REVIEW OF BRANDING IN INDIAN AUTOMOBILE INDUSTRY

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ABSTRACT

A product is something that is made in a factory, a brand is something that is bought by a customer. A product can be copied by a competitor, a brand is unique. A product can be quickly outdated, a successful brand is timeless. In today’s business environment, companies must work harder than ever before to achieve some degree of differentiation in their products. Many companies have sought to achieve this differentiation by branding their products, simply putting the company’s name on a product. The market is flooded with new and old brands and intensity of brand war is increasing day by day. The popularity of a brand is a tool for survival and success of company in the market. In this respect companies offer different packages to customers with the use of different resource weapons in this competition war for raising awareness among the customers about the branded product.

Keywords: Hyundai, Mahindra, Maruti

INTRODUCTION

Every brand differs in names or symbols like logo, trade mark, design and packing. The products are recognized through these elements and thus make it possible to differentiate one product from the other. A brand is a signal to protect the customer from similar brand names and protect the producer from the competitors. Brands also have a symbolic value which helps the people to choose the best product according to their need and satisfaction. Usually people do not buy certain brands just for design and requirement, but also in an attempt to enhance their self-esteem in the society. Some brands have very strong position in the market as they are more consumer friendly and customer purchases these branded products on trust and without any hesitation. Brand names present many things about a product and give number of information about it to the customers and also tell the customer or potential buyer what the product means to them. Furthermore it represents the customers’ convenient summary like their feelings, knowledge and experiences with the brand. More over customer do not spend much time to do find out about the product. When customer considers about the purchase they evaluate the product immediately by reconstructed product from memory and cued by the brand name. Most of the customers prefer to buy a branded product because they know this product has been developed by maintaining the protocols, like from the health and environmental prospective,
quality etc. Most successful companies prefer customer preferences and obtain customers input through marketing research. Some companies introduce a latest technology in new product according to customers demand and requirements e.g. introduction of camera in cell phone, cell phone holder, charger in current edition of branded cars etc. They also use latest machinery for improving the product quality, shape, design, use of computer graphics in labelling of the products etc.

A brand has a value; this depends on the quality of its products in the market and the satisfaction or content of the customer in its products and services. This provides the trust of the customers in the brand. If customers trust a brand quality it makes a positive connection to the brand and customers will have a reason to become a loyal to the brand. Loyalty and trust of the customers is very important for a company because it reduces the chance of attack from competitors.9

**Indian Automobile Industry**

The Indian car market industry dates back to the 1920s when American automakers opened assembly plants in Bombay, Calcutta, and Madras. These were re-opened after World War II and others were subsequently setup with Indians partners. But when the new government insisted on local parts manufacturing programmes, the foreign companies decided to close down their operations around 1954. In the early 1980-90s, there were only two major players in the market namely ‘Premier automobiles Limited’ & ‘Hindustan Motors’. At that time there were high custom duties on import. But as the time passed, more players came into existence & also, there was a decrease in the customs & excise duties (Satia and Thomas, 1989).

All that was in pre-liberalization India, which existed before 1991, when the first liberalization measures were announced. Earlier, the production of the Maruti Suzuki 800 hatchback car in 1983 – a joint venture between Government of India and Suzuki Motors of Japan, paved the way for a renaissance in the Indian automobile sector. Post liberalization, India is on every car manufacturer’s map. The reasons are not hard to notice. Also, India is the second largest two-wheeler market and the fourth largest commercial vehicle market in the world. India is the eleventh largest passenger car market globally and is expected to be the seventh largest by 2016. Post-liberalization, many foreign manufacturers have lined up and have set up base in India. Other domestic manufacturers have also improved production levels and are in the race for producing better models as well (Phanse, 2008). Some of the car manufacturers who have set up base in India are Audi, BMW, Chevrolet Fiat, Ford, Honda, Hyundai, Mahindra, Maruti, Mercedes, Mitsubishi, Skoda, Suzuki, Tata, Toyota, Volkswagen, and Volvo. These manufacturers have set up manufacturing facilities in India, or are importing cars and spares to meet the demands of this growing market. Competition has forced manufacturers to be innovative and responsive to customer demands and needs. Now that India is not alien to quality and perfection, customer expectations have soared to higher levels. Depending upon customers needs, four segments - small, midsize, premium and sports utility vehicles currently represent the car market in the country (Sharma, 2009).
‘A niche car concept segment’ is also emerging wherein reputed re-modelers like DC Chhabria cater to individuals who wish to remodel their vehicles to create concept cars for their use. Contrarily, a segment is also emerging comprising of people who wish to upgrade to cars from two wheelers. Tata already is in the process of launching the small car ‘Nano’ to suit this segment’s needs. Many other car manufacturers such as Bajaj Auto are also following suit and are in the process of coming up with their specific versions to cater to this segment. Currently, there is high demand for cars across all these segments. There are many reasons for the impressive growth of the Indian car industry. Some of these are comparatively easy availability of vehicle finance, attractive rates of interest, and convenient installments. Banks and other financial institutions have an assortment of vehicle loan schemes with attractive rates of interest and convenient installments (Phanse, 2008).

These schemes encourage people to go in for loans to purchase cars of their choice. Additionally, a convenient union budget in the current financial year (2008-09) has worked in favor of the automobile sector, which has seen an uptrend in sales across various segments. The new car market has grown at an incredible pace in India. As mentioned, loans are easily available in the country for purchase of new cars. Moreover, many people are now upwardly mobile. Therefore, people who were earlier part of the small car segment now have moved over to the premium car segment, and those in this segment have moved over to the luxury car segment (Anonymous, 2008a).

Therefore, the trend is to get rid of the vehicles that defined them as part of the earlier segments and buy cars that identify them with the newer segments. Apparently, the desire for newer cars and models is yet another reason. People get attracted by newer models, which prompt them to acquire them. This makes them sell their current cars for reasonable resale values. This phenomenon benefits those who want to buy cars, but are not able to afford new ones. The latest trend of new cars on Indian road has led to the emergence of an entirely new market in used cars. Many entrepreneurial and professional dealerships have sprung up in many cities in India dealing in used cars. The growth of the used car market is not surprising. Many companies like Maruti Suzuki have also established showrooms for pre-owned cars (Maruti True Value) where people can purchase genuine, good condition, used cars at reasonable prices. With the emergence of favorable trends in the automobile sector in India, what remains to be seen is how these developments will go a long way to transform the mobility needs of the ordinary Indian (Doshi, 2008).

**LITERATURE REVIEW**

**Brand and Retail Loyalty:** Customer satisfaction is the focal point in the whole supply chain management. Multi-dimensional recording of customer loyalty reveals clear differences in the interactions, first, with brand loyalty and, second, with dealer loyalty. In contrast to the opinion widely held in practice, customers in the automotive sector definitely do not perceive the brand and the dealer as one unit. Since similar studies in
different countries come to almost the same conclusions, it can be argued that the results are valid in several cultural settings. The results obtained by Frank and Andreas (3) are so fundamental that they can be translated into implications even by internationally operating companies. Arjun and Morris (4) examined two aspects of brand loyalty, purchase loyalty and attitudinal loyalty, as linking variables in the chain of effects from brand trust and brand affect to brand performance (market share and relative price).

Brands play very important role in the consumer market. They link consumers and the company, and subsequently, consumers may develop loyalty to brands. This study by Geok and Sook (5) proposes that trust in a brand is important and is a key factor in the development of brand loyalty. Factors hypothesized to influence trust in a brand include a number of brand characteristics, company characteristics and consumer-brand characteristics. The findings reveal that brand characteristics are relatively more important in their effects on a consumer’s trust in a brand. The results also show that trust in a brand is positively related to brand loyalty. Marketers should, therefore, take careful consideration of brand factors in the development of trust in a brand. Unlike earlier, now a days, car owners desire to upgrade their models and brands to avail of the new features and environmental changes and comforts of competing brands. On that account, whether to remain loyal to their existing brand/product or to switch over to a new brand/product is a million dollar question that bother many car owners. This provides an opportunity for many automobile manufacturers and retailers for innovation. In this confusing scenario, some of the car buyers switch from one brand to another at trade-in time, whereas some other car owners display consistent choice of sticking to their brand/product from purchase to purchase, as hypothesized by Sambanandam and Lord (6). When it comes to the product evaluation stage, quality products, positive showroom acoustics, ambience, positive showroom experience and a consistent and formidable after-sales-service, are all essential and central to the loyalty formula, and manufacturers have been concentrating considerable efforts in these directions, as illustrated by Illingworth (7).

Michael’s (8) research investigated brand loyalty by examining actual past behaviour and its impact on future behavioural intentions: in terms of expectation to purchase same/other brand from same/another retailer as well as willingness to recommend the brand and retailer to another customer known to him. Findings indicate that purchase expectation/intention remain a valid research matrix. It would appear that the brand/consumer interface offers greater predictive ability than the retailer/consumer interface. Willingness to recommend a brand to another consumer does not seem to be influenced by past behaviour, but the higher the respondent’s expectation to purchase the brand, the higher will be their willingness to recommend the brand. Same will be applicable to retailer recommendation.
CONCLUSION

As in other industries, the scenario in domestic Indian Automobile Industry is quite different from the Global Automobile Industry. The industry actually developed in two clear stages - the Maruti era (1983 onwards) and the post-liberalization era (1992 onwards). Compared to the global automobile sector, where substantial research has been done, very little empirical research has been conducted on the Indian automobile industry. Due to its unique and synchronous consumer behavioural nature, India is always considered as one unit by Car Manufacturers, whereas in other states, it is always considered as different units as per various considerations. With the boom of many latest car manufacturers launching their products in the India state, the study will definitely benefit the stakeholders of car manufacturers, dealers and financing agencies. The study result could also be utilized by these stakeholders, to formalize and strategize their policies towards an effective marketing strategy. The parameters developed in this paper and the model which has been conceptualized would be further utilized in an extensive research study and quantitative analysis, which will be undertaken subsequently.

References


