

Summary, findings
and Conclusion

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Six companies and 125 customers later we discovered just how important is our research topic “Brand Franchise” and how it is one the most influencing factor in a companies strategy making process.

Goodwill is influential only till the real product is tested but it’s the most important factor till the actual testing is done.

After studying six company’s product portfolio and 125 customer’s interview what comes to our mind first is the way passenger car industry in India and its consumers have graduated over the period of time.

Over the period of three years, while this research was carried out, few of our hypotheses were proved to be wrong in today’s modern scenario indicating the winds of change.

We were pleasantly surprised to how and till what extent customers have grown in past few years. Today a consumer in India is no longer ignorant and naïve when it comes to making a sound choice for himself. Consumers have reached a long distance from being taken for a ride in name of strong brands to knowing exactly what they need and how they want it.

A very important point that we learnt while researching on the six companies playing an important role in the Indian market is that

Brand franchise is one of the strong factors that companies consider while planning their strategy for a new market.

Volkswagen group when launched its Skoda brand in Indian market in 2002 it received a positive approach from customers and it established itself in the local market without having to push its product.

When they launched their flagship brand in India in 2009 they learnt that their Skoda brand is more popular among the consumers and thus decided to price the Volkswagen cars little lower to their Skoda cars.

This was deliberately done to avoid colliding in the same segment and to avoid disturbing their already established market for Skoda cars. This was done despite of the fact that internationally Skoda is priced lower than the Volkswagen.

This goes to show that companies no matter how big a brand name in the world scenario, gages its popularity before entering a new market place. In short every company irrespective of its popularity keeps a check on its brand franchise value to be able to make right decisions in pricing and marketing department.

Indian consumers are not entirely influenced by the international image of a company. Companies have to change their brand strategies for Indian market as customers here have different needs and requirements then the rest of the world due to either climatic or infrastructural differences.

Promotion is a key to any successful sales strategy and Brand franchise is key to an impactfull promotion.

Promotion is very important activity to introduce or sustain any product in any given market. With increasing competition and decreasing loyalties it's important that every company takes step towards improving their brand recall value and constantly upgrade new information about it's products to the consumer. No one no matter how strong their image is can afford to sit back and relax as there are other brands working hard on getting the customers attention. 95 of 125 people said that they have never done repeat purchase from the same company. This goes to show that customers prefer to try new companies more than being loyalty to one. This also goes to show that a consumer don't have enough reasons to be loyal as according to him all brands rate equally in quality of the product and services.

Promotion should be planned only after studding the Brand franchise value in-depth.

Companies should understand how its name is been perceived by the people. Every brand has an image and every image is linked to some qualities thus while launching a new product companies should realize if their image goes with the personality of the product.

For e.g.:

Tata has a few successful models in its kitty in the form of its most famous Nano, Tata Sumo, and Indica. Tata has seen success in the A and B segment.

Tata had launched Tata Sierra & Tata Estate in the premium segment but Tata failed to capitalize the open market advantage at that given point.

Tata Motors also distributes and markets Fiat branded cars in India. Fiat again is known to be common man's brand. Fiat has never seen success in the premium and luxury segments. When Tata started marketing for Fiat they wanted to give people advantage of Tata's service network. Thus Tata associated its after sales service and other services to Fiat's name. This gave customer's peace of mind when it came to maintenance of the car after purchase. Thus Tata used its name and goodwill to its advantage.

Tata Motors has operations in the UK, South Korea, Thailand and Spain. Among them is Jaguar Land Rover, a business comprising the two iconic British brands that was acquired in 2008.

When Tata brought these premium cars to India it very cleverly distanced its current setup from that of the newly acquired brands. Knowing the mind set of customers Tata did not risk promoting these brands under its umbrella. Thus a different setup was created to sell and service these highly premium cars.

Very wisely Tata promoted its product as per the requirement of the market.

First time buyers rely more on word of mouth more than knowledge of the product.

Our survey clearly showed us that while making their first purchase people usually relied on the opinion of friends and family more than their knowledge of the car. One respondent had stated that while buying his car he had his heart set on Maruti Alto but finally bought Chevrolet Spark under the pressure of wife and kids as they thought Spark was more of a new generation car than Alto.

Thus promotional activity should be done keeping all age group in mind. It should focus on creating an air of poisitivity among consumers to win the word of mouth vote.

Success in foreign market does give customers a cushion of tried and tested. It creates confidence in the mind of customers which is “Brand Franchise” in true sense.

Honda and Toyota are both very well known brands in the international market. Toyota is the largest manufacturer of cars in the world. Both these brands were well received in India when they were launched due to its goodwill internationally.

Honda and Toyota when they launched their brands Civic and Corolla, they had to take no efforts to promote their products their brand franchise was strong enough to give a good boost to the sales, thus giving them advantage of a known brand.

Suzuki couldn't create an impact in any other part of the world but after collaborating with Maruti they are the market leaders in India. India is the biggest market for Suzuki second being their parent country Japan.

Luxury segment is driven by popularity of the product with performance. This segment is highly influenced by the brand franchise factor. People in our interview confirmed that if some brand is doing well internationally they would consider it as its popularity proves it be a safer bet.

Infact this segment doesn't prefer local manufacturer as they feel Indian manufacturer are still not capable of building cars of their liking and our brands cannot match the quality and standards of likes of Mercedes, BMW, Audi, Ferrari etc.

Apart from luxury even C and D segment customers were keener on internationally successful like Chevrolet, Toyota and Honda. This segment has cars in the range of 15-20 lakhs also.

Thus consumers feel that high price is only justified for brands with good value internationally. Today globe is one market thus businessmen dealing with international clients wanted to use products their clients would be aware of and appreciate to create a good impression.

Tried and tested by other is only an assurity for quality and reliability, this alone is not enough to convince them to buy. Companies need to back their goodwill with hard work and service.

Many customers were of the opinion that they did not opt for brands like Nissan and Audi inspite of their international success as these brands have not been able to develop a strong base in this country.

Both these companies have very few dealers and have failed to give customers confidence about regular supply of parts and prompt service. Audi has changed two dealers in Mumbai and is still struggling to find one who would stay with them for longer than a year. Last dealer of Audi had seized 20 customers' cars due to a rift between him and the company heads. This type of experiences washout the brand franchise advantage a company would be banking on.

An effective brand communication should be done through the integration of the communication process. It reaches its goals, only provided the conformity of the entire brand's internal and external communication to its market positioning. In this way the brand communication can be very effective and it can radically change the brand's life and perspective.

Image of the company and performance of the product are the two most important factors considered by consumers while making their purchase decision.

Marketers engaged in branding seek to develop or align the expectations behind the brand experience, creating the impression that a brand associated with a product or service has certain qualities or characteristics that make it special or unique.

A brand image may be developed by attributing a "personality" to or associating an "image" with a product or service, whereby the personality or image is "branded" into the consciousness of consumers.

A brand is therefore one of the most valuable elements in an advertising theme, as it demonstrates what the brand owner is able to offer in the marketplace. Consumers may look on branding as an important value added aspect of products or services, as it often serves to denote a certain attractive quality or characteristic

People may often select the more expensive branded product on the basis of the quality of the brand or the reputation of the brand owner.

Companies need to pay utmost important while building their image. Their advertisements and promotions are directed towards creating an impression in the minds of buyers which will ultimately reflect in their products. This will automatically slot them in one segment as the promotions need to be done with an aim to please a certain section of the market.

When you try to please all you land up with a confusing message which will in all probability is ignored by all.

Respondents in our survey said that every company has a image and if they are looking for a car to have a higher status in the society they will not buy a brand whose USP is economy.

For e.g.: If someone is buying a car for social status he will buy Honda city or Toyota Altis and not Maruti SX4. Although all these models belong to the same segment and they are all good quality cars with good features. At times it's the image of the company that makes the difference.

Among others resale value too is one of the USP of a company.

Quiet a few consumers said that resale value of a company is important factor. It is not surprising to know that price driven segments were even aware of the returns once they were done driving their vehicle. But apart from the small car segment even the mid size segment seemed to be noticing which brand has what resale value. While changing your car it should be easy to sell the first in order to buy the other quickly is what few people were concerned about.

Cars may have become a necessity in today's world but it still is a source of social status for a common man.

Companies should never neglect the psychological benefits that a customer derives from a brand. These benefits sometimes overshadow the practical needs of people and thus are important to be understood and pampered. Peace of mind is what most people are looking for from their company. At least 33% of respondents wanted to buy something that will not give them sleepless nights over maintenance cost and servicing issues.

Social standing is the biggest psychological benefit people derive from a car. It has become important for every income group to own a car in order to be accepted as a successful professional. When more than 37% of respondents said that social status is what they get from their brand it has become clear that companies cannot ignore such an important point while designing their promotional campaign.

Indian consumers are less experimentive when it comes to high end products.

Indian consumers are influenced by the western lifestyle and thus certain big changes can be seen in today's modern India.

These changes can be seen in the form of increasing number of nuclear families; higher level of educations even in smaller town and cities etc. car market has also benefited from this change. In today's India every family feels the need to own a car either for practical or psychological reasons.

As these changes are new Indian still feel reluctant to spend a heavy sum in upgrading their lifestyle. India has been a country where people usually believe in saving their disposable income than spend it. Our survey respondents too confirmed that cars being an expensive commodity they purchase it only after the product is well received in the market and word of mouth is positive about its performance.

Our respondents dint show any interest in trying out products of a new or a lesser known manufacturer.

Companies usually fail when they divert from their core product line.

It's been seen in Indian market that every company who has tried to divert from their core product line has not been able to create any impact in their new venture. This pattern is common in every company's history. There has been no exception to this till now.

Maruti rules the Indian passenger car market with a huge share of 46% it still has never managed to create impact in segments other than A & B. Maruti has attempted to spread its popularity in C & D segments as well. It had launched Versa.

Versa failed to generate any success for the company thus forcing Maruti to pull it back from the market. Vitara was Maruti's entry in the SUV market. Before Vitara Maruti had tried achieving success in the MUV segment with its Baleno, both these products couldn't help Maruti's record of failing in the segments other than A&B. Maruti's exceptional performance in the small car segment was not enough to draw buyers to its expensive cars.

Although Hyundai received huge success in the B-Segment market, whenever it tried to reach out to other high-end segments it has always received a cold response from the consumers.

World's largest car manufacturer GM when entered Indian market it received good response in B-upper and C-lower segments. But when GM decided to enter the small car segment it was not received on a welcoming note. GM launched its U-VA model first which did not do well in numbers. People from A&B segment failed to relate to the brand. Chevy was perceived to be a upper segment brand hence it carried the tag of high maintenance and low fuel efficiency cars.

Although Tata has received a good success in the form of Indica, it has tasted failure in the past when it launched Tata Sierra & Tata Estate in the premium segment at a time when the competition in this segment was next to nothing. Tata failed to capitalize the open market advantage as the product quality did not match people's expectation.

Toyota is the only brand who doesn't have any failures in its portfolio. But Toyota has never ventured in the small car segment till now. Thus to call Toyota an exception will not be correct.

Common mistake made by these brands was to carry their image in the new segment. Every segment has its own requirement. A company is successful in a segment when it is fulfilling the needs of the consumers in that segment.

When a company tries to enter a new segment it changes its product as per the requirement of the consumers but forgets to change its image as per the requirement of the new segment. This mistake is so commonly made by all the brands that it is surprising to see these manufacturing giants fail to understand why every company is failing in the same area.

Companies need to focus on their past failure and learn from their mistake. Only company who seem to be doing so successfully is GM. When GM who is a well known brand in CD segment launched their small car Spark they did not receive instant success. Small car market is cost sensitive and GM had an image of being high maintenance and low mileage cars. Thus people were reluctant in experimenting with these cars. Actually consumers of small car segment couldn't relate to this brand all.

After realizing their initial mistake company started taking corrective measures. It started advertising well which high lighted its good mileage feature. Next they came up with a three year free service scheme which ensured that consumers will not have to shell out any money for maintenance for the first three year from purchase.

This way company took care f both its week point. These efforts were even rewarded by increasing sales number. People trusted the brands new policy and as the brand was already known as a premium brand middle class people got instantly attracted to it for social status factor. Thus companies should play on its strong point and try to cover-up its weakness in one or the other. Without making a effort if a brand demands acceptance in all segment it's not going to be possible.

Main reason for all these failures is limiting your brands reach to a certain section of market. Very little effort is taken to change the image while changing segments. This could be due to over confidence in the product. But it has to be remembered that no matter how good your product is your promotion can not be neglected.

Market in which the product is launched should be ready for it. If the acceptance level is low than measures should be taken before the launch to clear the image. To launch a product in the market that is not ready for it is inviting failure.

Suggestions

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Suggestions

The key to success is to never underestimate the power of basic rules of marketing.

Don Tyson, chairman and CEO of Tyson Foods, likes to recall a lesson he learned from a long ago chairman at General Foods who was asked how he had made General Foods into a food giant.

"His reply was, we made our dogs have more pups.' The company came up with a good item, and then it made that item expand," says Tyson, who clearly learned the lesson.

Today, more and more new products are being introduced on the heels of existing brands.

The success is not reached solely by 'giving a birth' to a brand. It is not enough to create a brand. It has to be sustained, it has to grow and develop. Brands are more than products' trademarks or companies' names.

Brands are like people. They have their history, personality, image, identity. They build up relationships with their customers. They possess value. They 'look' into the future. They are an image in the mind of consumers who using it and even to those who have never used it.

When people who have never used the product have good things to say about the brand it is said that the company has managed to achieve “Brand Franchise”.

Brands too have visions. Without all those things brands will be left only with their products' natural qualities and benefits. Even though, most products possess excellent and even unique advantages; the market is so oversaturated with similar and competing products that those differences on their own are not sufficient any more for the product differentiation. Brand franchise is not only useful while entering a new market, it is also useful while entering a new segment of the same market or while launching a new product line with the same brand name. Thus, sustaining brand franchise becomes a primary task for companies' management. Let us take a look at some things that should or should not be done for sustaining brand franchise.

First come first: Know where you stand.

Before entering a market it's important to understand if people know about you or no. Companies while entering a new market should know whether their brand popular among the consumers or no. If people are aware of the brands that mean brands presence could have created some perceptions in the mind of people in the industry and the consumer. Brand franchise is a positive environment for the company to launch its product.

Brand franchise is one the most important factor to be considered while entering a new market or a new segment.

If the brand is known in the market it's important to know what level of expectation are raised from people's perception about the brand. Every brand has an image in the mind of the end users and there are always expectations from the product and companies service. If these expectations are known it becomes easier for the company to prepare its advertisement and promotional strategy to make it more impact full.

Remember that your first impression may not be your last impression but it can be a lasting impression.

It's always necessary to start on a right note. Thus trying to understand what people are anticipating helps you to be better prepared.

Increasing competition and decreasing loyalties have made promotions indispensable.

Car market is facing a situation where brand promotional activities have become of utmost importance as competition is increasing and loyalties among the customers is decreasing. With different companies launching numerous new models every now and then customers have become the king. Customers have so many choices that they find it difficult to stay loyal to some particular company ignoring the advance technology or futuristic designs of the competitors.

This situation prevails in almost all industries. It is not limited to automobile industry only. Thus every company needs to promote their product well to be able to withstand the competition and win the customers vote

Base all the promotion and marketing strategies on the strength of your Brand the Franchise.

A study on your brand franchise value will tell you how and where you are placed exactly. This will give you a clear idea about your strengths and weakness in the market place. You can do your SWOT analysis even before entering the market with the help of brand franchise.

This will give you clarity as to what needs to be done to please the customers. Companies can start working on their weaknesses so that by the time the product is ready for launch market will be prepared for it. Brand managers can use their strengths to cover their weakness. Strengths once discovered can be high lighted and promotion can be designed accordingly.

Had GM followed this strategy before entering the small car market they would have received a more warm welcome from the consumers. GM should have started advertising about them entering into this segment well before the launch. Promotions should have focused on showing Spark as a fuel efficient and a low maintenance car. These are the two most important factors driving this segment.

GM was known for good technology cars for rich people. Thus owning this brand will definitely give customers psychological benefits like social status and pride of ownership. GM completely failed on capitalizing on this Brand franchise while entering a new segment.

Thus studying your brand franchise before entering a segment or market gives your promotions a right direction.

Companies should be willing to change their core strategy while entering a new market to capture the pulse of the consumers

Success in one market doesn't guarantee success in all. Thus before entering the market it is wise to study about the market requirements and then how the companies brand is perceived by the people. If both these factors don't work for each other than measures should be taken to clear the air before launching the product.

We have studied the product portfolio of Volkswagon in our "study of six big players". This study showed us how VolksWagan group changed their pricing strategy for Indian market in order to avoid clashing with their own brand (Skoda) in the same segment.

Place your product wisely.

Branding in the classic sense is all about creating unique identities and positions for products and services, hence distinguishing the offerings from competitors.

A brand identity is what differentiates your company and products from all the others. Branding is a personality, added to simple products or services; a personality that helps customers to get more reasons for making their choice.

Product should be placed well to get maximum advantage from the segment. Best segment to place your product is the one where you will face least competition.

Hyundai when entered the Indian car industry there was only Maruti to compete with it in the small car section. This gave Hyundai enough time to establish itself and popularize its product.

When Skoda launched Octavia in 2001 all the companies were charging premium for their diesel version. Skoda launched both its petrol and diesel version with the same price tag. This way it differentiated its product from the competitors and created a niche for itself.

Strong brand franchise value gives sales the initial push but it alone cannot make fortunes for the company.

When a product enjoys strong brand franchise in the market initial sales is easy as consumers will buy the product in the name of the brand. This situation cannot last for a longer time. Once the product is out in the market it's the performance and quality of the goods that do all the talking. Any amount of promotions or push strategy cannot save a company's bad product.

Thus to say that brand franchise is key to success would be over estimating its power. Brand franchise can give a company the basic acceptance from the consumers but it will survive only when it has the metal to do so.

Crossing segment needs strategic planning. This planning depends on few factors; all these factors differ from segment to segment.

Indian market has seen identical failure pattern from all its manufacturers. Every company which has tried to venture into new segments apart from their core segment was not received well from the consumers. Its almost like every company is trapped in its image and fails to break the boundaries of the reputation earned by it over the period of time.

Brand managers have forgotten the simple logic of changing with the market conditions. Once a brand personality is created managers stick to its persona. Efforts should be taken to change the image as an when required to achieve success in every segment.

The challenge for all brands is that they have a distinct, clear image that matters to customers and truly differentiates them from the rest."

The key step is to create a broad brand vision or identity that recognizes a brand as something greater than a set of attributes that can be imitated or surpassed. In particular a company should consider its brand not just as a product or service, but as an organization, a person and a symbol. This will help companies to reach more segments without changing its image.

When a manufacturer is venturing into small car segment from mid size or luxury segment he should take care of certain factors like

Small car segment is price sensitive. This segment is mainly ruled by economical cars. Car should be economical to procure as well as maintain. Consumers also demand low running cost thus good mileage is basic necessities in cars for this segment.

Word of mouth is very influential in pushing sales. Companies should make efforts to promote the product aggressively as positive impact will make all the difference when the product is launched.

When a brand deals in C & D segment small car segment perceives it as high maintenance thus they will always be reluctant to experiment with it. Thus a company should start its promotional activities well in advance before making the launch.

It's of utmost importance to prepare the segment for the product before launching it. Offers and discounts should be offered to get peoples attention. This strategy works best for this segment.

With the help of technical team efforts should be taken to reduce the cost of the product as far as possible without compromising on the quality.

Every small car buyer wishes to buy mid size segment as soon as possible. Thus they rate the brands catering to luxury and mid size cars very highly. If these brands enter the small car market and ensure ease of maintenance and decent mileage there is no reason for consumers to not experiment with them.

On the contrary owning these brands would become a matter of pride for the consumers and it will give them higher social status as well.

Thus a brand should know how to take advantage of its popularity while making few changes to suit the requirement of the segment.

When a manufacturer is trying to gain popularity in the mid size or luxury segment after being successful in the small car market he should understand that factors driving these segments are completely different from those in small car market.

When a company is dealing in small car market it should take care not to emphasis only on being an economical brand. In place of high lighting cost of acquisition and other parameters that appeal to small car buyers it needs to showcase its ability as a technically advance, feature loaded and futuristic brand that believes in being performance oriented. Brand should have more aspiration values than being feature oriented.

Eg. Honda promotional line is “power of dreams”.

This type of persona when attached to a brand it can venture in any segment and still not be slotted in a particular type.

Manufacturer should take care to separate its advertisement and promotional activities from its small car segment. There should be two different set of people working on these different segments. One department should not be confused with the other. This way two different people will study their respective segment and cater to its need accordingly

Best and the most effective strategy is to create a separate brand under the flagship brand or acquire an established brand whereby the premium image of the acquired brand rubs off positive effect on the existing brand's higher end product which may not have wider acceptance on its own in the market.

For e.g: Tata after establishing itself in the small car segment took over Jaguar land rover an already established and successful international brands. This not only improved the companies brand value but also helped in promoting its mid size car Indigo.

Changing your focus from yourself to your customer. Building a brand relationship, it is essential to understand that your customers are not interested in what 'you are willing to do' or 'what you can offer' or 'how good you are'. What they really want to know is how you can help them what you can do for them, what solutions you can offer to their problems. Let us say you sell cars. If a customer comes to you, it is obvious he or she is looking for a car! However, you have to discover what they really look for. What is their inner motive? Most people want to possess a car that would make them feel good and look prestigious. The others are striving for more practical things, such as comfort or a car capacity.

The brand manager also needs to know senior management's harvesting strategy. If corporate management intends to invest in brand equity and take a long term position in the market (i.e. penetration and growth strategy), it would be a mistake for the product manager to use short term cash flow objectives (ie. price skimming strategy). Only when these conflicts and tradeoffs are made explicit, is it possible for all levels of objectives to fit together in a coherent and mutually supportive manner.

New manufacturers or entrants in the market.

Our research was also focused on finding solution for new entrants so that they can achieve success in the market where established brands are going strong.

When a new manufacturer tries to enter the market it should keep in mind few factors to be able to with stand competition.

1. Never forget four P's of marketing

Concentrate on your product and make it as per the expectation of the market. An outdated design or technology will not help the company create any stir at the market place.

Place your product wisely to avoid competition with the industry giants. Try and create a niche for itself. As far as possible segment your product in low competition area.

2. Good and effective advertising and promotion can make all the difference in the market. Hyundai entered without any brand franchise. Although the brand existed in the foreign soil but it had no presence in the local market. Hyundai banked on promotions, it started selling its product aggressively with the help of film personalities and creative advertisements it has not only established itself but has managed to give the market leader a run for its money.

At the same time General Motors came in India with huge brand franchise but laid back attitude in promotions and brand building department gave the company taste of its first failure in Indian market in the form of Aveo U-Va launched in the B segment cars.

Thus stating the importance of promotion.

3. Know your competitor well. Knowing what you are pitched against gives you a strategy to compete well. Good knowledge of the market, its consumers and its competitors can help a manufacturer more than any other factor can.

In the end to sum up the most important thing to do for all manufacturers in every segment is to perform upon your unique promise. Having achieved all this, you do not want to ruin the whole thing. If your advertising and brand image are like a bright cover of a book that attracts people's attention and motivates them to read it, your performance upon your promises is the content they are looking for. Keep your promises and you will not disappoint your customers. It will develop trusting and loyal relationships that will eventually result in gaining "Brand Franchise"