

CASE STUDY SERIES

>

A Different Story on Joint Ventures in Emerging Economies: TVS-Suzuki

“Despite the international awards we have won, I think our global journey has just begun. And it is a long road ahead. As we move to more countries, we must learn to become more open and accommodating towards people from other cultures. At the same time we must retain those things which make us what we are, namely the passion for the highest standards of quality, transparency, team work, customer orientation and people-orientation”

—Venu Srinivasan, TVS Motor Managing Director

TVS Suzuki was formed in 1982 as a joint venture between TVS Motor Group and Suzuki Motors. TVS Motor needed the technology to effectively compete against Yamaha and Honda in India in the motorcycle business, and Suzuki wanted to be a part of the fast-growing Indian motorcycle market. TVS Motor retained management control and Suzuki provided expertise on an as-needed basis.

The Indian two-wheeler market has a size of over Rs100,000 million with the sales of more than 3.7 million units in 2000-01 and has been growing at 7% CAGR over 1997-2001. The Indian two-wheeler sector contributes the largest volumes among all the segments in the automobile industry. Though the segment can be broadly categorized into three sub-segments--scooters, motorcycles, and mopeds--some categories introduced in the market are a combination of two or more segments, e.g., scooterettes and step-thrus. The market primarily comprises five players in the two-wheeler segment with most of the companies having foreign collaborations with well-known Japanese firms. In the last four to five years, the two-wheeler market has witnessed a marked shift toward motorcycles at the expense of scooters.

Research Associate Rajeev Ved prepared this case under the supervision of Professor C. K. Prahalad, Professor M. P. Narayanan, and Professor M.S. Krishnan as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

© 2004 University of Michigan Business School.