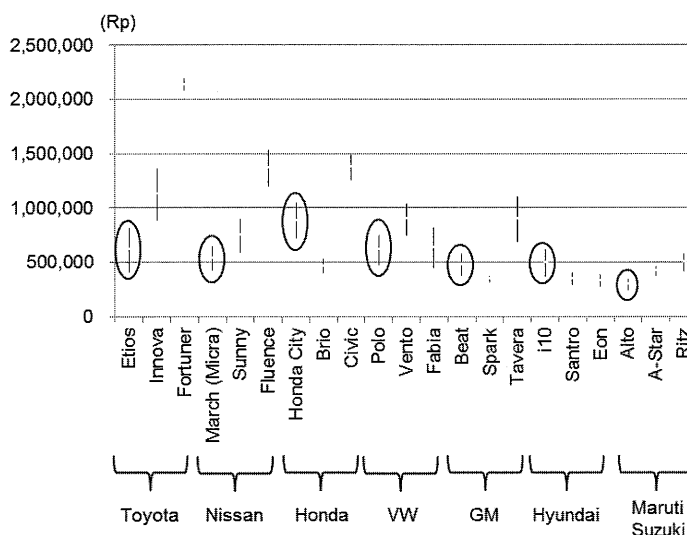
Hyundai is the second-most successful foreign-affiliated automotive maker following Maruti Suzuki¹⁵⁾, whose unit sales were around 1,000,000 in 2011.



Source: Marklines databases

Figure 13: Trends of market share in India of major automotive makers

Figure 14 shows the price ranges of the top three models of the major makers in India. Here, we discover a similar distribution between Hyundai and Maruti Suzuki. That is, the top three models of both makers concentrate on the low-priced band, while other makers are distributed over a wide range.



Source: <http://www.cardekho.com/carmodels>

Figure 14: Price ranges of the top three models of the major makers in India in 2011

15) Maruti Suzuki is a leading Indian automotive company established in 1981, and it commenced production in 1983. Suzuki, its Japanese partner, is known as a mini car (*kei car*) maker in Japan and has technical expertise in the small vehicle business.

Looking at the weighted average price of the top three models in Table 8, we find that Hyundai is priced second lowest following Maruti Suzuki, while those of the other makers are relatively expensive. In fact, all top three models of Hyundai belong to segment B¹⁶⁾, which occupies the highest share of the Indian passenger car market (Shioji, 2011). That is, Hyundai focuses on the volume segment in India and this point is in common with China.

Table 8: Weighted average price of the top three models (Rs.)

Toyota	1,164,267
Nissan Renault	604,600
Honda	866,466
VW	704,488
GM	543,774
Hyundai	409,383
Maruti	375,422

Source: Author's calculation based on <http://www.cardekho.com/carmodels>

On the other hand, what differs from the case of China is the relation between unit sales and number of models being sold in India. Table 9 shows unit sales per model in India. Contrary to the case in China, the number of models of Hyundai is the second smallest and sales per model are the second largest among major makers. This indicates that Hyundai focuses on particular models and pursues economies of scale in India. It is said that the strategy in India is quite different from marketing a wide variety of models in China.

Table 9: Unit sales per model of the six makers in India

	Sales in 2011 (1,000 unit)	The number of model	Sale per a model (1,000 unit)
Toyota	192	11	17
Nissan	24	7	3
Honda	48	7	7
VW	114	27	4
GM	111	11	10
Hyundai	374	9	42
Maruti	997	18	55

Source: Author's calculation based on Marklines database

As a consequence, Hyundai's high share of the Indian market can be accounted for by inputting small and low-priced vehicles with merchantable quality. We can conclude its market strategy basically shadows that of Maruti Suzuki. As shown in Table 8, however, the average price of Hyundai seem to be less competitive

16) The definition of segment B in India is a length of more than 3.4 m and less than 4.0 m.

than that of Maruti Suzuki. Therefore, Hyundai should reinforce the value positioning of its products in terms of non-price aspects such as quality and design, otherwise Hyundai will lose its differentiators and competitive edge against Maruti Suzuki.

On the other hand, other major automotive makers are planning to launch small and low-priced vehicles¹⁷⁾. Consequently, it is forecasted that the small car segment will become more competitive and it will be more difficult to earn profits in the next several years. Given this situation, it seems to be very important for Hyundai to shift to a hi-end segment such as above the C segment. Essentially, the true value of Hyundai's market strategy is still to be tested in India.

4. Concluding remarks

Finally, let us sum up our discussion. Our analyses reveal that Hyundai has recorded significant growth during the past five years, and one of the key factors behind that growth is Hyundai's successful exploitation of emerging markets. More specifically, we find that the share of emerging markets of global automotive unit sales was 68.5% in 2011, which is the highest among the major six automotive makers.

When we explore the market strategies of Hyundai in China and India, we first identify a common point in that Hyundai launched small vehicles at low prices in both markets. In other words, Hyundai focuses on the volume segment and succeeds in obtaining a portion of the huge demand for small vehicles. On the other hand, we also find differences regarding market strategies between China and India. More concretely, Hyundai markets a wide variety of models in China, while it focuses on particular models and pursues economies of scale in India. Moreover, Hyundai is facing a couple of agendas in China and India. It seems that Hyundai has not earned solid brand loyalty in China. The foundation of its competitiveness relies on other elements such as relatively low prices against other foreign brands, good quality and stylish designs against local brands, etc. In the Indian market, the market strategy of Hyundai is basically the same as that of Maruti Suzuki, and how it differentiates its products against those of Maruti Suzuki is an important agenda, especially as the small vehicle segment will become more competitive in the near future.

Our study calls for further qualitative research. In particular, we are concerned about the strategic thinking and business philosophy behind the market strategies of Hyundai observed in this study. Because space is limited, we would like to explore this issue in another setting.

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17) For instance, Honda and Nissan started to sell the Brio and Micra, respectively, which are small vehicles with low prices of around 10,000 U.S. dollars and exclusively target emerging markets.

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