

## **Need and aim of the research**

## CHAPTER- 4

### Need and Aim of the research

**When there is complex market & stiff competition companies need to focus on more than just the product.**

Keystone, a subsidiary of LaSalle Consulting Associated has forecasted that India will become the world's third largest automobile market by 2030, behind China and the US. An ageing population and increasing costs of ownership will see auto market shrinking in Japan, Korea and Europe while increasing per capita income will fuel the two Asian giants growth. Over the next quarter century emerging markets will replace the mature markets of America, Europe and Japan as the primary driver of sales growth and will account for 69% of industry sales and 87% of vehicle registrations over the next 25 years, more motor vehicles will be sold than in the entire history of the industry. The size of the Indian vehicle market is forecast to cross 20 million. In 2017, China is projected to become the world largest market for motor vehicle sales, surpassing the US.

Around the same time, India's auto market is projected to surpass Japan. Within the next quarter century, China is projected to reach an ownership rate of close to 380 and India around 140 per thousand.

These figures give us a clear picture of what future holds for us as a nation. Thus we need to understand our market and its behavior to prepare and plan for the promising bright future.

*It's a known fact that world has crossed the "product concept".*

World is getting technologically advanced thus imitating product quality is not tough for the competitors.

"It is much easier to copy a product," said Aaker, "than to duplicate an organization with unique values, people and programs."

A brand has to have a high value and evoke strong positive associations in its customers. Brand attachment is what you compete for. It is crucial not only to get your target customers make a purchase from you, but also to make them sympathize with your brand. People are often inclined to endow things with human characteristics and emotions.

That is exactly what you want them to do. Make your brand more personal and you will get a chance to win your customers' life long loyalty and passion. When a company is focused on giving high quality goods and wants to play a long inning in the market than it becomes very important for them to create an air of positivity about their products and their commitment towards the consumer's wellbeing.

A smart ad campaign or the opinion of a friend can influence viewers' opinion enormously. The talents of a car and the manufacturer's commitment can be gauged from its popularity.

In such a scenario brand franchise is a key tool of marketing strategies thus an in-depth study is required to understand the factors controlling the penetration of a brand in a competitive & complex market.

It has been observed in the past that expanding the product range in different segments have been a tricky issue for all the manufacturers. Manufactures with an established image in premium segment finds it difficult to gain customers confidence in the economy segment and vice-versa.

For ex: Maruti has a strong presence in both A & B segment. It tried to capture market in C segment & Premium SUV with the launch of Baleno and Grand Vitara respectively. However both the products fared poorly and couldn't create any threat for the market leaders of that segment.

Maruti is the market leader in Mini and Small car segment. As they have always enjoyed huge brand loyalty and customer support for all their products it was always assumed for them to get the advantage in other segments as well. As the sales figures of both Baleno & Grand Vitara did not support this assumption it became a matter of concern for the company.

In similar situation when World's leading car manufacturer General Motors launched its premium products like Opel Astra & Chevrolet Optra in India it got instant success and acceptability among buyers in that segment. Encouraged by its early success GM went ahead to challenge market leaders like Maruti by launching its budget segment cars Spark and U-Va against established products from Maruti & Hyundai. However company's premium image didn't go well with budget car buyers as they were apprehensive about the high maintenance cost of this premium brand. Company failed to create its brand association with middle & lower section of Indian consumers.

There have been other companies like Hyundai & Tata motors which had mixed reactions from the consumers across various segments.

Companies like Audi, the number one premium brand in Germany where it has been competing against its arch rivals like BMW & Mercedes, when launched in India failed to capitalize on its brand equity.

All these examples force us to study customers buying preferences segment wise. As noted earlier customers acceptability in one segment doesn't ensure success in other segments as well. Brand franchise created in one market may fail to give you success in another market place.

No past research has gone to the extent of studying why these companies have not succeeded in gaining success across all segments, where do they fail to do so. What needs to be done in order to gain complete market dominance.

**Basic aim of the study is to understand the degree of influence of brand image among other factors that motivate consumer's buying decision.**

As explained above study is focused in finding influence of a brand image on the overall performance of a company in the market.

Why manufacturers enjoying strong brand franchise in the Indian market have failed to leverage their advantage and goodwill across all segment of the market.

Among all the other factors that influences consumer buying decision how important is the brand image.

It's a common perception that if a brand is doing well internationally it will do well in the local market as well, how true is this perception for the Indian consumers?

Research will be also focused in finding the solution of this strong brand advantage for the new players who intent to give competition to the existing players.

**Research aims to cover three different segments of players.**

1. Companies having strong brand image and are successfully enchasing the advantage. Ex: BMW, Rolls Royce etc.
2. Companies having strong brand image in one segment of the market but fails to deliver good results or is not accepted by the consumers in the other segment. Ex: both Maruti and Hundai are enjoying good customer loyalty in their A and B segment of cars but both have failed to get customer acceptance in C segment.

3. Newly launched companies having not so well known brands trying to establish themselves in the market shall also be studied to understand their position and to give them suggestion in building strong Brand franchise for themselves and to fight the existing competition.

**Basic purpose of the study is to find answers to various questions like.**

1. How important is brand franchise in passenger car market of India?
2. How, why and to what extent is a strong image able to influence the consumer behavior?
3. Why manufacturers enjoying strong brand franchise in the Indian market have failed to leverage their advantage and goodwill across all segment of the market.
4. Various areas in which a strong and influential brand can have a positive impact to ultimately benefit the manufacturer.
5. What can be done to nullify or reduce a strong brand franchise of a competitor?



Passenger car industry in India is governed by lots of other factors which work simultaneously with strong brand image to control the market. Thus it is highly unlikely to conclude that studying Brand franchise alone can help the industry in finding key to the customer's heart. Also Branding is a very broad concept. It covers a lot of different aspects like different types of branding, brand rationalization, brand loyalty, brand equity, brand extension etc. brand franchise though a very important aspect of branding is after all a part of a big concept.

However the utility value of the study would be to provide marketing managers with a tool to establish basis for creating a better brand image in the market. It will help to determine the factors that influences and form brand image of a company as well as what helps in maintaining this image & customer confidence. Extensive survey carried out during the study will help the existing as well as the new manufacturers in getting an insight of customer's mindset. There isn't anything more important and valuable then knowing your customers thus this research will help manufacturers immensely by getting their views and opinions and by knowing their expectations.

## **Hypothesis**

It is been observed in the past that if a company has a strong international standing then Indian consumers tend to trust it inevitably without discovering whether the product suits the local conditions or not.

Consumers across the globe are always seen trusting a stronger brand even if there isn't enough evidence to prove its superiority over the other available alternatives. The strength of a brand could also be its strong and effective advertisement and promotional activities.

Cars being expensive commodity, consumers tend to be less experimentive. Once when satisfied by a brand they prefer to stick to the same brand which has given them satisfaction and value for money as experimenting can prove to be a costly affair.

H1: Indian consumers are overshadowed by the international image of a company.

H2: People are more influenced by the perceived image than ground reality.

H3: Consumers are less experimentive when it comes to higher end goods.

### **Samples studied**

Sample size will include both, people from within and outside the industry.

125 consumers using various brands of passenger cars will be studied through depth interview.

Six manufacturers and their product portfolio strategy will be studied with the help of industry insiders.

Sampling techniques: People working with various brands will be interviewed to know the companies strategy. This selection of people will be based on availability and convenience to both the parties. Customers will be randomly selected. Care will be taken to cover customers from every segment and if possible every brand. This will ensure no part of the industry is left untouched.

### **Tools used for the study**

Interview schedule

Questionnaire

Observation schedule

### **Techniques of analysis**

The analysis would be qualitative for the major part of the research. Interviews of both customers and brand managers will provide qualitative data.

Raw data collected will be analyzed through classification method.

Graphical presentation of secondary data in form of pie-charts and bar-charts. Appropriate use of techniques will be done to analyze the samples and to test the hypothesis.

**Consumer's direct interview could give valuable suggestion to the manufacturers but the restricted geographical reach could hamper its viability.**

People within and outside the industry with relevant knowledge of the subject will be interviewed to get the insight of the current happenings. Thus bringing a point of view from the experienced and knowledgeable group of people.

Focused group will have people from all the sections of society thus bringing a mixed bag of reactions and opinion further strengthening the conclusion and avoiding any bias in the conclusion drawn.

Interviews of the customers using various brands of passenger cars will give a clear mindset of what consumer want and desire as these people have already used the products and are giving their opinion based on their experiences.

The study is restricted to a limited sample size and geographical reach.