

## Business Plan Dissertation- American Muscle Car Store

---

**Part A – Synopsis - Business Idea generation**

- 1) Define your business idea in not more than 100 words along with its USP (10 to 12 lines)

The business plan is to export foreign sports cars in Indian market and latter on, the organization will only focus on American Muscle car in order to grab attention of the Indian consumers. In contemporary business environment, companies in this industry are capitalizing on brand value and therefore, selecting this product would help the company in attracting customers in Indian market.

Companies can start exhibiting some of the cars at auto expo in India; after getting the idea of the amount of peoples that are interested in these cars. If a raise of followers is noticed, then they can proceed for muscle car stores in India.

- 2) Define your Target Addressable Market in quantifiable terms : *Who is your target customer (Age, Gender, Education, Profession and Income) (500)*

<u>Factors</u>	<u>Target market</u>
Age	35 to 50
Gender	Male
Education	High
Profession	Automobile enthusiastic, owners of garage
Income (Per annum)	20 to 25 Lakhs per annum

Muscle cars are equipped with high power engines and vintage bodies, so these cars will attract a wide range of age group. As the age group of 20-30 will find it interesting because of its speed, mid age group of 30-45 will find the masculine looks and power attractive. And the age group of 45 and above will crave it because of its vintage and classic looks (Amador *et al.*, 2015).

Gender really don't matter in this case, both the genders can be the target for this market.

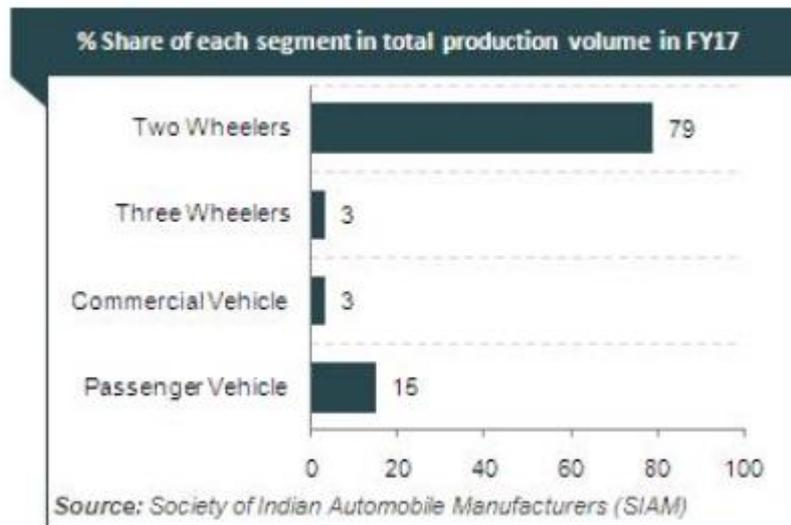
The costumers will surely be educated to a high amount of levels, as these cars are mainly manufactured on frames with vintage and classis looks, not a person with low level of education will adore these vintage beauties.

As these cars offer high power and speed, not everyone will purchase these cars. The target profession for this breed of car is automobile enthusiastic and garage owners. As these cars require maintenance frequently, persons with experience of maintaining cars will find these ones interesting (Baldwin and Lopez-Gonzalez, 2015).

These cars will only be affordable to the persons with high income, as the manufacturing cost of these cars is very high

So, the stores must be located in places where some kind of automobile activity is done.

3) Industry overview – CAGR, Competition, Problem identification



(Source: Ibef.org, 2018)

**Interpretation and Evaluation**

India is at the second rank of the world population with population of 1324.2 million and still increasing with a dramatic speed. Indian automobile market is the 4<sup>th</sup> largest market across the world, and 7<sup>th</sup> largest producer of commercial vehicle. According to market research the industry is dominated by two-wheeler and has 79 per cent share in automobile production in FY17. Sales of the cars, utility vehicles and vans grow by 8.85 per cent during the year 2017. Automobile exports increased to 13.01% in Indian market and for last few years the rate is increasing day by day. The FDI of US \$17.91 billion is collected in between April 2000 and September 2017

According to the survey the Indian people prefers two – wheeler – vehicles to others. The commercial vehicle used in the Indian market is around 3 percent in the market. On the other hand, the passenger vehicle in the market is high comparing with the commercial vehicle.

The reason behind the great market of the Indian automobile industries (including the parts of the automobile) is the huge population of the India. And more people in the country more the requirement of the vehicle will arise in the market (Bergek *et al.*, 2014). The Indian market is filled with the people who are passionate for cars; even 15 percent of the country’s automobile sale is quite high.

The Indian government is taking steps to reach the highest of the global manufacturing company across the globe. It has set the national automotive testing as well as research and development hub in India. The Indian government has to set up an ambitious target for having electric vehicles for India.

The fuels have the potential to fulfill the demands of the automobile industries. Example CNG that took place in 125 cities in 2014.

Within 2020 the Indian market will grow more with the huge success and profit rate. The expectation is that the luxury car market will grow more rapidly and the muscle car industry will be the new variety as well as the new style icon of the market.



(Source: Ibef.org, 2018)

### Interpretation and Evaluation

The Indian automobile industry is one of the largest in the world. The automobile industry accounts for 7.1 percent of the Gross Domestic Product (GDP). The 80 percent of the market is shared with the two-wheeler-vehicles, two-wheeler vehicles are the king of the market of Indian automobile industry. The middle class and the young people own the current market of the Indian automobile industry. Moreover the growing interest of the companies in exploring the rural market further aided the growth sector. The overall Passenger Vehicle (PV) segment has 14 per cent, market share (Boot *et al.*, 2017). Overall automobile exports grew 13.01 per cent year on year. Within 2020 the Indian automobile market will be grow more with higher rates for that government of India took some major initiatives like.

The Karnataka Government going to obtain vehicle under FAME and set up charging infrastructure across, Bangalore.

The government of India encourages foreign investments in the automobile sector and 100 per cent FDI under the automatic route.

The automobile industry in India is cheap because of the various factors such as availability of skilled labor at low cost, robust R&D centers and low cost steel production. The automobile industry of the India provides great opportunities for investment and direct and undirected skill labor. The store of muscle car in India will get skilled and unskilled labor in low cost, which leads to saving of the sufficient price, which is spending for workers unnecessary.

The Indian automobile industry is about to witness major changes in the form of electric vehicle. However, the introduction of the muscle car in the market will leads to new attraction for the non-electric cars.

As the sales growth of the automobiles are increasing in the Indian market which leads to increase the demands for the parts of the cars. So if muscle cars are introduced in Indian market it will leads a way to opening of the spare parts of the muscle car (Camilleri, 2018).

In general the opening of stores of muscle car shop in the Indian market will make the car more reasonable because all transport and transport duty of the vehicle will be deducted from the price which leads to the reasonable price of the muscle car for the common people.

As the sales growth of the automobiles are increasing in the Indian market which leads to increase the demands for the parts of the cars. So if muscle cars are introduced in Indian market it will leads a way to opening of the spare parts of the muscle car.

In general the opening of stores of muscle car shop in the Indian market will make the car more reasonable because all transport and transport duty of the vehicle will be deducted from the price which leads to the reasonable price of the muscle car for the common people.

Production of passenger vehicle, commercial vehicles, three and two wheeler grew at the rate of 11.27 per cent. The sales of the passenger vehicle are increased by 5.22 per cent and for two-wheeler are increased by 40.31 per cent per year.

The Indian government is taking initiative to introduce the electric vehicle in the market within 2020.

### **Competition**

Driving the luxurious car has been made possible by the stiff completion in Indian automobile industry, with overseas players gathering the same momentum as domestic participants.

The company in Indian automobile market is too competitive that every second day there is a new launch by some company (Deyo, 2016). Indian automobile manufactures has spread their market globally, now Indian automobile industry is the 4<sup>th</sup> largest automobile industry,

in the year of 2009 the Indian automobile industry was 9<sup>th</sup> largest within in some year it grows too much in market.

The potential of the industry in 2008, Hyundai motors alone exports 240000 cars made in India. Nissan Motors plans to export 250000 vehicles in 2011.

The major competition in the Indian market is created by some major types of cars such as Australian sports cars and UK sports car. The car dealers can enter in the Indian market with these product lines, which will increase the market competition in India significantly.

### UK Sports car

The UK sports cars can be considered as a competitive product line in Indian market. There are several models that can be introduced in the Indian market. For example, McLaren 570S, BMW M2, Mazda MX-5, Fiat 124 Spider and Porsche Cayman/Boxster are the potential brands, which can be introduced by the car dealers in the Indian market. The car dealers would be able to take dealership of any of those organizations and would be able to compete with the product range of American Muscle cars in Indian market.

### Australian Sports cars

When it comes to Australian sports cars, the product range is lesser than the UK sports cars. However, the Australian car manufacturers including FPV, HOLDEN and TOYOTA Australia have a range of product line, which can give competition to the American muscle cars in Indian market. In order to compete in this market, the car dealers need to be competitive in terms of product features and price.

### **Problem identification**

'Muscle car' refers to an American term indicating a variety of high-performance automobiles. More specifically, it can be defined as the unique product in the American automobile industry, following the "hot rodder's philosophy", which indicates insertion of a large-displacement engine into a small car framework. According to the definition of muscle car in "Merriam-Webster dictionary", it is referred to "some types of American-made 2-door sports cars, which consists powerful engines ensuring high-performance driving". The structure of the car is designed with a wide V8 engine in a rear wheel drive, family-style, mid-size or full-size car framework, which can have the capacity for four or more passengers. These cars are designed for street use as well as occasional drag racing (Fishman, 2018). In addition, these types of cars are significantly different from the sports cars, whereas these are also expensive for high speed touring and road racing. Before the muscle cars became popular, the lightweight cars having high-performance engines were known as "supercar" in US automobile industries, especially during the mid sixties and mid seventies period. The uniqueness of the cars was the inclusion of a wide and highly powerful V8 engine along with rear-wheel-drive (Irvine, 2014). These special types of car designs

became the official automobile industry trend during 1966. The period through 1960s to 1970s, American automobile industry offered the rarest and wildest muscle cars including giant torque-rich V-8s; however, during 1980s, more powerful machines along with stringent emission controls were developed.

Some unique and powerful muscle cars offered by the American automobile industry included “1967 Pontiac GTO, 1968 Plymouth Road Runner Hemi, 1968 Ford Mustang Shelby GT500, 1969 Ford Mustang Boss 429, 1969 Chevrolet Camaro ZL1, 1970 Buick GSX Stage 1, 1970 Plymouth Hemi ‘Cuda, 1970 Chevrolet Chevelle SS 454, 1978 Pontiac Firebird Trans Am, 1969 COPO Camaro, 1987 Buick GNX, 1970 Oldsmobile 442 and 1969 Dodge Charger Daytona”. These car models were the most wanted models in the muscle car sector through due to the unique design and high performance (Phillips, 2017).

4) ‘Why do you think your idea would work – Bulleted points –

- Huge Demand of muscle cars in used car seller’s online portals from Indian market.
- Keen knack of building collection of rich cultured classics.
- Exploring in a new market is always profitable.
- Muscle cars will be fit for Indian roads rather than new age European models.
- The auto Industry in India is varying drastically with the advancement and requirement of utility vehicles. SUVs-sport utility vehicles, MPV (multi-purpose vehicles) / MUVs, hatchbacks and off-road capable cars are moving on Indian roads over a decade
- Selling spare parts and providing service will help to get in to the existing market also.
- The great performance of muscle cars till the time of 1950’s.
- Muscle cars intermediate sized, performance oriented model, powered by a large V8 engine, at an affordable price.

## **5) Sports Car Brief**

The term sports car refers to the two-seater luxury cars, which are specially designed for high speed. In case of sports car, interior space is not important than the speed limit and durability. In early 1910, the car manufacturers have identified the customer segments based on the speed and reliability requirement. For example, some of the consumers were giving importance to the durability and reliability of the cars and other customers were giving importance to speed. Thereafter, the manufacturing companies introduced a different design, which includes a powerful engine under a long hood. Apart from that, the manufacturers have also worked on the tyre alignment, so that it increases the stability of the cars during motion.

## **6) Sub-Categories of muscle cars**

Following are the sub-categories of Sports cars

- Grand tourers
- Chevrolet Corvette
- Electric sports cars
- Muscle cars
- Sport compact cars

The sports cars can be categorized as above-mentioned list. However, there is a range of categories, which can be considered while talking about sports car. From the above list, it can be said that muscle car is a type of sports car, which comes with high power engine and vintage model design. The first ever muscle car was 1955 Chrysler 300, which includes V8 engine and 283ci 1957 Chevy. The weight of the product was 4000 pounds. The Rocket V8 engine was developed for the muscle car range and thereafter, Rocket 88 series was introduced in the market. The 303ci engine, which was introduced in 1949, was more powerful than the previous models. 1957 Rambler Rebel and 1964 Ford Thunderbolt are the upgraded versions of muscle cars introduced on that time. In the sports car world the competition is stiffer than ever. The sports car sales have increased over the years in spite of the tax shackles and regulatory barriers (Muralidhar, 2017). Lamborghini has made significant penetration in the Indian market even though the number of cars delivered may be only in the low double digits. In the 2011-2014 period the growth of this market was not motivating at all as the market was experiencing a constant decline however the same has experienced a significant growth in the years post 2015. This segment experienced a double digit growth in the year 2016. This is a very positive trend for this segment. The trend in this particular segment is promising and it is not about the numbers but the change in taste of the customers. As long as the trend stays the same is promising for the segment. According to Sharad Agarwal, Head of Automobili Lamborghini India “initially we used to see that most of the people buying these cars were second and third generation entrepreneurs. But now, we see first generation entrepreneurs are also coming and buying these cars”. This trend has not only been noticed in Metro cities but also in the Tier 2 and Tier 3 cities as well (Muralidhar, 2017). According to Mr. Agarwal, the Indian market is the strategic point of growth for Lamborghini. The buyers in the Indian market are evolved and this is the sole reason why the organization has invested in this region. According to the Business Standard the organization is expected to double its sales figures in 2018. Even though the figures suffered in the year 2017 due demonetization and other reforms the year 2018 looks to be positive for the segment and also for Lamborghini (PTI, 2018). This is a very positive trend for the Muscle car segment. At this point the focus is entry and not maximization of sales.

**Part B – Detailed Research Report**

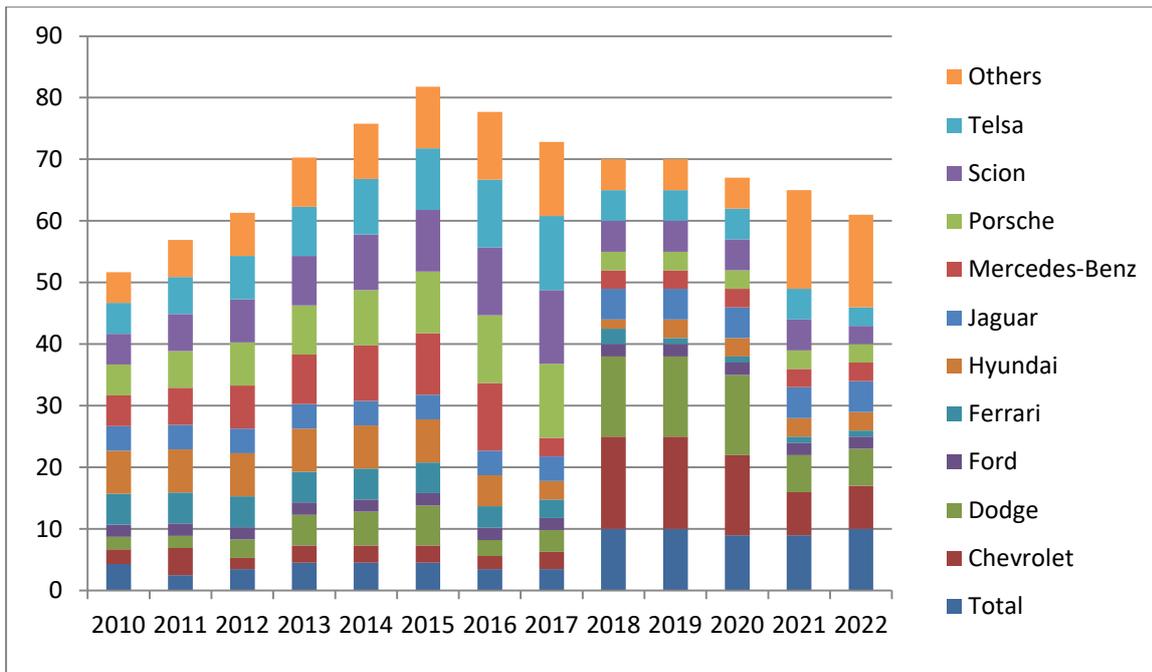
## 1. Business Idea Description

“Muscle car” is an American term used for high performance automobiles. The business plan is to take dealership of American muscle car in Indian market. The company will introduce this product line in Indian market by targeting the appropriate market segment. It is most commonly used to refer to an American made 2 door sports car with a powerful engine used for street driving and drag racing. If you want a real muscle car, we are bringing a various collection of American muscle cars in the Indian market. Car manufacturers have different prices from a country to another and this depends on the average salary, taxes, costs, etc. in each individual country. Nobody wants to lose money, and Dealers do whatever it takes (legally speaking) to get rid of the cars as fast as possible to get new. Mostly the classic experts and hobbyists looking for the muscle cars but they take a step back due to unavailability of the spare parts in the Indian market.

It’s unbelievable but most of the profit comes from selling accessories and from the service checks/replacements (you need to change everything at a Dealer if you want to keep your warranty). Clients who bought a \$16,000 car and they added accessories worth \$2,500. They were making \$600 profit from selling the car and \$1,000 from selling accessories. So the American Muscle car store is bringing original company made spare parts along with the cars so that they can attract the new age buyers along with the existing market. We also making new age garages full with experts for genuine service checks and replacements throughout the country.

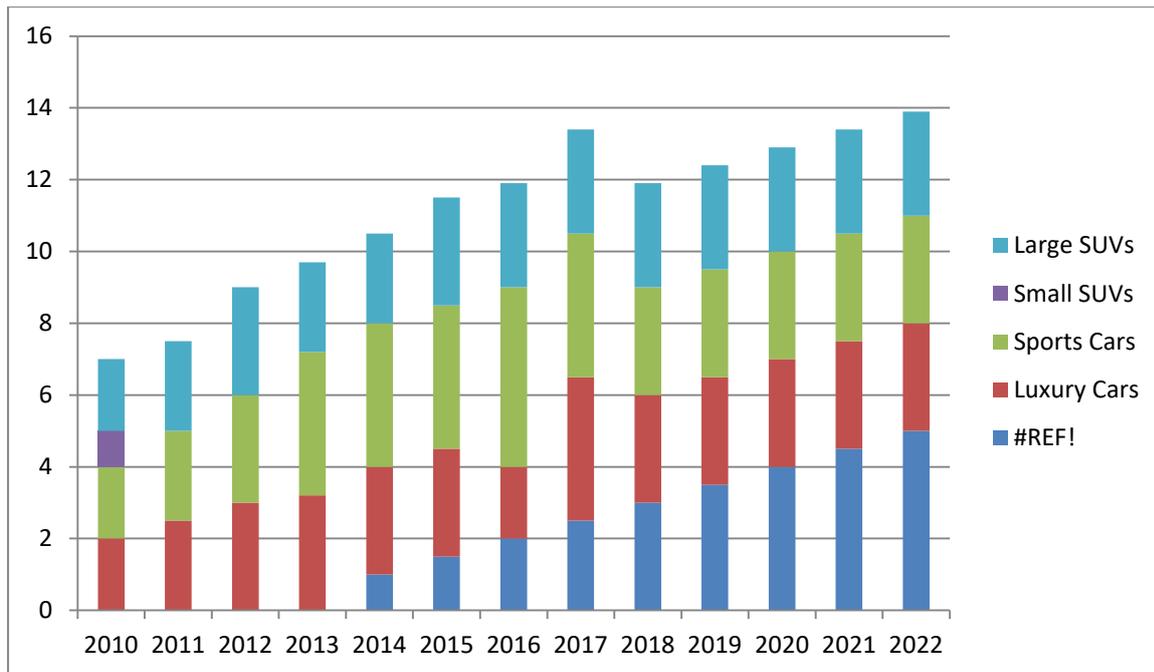
## 2. Rationale and Background

- In China market, the quantity soled is 6,037
- In USA market, the quantity soled (Sports car) is 4,081
- In Japan market, the quantity soled (Sports car) is 1,449
- In UK market, the quantity soled (Sports car) is 871



(Source: Statista, 2018)

The current study is focusing upon developing a business plan for an American muscle car store. The muscle car is an American term of high performance car, with some unique features, preferably with legacy or sports classics. Therefore, the American muscle car store business would need some distinct attributes, which are the key focus of the current study. However, a thorough research of the industry is also a key focus of the current dissertation. When it comes to Indian automobile industry, the brand fascination among the consumers is significantly high. Therefore, it would be easier for a car dealer to influence the consumers with American muscle cars. In such market scenario, the company would be able to attract the target market, as the product chosen for the business has high brand value in global market.



(Source: Statista, 2018)

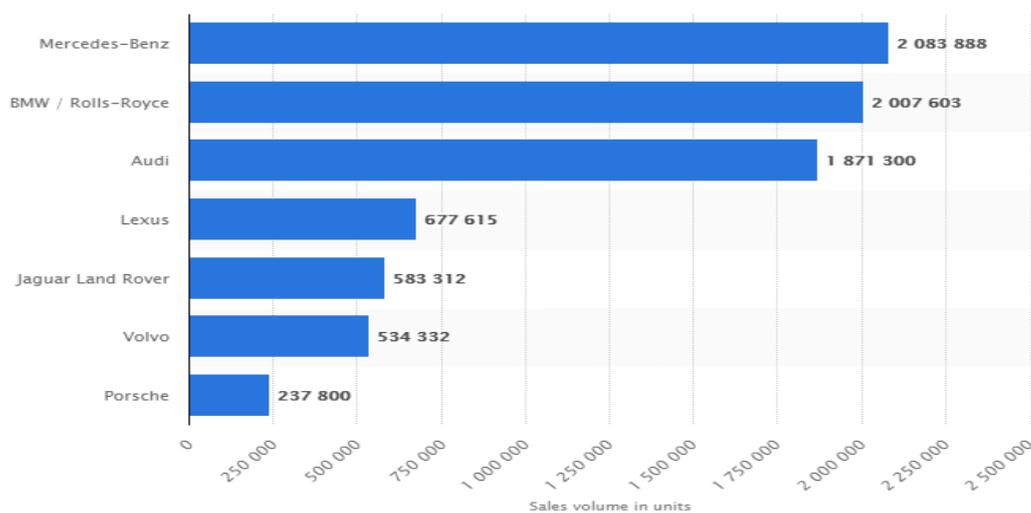
The Indian muscle lovers are deliberately looking in the offshore used car sellers online portals for grabbing Dodge Challenger, Modified Contessas, 1962 Standard Herald, 1980s Merc Benz - look alike (Dodourova and Bevis, 2014). Therefore, demand in Indian market of American muscle cars is in a high node. So American muscle car store is looking to invest in the market of India, which has the second largest population and fourth largest automobile market in the world. Indian cars, which can be converted to muscle cars, a favorite pick being the Contessa, favored of course by experts and hobbyists due to lack of availability of American muscle cars. At last a proper muscle car imported in recent times, there is a slew of carnet imports of Mustangs and Camaros in Kerala, but not a Challenger.

Though we wish we will bought the V6 especially after going through all the trouble, for all practical purposes the V6 would suffice him for roads in India. Of course, India has renowned racing cars. But still, under the rules and regulations of the Indian roads, they're inapplicable due to the road conditions. Unlike foreign countries, a stretched out highways, lesser fuel prices, India has all its factors against and so, their way of selling is not so familiar. But though American muscle cars are heavy and durable to all kind of roads it will definitely suit the Indian roads.

Someone once said auto racing began when the second car was built. For more than 100 years now, competition has driven both technology and sales in the car business -- hence the old industry maxim, "race on Sunday, sell on Monday." And it's true. That, in a nutshell, explains how muscle cars came to be. Two types of motorsport play especially large roles in muscle car history. One is stock-car racing, which began coming together once some "good ol' boys" formed the National Association for Stock Car Auto Racing in 1947.

Drag racing, meanwhile, was attracting its own fans. These organized contests of quarter-mile acceleration originated with the informal (and illegal) street racing associated with hot rodders, the shade-tree mechanics who turned old Model T and Model A Fords into fast, eye-catching street cars. Drag racing gained momentum in 1951 when the National Hot Rod Association was formed in. In one line, the muscle cars have another identity in the world for their heritage. Cars like the Toyota Supra did come out in 1979, but real performing Supras didn't appear from the factory until the late 80's. They don't have anything to do with fuel economy, interior quality, etc. Every time a person drives a muscle car he can feel 35 years of performance history rumbling from beneath the hood. That's something you'll never get with a Honda Civic or new aged Japanese engine.

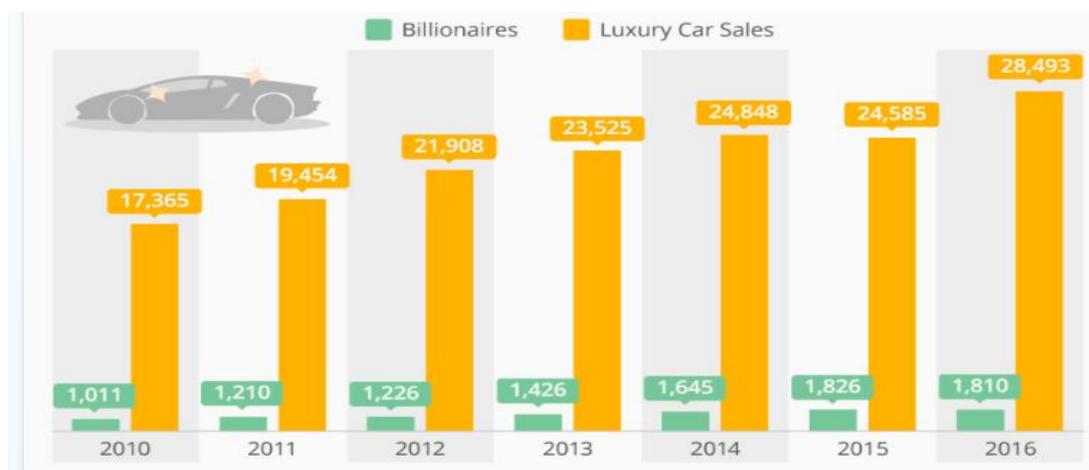
#### 4. Industry overview (Facts and Figures)



The above graph shows the luxury car sales in 2016. The brands include Mercedes Benz, BMW, Audi, Jaguar and others. This graph shows that Mercedes Benz is the highest selling sports car in the global market. The second highest selling car in the global market is BMW and Rolls-Royce. As per the study conducted by HIS Automobile, the global automobile industry will experience a massive expansion within next 7 years. In this context, the contribution of China will be half of the overall growth (Holliday, 2018). After the global recession, it was difficult for the industry to cope up with poor economic stability. However, the industry has overcome the situation somehow and now it is ready to set its production rate to 106 million per year within 2021. This forecast says that the growth of global automobile industry is significantly and therefore, entering in this industry as a dealer would give high margin to the company. As the demand of luxury car depends on income per capita, it is highly important for the company to assess Indian income per capita before entering to the market. In this context, it can be said that economic background of India is correctly stable and recovered a lot after the global recession in 2008.

The automobile industry refers to the wide range of organizations dedicated to “designing development, selling, manufacturing, and marketing the motor vehicles. The birth of industry compared to the other industries has exceptional interest because of its effects on 20th-century history. Although the automobile took birth in Europe in the last phase of 19th century, the United States dominated the world industry completely in the first quarter of the 20th century with the help of invention of mass production techniques. In the latter half the situation changed in the favors of western European countries and Japan. In revenue section, automobile industry is among the most important economic sectors in the world.

When it comes to Indian market, the sales of luxury sports car have increased over the last 5 years. The acceptance of sports car has increased in the Indian market. Many luxury car manufacturers have introduced their product line in Indian market. Following is the graphical presentation of sports car sales in Indian market.



(Source: McCarthy, 2018)

In the entire globe, in estimation survey happened in 2007, 806 million cars along with light trucks on the roads have consumed more than 980 billion liters of fuel per year. The global sales of the industry have reached 88 million autos in 2016, which is 4.8 % increase from the past year, whereas the profit margins for the suppliers as well as the manufacturers of the automobile products are at 10-year high (Baldwin and Lopez-Gonzalez, 2015). However, the industry is actually experiencing several issues, affecting the overall performance as well as sustainability of the businesses. For instance, the innovation-related issues are reinforcing the traditional structure and the relationships of the automobile industry, especially through threatening the distribution of profits as well as the boundaries within the automobile and technology organizations as well as between OEMs and Tier One or Tier Two suppliers. Therefore, today’s investments as well as industry coalitions would decide future dominant positions within the industry.

In the beginning years of the 21st, car companies decide to make wheels for consumers dreaming about powerful vehicles. The vehicles specifically designed for sports (SUV) were among the kings and it was favourable for consumers to keep credit to purchase of these

expensive automobiles. However, in 2008, a huge economic curve down prompted moneylenders (government and private) to stiff financing requirements. A less people could afford to fulfill the dream of an expensive vehicle. At the same clock ticking, the fuel became more costly. In summer of 2008, record fuel prices caused many consumers to drop their huge vehicles and get smaller, more efficient cars. Hybrid cars and gas fuel consuming car compacts now ruled the road. On the time of recession lifted, the main focus on fuel Consuming efficiency and practicality remained the leader. This trend is expected to make adverse effect in the industry of automobiles in the coming years.

Throughout history, the automobile industry has shown a remarkable ability to adjust to the changing times. Although manufacturers have come and gone over the last century, the industry has focused on creating cars that meet the needs of the consumer.

Prior to 1900, the automobile was really a novelty item, not yet a major force that represented an industry. While many developments contributed to the birth of the modern automobile, most automotive history buffs and the Library of Congress credit German inventor Karl Benz with creating the first modern automobile. The three-wheeled "Motorwagen," first created by Benz in 1886, became the first production automobile. During the first few years of the twentieth century, automobiles had a fairly limited audience. Because they were expensive and time consuming to produce, most cars were too costly for the general public. The roaring 20s were a time of great growth for the auto industry, as more and more consumers bought their first car. The Chrysler Corporation was started in 1925, and many other small car companies began during this decade. By 1929, the year of the stock market crash that began the Great Depression, car companies were producing and selling 5.3 million vehicles a year. World War II helped the American economy emerge from the Great Depression, and prompted growth in the auto industry. The government shut down all the major car factories in 1942 and converted existing stock for use by the armed services. Consumers could buy cars, which were heavily rationed, if they could demonstrate significant need. During the period when new vehicle production was frozen, many companies began to create vehicles for the armed forces, leading to great technological advancements. After the end of World War II, Americans began a great love affair with the automobile. The freeway network, first begun in the 1920s, grew dramatically during the 1950s. Cars were a permanent part of the American way of life. The 1950s saw cars with innovative new technologies and rocket-inspired designs. The American public was buying more cars than ever before. In the 1960s, the auto industry focused on making safer vehicles that could meet the needs of the modern consumer. Studebaker-Packard was the first company to introduce seat belts as standard equipment on all of its vehicles. In addition to safety, car buyers of this era expected vehicles to be powerful and spacious, and fuel economy was not a major concern. In the 1970s, a major oil crisis forced automakers to create vehicles that were more fuel-efficient. 20 percent of gas stations in 1974 had no gas to sell to consumers. This focus on gas mileage wouldn't last long, however. When the oil embargo ended, carmakers returned to producing fast, powerful vehicles.

After the 1980s, the most significant impact of the growth of the global auto industry was the influence of globalization. The high demand for vehicles, combined with the low cost of skilled workers in countries like China and India, led to a situation where manufacturers in those countries could produce cars at a fraction of the cost of unionized U.S. manufacturers. Automakers could then export those less expensive vehicles to developed countries across the world. In 1975, 80 percent of global auto production came out of seven countries. By 2005, 80 percent of global production came from 11 countries, representing a widening of the playing field and a significant growth in global competition.

Moreover, the increased costs of safety as well as the environmental regulations are also the key concerns of the industry. For instance, the emission and environmental safety related regulations are imposing significant pressure on the automobile industry to tie up with the advanced technology organizations, for including significant technologies in order to reduce car emission and meet environmental regulations. Although advanced technologies are being incorporated for meeting the ever-changing needs of customer base; it has been revealed that automakers are expanding a significant amount of energy and money on the vehicle designs and components advancement, which might have very less effect on the customer's decision (Drauz, 2014).

While reviewing the statistics, it has been revealed that the sales of passenger cars have been estimated to hit 78.6 million vehicles in 2017. It has been revealed that in terms of sales and production, US and China has been considered within the largest automobile markets throughout the world. In 2016, approximately 6.9 million passenger cars were purchased by US customers, along with the production of 4 million cars within the same financial year. In this context, it is also noteworthy that during 1900s, after the introduction of assembly line car production by Ford, US became a crucial automobile sector throughout the world, as reported by (Smith *et al.* 2014). Since that period, Ford has still retained its position among world's leading manufactures. On the other hand, the key car manufacturer in 2016 included "Toyota, Volkswagen and Daimler", whereas the automobile supplier market was dominated by "Bosch, Continental, Denso and Magna", in the same financial year. Therefore, it has been revealed that US has a key position among the top automobile sector in the world.

**Sports cars** have grown its attention because of its stunning looks and great performances at a larger scale in the past few years. Some of the sports cars that have grown its market vastly in the last few years are:

McLaren 570S

Car sold till date: 3296 pieces



Porsche 911 Carrera S

Car sold till date: 60,740



MBW M2

Car sold till date: 12,293



Porsche Cayman

Car sold till date: 237,778



Nissan GT-R

Car sold till date: 1503



The growth rate for every chosen sports car is increasing at a larger rate and it can also be assumed that there will be a huge demand for these cars as the individuals are more aware of the car now days. The business plan will have a huge success, if the business plan targets

the Indian market. There are few cars that are available in the Indian market and this will create a demand force for the individuals if there is some plans like this.

Some of the **muscle cars** that are selected for this study work are:

Dodge Charger (2<sup>nd</sup> generation)

Car sold till date: 5,585



Chevrolet Corvette ZR1 (C7)

Car sold till date: 2,278



Ford Mustang Boss 302

Car sold till date: 1,163



Dodge Viper

Car sold till date: 6,709



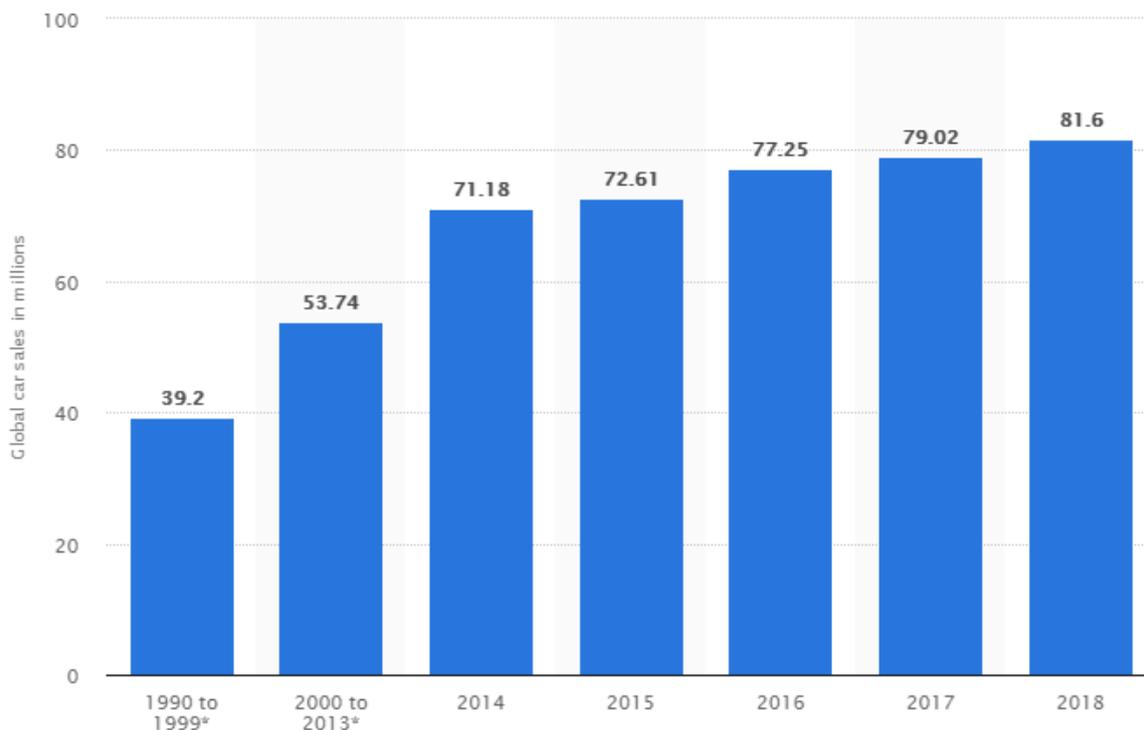
Ford Mustang GT(2<sup>nd</sup> generation)

Car sold till date: 3,86,000



These are some of the chosen muscle car that have gained a huge market demand to many people because of its performance and also the stunning look of the cars. Muscle cars looks

masculine and people are getting attracted by both the looks and the performance of these cars. The demand for muscle car is also increasing at a larger rate among the Indian market.



The growth chart of sports and muscle cars globally

The above chart shows the increasing demand of the sports and muscle all over the globe. By this an assumption can be made that the business plan for sports and muscle cars in India can be a success because, the demand for these luxury cars are also getting induced in the minds of the Indian customers (Americanmuscle.in, 2018). The business plan can be a success only if the Indian market is segmented properly.

### 5. Piolet Survey results

This is a survey about muscle cars from the customers

#### Q1: What is your Age?

- 20 to 30
- 30 to 40
- 40 to 50
- 50 above

#### Q2: What is your gender?

- Male
- Female

**Q3: What type of car do you prefer?**

- Hatchback
- SUV
- Sedan
- Muscle
- Electric

**Q4: What is your profession?**

- Teacher
- Garage owner
- Service men
- Others

**Q5: In which income group do you fall (Per annum in lakhs)?**

- 0-2.00
- 2.00-5.00
- 5.00 and Above

**Q6: Which fuel car do you prefer?**

- Diesel
- Petrol
- Gas

**Q7. Do you any knowledge of American Muscle Cars:**

- Yes
- No

**Q8. If the answer to the above question is “Yes”, on a scale of 1 to 5 where 1 being the lowest and 5 being the highest, how fit are muscle cars for the Indian road?**

- 1
- 2

- 3
- 4
- 5

**Q9. Would you prefer European/Japanese Sports cars over American Muscle cars?**

- Yes
- No

**Q10. Why would you choose muscle car over any other car?**

- For its performance
- For its appearance

**Q11. Have you ever own a muscle car before?**

- Yes
- No

**Q12. If the answer to the above question is “No”, what made you not to have a muscle car?**

- Economic forces
- Preference

**Q13. Do you think, in the near future you can afford a muscle car?**

- Yes
- No

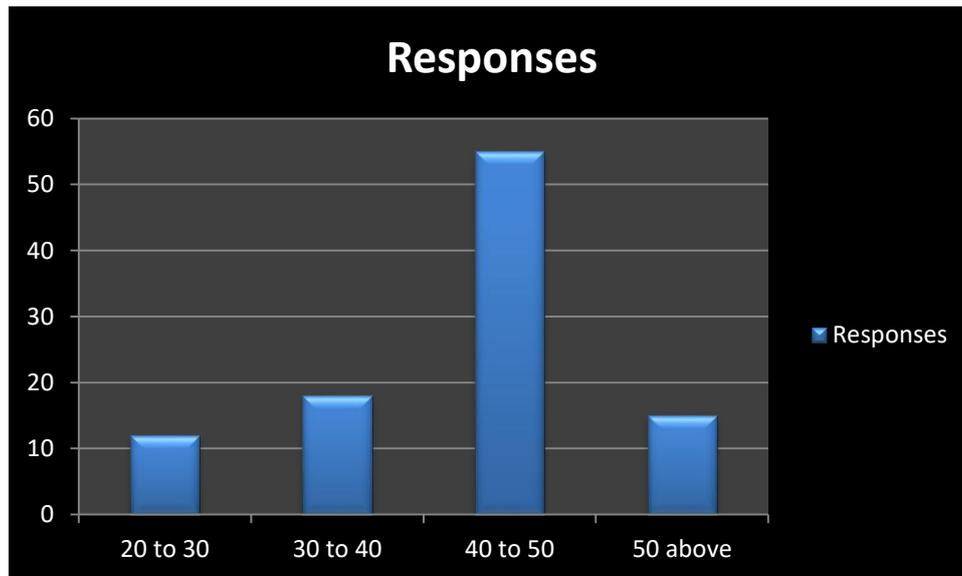
**Q14. Your opinion on American Muscle cars**

**Data collection**

**Q1: What is your Age?**

Options	Responses	Responses in percent	Total Respondents
20 to 30	12	12	100
30 to 40	18	18	100
40 to 50	55	55	100
50 above	15	15	100

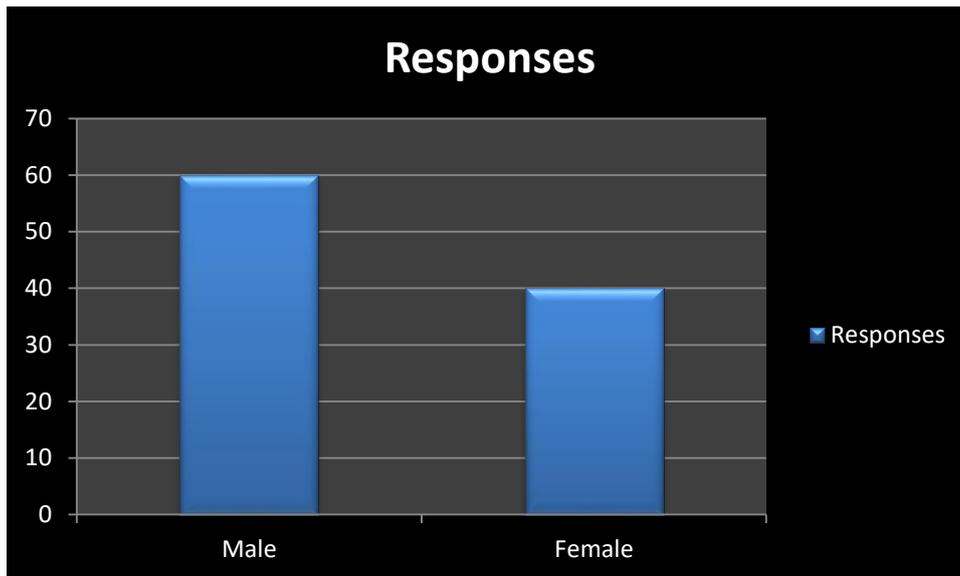
Table 1: Age of respondents



**Q2: What is your gender?**

Options	Responses	Responses in percent	Total Respondents
Male	60	60	100
Female	40	40	100

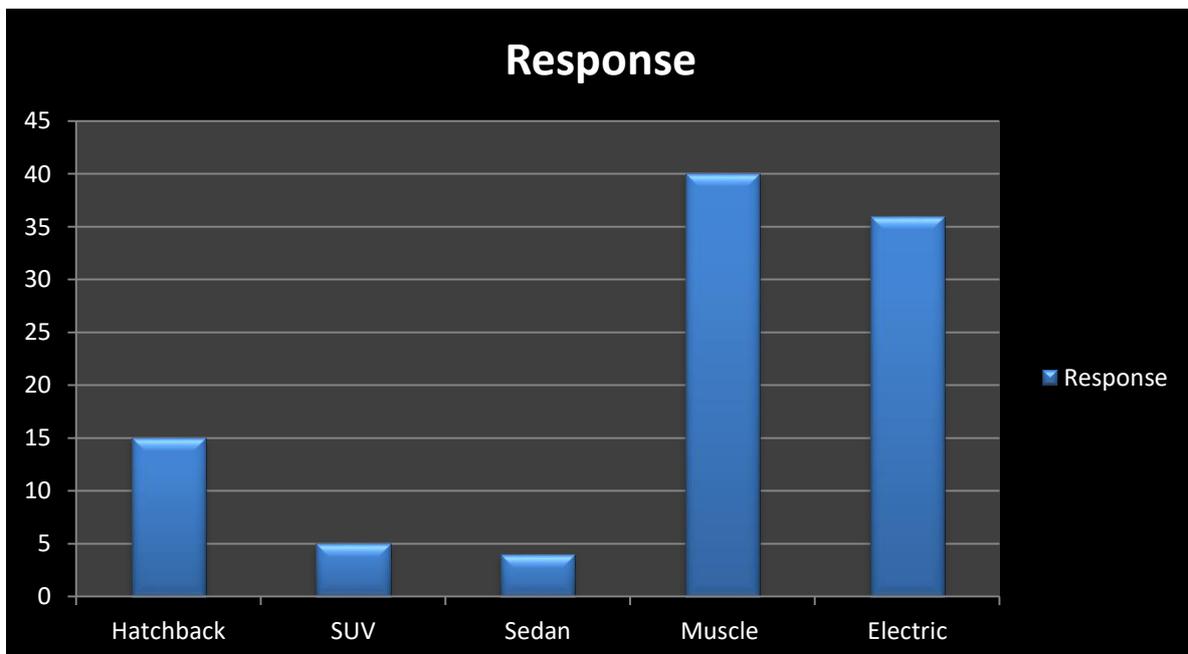
Table 2: Gender of respondents



**Q3: What type of car do you prefer?**

Options	Responses	Responses in percent	Total Respondents
Hatchback	15	15	100
SUV	5	5	100
Sedan	4	4	100
Muscle	40	40	100
Electric	36	36	100

Table 3: Car Preference of respondents



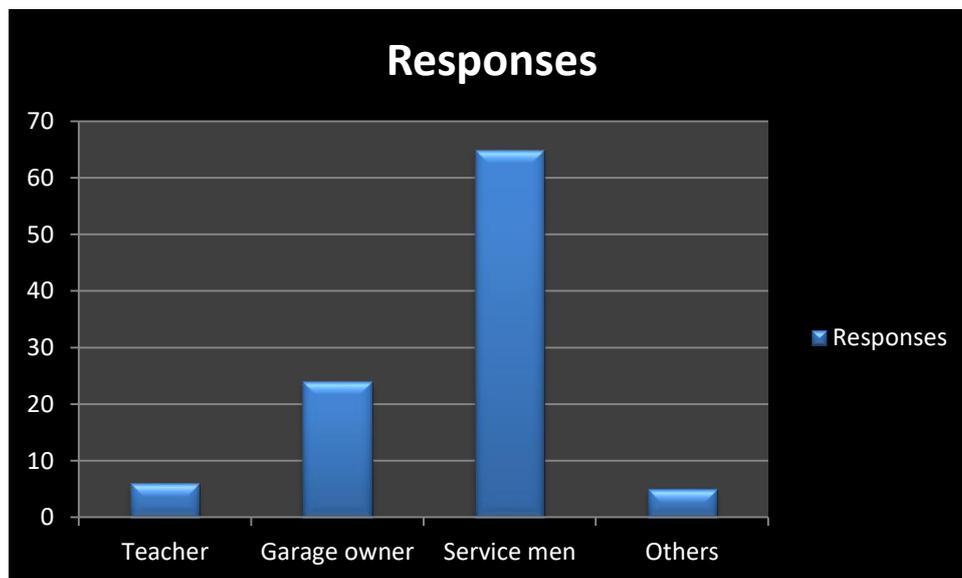
From the above received information, it can be seen that 40 percent of the chosen correspondents prefers to acquire a muscle car for them and 36 percent of the people

wants to buy an electric car. While, the rest percentage is divided by the different types of cars. This reflects that business plan for American muscle car can success as the people prefers muscle car than other cars in the market.

**Q4: What is your profession?**

Options	Responses	Responses in percent	Total Respondents
Teacher	6	6	100
Garage owner	24	24	100
Service men	65	65	100
Others	5	5	100

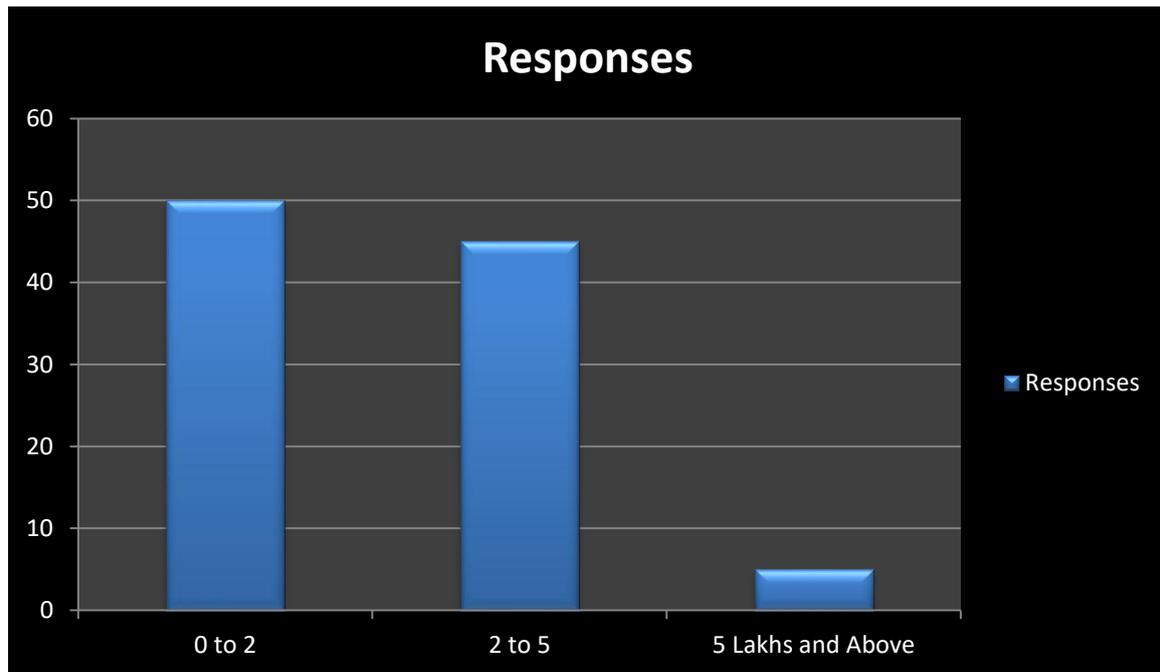
Table 4: Professions of respondents



**Q5: In which income group do you fall (Per annum in lakhs)?**

Options	Responses	Responses in percent	Total Respondents
0-2	50	75	100
2-5	45	15	100
5 Lakhs and Above	5	5	100

Table 5: Income of respondents

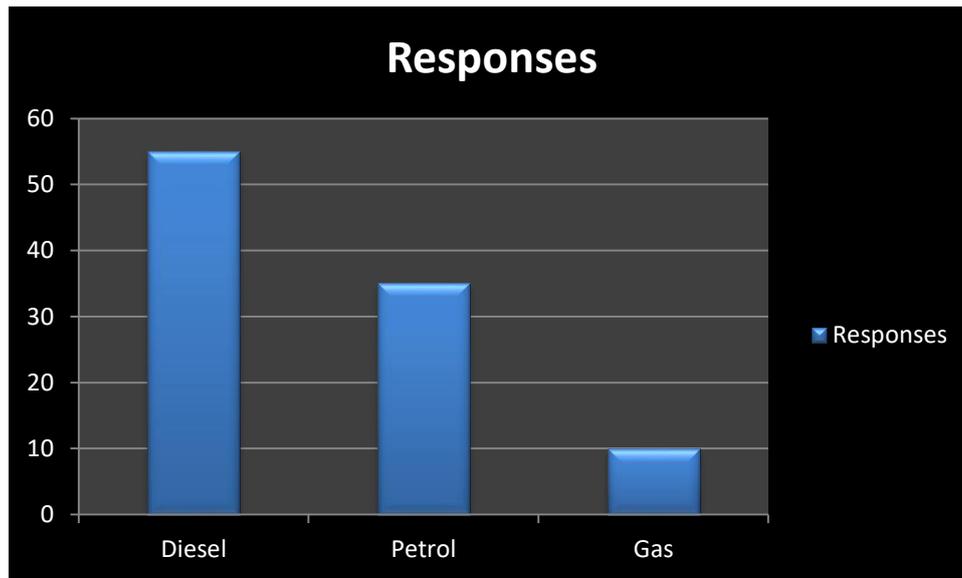


From the above received data, 50 percent of the chosen respondents have in income level from 0 to 2 lakhs and 45 percent of the people falls under the income level of 2 to 5 lakhs and 5 percent of the chosen respondents earns above 5 lakhs. This shows that there is a chance of success for the business plan as the economy is increasing and people can afford a muscle car for them in the future.

**Q6: Which fuel car do you prefer?**

Options	Responses	Responses in percent	Total Respondents
Diesel	55	55	100
Petrol	35	35	100
Gas	10	10	100

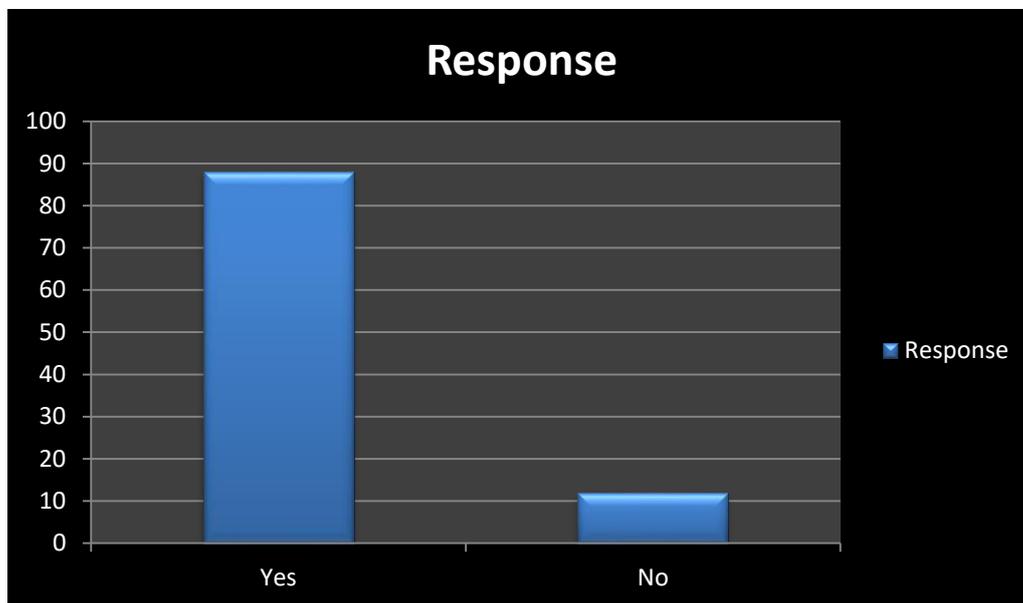
Table 6: Fuel preference



**Q7. Do you any knowledge of American Muscle Cars:**

Options	Responses	Responses in percent	Total Respondents
Yes	88	88	100
No	12	12	100

Table 7: Knowledge of the respondents

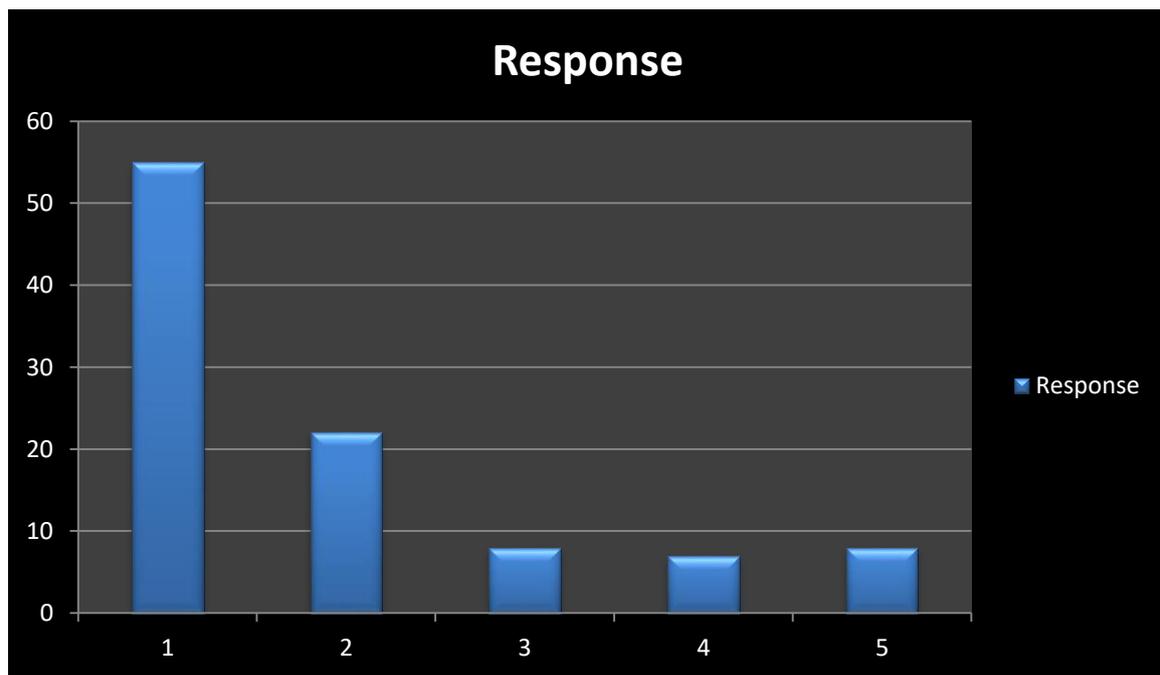


From the above information it can be concluded that 88 percent of the selected respondents knows about American Muscle car and only 12 percent of the selected respondents do not have any conception about the muscle car concept. As majority knows about the product, it will become easier for the business plan to succeed in the chosen market.

**Q8. If the answer to the above question is “Yes”, on a scale of 1 to 5 where 1 being the lowest and 5 being the highest, how fit are muscle cars for the Indian road?**

Options	Responses	Responses in percent	Total Respondents
1	55	55	100
2	22	22	100
3	8	8	100
4	7	7	100
5	8	8	100

Table 8: Muscle cars for Indian roads

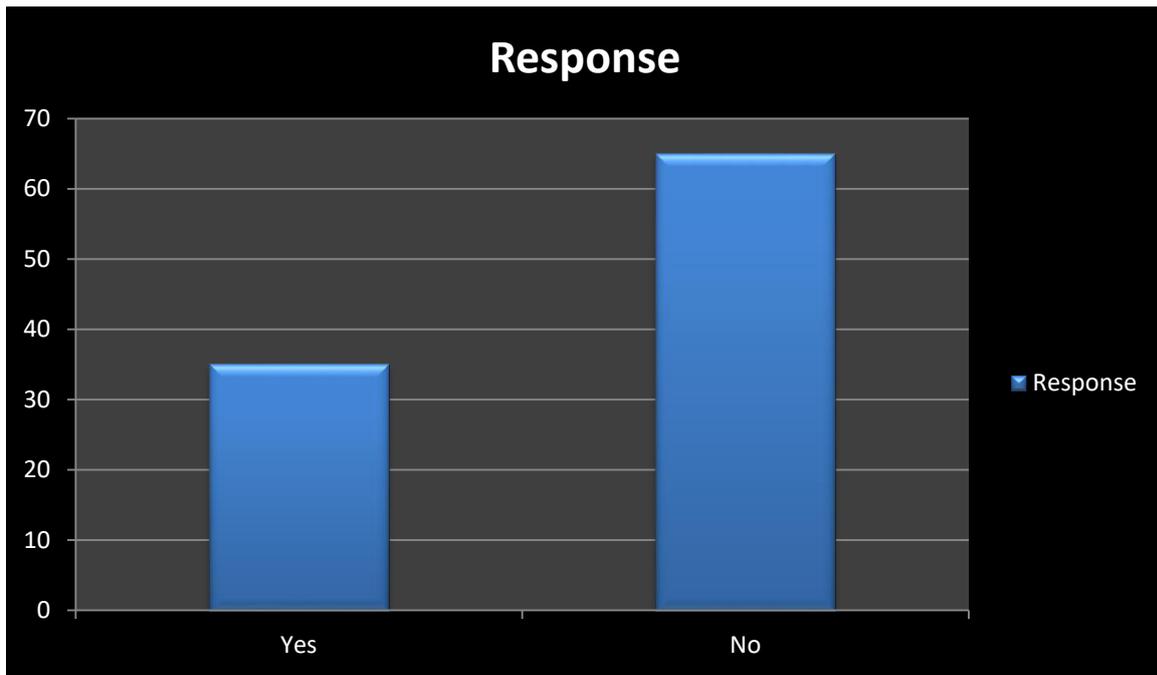


55 percent of the selected respondents feel that muscle cars are appropriate for the Indian roads and this states that, there is huge acceptance of the muscle car in the Indian market and this business plan can help the economy to accept the business proposition.

**Q9. Would you prefer European/Japanese Sports cars over American Muscle cars?**

Options	Responses	Responses in percent	Total Respondents
Yes	35	35	100
No	65	65	100

Table 9: Preference of car selection of respondents

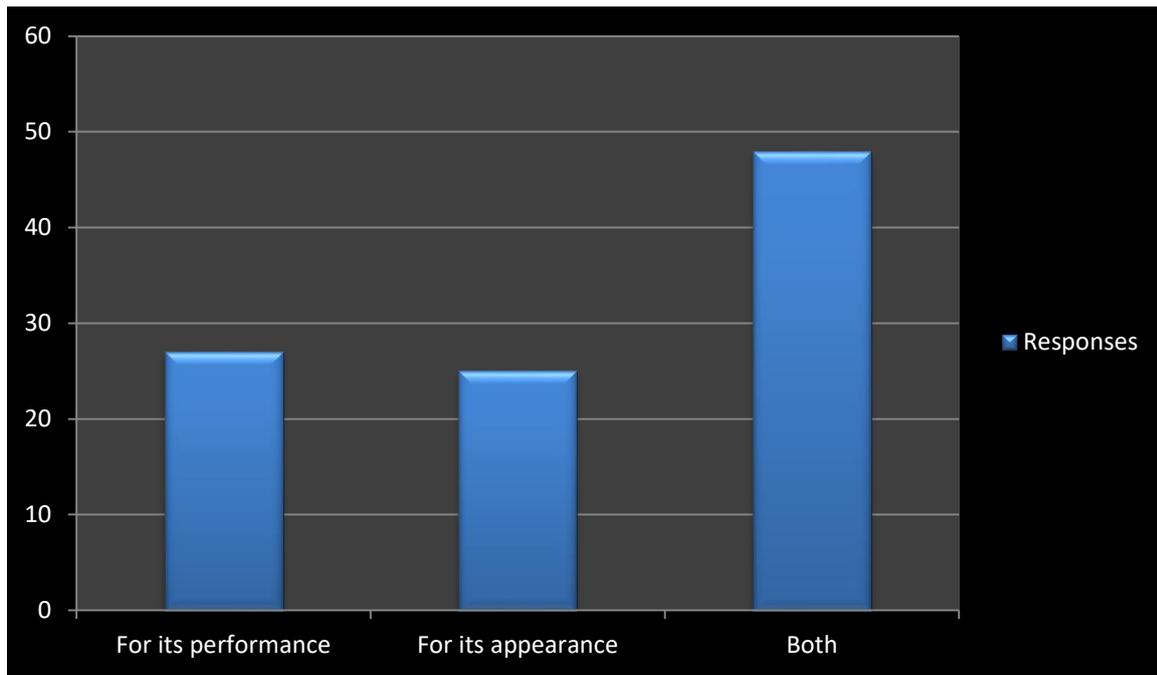


From the above collected data it can be evaluated that, 65 percent of the chosen respondents will not choose American muscle cars over some European/Japanese cars and 35 percent of the chosen respondents will choose a European/Japanese car over an American muscle car. This states that there is a scope for the business plan to succeed in the chosen market.

Q10. Why would you choose muscle car over any other car?

Options	Responses	Responses in percent	Total Respondents
For its performance	27	27	100
For its appearance	25	25	100
Both	48	48	100

Table 11: Attractions of respondents

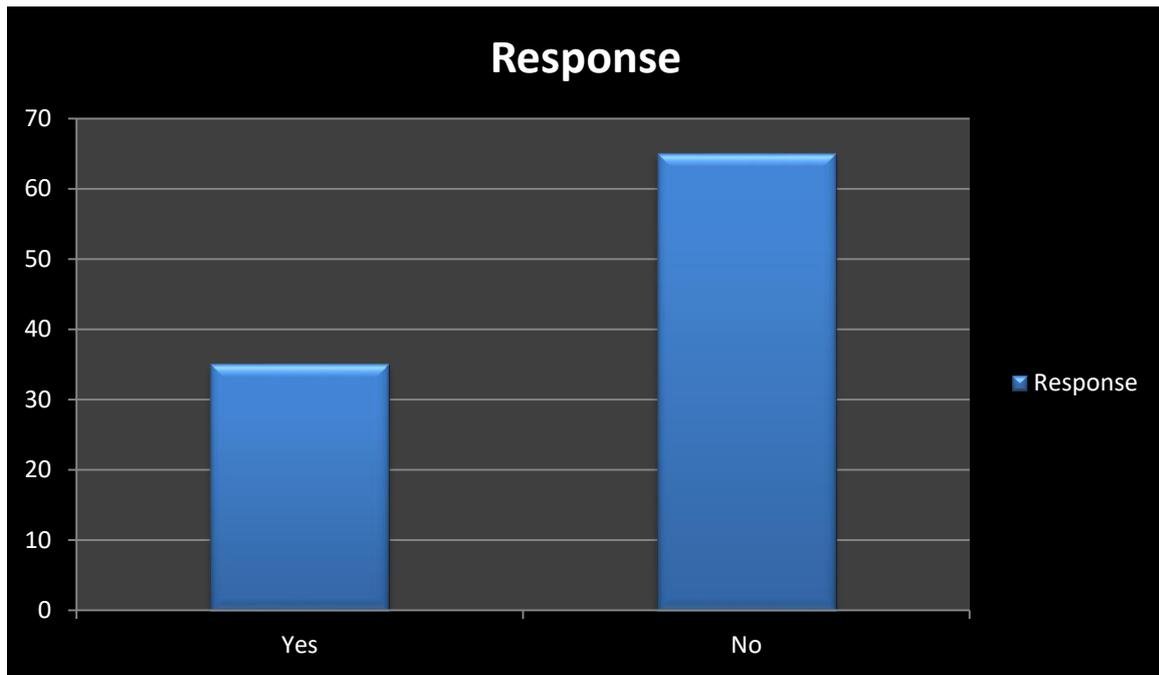


From the total respondents, 27 percent of respondents felt like that they should choose a muscle car because of its performances, 25 percent of the respondents feels that appearance of a muscle car will make them buy one and 48 percent of the chosen respondents feels that both performance and appearance of the car will make them buy the product.

Q11. Have you ever own a muscle car before?

Options	Responses	Responses in percent	Total Respondents
Yes	35	35	100
No	65	65	100

Table 12: muscle car ownership of respondents

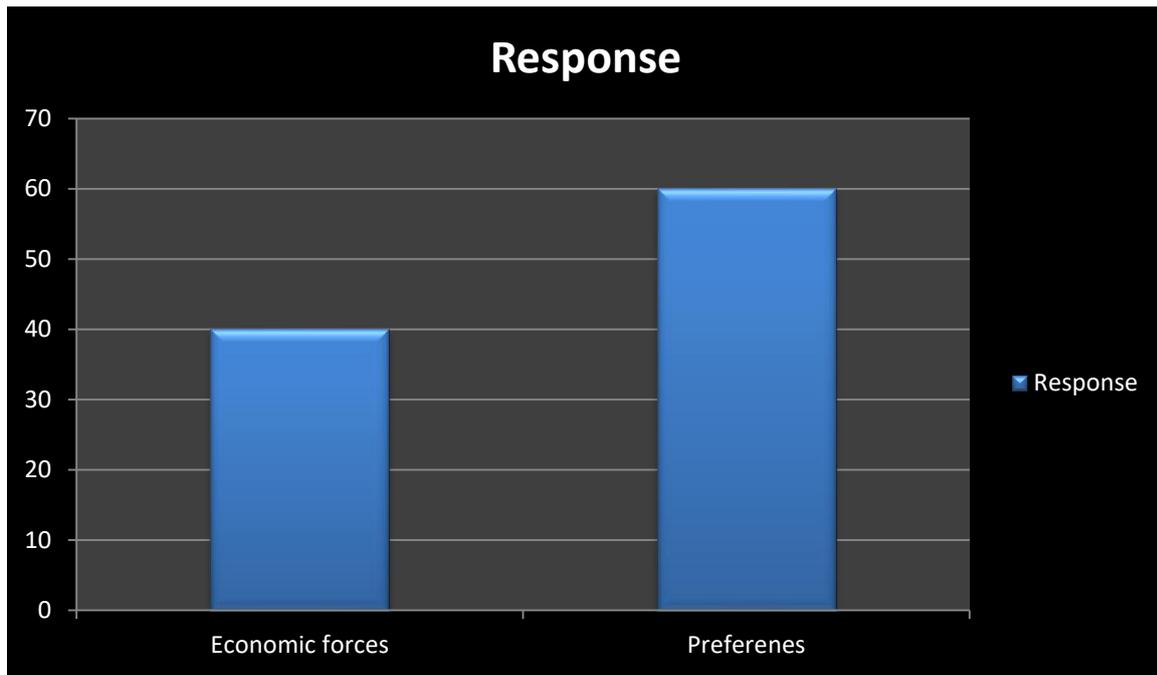


From the above chart it can be observed that 65 percent of the people did not own a muscle car. On the other hand, 35 percent of the people are having muscle cars. This shows that there is a chance for the business plan to work in this market as it can serve the purpose to the other people who ever want to avail a muscle car.

Q12. If the answer to the above question is "No", what made you not to have a muscle car?

Options	Responses	Responses in percent	Total Respondents
Economic forces	40	40	100
Preferences	60	60	100

Table 13: Non-demanding forces of respondents

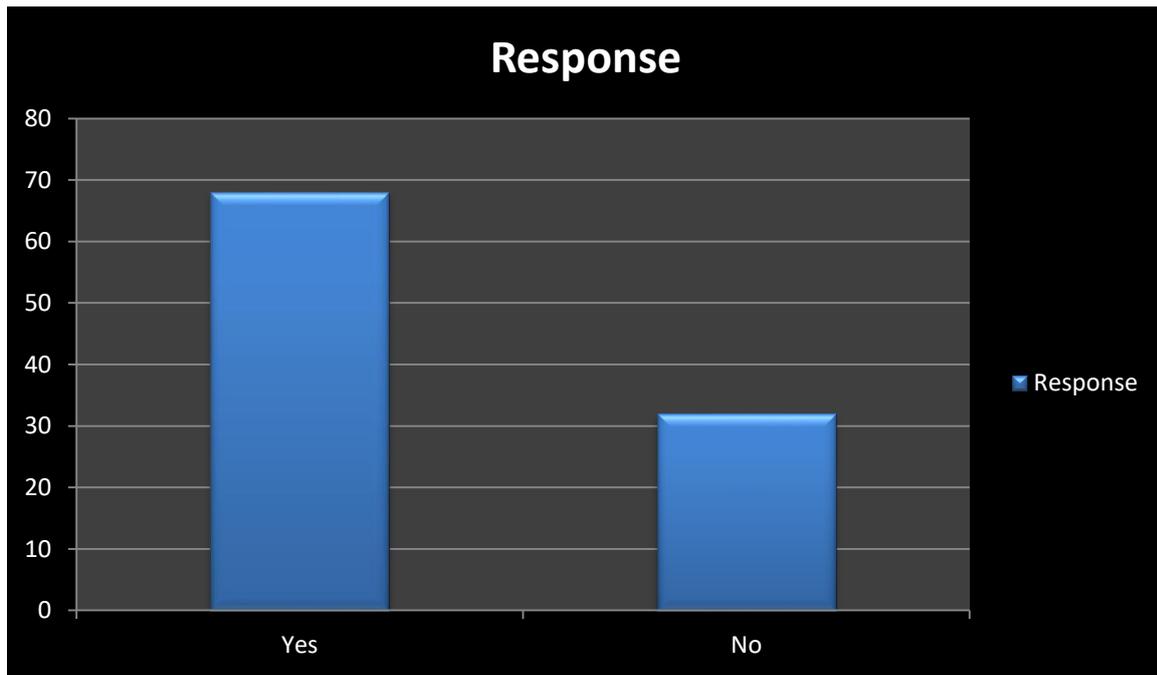


From the above data it can be understood that 40 percent of the respondents are getting affected by the present economic conditions and 60 percent of the respondents are driven by their preferences of not acquiring a muscle car. This can stand beneficial for the business plan as there is a future demand for the muscle car in the economy.

Q13. Do you think, in the near future you can afford a muscle car?

Options	Responses	Responses in percent	Total Respondents
Yes	68	68	100
No	32	32	100

Table 14: Future preference of respondents



From the above received data, it can be observed that 32 percent of the respondents feel that they cannot afford a muscle car in the near future. On the other hand, 68 percent of the chosen respondent feels that they can afford a muscle car in the near future. If the economic condition can stays stable in the future then in the near future there will be an increased number of people who will be purchasing muscle car.

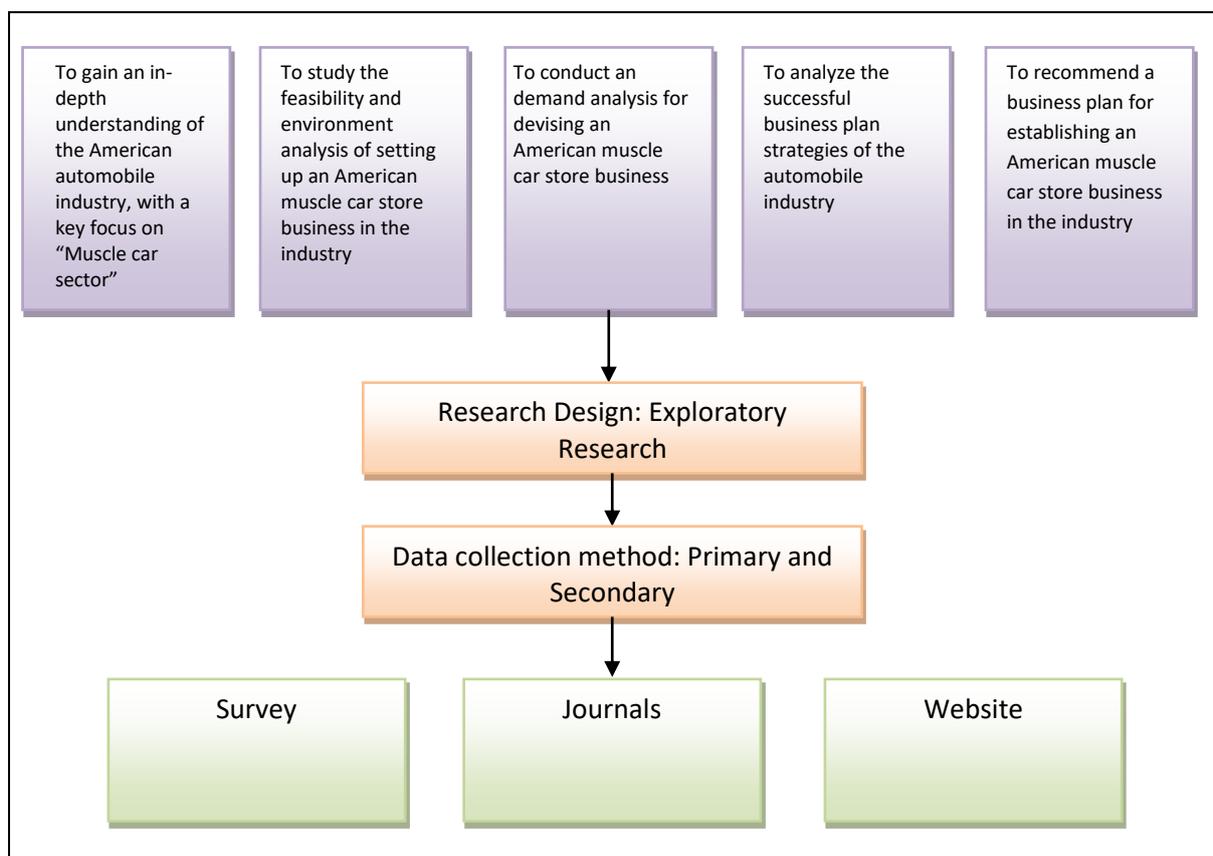
## 6. Research Aim

The aim of the current research is to explore the American muscle car sector within the American automobile industry, followed by the development of a business plan for devising an American muscle car store in India.

## 7. Research Objectives

- To gain an in-depth understanding of the American automobile industry, with a key focus on “Muscle car sector”
- To study the feasibility and environment analysis of setting up an American muscle car store business in the industry
- To conduct an demand analysis for devising an American muscle car store business
- To analyze the successful business plan strategies of the automobile industry
- To recommend a business plan for establishing an American muscle car store business in the industry

## 8. Data Collection Method



In this study, both primary and secondary data collection method have been implemented. The targeted customer segment has been surveyed in order to understand consumers' preferences. Apart from that, secondary data collection has been conducted in order to collect market background of both global and international. The survey data has been conducted with the help of statistical calculation; while on the other hand, observation tool has been implemented in order to analyze secondary data.

Data collection method is a method of gathering the information about some targeted variable in an establish variable method, which enables one to get the answer of the relevant question related to the target.

There are two type of data collection methods one is primary method one is secondary method. The primary method is the collecting the data from person by face to face discussion, group discussion, interview and asking the relevant question. The other method is secondary method in this process the data is collected from old data collected by other from the internet, books, and journal etc.

The data collected for the report is done by both the way primary as well as secondary method. Some face to face closed answer questions are asked from the consumer who are using automobile in India and some data are extracted from the various books and journal and some references are took from some websites.

## **9. Compilation of data, Interpretation and Analysis**

***RO1: To gain an in-depth understanding of the American automobile industry, with a key focus on "Muscle car sector"***

***RO2: To study the feasibility and environment analysis of setting up an American muscle car store business in the industry***

More of the persons who prefer these cars are male. As muscle cars demands high maintenance and are high on power. Surveying 100 peoples we get that 60 out of 100 peoples are male. Surveying 100 peoples for car preference, we get the result that a very small amount of peoples are there who prefer muscle cars over any other type of cars. Only 4 out of 100 are interested in Muscle cars. Most of the peoples don't prefer muscle cars because of its high power, fuel consumption etc. And peoples purchase and use cars for daily use. In addition to the same, the population has been broken into 3 income groups. The majority of the population falls in the first bracket i.e. 0-2 Lakhs per annum. This implies that majority of the population is not in a position to afford such cars considering the initial outlay and the maintenance there on. Only 5% of the population will be able to afford such cars.

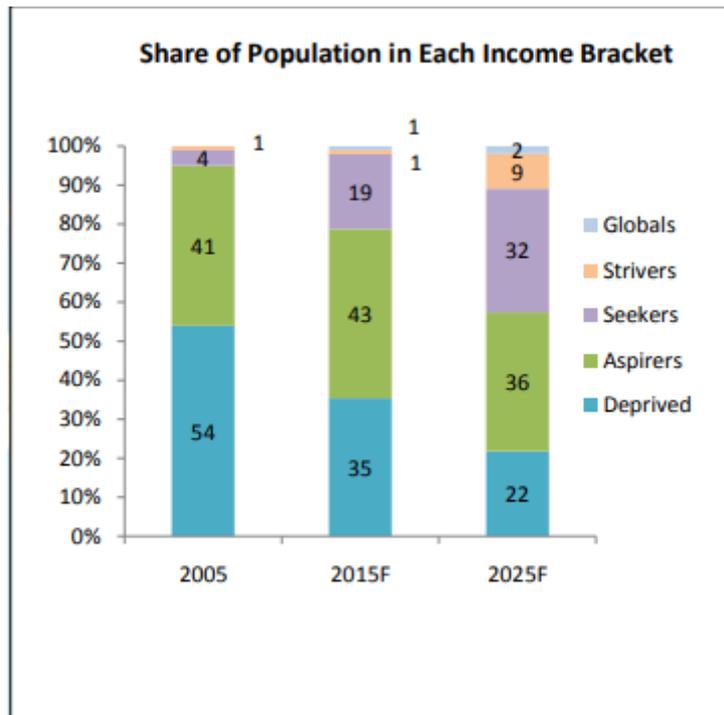


Figure. Share of Population in Each Income Bracket

Source: (Gyan Research Analytics, 2012)

This is further substantiated by a survey conducted Mckinsey Global Institute in 2007 only 1% of the population surveyed falls in the bracket of Rs.10 Lakhs and above. This further reduces the target market for the companies wanting to start manufacturing/selling such cars in India. In addition to this the import taxes on such cars is extremely high. Based on the category of such cars/parts the import duty can be anywhere from 20% to 40.8%. This implies that a car costing Rs.75 Lakhs might bear an import duty burden of Rs.30 lakhs (@40%) making the effective price at Rs.1.05 Crores before insurance and road tax.

**RO3: To conduct an demand analysis for devising an American muscle car store business**

According to the survey, only 4 out of 100 are interested in Muscle cars. Most of the peoples don't prefer muscle cars because of its high power, fuel consumption etc. And peoples purchase and use cars for daily use. As these cars need a high amount of maintenance the most people are not interested in purchasing such luxury cars. In addition to the same as has been illustrated above the income of the Indian population is also a key deciding factor since a high majority of the population fall below the income of 2.01 Lakh. This further reduces the targeted audience and hence any muscle car store even in the best Metropolitan city can target sales of 3-5 cars per month. This figure is not very motivating and might have the reader thinking about the opportunities available.

Surveying people for their fuel preference we come to the result that more people prefer diesel and petrol over gas. 55 out of 100 peoples and 35 out of 100 peoples prefer petrol and diesel respectively. It is because diesel and petrol is cheaper and gives more mileage than gas. Another huge factor Indian sentiment is the mileage which has been previously discussed and hence Muscle cars don't stand a chance on this ground since the mileage of a Muscle car comes nowhere close to the mileage of an everyday use car in India. Another important factor to consider is the awareness about the concept of muscle cars in India. The concept of muscle cars in India is missing and hence any company willing to start operations in India would first have to create that awareness and build the brand.

Muscle cars are expensive to manufacture, the prices are also quite high. And also these cars are high fuel consuming and needs maintenance. Thus, only the high incoming persons can afford to have a muscle car. Considering all of the above it might not be a good idea to produce/import such cars in the Indian market.

***RO4: To analyze the successful business plan strategies of the automobile industry***

***RO5: To recommend a business plan for establishing an American muscle car store business in the industry***

## **10. Competitor Analysis**

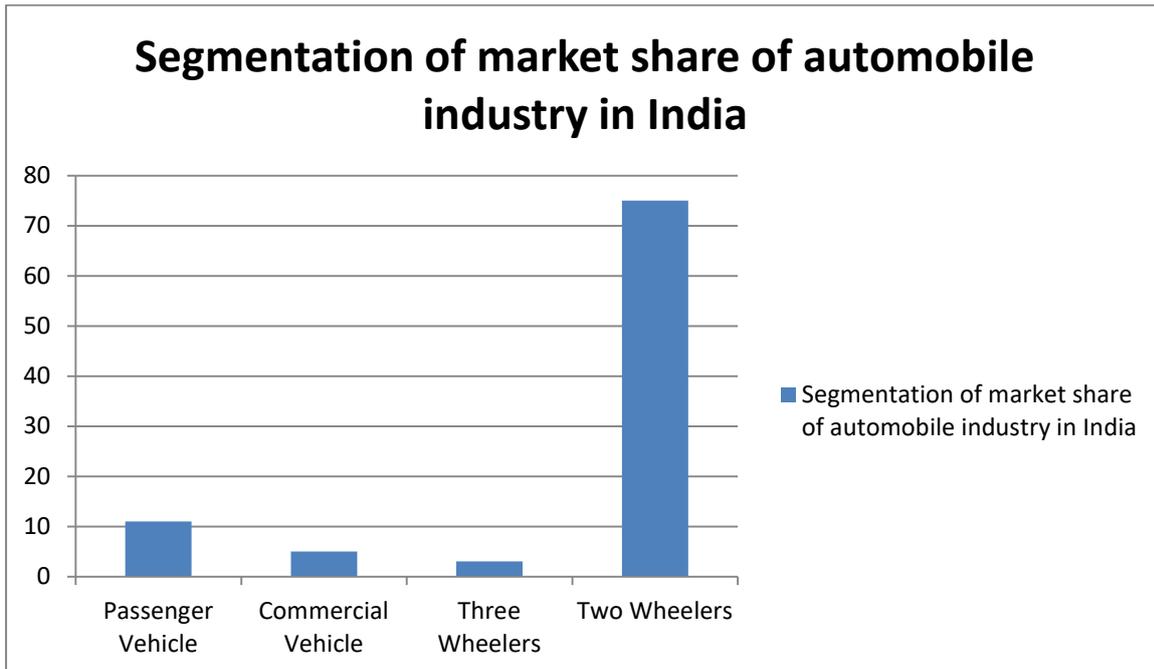
Competitive Analysis of Indian Automobile Industry is a exclusive series of report. Competitor Analysis plays an important role in the strategic planning process and company success. To be able to effectively gain an understanding of the Auto market you are planning to enter in segment, it is key to have an in depth knowledge of your competitors. The better you understand the competition of your industry, the more effective the strategies & implementation you can make to compete with them.

Basically if your product is something that customers want, you will have little trouble selling it, provided that there are no competitors. However, there are almost always competitors, or at least there soon will be if a product is successful. These competitors will either make a similar product in a way that makes it superior to yours, or they will undercut you on Vehicle price & after sales and offer better value proposition to the customer.

Understanding your competitors will also help you to map a better understanding of your customers. You can easily learn the key points that customers purchase from competitors as well as understanding what strategies the competition use to market to the customers.

Our Analysis pursues to identify weaknesses and strengths that a company's competitors may have, and then use that intelligence information to improve efforts within the company. Our effective analysis report will first obtain important information from competitors and then based on this information forecast how the competitor will react under general and specific circumstances.

**Competitive Analysis Report based on five key areas:**



- Competitor strengths and weaknesses (SWOT Analysis)

Strengths	Weaknesses
Domestic Market is large Government provides monetary assistance for manufacturing units Reduced Labor cost	Infrastructural setbacks Low productivity Too many taxes levied by government increase the cost of production Low investments in Research and Development
Opportunities	Threats

Reduction in Excise duty Rural demand is rising Income level is at a constant increase	Increasing rates of interest Too much competition Rising cost of raw materials
--	--

- The strategies used by each competitor to achieve their objectives

Some focuses on the lower cost where some dealing with better performance. Some are design oriented whereas the market of cheap cars with diesel fuel is mostly favorable in Indian market.

- Segment Analysis

H1 FY17 Auto Sales Analysis				
Segment/subsegment	April-Sept FY17 Domestic Sales	%Change	April-Sept FY17 Exports	%Change
Passenger Car	1026526	5.11	285469	6.88
Utility Vehicle	373504	40.24	79960	58.87
Van	94009	8.12	1681	118
<b>Passenger Vehicle</b>	<b>1494039</b>	<b>12.34</b>	<b>367110</b>	<b>15.38</b>
M&HCV	137664	-1.19	19881	1936
LCV	195767	11.69	36065	5.78
<b>Commercial Vehicle</b>	<b>333431</b>	<b>5.9</b>	<b>55946</b>	<b>10.24</b>
<b>Three-wheeler</b>	<b>287738</b>	<b>13.3</b>	<b>149917</b>	<b>-39.3</b>
Scooter	3048195	26.9	144860	18.51
Motorcycles	6042877	12.65	1028599	-15.76
Mopeds	445880	26.32	9628	19.6
<b>Total Two-wheeler sales</b>	<b>9536952</b>	<b>17.47</b>	<b>1183087</b>	<b>-12.45</b>
<b>Total Auto sales</b>	<b>11652160</b>	<b>16.33</b>	<b>175281</b>	<b>-10.68</b>

- After Sales Support

Maruti Suzuki providing best customer satisfaction in the field of after-sales customer service among the leading market brands, getting satisfactory score of 906 among 1,000. The industry witnessed greatest improvements in service facility followed by initiation in service.

Japanese leading automobile giants Honda possess second with score of 880 in study.

Just 1 out of 6 customers mentioned that the dealership picking up and dropping vehicle from their chosen location. Providing the pick-up and drop-off service has a significant impact on satisfaction. Additionally, dealerships are offering more amenities in the service centers of different areas to the user convenience.

The study mentioned that 85 out of 100 customers receive their vehicles back on the same day of service.

Satisfaction among customers who receive their vehicle on the same day of service is 873, compared with 822 among those whose vehicle is not delivered on the same day.

Notifying customers in case of routine maintenance gradually improved, as 86 percent of customers indicate they get it via phone, letter or SMS/ text in the year of 2015, up from 79 percent in 2014.

- The market outlook

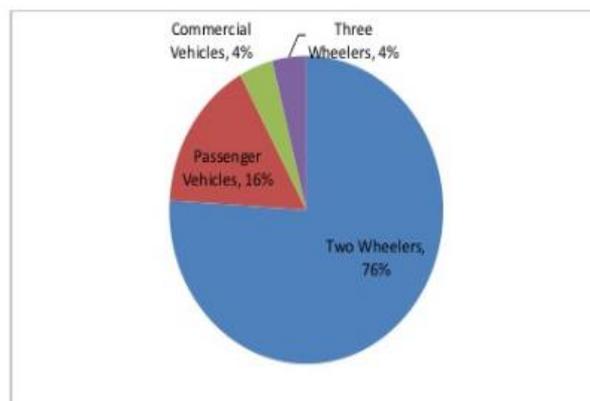
Automobile Maintenance in India is one of the most necessary services related to the Indian automobile market in India. All the vehicles need regular maintenance as only by this, one can keep their vehicles secure. Moreover, it also indicates the performance and longevity of the vehicle. Starting from car painting to looking after the auto-parts regularly, everything falls under the policies of Automobile Maintenance in India. The automobile components directly related to the performance of the vehicle. Some of the regular processes of Automobile Maintenance in India are like checking the battery, changing the automobile oils, keeping a check on it, checking the electrical system to identify a few of them.

Some of the most essential tips required for the owner and also the driver to follow seriously for the well-being of the vehicle and for a proper automobile maintenance in India are as under:

- to prevent deterioration of the engines, it is necessary for the engine to maintain the amount of oil it receives, in order to prevent falling mileage
- to have an accurate knowledge of the fuse system which would save the vehicle from getting stranded due to a blown fuse
- to focus the lights of the automobile properly
- to check the air pressure of all the tires regularly
- to change the water required for the engine

- to get the automobile serviced only at authorized and efficient service stations
- to check the engine oil level once every two weeks
- to check the coolant and water levels in the radiator and battery
- to use authentic and genuine spare auto parts always
- to provide the vehicle with anti-rust coating before the rainy season

Apart from these general tips on the automobile maintenance in India for safe drive the driver should also follow some preventative automobile maintenance policies like to check the air-filter every month, to be cautious while handling the battery, to check the brake fluid monthly, to get the oil filter replaced with every oil change, and many others. To get a vivid idea about the Automobile Maintenance in India, the owner and also the drivers should go through the user manual of the vehicle very seriously.



#### **Key Feature of the report:**

- Current and expected future trend analysis by the key players are highlighted to determine overall competitiveness of the market & Products
- Porters Five Forces analysis, ACG product grid and SWOT analysis of the key market players are provided to illustrate the business practices adopted by buyers
- The technology-oriented Industry drivers and opportunities are highlighted to the top factors responsible for the market growth
- The forecast analysis of the market through 2015-2020 is provided to elaborate the market potential

#### **Changes in Vehicles Technology**

Along with the engine the vehicle has also undergone an enormous improvement in the form of:

**Autopilot cars:**

Driverless cars also known as autopilot, autonomous vehicle or auto-drive car are intelligent vehicles because of the simple fact that they drive themselves, to put it in a better way they actually do not require drivers to drive them. These vehicles navigate the roads themselves and give you a taxi experience.

**Emission Standards:**

With the help of the advancement in automobile technology a check can be put on the emission of harmful pollutants like NO<sub>2</sub>, particulate matter (PM) or soot, carbon monoxide (CO) or volatile hydrocarbons which would by far help to save the planet from global warming.

**Automotive Engine:**

Coming from the first steam engine built by Nicolas-Joseph Cugnot in 1769 to the modern day four stroke internal combustion engine, the automobile engine has survived a long journey. It is simply the determination and power of the human mind that has kept improving the steam engine and today excelled in making it a fast and smooth running engine.

**Suspension technology:**

The suspension system of a vehicle consists of springs, shock absorbers and linkages these together connect the vehicle to its wheels. However the main function of the suspension system remains to minimize jerks and to provide a smooth journey to its occupants

Apart from the above mentioned technologies steering technologies and safety technologies have also helped the automotive industry to reach great heights.

## **11. Company Constitution**

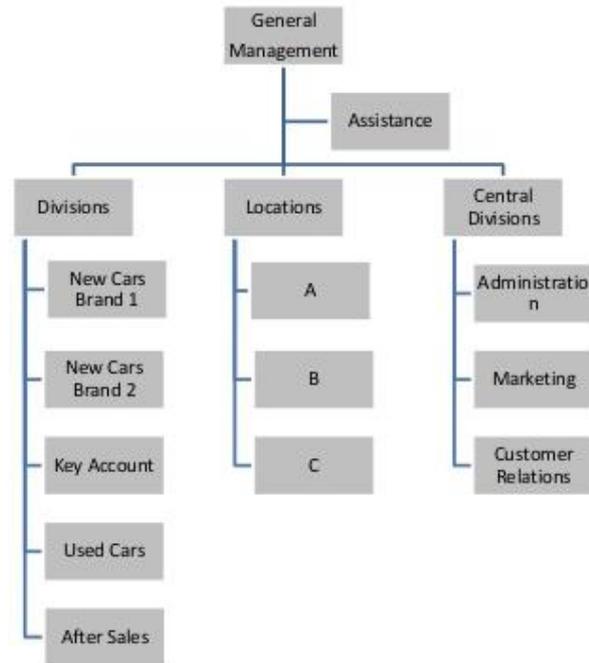
**Company name:** Xenoverse the whole new universe

**Tag line:** power of 1000 horses under your feet

**Vision:** to be the largest muscle car organization in the world

**Mission:** To rule the automobile industry

**Organizational structure:**



## 12. Sports car brief

Sports car refers to the models, which are developed with powerful engine and vintage model design. The concept of sports car was evolved when the car manufacturers distinguished the target market based on needs. A specific target market was considering the durability and mileage of the car, on the other hand; other segment was considering speed and design. Therefore, the first sports car was designed considering the power of the engine and other specifications of the cars such as hood size, seat placement and alignment of the vehicle.

## 13. Financial feasibility – (for a runaway of 1 yr)

- a) Opex (Operational expenditure)
- b) Capex (Capital Expenditure)
- c) Unit Economics Model
- d) Gestation Period
- e) Customer Acquisition Cost Analysis
- f) CLV(Customer Lifetime Value)
- g) Funding ask (if any)

## 12. Sales & Marketing strategies

- a. Market entry method

## 13. Environmental Scan (PESTLE Analysis)

14. Resources required (manpower, L&B, Technology)
15. Product Prototype (In case of tangible product or else tech prototype in case of e portal or service)
16. Defense strategy in case of potential threat from big players.
17. Growth projections for next 5 years.
18. Exit plan for investors
19. Conclusion

## References

Amador, J., Cappariello, R. and Stehrer, R., 2015. Global value chains: A view from the euro area. *Asian Economic Journal*, 29(2), pp.99-120.

Americanmuscle.in. (2018). Muscle cars in india | Classic american cars for sale | American cars for sale. [online] Available at: <http://americanmuscle.in/> [Accessed 16 Apr. 2018].

Baldwin, R. and Lopez-Gonzalez, J., 2015. Supply-chain trade: a portrait of global patterns and several testable hypotheses. *The World Economy*, 38(11), pp.1682-1721.

Bergek, A., Berggren, C. and KITE Research Group, 2014. The impact of environmental policy instruments on innovation: A review of energy and automotive industry studies. *Ecological Economics*, 106, pp.112-123.

Boot, M.D., Tian, M., Hensen, E.J. and Sarathy, S.M., 2017. Impact of fuel molecular structure on auto-ignition behavior—design rules for future high performance gasolines. *Progress in Energy and Combustion Science*, 60, pp.1-25.

Camilleri, M.A., 2018. Integrated Marketing Communications. In *Travel Marketing, Tourism Economics and the Airline Product* (pp. 85-103). Springer, Cham.

Deyo, F.C. ed., 2016. *Social reconstructions of the world automobile industry: Competition, power and industrial flexibility*. Springer.

Dodourova, M. and Bevis, K., 2014. Networking innovation in the European car industry: Does the Open Innovation model fit?. *Transportation Research Part A: Policy and Practice*, 69, pp.252-271.

Drauz, R., 2014. Re-insourcing as a manufacturing-strategic option during a crisis—Cases from the automobile industry. *Journal of Business Research*, 67(3), pp.346-353.

Gyan Research Analytics (2012). *Indian Income-Class Opportunities*. [online]

Gyananalytics.com. Available at: <http://www.gyananalytics.com/Indian%20Income-Class%20Opportunities.pdf> [Accessed 9 Apr. 2018].

Holliday, K. (2018). Auto industry set for 'explosive' China-driven growth. [online] CNBC. Available at: <https://www.cnbc.com/2014/05/08/global-car-output-to-break-100-million-units-by-2021.html> [Accessed 8 Apr. 2018].

Ibef.org (2018). *Indian Automobile Industry Analysis: A Sectoral Report* | IBEF. [online] Ibef.org. Available at: <https://www.ibef.org/industry/automobiles-presentation> [Accessed 19 Mar. 2018].

McCarthy, N. (2018). Infographic: Super Luxury Car Sales Are Booming. [online] Statista Infographics. Available at: <https://www.statista.com/chart/9309/super-luxury-car-sales-are-booming/> [Accessed 7 Apr. 2018].

Muralidhar, S. (2017). 'Super sports car segment in India is more about emerging trends'. [online] the hindu businessline. Available at: <https://www.thehindubusinessline.com/companies/super-sports-car-segment-in-india-is-more-about-emerging-trends/article9572575.ece> [Accessed 18 Apr. 2018].

PTI (2018). Super sports car sales to grow in double digits in 2018: Lamborghini India. [online] Business-standard.com. Available at: [http://www.business-standard.com/article/companies/super-sports-car-sales-to-grow-in-double-digits-in-2018-lamborghini-india-118010700104\\_1.html](http://www.business-standard.com/article/companies/super-sports-car-sales-to-grow-in-double-digits-in-2018-lamborghini-india-118010700104_1.html) [Accessed 18 Apr. 2018].

Statista. (2018). Sports Cars - North America | Statista Market Forecast. [online] Available at: <https://www.statista.com/outlook/1080000/104/sports-cars/north-america#marketStudy> [Accessed 7 Apr. 2018].