

Winners & Losers 2014; Predictions for 2015

2014 was a mixed year – while we did not see a dip in sales like in 2013 (down 7.5% over 2012), there were no gains either. EMMAAA expects the year to close (December numbers are yet to come in completely at the time of writing this) with no gain or losses in the sales dispatch account of Passenger Vehicles.

As is the case when you have a mixed year, some manufacturers had a magnificent year while others were left nursing their wounds. We take a look at the winners, the losers, and those who had a mixed bag of a year. Doing that, we analyse the reasons for their success and failure.

As is human nature, we start with the good things first.

Winners and their Winning Ways

The winners in 2014 had a clear advantage – all of them rolled out multiple new products to keep the customer attracted to their showrooms. New products became the key differentiator between success and failure in 2014 and we expect them to be a similarly critical factor in 2015.

Maruti-Suzuki

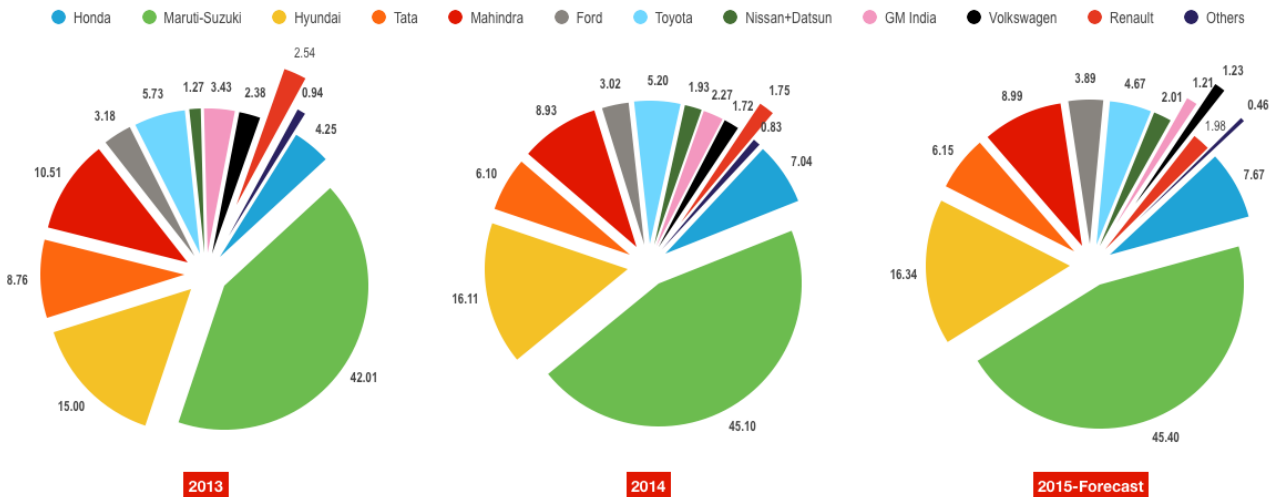
The first clear-cut winner in 2014 was Maruti-Suzuki (MSIL). We have a feeling that the carmaker loves slowdowns as they provide Maruti-Suzuki with an opportunity to hammer everyone else and snatch market share. Not only was MSIL the biggest carmaker at the start of the year, it also ended the year with the biggest absolute gains in terms of share of the market.

MSIL entered the year with a 42.01% share (1.06 million units) of the Passenger Vehicle market and exited the year with an (approx.) 45.1% share (1.15 million units) of the market, an absolute gain of 309 basis points. This is a commendable feat by any stretch of imagination, especially considering that nearly every global mainstream brand (barring PSA and Chrysler) are present in India with their local manufacturing facilities.

So strong is MSIL's grasp on the Indian market that it managed to show its middle finger to everyone else in a year when it only had one new small car to offer. The Celerio small hatchback was MSIL's only new small car in 2014 and it replaced the Estilo and A-Star hatchbacks in the market. The company also retired the 800 hatchback from the market. In a nutshell, the portfolio at the end of 2014 was slightly depleted than at the start of the year. Even then, the company managed to hold on to its market share and even grow it aggressively.

In 2015, EMMAAA forecasts MSIL to further consolidate its position and likely gain some more share of the market. The company has 2-3 new products lined up in the passenger vehicle segment and would gain volumes. MSIL also has an ambitious small truck lined up for launch in 2015 but that is a different segment of the market, outside Passenger Vehicles.

Marketshare Analysis - Passenger Vehicles 2013-2015



All data - SIAM; Hard-work - EMMAAA / IAR;
2015 Forecast - EMMAAA

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Hyundai

Hyundai had a good year, managing to time its new product launches in a year when the market was low. As a result, customer interest in Hyundai showrooms stayed high. While the company had dispatched 380,000 cars in 2013, it managed to dispatch 411,500 passenger vehicles in 2014. This enabled HMIIL end the year with a 16.11% share of the market, a 111 basis point improvement over 2013 market share.

Hyundai was helped by a new [product portfolio – the Grand i10 was fresh at the start of the year. The small hatchback was joined by the aesthetically questionable Xcent small sedan, the new Santa Fe and the i20 Elite later in the year. Collectively, these products made HMIIL showroom the freshest for any carmaker not named Honda, in 2014.

Hyundai also retired the Santro small hatchback in 2014, leaving only the Eon in the Mini segment.

In 2015, Hyundai would be looking at resting the falling sales of the Eon hatchback. The company would also be looking to build on the sales momentum of the i20 Elite premium

hatchback, which is likely to face competition in 2015 from the new Honda Jazz and the upcoming premium hatchback from MSIL.

Also entering the showrooms, likely in 2015, would be the iX 25 compact SUV, allowing the brand to enter a fast growing segment. EMMAAA forecasts a market share gain in 2015 as well.

Honda

The other surprising winner in 2014 was Honda, the Japanese brand managing to launch multiple new products in the year and raise its presence in the market. With the Amaze, New City, New CR-V and Mobilio, Honda had a fresh new portfolio in 2014. Also, the Amaze and Mobilio made the brand enter into completely new segments, bringing in huge incremental sales volumes. In 2014, Honda dispatched nearly 180,000 units, a big jump from the 108,000 units it dispatched in 2013. This ensured that the brand ended the year with a market share of 7.04%, a 279 basis points jump from 2013 market share of 4.75%. This was the second highest jump in share for any brand in 2014, right after MSIL.

In 2015, Honda has to worry about keeping the Brio warm as the small hatchback is fast losing its sheen. However, the company will launch the Jazz hatchback and should gain some more incremental volumes as the model will help the brand enter a new product segment. Overall, we forecast Honda to gain some more market share in 2015.

Apart from the three, no other brand can claim 2014 as a successful year. While Nissan + Datsun also managed to improve its market share from 1.27% to 1.93%, the two brands cannot look at 2014 as a successful year, Sales of the Micra and Sunny plummeted while the Datsun Go received a cold response in the market. For Nissan, the only model which did well in 2014 was the Terrano.

In 2015, Datsun has the Go+ MPV lined up for launch. It is a critical year for the brands as the company would work on rejuvenating sales across the range. We do not forecast any major gains in market share in 2015.

2014 – A Nightmare Year

For many brands, 2014 was nothing short of a nightmare. Some manufacturers witnessed a catastrophic fall in sales numbers and lost significant market share. Leading the pack were Tata Motors and GM India.

Tata Motors

In 2014, Tata Motors dispatched less than 156,000 units, nearly 30% down from 2013 dispatches of nearly 222,000 units. This fall in sales resulted in the company's market share falling from 8.76% in 2013 to 6.1% at the end of 2014. This 266 basis [point fall in market share was the biggest fall for any carmaker. Things may have started improving with the launch of the Zest but it would be a while before Tata Motors can regain the lost share. In 2015, a mix of Zest, Bolt and Pareek will bolster sales and we forecast a gain in market share for Tata Motors.

GM India

Chevrolet brand had a dismal year in 2014, managing to sell a little more than 58,000 units. Last year's dispatches were nearly 87,000 units. In the process, GM India saw its market share decline from 3.43% in 2013 to 2.27% at the end of 2014. This is a sorry state of affairs and no doubt GM India would be looking to shrug it off and move on. The problem is that EMMAAA forecasts Chevrolet to lose some more market share in 2015. The absence of any new models in the year mean that GM India has very little ammo to defend its turf. This is gonna

hurt.

Mahindra

What a difference a few quarters can make. In 2012, Mahindra was the king of utility vehicles. Nothing could go wrong for them and sales were climbing month after month. Cut to 2014 and customer interest in clunky utility vehicles is on the decline. The customer has better choices with compact SUVs like the EcoSport, Duster and Terrano and small MPVs like Mobilio and Ertiga. As a result, Mahindra bled severely in 2014, losing sales volume and saw its market share decline from 10.51% at the start of the year to 8.93% at the end of 2014.

In 2015, EMMAAA forecasts Mahindra to recover some of its lost market share of 2014 as the company is lining up several new products and variants. Coupled with the recently launched new Scorpio, the upcoming next generation Bolero, and new variants of the XUV 500, Mahindra should claw back in to the game. Volume gains would come with the much awaited S101 compact SUV / tall hatchback and would see the group enter a completely new product segment.

Volkswagen

Also having a bad year was Volkswagen. While sales of the Polo stabilised somewhat, Vento kept on falling as customers moved to the City and Ciaz. As a result, the brand lost market share from 2,38% in 2013 to 1.72% in 2014. The 2014 numbers are approximate as Volkswagen was yet to release December dispatch numbers.

Things are unlikely to improve in a hurry in 2015 as there are no new product launches planned. The compact variant of the Vento may arrive by end 2015 but we are not keeping any

fingers crossed. We expect more marketshare losses for Volkswagen in this year.

Renault

While the Duster may be a runaway success, Renault has little else working for it. The Scala, Pulse, Koleos and Fluence collectively failed to bring any cheer for the brand in 2014 as market share declined from 2.54% in 2013 to 1.75% in 2014. The 2014 numbers are approximate as Renault was yet to release December dispatch numbers.

This year is critical for the brand as the company plans to launch the Lodgy seven seater MPV and a small hatchback car targeted at the bottom end of the mass-market. We see decent volume gains from the hatchback and some market share gains for the brand in 2015.

There were also brands for which the year 2014 was neither good, nor bad. While they had something going for them, there were other weak spots in the portfolio that kept pulling them back.

Toyota

The Innova shrugged off competition from smaller seven seater MPVs like the Mobilio and Ertiga and maintained its sales momentum. However, Toyota faced issues in persuading real customers to buy the Etios and Liva, even though cab operators started favouring them. As a result, the company saw its market share decline from 5.73% in 2013 to 5.2% in 2014. Things should improve in 2015 as sales momentum should return to the Liva and Etios. However, significant market share gains are unlikely.

Ford

This is perhaps the most interesting story of all and we have saved it for the last. The EcoSport had a rocking year and maintained its sales momentum throughout. However, whatever volumes were gained through the small SUV were promptly lost by the Figo hatchback. The net result – Ford's market share dipped marginally, from 3.18% in 2013 to 3.02% in 2014.

However, senior executives at Ford India would be unfazed as 2015 should see the arrival of the Ka twins – a small hatchback to replace (or run along with) the Figo and a compact sedan based on the same architecture. Both of them would be high volume sellers and we see Ford India gaining significant volume and some market share in 2015.

Others

Fiat had a good year, if we were judging things only on the basis of year-on-year growth. Fiat had sold less than 8800 units in 2013. In comparison, the group will likely end 2014 (Dec numbers were yet to come in) at less than 12000 units. This is healthy growth coming off a very small base. The way we look at it, Fiat was on ventilator support at the start of the year; it is still very much in ICU. The company has plans to launch new products and a new brand (Jeep) as well but it would be a long struggle before Fiat becomes relevant again.

Skoda had a bad year. With a very small base of less than 22,000 units in 2013, Skoda is likely to close 2014 at less than 14500 units in dispatches. That is bad news for a brand which is fast running out of options. We do not expect any miracles in 2015 and won't be surprised if the Germans take some critical decisions this year.