

## Chapter I- Introduction

Why promotion and branding is important in marketing within the Automotive Industry?

### **Introduction:**

The International Automotive production industry is a very large varied sector that consists of suppliers, manufacturers, retailers, wholesalers, manufacturers of the original equipments, after market parts manufacturers, engineers, mechanics, Auto electricians, body repairers and painters. The manufacturers of the auto mobile parts & accessories comprise of the automotive that consists of truck manufacturing industries & auto mobile body vehicle manufacturers & parts of vehicle & supplies manufacturers. Manufacturing of light motor vehicles come under this section & automotives, motor vehicle bodies, cabs, chassis, trucks, buses, military vehicles' etc. (automotive-online.com)

The promotion and branding is one of the four key elements of the marketing mix strategies of the organization. The promotion and the marketing strategies employed by the automotive organizations are Promotion through the Media: eg. Radio, TV, Newspaper, Mobile, Internet, and advertising for the organization through the hoardings and ad campaigns etc. The automotive industry also uses the below the line promotion strategies. Below the line promotion strategies are desired to be subtle for the end customers. The below line promotion strategies used by the automotive industry may be sponsorship, endorsements, product placement, direct mail, personal selling, trade shows and public relations. (Lenskold, James D, 2003)

The branding also plays a very imperative role in the automotive industry. A brand is a sign, symbol, name, slogan or any such thing that is used to identify as well as distinguish the specific service, product or the business. It is very important that the potential customers have the awareness of the brand and they value the brand. The brand awareness refers to the ability of the customer to recognize and recall the brand under various conditions and link the brand to certain memory associations with the service and product attached with the brand. (Keller)

The automotive organizations are now all over the world looking for the global branding.

The global branding has following benefits:

- Brand imagery consistent management
- Integration of innovations as well as the quicker identification
- Economies of scale (production and distribution)
- Marketing costs are lower
- Foundation for future extensions all over the world

(Automotive-Online.com)

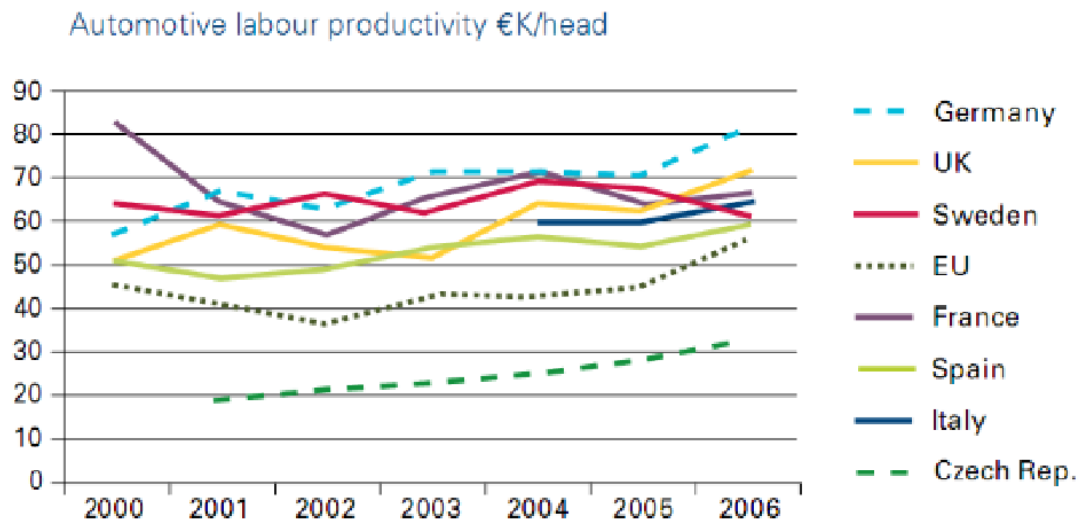
### **1.0 Background Study:**

Technological breakthroughs that happened in Europe in early 1800's gave rise to the beginning of the auto mobile industry and is also continuing today by leading efforts of American industries to start bulk cars production. (Paul S. Boyer. "[Automotive Industry](#)", 2001). The downturn up to World War II led to the fragmented auto mobile industry to get united and after the world war good economic growth, good road systems and advertising helped rising sales for auto mobile manufactures. (Issue 2- fall, 2004). As industry developed the manufacturers had to compromise with labors by providing them good salaries and by controlling government pressures and meeting customer expectations for change in the designs of the automobiles. The technological development was a question of value for automobiles providing personal freedom and economic growth .The urban development and trade between economic growth and environmental issues were considered the effects by scholars. Even today industry mergers and oil crises and pollution factors are affecting the auto mobile industry. (Marina v N. Whitman,1991).

The automotive industry designs, develops, manufactures and then markets and finally sells the vehicles. In 2008, approximately 70 million motor vehicles, which included the commercial vehicles and cars that are produced worldwide. In 2007, the total number of 72 million new auto mobiles had been sold worldwide. Approximately more than 23 million vehicles were sold in Europe; 22 million were manufactured in Asia Pacific, 20 million in Canada & USA. The markets in the Japan & North America had been stagnant and the markets in the Asia and the

South America had a strong growth. The countries of BRIC (Brazil, Russia, India and China) had shown a very steep and rapid growth rate. The number of the vehicles on the Indian roads and the Chinese roads has increased significantly. The robust growth shown by the China in the recent past has made the China the greatest auto mobile producer and the largest market for the automotive sector. (Paul Niewenhuis Et al,2008).

The automotive industry for example of the UK is very large and is also a very vital and important sector of the UK economy. The Automotive Industry in the UK accounts for more than half million jobs. The export finished goods manufactured for the automotive industry UK is £9 bn annually which also approximately account for the one eighth of the total manufacturing exports made from the UK. The automotive industry has been transformed recently in the last decade from a sector which had a poor reputation for the quality and the production as well as the turbulent labor relation to a very competitive industry. (just-auto.com)



Source: SMMT

Figure 1

The UK built cars are in the top of the rankings and the quality and the labor productivity of the automotive organization has reached to very high levels. The automotive industry organization is also laying the stress on the proper branding and the marketing of the various cars and auto mobile vehicles being produced.

This is a table which shows the breakdown of the number of the car sold in the various continents from 1990-99 to the current date. The marketing and the branding done by the auto mobile industry has played a very important role in raising the sales of the auto mobile over the years.

<b>International Car Sales Outlook</b>						
	<b>1990-99</b>	<b>2000</b>	<b>2001-07</b>	<b>2008</b>	<b>2009</b>	<b>2010f</b>
	<i>(millions of units)</i>					
<b>TOTAL SALES</b>	<b>39.20</b>	<b>46.64</b>	<b>49.53</b>	<b>52.17</b>	<b>50.91</b>	<b>53.36</b>
<b>North America*</b>	<b>16.36</b>	<b>19.77</b>	<b>19.36</b>	<b>16.86</b>	<b>12.68</b>	<b>13.88</b>
Canada	1.27	1.55	1.61	1.64	1.46	1.53
United States	14.55	17.35	16.71	13.19	10.40	11.50
Mexico	0.54	0.87	1.04	1.02	0.82	0.85
<b>Western Europe</b>	<b>13.11</b>	<b>14.75</b>	<b>14.57</b>	<b>13.64</b>	<b>13.62</b>	<b>12.53</b>
Germany	3.57	3.38	3.29	3.09	3.81	3.24
<b>Eastern Europe</b>	<b>1.18</b>	<b>2.38</b>	<b>2.54</b>	<b>4.01</b>	<b>3.01</b>	<b>3.14</b>
Russia	0.78	1.03	1.42	2.73	1.47	1.53
<b>Asia</b>	<b>6.91</b>	<b>7.85</b>	<b>10.82</b>	<b>15.07</b>	<b>17.68</b>	<b>19.54</b>
China	0.33	0.61	2.56	5.04	7.31	8.77
India	0.31	0.60	0.81	1.20	1.46	1.60
<b>South America</b>	<b>1.64</b>	<b>1.89</b>	<b>2.24</b>	<b>3.70</b>	<b>3.92</b>	<b>4.26</b>
Brazil	0.94	1.17	1.40	2.23	2.48	2.72

*\*includes light trucks.*

Figure 2 (Global Auto Research, 2010)

## 1.1 History of Automotive industry

### The Top Automating Nations

The peak most automotive manufactures of the world are Japan, China, Germany, South Korea and United States. America is the world's largest consumer and producer of auto mobiles and vehicles which accounts for a total of 6.6 million jobs and represents nearly 10% of the US economy? Automotive industry is providing employment to more than 20 million people in the world. Western Russia & the Ukraine, North Western Europe, North eastern United States &

Southern Great Lakes Region is major manufacturers in automotive industry...([Great Leap Forward](#),1949). The well-known regions of automotive manufacturing in North America are New York, England & the Mid Atlantic, Western Great Lakes, Central New York, St. Lawrence Valley,, Middle Ohio & Kanawha, St. Louis, Ohio& Eastern Indiana, the South eastern region, Central Florida, Gulf coast & the West Coast. The European Union is the largest automotive manufacturer in the world.

## **1.2 Major Industry Players**

Worldwide auto mobile industry is largely dominated by five leading auto mobile manufacturing corporations namely Toyota, General Motors, Ford Motor Company, Volkswagen AG, and Daimler Chrysler. These corporations have their presence in almost every country and they continue to invest into production facilities in emerging markets namely Latin America, Middle East, Eastern Europe, China, Malaysia and other markets in Southeast Asia with the main aim of reducing their production costs. (Joe Miemczyk, Mickey Howard, 2008).

Toyota:

Toyota Motor Corporation is a Japanese organization. It employs approximately 3,00,000 people. The Toyota is the largest automaker in the sales of the auto mobile. The revenue of the Toyota is approximately USD 208.995 billion and the total assets of the organization are US\$ 102.425 billion and the organization has more than 316,000 employees.(Toyota .com)

General Motors

General Motors Company which is also known as GM is a organization base in US and its head quarter is in Detroit, Michigan.GM at present has the third highest global revenues among the automotive industry and is among the fortune Global 500 companies. It manufactures cars as well as trucks in 34 countries. It employs more than 2,50,000 employees around the globe. It has its market penetration in more than 140 countries. The organization has the revenue of USD 150

billion and the total assets of the organization have a net worth of USD 92 billion.  
([www.gm.com](http://www.gm.com))

#### Ford Motor:

Ford Motor is an American automotive multinational organization and is based in the Michigan. The organization was found by Mr. Henry Ford. The Ford group also owns the Volvo cars. It also has a stake in the small cars of the Mazda of Japan and the England's Aston Martin.

The Ford's subsidiaries Jaguar and Land Rover were sold to Tata Motors, the Indian Automotive company in March 2008. The total revenue of the organization were approx. USD 150 billion and the net income in year 2008 were US\$ -15 billion in year 2008. The total assets of the organization are worth 222 billion and the number of the employees of the organization is 87,700 in US and 213,000 worldwide. ([www.ford.com](http://www.ford.com))

#### Volkswagen AG:

Volkswagen is the automobile manufacturer which is based in Germany. It was founded in 1937. It includes the various cars brand like the Bentley, Audi, Bugatti Automobiles, Skoda Auto, and Lamborghini. It also includes the heavy vehicle manufacturer like Scania. In the year 2009, VW has also endorsed the creation of the integrated automotive group with the organization Porsche.

The tag line of the organization is Das Auto which in English means the car.  
([www.volkswagen.com](http://www.volkswagen.com))

#### Daimler:

Daimler which was formerly known as Daimler Chrysler is a German automotive organization and it is the world's third largest truck manufacturer in the globe. Apart from the manufacturing of the trucks, it also provides the financial services through its Daimler Financial Services arm. The Daimler has the revenue of the € 95 billion. It had an operating income of € 2.370 billion and the profits of the organization were approximately € 1.4 billion. The organization has total

assets worth €132 billion. The organization has 273,200 numbers of employees all over the world. [www.daimler.com](http://www.daimler.com))

Maruti Suzuki:

Maruti Suzuki India is one of the public listed organizations of India. It is one of the largest automobile players in the South Asian countries. It is the largest car manufacturing company in India. The market share of the organization in the Indian Car sector is highest. The organization has the revenue of US \$ 5 billion approximately in the year 2009 and has employees over 7000.

([www.marutisuzuki.com](http://www.marutisuzuki.com)).

These above given organization play a very important role in the automotive sector of the world and constitute the most of the share of the automotive industry of the world.

### 1.3 Current automotive sector scenario:

The pie chart shown below shows the automobile production of the world in the year 2004 and it also shows the distribution of the total automobile production in the various countries and the economic regions.

World Automobile Production in 2004

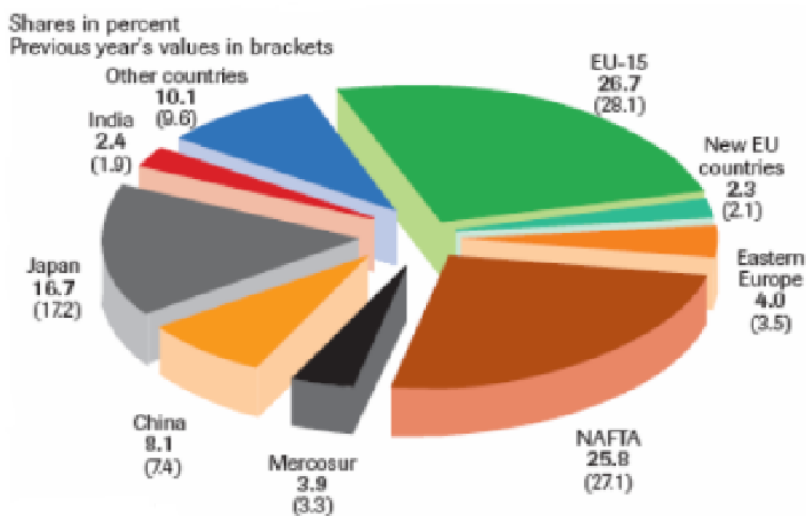


Figure 3 (World Automobile Production in 2004)

The automotive sector overview for the year 2008 and 2009 with respect to the sales of the cars and the light trucks is as illustrated in the table given below.

<b>Automotive Industry Overview</b>				
	<b>Quantity</b>	<b>Unit</b>	<b>Date</b>	<b>Source</b>
<b>Sales</b>				
<b>Global Unit Sales, Cars &amp; Light Trucks (estimate)</b>	48.19	Mil.	2009	Scotiabank
GM	8.36	Mil.	2008	GM
Toyota	7.57	Mil.	2009*	Toyota
Ford	5.53	Mil.	2008	Ford
Honda	3.52	Mil.	2009*	Honda
Chrysler	1.45	Mil.	2008	Chrysler
Daimler	1.27	Mil.	2008	Daimler
<b>U.S. New Car &amp; Truck Sales</b>				
Cars & Light Trucks Sold, U.S.(estimate)	10.2	Mil.	2009	Scotiabank
Hybrids Sold, U.S.	316	Thous.	2008	Automotive News
Total Number of New-Car Dealerships, U.S., Jan. 1 <sup>st</sup>	20.0	Thous.	2009	NADA
Total Revenue: New-Car & Light Truck Dealers, U.S.	576	Bil. US\$	2008	NADA
<b>Market Share</b>				
General Motors	22.1	%	2008	Ford
Toyota	16.4	%	2008	Ford
Ford	14.2	%	2008	Ford
Chrysler	10.8	%	2008	Ford
Honda	10.6	%	2008	Ford
Nissan	7.1	%	2008	Ford
All Others	18.8	%	2008	Ford
Car Service & Part Sales	80.84	Bil. US\$	2008	NADA
<b>Passenger Cars Sold by Selected Country/Region (estimate)</b>				
Asia	15.78	Mil.	2009	Scotiabank
Western Europe	12.93	Mil.	2009	Scotiabank
China (incl. in Asia)	6.30	Mil.	2009	Scotiabank
South America	3.6	Mil.	2009	Scotiabank
Russia	2.18	Mil.	2009	Scotiabank
Canada	1.42	Mil.	2009	Scotiabank
India (incl. in Asia)	1.32	Mil.	2009	Scotiabank
Mexico	0.82	Mil.	2009	Scotiabank

Figure-4

(plunkettresearch.com)



## **MAIN SEGMENTS OF AUTOMOTIVE INDUSTRY**

The Share of Auto components is 31.5% in the international automotive parts industry. Engine parts, steering parts electrical parts, braking, suspension and drive transmission are the various segments of international auto-parts industry.

Engine Parts, Electrical parts, suspension and Braking Parts, drive transmission and steering parts and Body and Chassis Parts are some of the major components of the automotive parts industry. One of the largest segments is engine parts which has a share of 31% in the automotive components. Electrical parts have a share of 9%, drive transmission and steering parts have a share of 19%, suspension and braking contribute a share of 12% to the automotive industry and Body and chassis parts also has 12% share in the automotive industry. (Automotive-Online.com)

## **KEY INDUSTRY DRIVERS**

- The important features of the global automotive industry are:
- Plastic, steel, glass, oil and gas, paints and coatings and transportation are some of the industries which get support from the automotive industry.
- Since foreign investors are investing in this sector hugely there has been quick development in this sector.
- There is increase in productivity and better quality automobiles, and automotive accessories& parts as a result of continuous investments in research & development.
- Increase in standard of living has also increased because of demand for 4 wheeler increment
- Employment is being provided to more than 20 million people in the world.
- Because of good infrastructural facilities like power etc. there is tremendous growth in this industry. (Automotive-Online.com )

## **FUTURE OUTLOOK:**

Because of saturation of western automobile industry the automobile industry is now focusing on The Asian markets like India, China & Asian nations.

Small vehicles or two- wheelers namely scooters mopeds bicycles bikes have led to a huge growth in fastest developing economies like India & China. In the Asian countries like Thailand, Philippines, Malaysia& Indonesia the future of the automobile industry is bright because of the ASEAN free trade area under which export tariffs are very less.

The automobile sector has become a very important sector for the world economy. It plays a very important role in the economic growth and is a major contributor in the gross domestic product (GDP) of all the countries. On the global level, the total assets of the top ten MNC of the automobile sector constitute the 28% of the top 50 companies of the world.

The various factors and parameters that are important in the consideration for the future growth are:

- Rising Fuel Prices
- Technological Innovations in the engine design and the traffic infrastructure
- The rapid growth of BRIC countries(Brazil, Russia, India and China) (just-auto.com)

The various future aspects of the automobile industry are:

- The reductions of the emission of the CO2 level emissions of the vehicles considerably.
- The fixing of the mandatory limits for the consumption of the fuel and the other emissions
- The growth of the personal car market and the heavy vehicles will continue
- The congestion and the traffic will increase
- The use of the internet for the working as well as the shopping of the automobile parts and vehicles
- The use of the intercity rails will increase a mode of transport

- The dominance of the Big Three comprising of the General Motors, Chrysler and Ford in the automotive industry will decrease as more number of the players are entering in the automotive sector and they are tabbing the market share controlled by the big three. (just-auto.com)

To gain better access and reducing their production costs production facilities are being changed in the rising markets of the automotive industries. Good growth is expected in the Asian and South American markets in future. The reason for gaining great growth and development in the Asian nations are various factors like low rate of finance, huge discounts and development of infrastructure.

By 2015 the global automotive industry is believed to reach UD\$ 1.9 trillion expectations are that which are developing at a good speed will source around 40% of the money. ( Paul A. Herbig, Ken Day, 1992).

**PROMOTION:**

Product promotion: Product promotion is the step by step procedure of informing reminding and persuading the customers about the organizations service or products. During this process of promotion many tools are used these tools are called the promotional mix of an organization.



Figure 5 (Blech and Blech, 2004)

The promotional mix consists of sales promotion, personal selling, advertising and public relations. The IMC is coordinated and a focused effort.

**Product promotion:**

Product promotion is the step by step procedure of informing reminding and persuading the customers about the organizations service or products. During this process of promotion many tools are used these tools are called the promotional mix of an organization. The product promotion has become an imperative part in the marketing strategy of the auto mobile sector. There are a large number of players in the global automotive industry and the competition for the market share is becoming difficult day by day. It is the need of the hour that the auto mobile organization do the promotion of the various cars and vehicles according to the needs and the requirements of the customers and the segmentation and the product branding for the products is done accordingly. (Keller, Kevin Lane, 2002)

**Branding:**

Differentiating the services and products of one firm from another firm and maintain and building an image that gives positive feeling and confidence in the product and the organization is known as branding. The auto mobile products such as car and heavy vehicles should be branded according to the market segment they are targeting. For example Royal Royce is a brand which focuses on highly wealthy and high net worth individuals. Similarly Mercedes focuses on high class people of India and Maruti Suzuki at the same time focuses on the burgeoning Middle class of the India. So it is very imperative that the auto mobile organization ascertains the segment of the customer on which it is focusing and then do the branding of the vehicle accordingly. (Porter, Michael, 1998)

#### **1.4 Aim of the study:**

- The Main aim for this research is to know how much branding and promotion is important for a successful company within Automotive Industry.
- The aim of the research is to understand the importance of promotion and branding in automotive industry. Since these are the two marketing issues that the automotive industry has ignored over the years.
- This project also aims to bring out the various issues related to automotive branding and promotion of products. Lastly it will throw light on the automotive parts industry which desperately needs branding and promotion.

#### **Objectives of research:**

- Conduct research on how automotive parts can be branded.
- Investigating, on what basis people choose the brand?
- Conduct research to know how much people think that promotions are important within Automotive Industry?
- Conduct research when automotive industries do promotions, how the sales get affected?

#### **Purpose of the Study:**

The purpose behind the study is to explore the potentials of promotion and branding which can be utilised by the automotive industry to increase the profits of the organisation. It helps to understand the future of the automotive industry and will also help to understand the changing role of promotion and branding. It will also help the companies to study the effects of branding and promotion on consumers who are the essence of any successful business. The more the successful the branding and promotional strategies the more successful the business will grow. The study will help in finding the promotion strategies for the automobile company to increase their sales, number of the vehicles sold and hence the profitability of the organization.

### **1.5 Significance and benefit of study:**

This study will provide an increased understanding of the subject and the measures taken by automotive industries. Automotive businesses and readers can benefit from this detailed study of available literature and critical analysis of real life activities in marketing. A humanistic objective of research is to provide people with ease and comfort.

The study will help understand the needs and the requirements of the auto mobile sector as well as their customers, the future perspective and growth drivers for the various sectors. The study will help us ascertain the various marketing strategies that should be employed by the auto mobile sector players to develop new market segments and to attract more number of the potential customers. The auto mobile sector can use the results and conclusion from the report to tap new customers, to make their marketing strategies, to do the branding, marketing and pricing of the auto mobiles effectively. The auto mobile sector should give different focus and make different marketing strategies for the B2B and B2C marketing strategies. The auto mobile sector will be able to increase the sales revenue of the auto mobile vehicles if the promotion and the branding of the vehicles are done efficiently. Automotive industries can benefit from this study by adopting an easy approach towards formulation of marketing strategies and procedures.

**1.6 Research Question:** The various research questions on which the report will be focusing are discussed below:

- Why promotion and branding is important in automotive industry?
- Why organizations should adopt branding and promotional strategies?
- What are the advantages of branding and promotion to the organization?
- What is the future perspective for the auto mobile sector?

The report will try to find out the answers to the research questions given above by analysing the data, facts and figures of the world automotive industry.

### **1.7 Limitations of the Study:**

The limitation of the study is that the qualitative research methodology is used and the scope of the data that can be accessed and interpreted is limited by the constraints of resources, money and time.

Due to limited financial resources and geographical distance factors research will be restricted and relative to qualitative research methods. The research will involve data taken from government statistics and research papers, journals and magazines and survey and statistical institutes. Businesses are reluctant to provide vital information in particular, consumer trends. Due to limited budget surveys, interviews and observations will be taken from authenticated and recognised data sources.

## **ChapterII-Literature Review:**

This chapter will review studies that are significant considering our research questions and purpose. The first section of this chapter will cover the different types of sales promotion within the limitation followed by sales promotional importance in the automotive industry.

According to Low & Mohr (2000) manufacturers continue to spend a large amount from their communication budget on sales promotion. They allocate around 75 percent of their marketing communication budgets to sales promotion. It is very important for the manufacturing firms to focus on promotion and marketing in order to create an image in the minds of the consumers and perceive them to buy the product.

The sales promotional tools companies are using are divided in value increasing and value adding tools. Value increasing tools are such as price deals, coupons and refund offers while value adding Promotions are leaving the price and quantity of the core product untouched. Instead value are added to the product, for instance a free gift could be added. (Peattie & Peattie, 1995)

The advantage of value adding is that they do not risk being involved or starting any price wars. Trying to put effort on value adding and value increasing promotions often lead to success but there is no guarantee. The main difficulty for companies trying to be competitive through the use of sales promotions is to choose the tool most appropriate to the company's brand and to the market where the company's products exist.

Alvarez & Casielles (2005) say research is telling that sales promotion activities should be done infrequently, when the customers do not expect it. If the customers are aware when the sales promotion activity will be headed, then the results will not be as successful.



Alvarez & Casielles (2005) continues it is also crucial for the companies to decide what the objectives for the sales promotion are. When the objectives are decided, the choice of promotion technique can be decided. The sales promotion activities chosen will depend on the objectives.

## **2.1 B2B Strategy:**

Any successful B2B strategy has to help the customer to be loyal and supportive to the firm and its products. The customer do not just get a need, the B2B marketer have to help the customer though getting him to feel a need and then buy the product and finally become loyal. (Hellman, 2005)

When a B2B marketer wants to develop strategy driven promotions that motivate B2B customers, they have to find a solution to the problems with purchase barriers. First some key questions have to be answered; who is the true decision-maker at the targeted company; what excites the decision-maker; what is holding the buyer back. When these questions have been answered then the type of promotional strategy can be chosen and the sales promotional technique derived will be depending on the company's objectives. (Hellman, 2005)

In order to develop a successful sales promotion strategy a clear definition of the targeted market must be included. It is important to understand why the potential customers are not buying the products and develop a specific program to overcome these barriers. To understand the customer's mental process the Customer learning curve can be of importance. There are different types of sales promotional tools and they affect sales, profitability and value added to the brand in different ways. (Srinivasan & Anderson, 1998).

Therefore, it is appropriate to study sales promotion from a B2B perspective and further investigate the impact that different sales promotional tools have in an Automotive industry.

Saying of the writers which is collected in literature review will inform whether the promotion and branding is important in marketing within the Automotive Industry.

Sales promotion is a marketing tool which is used by the organization to ensure that the sales of the organization are promoted. The promotion of the products and the services are surely bound to increase the sales and hence the profits for the automobile organization. Sales promotion schemes can also be used by automotive industry to promote the launch of the new vehicles and the automobiles by the organization. (Paul H. Selden,1997)

## **2.2 Sales Promotion Techniques:**

The sales promotion techniques vary according to the need and the requirement of the customers and the product.

The various sales promotion techniques that can be used by the automotive industry are illustrated below:

**a) Media:** The automobile industry now needs to take the support of the new media for the promotion of their vehicles in this competitive world. For example the Volkswagen has recently launched the program called blue to complement as well as communicate the brand essence of the VW. The promotion had a huge success; more than 2 million people attended the concerts under this promotion program of the VW. The VW also joined hands with the Universal Studio to ensure the promotion of the brand.

As the internet is increasing its presence in the modern era so the companies are looking such new ventures where they can attract youth towards their products, for this purpose various online surveys are also conducted by many companies these days so that they can better understand what consumer wants from the product and after knowing their needs they can design the product and market it accordingly. (marketingteacher.com)

**b) Customer Offer:** In today's competitive world it is imperative that the offers to the customer are according to the needs and the requirement of the customer. The organization may even have to customize the products according to the needs of the customer. The VW for example makes lucrative customer offers such as giving free guitar, I pod and other musical programs to the customers. The VW also provides the different schemes and offers to the

college graduates. Recently, the VW Brazil even offered suborbital space flight to the customers.

In order to provide better services which is a part of the promotional strategy companies are appointing customer relationship officer to make the customers aware about the new offers and also to solve all their problems in order to create a strong brand image in the minds of the consumers. (marketingteacher.com)

**c) Web Promotion:** Internet has become an important source of the information. Hence it is very important for the organization to ensure that the organization websites and other websites are able to provide satisfactory and important details about the various automobiles and vehicles manufactured. The potential customers must be able to assess and ascertain the information about the features and the facilities embedded with the vehicle. The automotive industry is laying special focus on promotion of vehicles and automobiles through the internet. For example VW uses the web technology of the podcasting to promote the brand via internet. It uses the anytime anywhere marketing strategy campaign with the aid of the MSN network. (marketingteacher.com)

**(d) Discounted prices:** The discounted pricing is an important marketing and promotion strategy used by the organization. The automobile industry have some certain phases and time during the year when the demand for the automobiles and the vehicle is at the peak. The organization can reap in the increased desire of the customers to purchase the vehicles by providing lucrative discounts. For example the demand of the vehicles increases significantly in India during the festival of diwali and in Europe the demand of the vehicles increases during the Christmas season. The automotive industry can increase their sales significantly if the customers are provided the discounted prices.(marketingteacher.com)

**e) Finance deals:** The automotive industry also has to focus on the fact that financing of the vehicles is a major issue for the customers. So the organizations need to ensure that the customers are able to avail the financing for the automobile or the vehicles from the financial institutes with a deal that is suitable to them. For example zero percent finance of the vehicle for the period of the three years for a customer. It is very imperative for the customer to get

the right financial deal for the automobile being purchased. Various attractive financing schemes are also provided by automobile companies such as 0% financing in order to attract customers to buy the product.

(marketingteacher.com)

**e) Trade Sales Promotion:** The organization also needs to do the trade sales promotion to ensure that the distributors are also motivated to promote the sales of the automobiles and the vehicles for the organization. The various techniques and the promotion tools that can be used by the organization to do the trade sales promotion are illustrated below:

- **Trade allowances:** Trade allowances are the short term allowances that are offered by the automotive organization to ensure that the distributors keep a proper stock of the automobile or the vehicle of the organization because if the distributor does not keep enough stock then definitely the company's sales will be affected which will badly hit its performance.
- **Dealer loader:** The dealer loader is an incentive that is provided by the organization to the dealer to ensure that the dealer shows the interest in purchasing the automobiles from the organization and do the promotion of the sales for the organization. By providing such incentives the organization makes sure that dealer promotes the sales for the organization.
- **Trade contest:** The organization can provide rewards and benefits to the distributors who have sold the maximum number of the vehicles and the automobiles for the organization. The trade contest develops a feeling of competitiveness among the distributors and helps increasing the sales volume for the organization. By providing such rewards and recognition to the well performing distributors it creates a sense of belongingness such as Hero Honda has a policy that if there is any occasion such as wedding in the family of the distributors then one person from the top management will go to attend wedding of the distributor. (Joshi, Rakesh Mohan, 2005)

- Training programs: The dealers and the employees of the distributors should be properly trained. The distributors and their employees should have a proper knowledge about the specifications of the vehicle and the automobile they are selling. For example the marketing executive of the distributors must have a proper knowledge of the engine specifications, luxury facilities, and power of the engine and other features of the vehicle. If the dealer has proper information about the product then they will be able to convince the customer to buy the product in a more appropriate manner. (Kotler, Philip; Kevin Lane Keller ,2009).

## **2.3 Sales Promotion**

### **Need for Product Promotion**

The product promotion in the automotive industry is required for:

- a) The introduction of the new automobile in the market.
  - b) To influence the general public and seek their attention and help know about the new uses and the significance of the automobile.
  - c) To develop a proper brand image and to increase the sales of the automobile.
  - d) To withstand the competition from the rivals and to ensure that the market share is not lost to the arch rivals
  - e) To provide the proper training to the distributors about the special features of the automobile.
- (Paul H. Selden ,1997).

### **2.4 Effects of Promotion**

1. The promotional marketing has become imperative in the current competitive world. There are numerous players in the automotive industry such as Toyota, Nissan, Honda, VW, Daimler, Maruti, BMW etc. All the players are fighting fiercely to ensure that they can get the maximum market share in the automobile sector. Hence it becomes imperative that a proper promotional marketing is done by the organization.

2. The promotion of the vehicle ensures that the customer is able to ascertain the price, benefits and the features of the automobile. The promotion of the vehicle helps the customer to know about the vehicle and make good decision.

3. Another important effect of the promotion is that it helps to increase the sales performance by bringing the product in the eyes of the consumers.

## **2.5 Promotional Strategy**

### **1. Deciding Promotional Mix**

It is quintessential that the right promotional strategy is chosen by the organization to promote the automobiles and the vehicles manufactured by the organization. The various promotional tools that can be used by the automobile industry are personal selling, sales promotion and the advertisement. The sales promotion uses the mix of two or more than two of the strategies to promote the sales at most of the times. The ideal promotional mix is a promotional strategy where in the total expenses that is incurred for the promotion is minimum and the sales of the goods are maximum. The ratio of the expenses that are to be spent at the various strategies must be ascertained meticulously and arduously. Deciding the right promotional mix is very important for the management so that it can do the marketing and the promotion in a proper manner. The management must properly find out the total expense that has to be made on the promotional activities. (Laermer, Richard,2007)

The promotional mix for an organization is influenced by the following factors and parameters:

#### **(a) Nature of the automobile:**

The promotion strategy to be used largely depends on the automobile being promoted. The promotion strategy for the bus, car, bicycle, motorcycle, truck etc. will vary from each other. These vehicles and automobiles target the different segment of the consumers in the society. The promotion should be done such that the promotional strategy has direct and efficient impact on the key and potential customers. For example the promotion of the Ferrari cars should be done in high net worth customers and the promotion of the tractors should be done to entice and seek the attention of the agriculture sector.

If the proper promotional strategy is not decided according to the nature of the automobile it is sure that the promotional strategy will not be successful and it would not be able to meet the desired results. (Laermer, Richard,2007)

### **(b) Nature of the Customer**

The promotion strategy to be employed also greatly depends on the nature of the customer. The promotion strategies need to be varied according to the demographic, social, political and economic parameters of the customers. Suppose customers in a particular area are highly cautious about experimentation of any change so its better to market already established products in such markets rather than experimenting any change in such markets. (Adcock, Dennis, 2001)

### **(c) Nature of the Market**

The market for the products also plays a very important role for the promotion strategy. The marketing strategy can be mass marketing or niche marketing according to the demand of the product. So it is very important for the company to decide in which segment of the market it is operating and then design the marketing and promotion strategy according to market segment, hence it is clear that there has to be different marketing strategy for different market segments and there cannot be a single fit strategy for all the market segments. For example Royal Royce car needs niche marketing and the promotional strategies should be done to entice and persuade the rich people. The cars such as Maruti in India needs mass marketing as they have to cater to the needs and the requirements of the middle class people. . (Laermer, Richard,2007)

### **(d) Availability of Funds**

The funds that are available with the organization also play a very important role in deciding the promotional mix. The funds available with the organization are a major constraint with the organization which should be assessed by the organization before the marketing and promotional mix is being decided for the organization. If the funds available for the purpose of marketing and promotion are less then definitely it will not give the desired results as the products cannot reach

to the consumers in a proper manner, so it is very important that the firm has enough funds with it to spend sufficiently on the promotion and the marketing. . (Laermer, Richard,2007)

## **2.6 Avoiding Brand Myopia:**

Brand Myopia is the practice of shutting out all the possibilities for your brand because of a preconceived notion that the only lessons applicable to your category are those learned from other companies in your category. You see it all the time: Car companies study other car companies, restaurants copy other restaurants. Because of this myopia, car companies all end up making essentially the same car with same service contracts and the same warranties. (Mike Moser (2004); United we brand: how to create a cohesive brand that's seen, heard).

In order to avoid this companies have to focus on customer's needs and design the product which suits the needs of the customer because if the product is according to the needs of the consumer then definitely the consumer will buy the product and thereby building a very good reputation of the brand. (Baughman, J.,1974)

## **2.7 Branding**

Branding is the name, sign, slogan or a symbol that is used to distinguish and identify the specified service or product. Today, every organization wants to have brand. Beyond the natural brand world of producers and distributors of fast moving consumer goods, whose brands are competing head to head, branding has become a strategic issue in all sectors; high-tech, low-tech, commodities, utilities services and non-profit organizations all see a use of branding. The new strategic brand management: creating and sustaining brand equity. (Jean-Noel kapferer, 2004).

Brand is the image which the product has in the market. The brand has two aspects viz psychological aspect and the experimental aspect. The experimental aspect of the brand consists of the sum total of all the aspects of the product and is known as brand experience. The psychological aspect of the brand is referred as the brand image. (Birkin, Michael,1994)

The brand is one of the most important and valuable element in the advertising theme for the product and it tells what the brand owner has in it to offer to the market. The art of creation and



the maintenance of the brand are known as the brand management. The organization also needs to have a proper orientation towards the brand. (Gregory, James,2003)

If the brand of the product is maintained properly, then the product can target the right customers and the right target audience. If the brand management is done efficiently, then the customers are ready to pay high prices for the brand. The brand creates a value to the product and this consists of the manipulation of the projected image for the product. The customers see the value of the product of the worth which the advertiser wants him to see. It may be possible that an automobile whose production cost is say GBP 25,000 may have a brand image of GBP 20,000 and hence the customer will be willing to pay GBP 45,000 for the automobile. Hence, if the brand management of the product is done effectively, the profitability of the product can be improved significantly.

For example the brand value studies place the Mercedes at the tenth place. The brand Mercedes has a total brand value of US\$ 21 billion in the market. The BMW ranks at the nineteenth number and it has a total brand value of US \$ 15 billion. However, VW still lacks behind in the brand management and the brand value of the VW is merely US \$ 7 billion. Hence VW needs to seriously look at its brand management and plan and implement effective brand management strategies. (oliverwyman.com)

The automobile industry needs to make and set up their brand management and marketing management boards. These management boards must take the responsibility of developing and maintaining the brand value of the organization. For example the Opel was able to face the tough times and come up with good results with the help of proper branding of the organization. The new comprehensive branding strategy helped the organization to swing back to growth path.

**The branding is imperative to ensure that the target market is being tapped. The objectives of the brand management include:**

- Delivering the message clearly
- To maintain the credibility
- Connecting the target prospects emotionally with the brand
- Develop the user loyalty
- Motivation for the buyer (Miller & Muir, 2004)

The success in the branding depends on the understanding of the needs and requirements of the customers and the prospects.



Figure-6 (darkmattermatters.files.wordpress.com)

The brand resides in the heart and the minds of the customers, prospects and the clients. The brand is the total sum of the experiences, perceptions of the customers, some of which can influence and some of which cannot influence. (Gregory, James, 2003)

With the increase in the competition it has become important to have a strong brand image. The organization need to spend more time and money in the researching, defining and the management of the brand. (Holt, DB ,2004)

## **2.8 Focusing on your Target Audience**

The value proposition must be relevant to the target customers. The organization first needs to define the target customers properly. If required, the organization must refocus and revisit the targeting strategies and the targeted customers, especially if they were not defined clearly at the beginning phase of the business.

### **2.8.1 Importance of the target market in the branding:**

The brand mission should be to identify and gain the devotion and the attention of the target audience. The brand marketing goals can be achieved only when the target market is known inside and out. Hence a proper market analysis is required to know the target customer. If the target audience is known, then the steps to connect to the target customers can be ascertained more efficiently. The power of the brand lies in the ability to focus. Hence defining the target market strengthens the effectiveness of the brand. (Gregory, James ,2003)

### **2.8.2 Brand Strategy:**

When the brand strategy is created for the products and services of the organization, we need to do a careful analysis to ascertain the principal barriers for the branding. These barriers are the market conditions that can put an obstacle in the path of success for the product or service rendered by the organization.

For example the potential barriers for the branding strategy could include following:

- Financing
- Location
- Timing
- Competition
- Lack of Demand

The organization needs to do a proper analysis to ensure that these barriers are identified and removed. The analysis should be used for the development of the brand as well as the positioning of the product and services of the organization. (Birkin, Michael,1994)

The following questions must be answered for the brand strategy formation:

- How shall be the price of the product or service be determined?
- Who are the potential customers and how should they be tapped?
- How can we do better than the potential customers and have a better brand image then the potential arch rivals?
- What should be the advertising strategy? Which mode of the media should be used for the advertisement? (Philip Kotler ,2004)

## **2.9 Determining Your Brand's Objectives**

**The objectives of the brand should be clearly defined. The clear definition of the brand objective is very important to ensure that the brand management is done efficiently. The organization should be very clear with the objectives that need to be achieved by the brand.**

The brand of the organization should comprise of the company personality, core competencies, image and the characteristics. The impression that is made by the organization as well as the words that are used by the people to describe the organization makes the basic frame work for the brand. . (Birkin, Michael,1994)

When a strong brand is created, the credibility of the organization becomes very high. The organization can make greater impact and can influence the market significantly. The strong brand helps in motivating the customer to purchase the goods and services from the organization. If the brand management is done properly and the brand objectives are defined properly, then the organization is looked upon as a leader and not as a follower.

To determine the brand objectives of the organization properly, we need to ask the following questions:

- What is desired by the organization to attain from the brand image?
- What does the organization want the people to perceive about the products and services offered by the organization?

For example the organization may have following objectives:

- Being recognized by the people and the key customers of the organization by receiving a specific award.
- The organization may have an objective of picking up of a certain number of chosen projects.
- The organization may want to enter new market segments to increase the sales or it may want to increase the number of the customers in the same segment.
- Positioning of the organization as the industry leader. (Philip Kotler ,2004)

The objectives of the organization can be met properly only when they are defined properly at the first place.

Let us take an example that our organization wants to place itself as the industry leader. So the various brand management strategies which can be used and implemented by the organization are:

- The members of the organization team can promote the organization at the trade shows, public functions and at the various other important social events.
- The lectures should be scheduled at the professional group gatherings within the concerned industry.

- The organization must use the advertisements for the promotion of the organization and to increase the awareness of the customers about the products and services rendered by the organization.
- The organization must publish the articles in the newspapers, magazines and on the internet to increase the brand awareness and to leave a positive impression on the key customers and clients.

Once the objectives of the brand management are defined properly, the next step is to build a proper brand strategy. The function of the brand strategy should be to implement and attain the brand objectives for the organization. (Wernick, Andrew,1991)

### **2.10 Brand Packaging:**

Branding is the identity of the organization in the market place. It is what you have to say about the organization and the products of the organization in the market. It is also important to realize that the packaging of the brand should be done effectively. The brand can have a positive impact as well as the negative impact on the customer. The special attention should be paid to the brand packaging when a new brand is being launched.

It is imperative and important to understand that the packing of the brand should be done as the integral part of the business and to develop a strong brand image. It is a vehicle that carries the company's brand and image in the minds of the customer. The packaging of the brand of the organization can be represented and evaluated by very simple business tools such as:

- Website of the organization
- Business cards and stationery
- Answering system
- Email address

(marketing.about.com)

These business tools may seem insignificant in the everyday business and transactions, but in long run they leave an impression on the minds of the customers. These business tools also put a brand image in the minds of the customers and stake holders of the organization. So it is important that they are regarded seriously by the organization.

These business tools must reinforce the confidence in the organization that organization is strong. These tools reflect the dynamics and the operational and the marketing efficiency of the organization.

### **2.10.1 Website:**

The website of the organization must have the clear information about the vision, mission of the organization. The website of the organization must also have the detail about the history of the organization and the past performance of the organization. The website of the organization must also illustrate the various markets in which the organization is present and the resources and the infrastructure of the organization. The website of the organization must also give the information about the special achievements of the organization in the recent past. The organization's website must also tell about the products and services offered by the organization to the potential customers. The price of the various products and the services should also be defined clearly so that the customers can chose the product according to their needs. The website should be customer friendly, innovative and should provide online services. (Philip Kotler ,2004)

### **2.10.2 Business cards and stationery:**

The business cards and the stationery used by the organization are also important as they also come in the notice of the people. The business cards of the employees of the organization must be properly designed and they should depict their designation and key responsibilities in the organization. (marketing.about.com)

### **2.10.3 Answering system:**

The answering system should be user friendly and should be able to satisfy the needs and the requirements of the organization. The answering machine should also have an option to talk to the customer care to assist the existing customers and the new customers. (marketing.about.com)

### **2.10.4 Email address:**

The email address of the employees of the organization is used to make the B2B communication. Hence it is very important that the email address of the employees is professional and carry the reference of the organization. (marketing.about.com)

These simple and small things can make big change in the long run and hence should not be neglected by the organization.

## **2.11 Industry-wide Trends Create a Need for Action:**

The recent development in the automobile industry is causing a greater requirement of the brand management in the sector. The automobile industry now needs to keep the branding of their product at the top in their management agendas. Recently there has been consolidation of the equipment supplier industry, production projects, interchangeable parts policies of the manufacturers and joint development which allows no room for the differentiation of the automobiles in the same segment and same class. The differentiation on the basis of the technology has become very limited and focuses for the differentiation is on the perception of the customers.

### **2.11.1 Market Analysis**

The market analysis is required to ascertain the right target market and the right target audience for the organization. The various questions which must be answered by the market analysis are:

1. Who are the target audience for the organization?
2. Where is the target audience located for the organization?



3. What does the target audience think about the current brands in the market?
  4. What does the organization want the customers and the target audience to perceive about the brand?
  5. What are the strategies that can attract the target audience to the products and services provided by the organization?
  6. Who all are the competitors fighting for the brand loyalty and devotion with the organization?
  7. Who should be targeted- business or the consumer sector?
- (marketing.about.com)

## **2.12 Brand Management in Automotive Industry**

The branding in the automobile sector depends on the following attributes:

1. The brand management in the automobile sector depends on the quality and reliability which are key parameters for any brand. But with the increasing competition in the automobile industry the brand management will also depend on the servicing, luxury and the performance of the automobile.
2. In the automobile company, every department of the organization plays a very important role in the brand management of the organization. Hence the brand management is an all encompassing task. Each department must add value to the brand of the organization. The development, production, workshop and the dealer all play an important role in the brand management.
3. The future focus of the organization should be towards the changing needs and the requirements of the customer. The products and the vehicle should be developed according to the changes in the technology, traffic requirements etc.
4. The customers have firm expectations from the auto brands, the expectations are generally derived from the past of the brand and the performance and the value of the brand. The

customers are highly dissatisfied if the brand fails to meet the standards promised and met in the past. Hence it is very important that the brand value is maintained by the organizations.

5.The organizations also tend to make various brand ambassadors to promote the brand of the organization. These brand ambassadors play a very important role in the brand building of the organization. Hence the brand ambassador should be selected apt fully. The brand ambassador should have a high reputation and esteem in the society and the key potential customers which the organization is targeting.

6.The organization in the automobile sector also need to focus on the customized and the integrated communication with the dealers and the workshop and carry out the direct marketing strategy to ensure the brand is promoted effectively. (just-auto.com)

### ***2.13 Porter's Five Forces Analysis of the Automotive Industry***

#### ***Porter's Five Forces***

The five forces analysis of the organization is important to ascertain the branding and the promotion strategies required for the automotive industry. The globalization has left a great impact on the automobile industry. The market players are now facing a stiff competition from the global market players even in the various local markets.

As cited in the book “Techniques for analyzing industries and competitors” by the Michael E. Porter all the industries of the world need to deal with the five competitive forces of the industry. The five forces model helps us to find the profitability of the industry.

The global markets in the automotive industry have been in general been dominated by the big three i.e. General Motors, Ford and Chrysler. But in the recent past these companies have faced stiff competition from the automotive industry such as Honda, Toyota, BMW, VW, Maruti, Tata Motors, Nissan and various other automobile sector players.

The porter's five forces analysis of the automotive industry is as given below

### **1. Threat of the New Entrants**

The automotive industry is a booming industry. The huge opportunities in the automotive sector are seeking the attention of various large organization as well as the small organizations. The sector will see various new entrants in the time to come. The major threats to the new entrants are the huge infrastructure and investment required for the automobile sector. The technical knowhow and the requirement for the efficient human capital is also a barrier to the entry to the new entrants. The customers have a loyalty and brand recognition of the well established brand. But recently the Honda Motors have broken the belief that the big three are invincible in the automotive industry. (plunkettresearch.com)

### **2. Power of the Suppliers**

The automotive industry has a very limited and few suppliers to provide the equipments. The automotive industry depends greatly of the OEM (Original Equipment Manufacturers) for the production of the vehicles on the assembly line in their plant. Sometimes the alternatives available to the automobile sector players are very costly. Hence, the suppliers have a upper and better position in fixing the deal and have higher bargaining power. The automaker have greater dependence on the suppliers, but of the suppliers do too much bargaining then the supplier can be discontinued and the organization will do the back end integration with some other supplier.

(plunkettresearch.com)

### **3. Power of Buyers**

The power of the buyers is increasing as the competition is increasing in the automotive industry. The sector now has various major players and the customers have a wide range of the products and the prices of the vehicles from which they can choose the desirable automobile. The smaller number of the buyers, price sensitivity of the customers is the major factors which influence the buying decisions of the customers. The globalization has increased the power of the buyers by opening up of the local markets for the foreign players and hence inducing fierce competition in the automotive industry.

#### **4. Availability of Substitutes**

The substitutes available for the automotive industry are constrained. The probability of the customers to switching to the alternatives and the substitutes is constrained by the cost and the convenience factors. The public transportation is a major substitute for the automotive industry especially cars, bicycles and motorcycles. But, the establishment of the public transport needs huge infrastructure and investment by the private and public enterprises. The public transport can also not meet the customized needs of the travelers and conveyors. However the rising prices of the fuel are increasing the propensity of the travelers towards the public transportation system.

#### **5. Competitive Rivalry**

The competitive rivalry has increased significantly in the recent past. The automobile sector has seen the growth of the various small players in the recent past. The profit margins are also decreasing with the increasing competition in the market. The automobile companies are now tempted to provide the value added services to ensure that they can sustain their market share in the competitive situation. The automobile industry now has to provide the facilities of the easy finance and extended warranties to seek the attention of the customers. But the competition has definitely decreased the profit margin and hence has increased the benefits for the customers. The competitive rivalry also entices the automotive industry to bring in the innovation and improve the performance of the automobiles.

(plunkettresearch.com)

#### **2.14 The marketing strategies and the current situations:**

World over the competitive nature of the automobile industry has forced the companies globally to come up with new and innovative marketing strategies to withstand the competition globally which has risen very much after the globalization started. The world over the new upcoming free

trade areas which have made the different markets just related to each other have forced the organizations to either come up with innovation or to give up the race from the market. The most selling and the most margin providing segments have been heavily competitive although the other segments have been comparatively less crowded.

As a part of their marketing strategy all the companies are offering the vehicles in the each segment to ensure that the customer is driving their vehicles only. They all try being present in each segment of the industry in every market across the globe.

The advertising of this is done through almost each possible media in this competitive world. When the flashy cars sell through the flashy advertisements and the visual advertisements on the television, on the other side the journals and the print media also helps the selling of the finer car models. The print media also enables the companies to elaborate the functions in even more details. (automotiveworld.com)

The online floor for the advertisement gives the companies even more space to give their details along with the easily available options to the customers. The Web Space for the car makers are like the best medium for them. But this also has its limitation of the non-accessibility to the remote areas where the news and the radios can reach.

Along with this the usage of the world wide famous game players and the movie stars as the Brand ambassador, has also increased a lot. This has given another bas for the companies to set the name of brand in the customers by attaching brads along with them.

Furthermore the organizations in the global market are rather now trying to be more specific as their competency. This may be taken as the Mercedes in the high-end comfort segment, BMW in the sports car segment etc. So the companies have different strategies according to their scenarios and the environment around them.

In this Global Market when the organizations are becoming the global, they are also opening their manufacturing plants in the foreign countries as well. This may be a part of their hedging techniques which would save them from the exchange rate fluctuations.

The rising living standards in the different countries in the world over have increase the potential in the global market. This increase in the potential has also increased the competitors as well in the global market as well. (automotiveworld.com)

### **2.15 Promotion and branding changes by few major automotive players:**

- Volkswagen (VW) which is one of the famous international brands was associated with the mass marketing. The famous car model Beetle is used by the organization for the mass marketing. However, the organization wants to change its brand image with new automobiles and is attempting to move into the prestige and the luxury car segments which are basically dominated by the Mercedes and BMW.
- Mercedes which is a luxury car and targets the high net worth individuals is also trying its hand in the middle income segment people in India by launching the Mercedes Benz C Class priced at approximately INR 27 lacs approximately. (mercedes-benz.com)
- All the major car and automobile industry are providing easy finance facilities to the customers to ensure that the sales of the company can be sustained in the competitive market conditions.
- Honda motors recently made the world's costliest advertisement which was also the winner of the year's best ad of the world. The ad took more than six hundred takes and retakes. The total cost of the ad was whopping \$ 6.2 million for just a 90 second commercial. Everything in the ad was real and no graphic and stills were used in the advertisement. This shows how seriously the automotive industry is taking the promotional activities.
- Similarly the marketing strategy of the GM is to sustain its competitiveness and to ensure that the profitability and the growth is maintained. The marketing strategy of the GM also focuses on the technology, design and the quality of the cars to attain the customer satisfaction. (gm.com)

- Most of the organizations have a tag line attached to them to create a brand image and brand positioning in the mind of the potential customers. For example the VW has the tag line of the Das Auto which is English means “The Car”. Similarly the Maruti Suzuki the largest small car producer of the world uses the tag line “Count on us” (marutisuzuki.com)
- The organizations are looking for the repositioning and change in the perception for the brand. For example, the Honda City went for a repositioning in the Indian Markets and the prices of the car were reduced considerably to ensure that it can target the middle segment people of the nation.
- The major automobile organizations of the world are launching the new brands and new automobile to increase the product line for the organization and increase the market share of the organization and to cater to the changing needs of the customers.
- VW is implementing innovative marketing strategies. The VW has designed the site where in the people can book the test drives for themselves in the real time. The booking will be done by the direct access to the retailer’s booking system. Many other automotive players are coming with the online support to their customers with the increase of the prevalence and the importance of the internet. (www.volkswagen.com)

### **Chapter-III Methodology**

Methodology used in the research will be discussed in this section of the proposal. The way of collecting the data to answer the research question will be presented in this section. Firstly the

purpose of the research will be given then the approach to the research will be shown. Secondly examination of research strategy will be done then data collection and sample selected will be examined. Methodology is basically the analysis of the principles which have been in use with respect to a given discipline. Research methodology depends on the kind of research which has to be done, for this purpose first of all the problem identification has to be done and then only the research methodology can be decided. Once the problem is identified it becomes easy to select the proper methodology and then the research can be conducted in a smoother manner.

### **3.1 Research Question:**

The various research questions on which the report will be focusing are discussed below:

11. Why promotion and branding is important in automotive industry?
12. Why organizations should adopt branding and promotional strategies?
13. What are the advantages of branding and promotion to the organization?
14. What is the future perspective for the automobile sector?

The report will try to find out the answers to the research questions given above by analyzing the data, facts and figures of the world automotive industry. The purpose behind the study is to explore the potentials of promotion and branding which can be utilised by the automotive industry to increase the profits of the organisation. It helps to understand the future of the automotive industry and will also help to understand the changing role of promotion and branding. It will also help the companies to study the effects of branding and promotion on consumers who are the essence of any successful business. The more the successful the branding and promotional strategies the more successful the business will grow. The study will help in finding the promotion strategies for the automobile company to increase their sales, number of the vehicles sold and hence the profitability of the organization.

In simple terms, there are two approaches to investigations in educational research, qualitative and quantitative.



### **3.2 Quantitative Method:**

These methods were originally developed in the natural sciences to study natural phenomena that include Surveys, laboratory experiments, and formal methods such as econometric, numerical methods such as mathematical modeling. This type of research can be done with the help of the scientific methods such as:

- ✓ Developing theories, models as well as the hypothesis.
- ✓ Designing the instruments as well as finding out which methods could be used for the measurement.
- ✓ Full control with respect to the experiments as well as the variables can be manipulated.
- ✓ Empirical data collection.
- ✓ Analysis of the collected data and preparing a relevant model.
- ✓ After the formation of the model results have to be evaluated.

There are divergent views on the role of the measurement which can be done with the help of the quantitative research. Measurement is sometimes defined as the medium through which observations are expressed in the numerical form in order to express the relationships or the associations in the causal form but some researchers believe that role of measurement is very large in the quantitative research.

Quantitative methods are basically the techniques which are used for the research in order to collect the data which is quantitative in the nature which means that it deals with the data which is in measurable or numerical form, for the purpose of analyzing the results pie charts; bar graphs as well as tables are used. They basically focus on the statistics part and hence are highly reliable.

In quantitative methods it is possible to determine which alternative out of the all the all is the best one, results which are obtained from this method can be applied to whole population by choosing a correct sample size though the results may be correct only up to a certain level of the certainty.

#### **3.2.1 Advantages of quantitative methods are:**

13. The results are statistically reliable, it can determine if one idea, concept, product, package, etc. is better than the alternatives.
14. The results are projectable to the population, the proportion of respondents answering a certain way are similar to the proportion of the total population that would have answered that way if they all had been asked.

### **3.2.2 Disadvantages of quantitative methods are:**

- The issues are only measured if they are known prior to the beginning of the survey, (they have been incorporated into the questionnaire).

### **3.3 Qualitative Method:**

Qualitative methods focus on the no numerical data and focus more on the interaction with the help of the personal interviews in order to collect the data and draw the necessary conclusion based on the research which can be applied to the overall population up to a certain level of the certainty. This method was developed in the social sciences to enable researches to study social and cultural phenomenon. Qualitative methods are basically those methods which deals with the non-numerical data in other words it deals with the data which is non-numerical in nature or it focuses on the attribute part. It includes

1. Action research aims to contribute both to the practical concerns of people in an immediate problematic situation and to the goals of social science by joint collaboration within a mutually accepted ethical framework.
2. Case study research, a case study is an empirical enquiry that investigates a contemporary phenomenon within its real life context.

### **3.3.1 Advantages of qualitative method:**

- It allow the interviewer to interact with respondents, that means the moderator can ask questions based on previous responses

- It allows for interaction between group members. This interaction often stimulates discussion and uncovers issues unanticipated by the marketing team.

### **3.3.2 Disadvantages of qualitative method:**

- They are unreliable predictors of the population. That they can expand our list of possibilities but they should not be used to identify the best of the possibilities.

In this research, the method is going to be used is qualitative method, the reason for selecting this method is, this is appropriate for two users:

- To generate ideas and concepts
- To uncover consumer language in order to subsequently ask consumers the right questions in a way they most accurately understand.

In order to make the consumers understand what exactly the research is all about so that they can respond in a better way the qualitative method of the research has been selected.

### **3.4 Sample:**

Non probability and judgmental sampling will be used to conduct survey in consumer population.

Systematic and cluster type of probability sampling will also be used to conduct survey through questionnaire by distributing among consumer population.

Quota type of non probability sampling will be used for purpose of selection of business concerns.

Sample size is chosen according to the convenience of the time as well as the money and it is very important to choose a correct sample size in order to conduct a research in a proper manner and obtain the fruitful research with the help of the research, if the sample size is chosen too large then it would be really difficult to carry out the research as it would be very difficult to collect data from the large number of respondents in a limited span of time, on the contrary if the sample size has been chosen too small then the results which would be obtained from the research would not depict the characteristics of the overall population. As a result of all these factors it becomes really

very important to choose a correct size for the purpose of the sampling so that the desired results could be obtained from the research in a limited span of the time.

#### **3.4.1 Population and Sampling:**

The questionnaires will be distributed between 20 to 30 people. Surveys will be conducted by the use of Internet based market research website. Online questionnaire will be designed and responses will also be taken online and after getting the questionnaire filled by all the respondents data collected from all the questionnaires should be properly analyzed in order to draw the conclusion. The results obtained from the sampling can be applied to overall population although the sample size is very small it will not depict the characteristics of the entire population but up to a certain level of the certainty the results would be correct.

#### **3.5 Research Purpose**

We can conclude that our study is mainly descriptive. Explanatory and exploratory stages will also be included in the study. The purpose of this study is to provide a better understanding of how branding and promotion can help the automotive industry. This study will provide an increased understanding of the subject and the measures taken by automotive industries. Automotive businesses and readers can benefit from this detailed study of available literature and critical analysis of real life activities in marketing. A humanistic objective of research is to provide people with ease and comfort. The purpose behind the study is to explore the potentials of promotion and branding which can be utilised by the automotive industry to increase the profits of the organisation. It helps to understand the future of the automotive industry and will also help to understand the changing role of promotion and branding. It will also help the companies to study the effects of branding and promotion on consumers who are the essence of any successful business. The more the successful the branding and promotional strategies the more successful the business will grow. The study will help in finding the promotion strategies for the automobile company to increase their sales, number of the vehicles sold and hence the profitability of the organization.

### **3.6 Exploratory Research:**

According to Eriksson & Wiedersheim–Paul (2001) when no theory is present exploratory studies are sufficient, and no or very limited demarcations and when main characteristics are hard to determine. Exploratory research has been used as no earlier hypotheses are available so the problem has to be designed and conclusion will be drawn as the data is collected. As no earlier theory is present in this field so the theory has to be developed by gathering the relevant information from all the available source such as internet, magazines, journals, newspaper articles and various other sources. On the basis of the exploratory research the necessary concepts can be developed which would lead the road for the purpose of the further research.

### **3.7 Descriptive Research:**

Main objective of descriptive stage is describing features alleged while in exploratory stage .The idea is developing inter subjective description. When this generalizations start to appear they become worth to explain, that could lead to theory improvement or development in the long run. Eriksson & Wiedersheim–Paul (2001) mention that descriptive research is most sufficient when the problem is well organized and structured and when researcher does not want to find any connections between causes and symptoms. As exploratory research has been used to form the new concepts in order to elaborate and describe those new concepts descriptive research will be used. With the help of the descriptive research the theory as well the concepts could be improved.

Descriptive research is mainly used when it is not very important from the research point of view to find out any relationship between the cause and the symptoms, also it is used in the case when the problem is systematic, structured and organized.

#### **3.7.1 Research Approach: Qualitative**

Qualitative research strategy was the best approach to get better knowledge and understand in that research area since this was the main purpose of the study. Since time constraint was an important factor during this study quantitative strategy could not be used a restricted qualitative study was the best alternative. Since the data to be collected consisted of such perceptions and values therefore the research was not quantifiable, therefore a qualitative research was the best alternative. As no numerical data is other so the qualitative research is highly suitable for the

purpose of conducting the research in order to answer the questions. As in this research it is important to explain the problem to the consumers so the qualitative research has been used.

### **3.8 Data Collection:**

- ✓ The information to be collected and gathered was focused on the research topic to be sufficient and enough to describe the data.
- ✓ Both Primary and secondary data will be used in this in this study project. Since this topic had the ability to give rise to discussions an open ended interview has been used. The interview was conducted personally. The interviewee was sent the questions a day before for him to get prepared and motivated for the interview and the issues to be discussed in the interview.
- ✓ Secondary data like the company brochure's were used during the research process

Primary data has been collected with the help of the online questionnaire and secondary data has been collected from magazines, journals, newspaper articles and all the available sources. After collecting all the data it is properly analyzed to reach the results.

### **3.9 Research Instruments:**

Research instrument is basically a device which can be used to test/measure a particular phenomenon which can include questionnaire, test, interview and also a fixed or particular framework which has to be followed. A research instrument which I have followed to carry out this research is basically questionnaire, with the help of properly designed questionnaire I have carried out an online research and collected the data online with the help of internet from nearly 25 people, for the purpose of designing the questionnaire I have gone through various questionnaires which are available on the internet and after taking an idea of designing the questionnaires I have framed the questionnaire and taken the responses from the people. Also I have used the secondary data which is available on the internet which has helped me to carry out this research in a proper manner, after getting all the questionnaires filled I have properly analyzed them.

With the help of the proper research instruments very relevant results can be obtained as it is the research instrument which helps to collect the data and if the data is collected in the proper manner then the rest of the research can go on in a smooth and well fashioned manner, so it is very important to choose the research instrument wisely and use it flexibly. Once the proper research instrument has been selected it becomes easier to collect the data from the respondents as well as from the secondary sources as it focuses the research so that the correct results can be obtained from the research.

So, it is very important to select the right research instrument to carry out the successful research.

Firstly, the data is collected from the respondents using the questionnaire. The spread sheet and the MS excel sheet were used to access the data provided by the respondents. The data provided by the respondents was put in the MS Excel to draw the pie charts to understand the preferences and the perceptions of the customers. The data was represented by the pie charts and these pie charts helps in understanding the market scenario and the impact of branding and promotion on the automotive industry. The various parameters that were used to measure the perception of the respondents were like whether they agree with the statement or they disagree with the statement or they strongly agree with the statement. The questions focused on the view of customers whether branding and promotion is very important or important or not so important. The research instruments such as SPSS can be used further to analyze the data provided by the respondents.

### **3.10 Data Analysis:**

After collecting all the with the help of the primary as well as the secondary research it becomes extremely important to analyze the data and for the purpose of analyzing the data various graphs and tables can be used which can give a better view of the collected data and help us to draw the conclusions.

As we are using the qualitative research and focusing mainly on attributes in order to answer the questions on the basis of which we have designed the research so we will focus much on the secondary data in order to get a view point.

For the purpose of the data analysis all the data collected from the questionnaires has been used as well as data collected from the internet has been used and on the basis of the collected data it has been found that promotion as well as branding are very important for the growth of the organizations and also to create an image in the minds of the customers about the products of the company. Also the collected data reveals that the brand and promotion is very important in automobile industry in order to differentiate the product from the products which already exist in the market so that customers can perceive the products in a better manner.

Another important reason which emphasizes the organizations to adopt promotion as well branding strategies is due to the globalization and the competition is now not limited to the local markets as the organizations are expanding and becoming global it becomes even important to promote the brand effectively.

The main advantage of branding is that it brings the products or the brand in the eye of the customers which perceives them to buy it.

The future of automobile industry is enthusiastic and due to increasing competitiveness it is very important for the organizations to focus on promotion as well as branding techniques.

### **3.11 Method of Analysis:**

After all the data is collected through online questionnaire as well as from the secondary sources, the next step is to analyze the collected data which would lead to the result formation as well as help in drawing the conclusions.



In order to analyze all the collected data we have properly analyzed all the questionnaires and used all the secondary information in order to draw the conclusion and answer the questions on which we have focused our research.

As this is basically a descriptive research so it requires lot of secondary data in order to analyze the data in the proper manner.

### **3.12 Administration of Instruments:**

The main instrument which we have used is questionnaire as well as the secondary data so we have designed the questionnaire by properly studying the relevant information which is available on the internet and after collecting all the data we have analyzed it to draw the results in order to answer the questions which we have asked in the research. Online questionnaire and the secondary sources of the information will be the main sources of the information for this research.

### **3.13 Limitations of the Study:**

The various limitations of the study are that we have a limited scope for the collection of the data. The study has been conducted majorly in UK, so that cannot exactly predict the trends and the benefits of branding and promotion worldwide. The time constraint was also a major constraint for the study on the “Why promotion and branding is important Marketing within the Automotive Industry?” The major constraint of the study was also the lack of the resources and the study was basically done with the help of the questionnaire.

The limitation of the study is that the qualitative research methodology is used and the scope of the data that can be accessed and interpreted is limited by the constraints of resources, money and time. Due to limited financial resources and geographical distance factors research will be restricted and relative to qualitative research methods. The research involves the data taken from government statistics and research papers, journals and magazines and survey and statistical institutes. Businesses are reluctant to provide vital information in particular, consumer trends. Due to limited budget surveys, interviews and observations has been taken from authenticated and recognised data sources. The study also lacks to determine the general perception of the

customers about the branding and promotion strategies of the automotive industry on the global level because the data collected is very small and demographically limited.

## Chapter- IV Analysis and discussions:

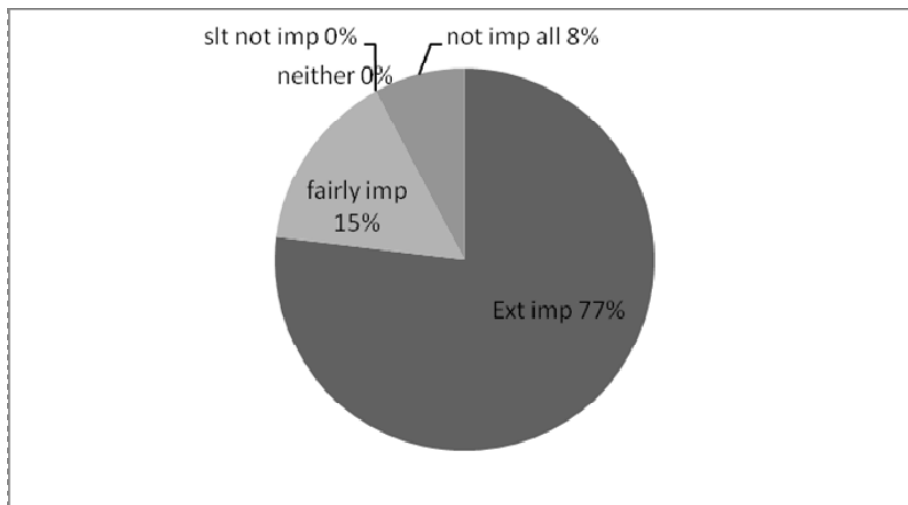
The advantages of the branding and promotion are that the brand is remembered and recognized by the people. The branding and the promotion of the company ensure that the key potential customers know exactly why the company exists and what are the key business and the product of the organization. (onlinepromotionandmarketing.info).

The market research has been done by the medium of the questionnaire. The response of the respondents is discussed and analyzed as given below:

### 4.1.1 Analysis:

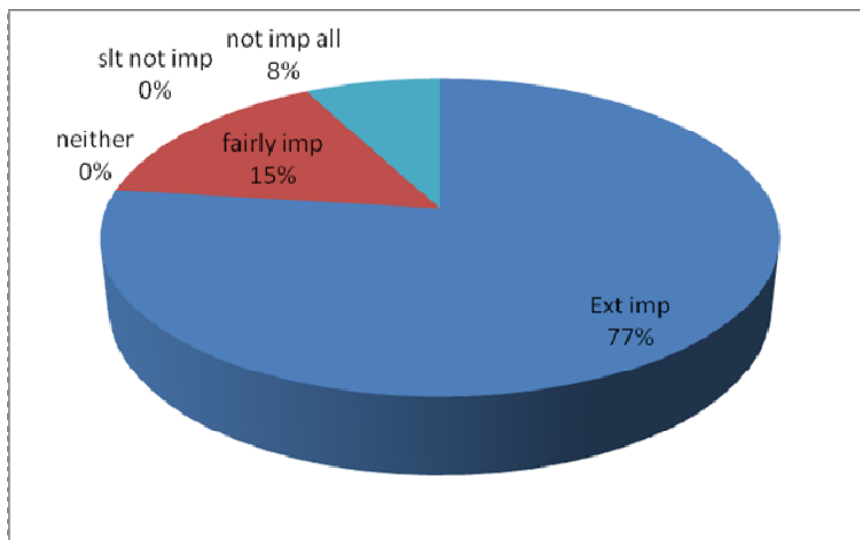
Q3. Is promotion and branding important to you organization?

Most of the automotive industry feels that the branding and the promotion are quintessential for the organization. Approximately 77 percent of the respondents and organization feel that branding and promotion is extremely important for the organization.



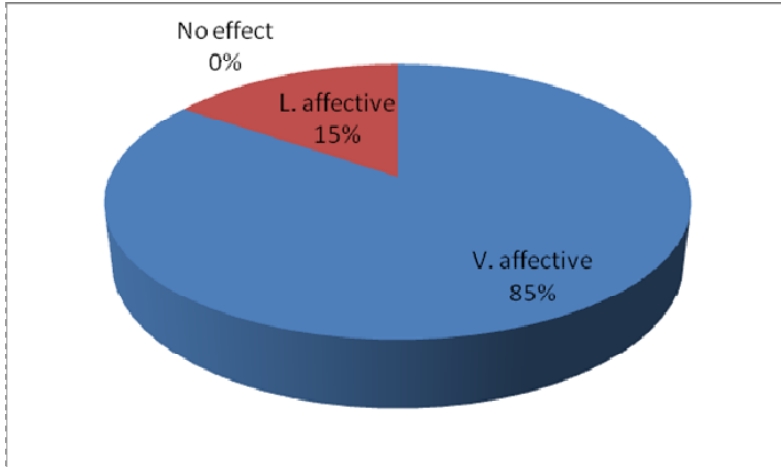
#### Q.4 How promotion and branding important to you?

Promotion and branding is important for most of the organizations. The promotion and branding is important to ensure that the automobiles and the car of the organization are well recognized and they target the right market segment of the customers. 15 percent of the organization and the respondents feel that the branding and promotion is important for the products of the organization.



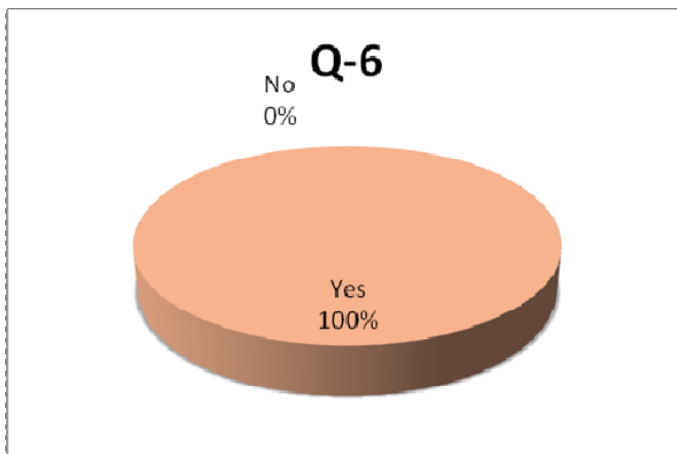
#### Q5. In your opinion how does branding affect an individual customer?

Branding has a very important impact on the individual customers. Individual customers tend to make an image about the products according to the branding and promotion of the organization. For example the Mercedes is able to sell its luxurious cars at very high price due to the brand image associated with the name of the organization. In fact 85 percent of the organization and the respondents feel that the branding makes an important impact on the choice and the preferences of the individual customers.



Q6. Are you against promotion and branding?

All the organizations think that the branding and the promotion of the automobile product are very important. Hence all the organizations are in the favor of the branding and the promotion of the automobile products being manufactured by the organization.



**Q7** What types of promotion does your organization prefer?

The organization prefers various promotional tools for the promotion of the automobile being manufactured.

The various tools used by the organization are:

Advertisements, sales promotion

TV, newspaper

Sales & several offers

Organizing sales & marketing promotion to the general public as well as advertising through mainstream media

Advertising, sales promotions

Internet, TV adds , magazine etc employee training

Free one year servicing with oil change, wheel alignment etc

Discount offers, online marketing etc

Internet marketing, ads in business magazines

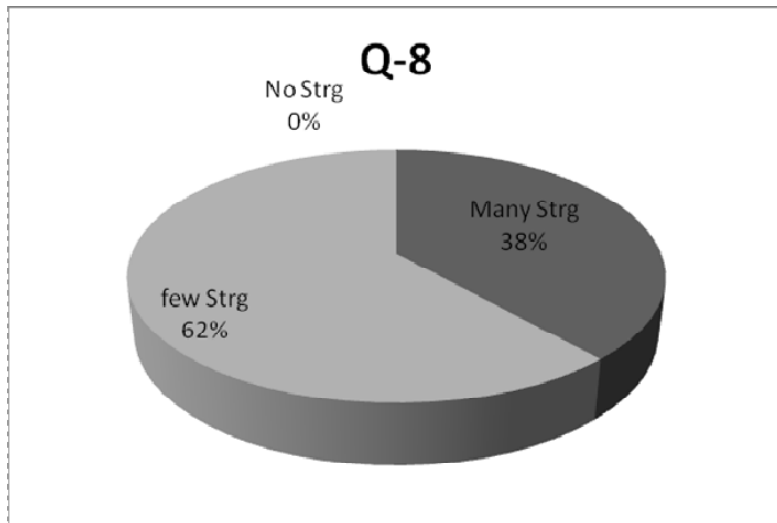
Advertising

Couple of promotional offers we used

Advertisement, season offers

**Q8** How many promotional strategies do you encourage yearly?

Most of the organization thinks that promotion strategies are very imperative. The organization must ensure that the 4p's of the organization should be ascertained properly such as promotion, place, price and product. The promotion strategy should be developed according to the changing market conditions and company ensures that the monitoring of the various promotional strategies is done frequently.



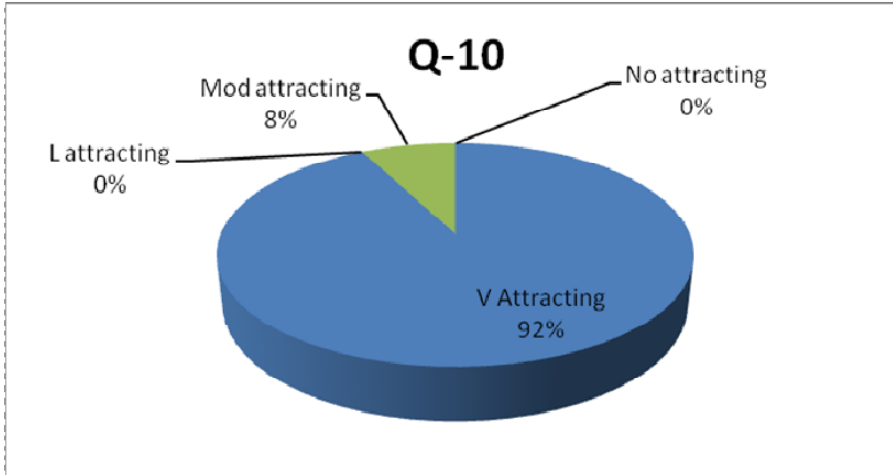
Q-9 Give a real example where promotion has affected your organization?

The promotion helps the organization in the following ways:

- When our organization has offered discounts, price reductions and low installments for long term basis the sales of the automobiles were significantly improved
- When the organization launches the offer of paying half of the amount from that of the total 50% down payment and 50% payment after 2 years, the customers who cannot finance the entire money at time can take the advantage of the scheme. Hence, the organization increased its sales and profitability.

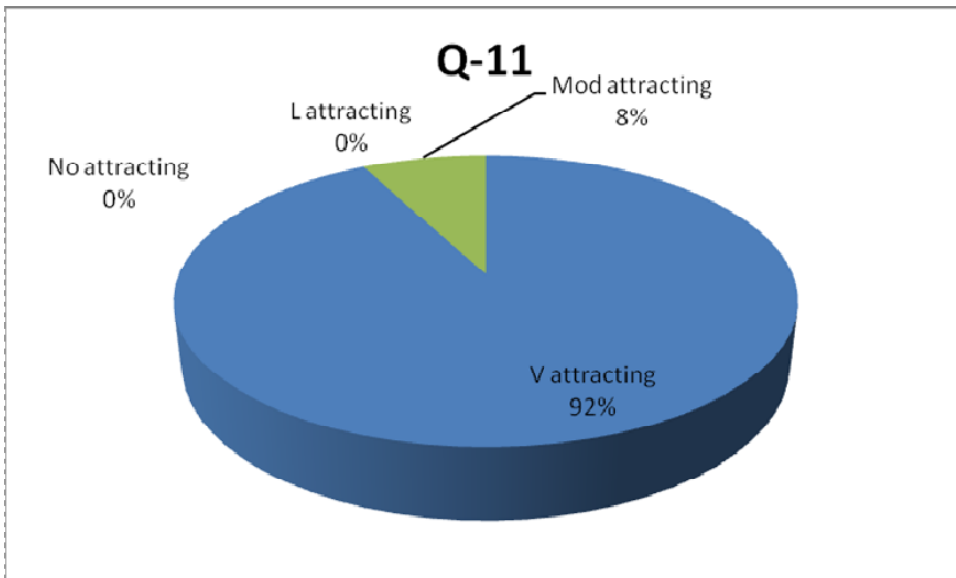
Q10 Does promotion really attracts customers?

Yes, it has been found that the promotion of the automotive vehicles such as car, truck and other vehicle really attracts the people. Approximately 92 percent of the respondents feel that promotion really attracts the customer.



Q11 How many customers get attracted towards branding?

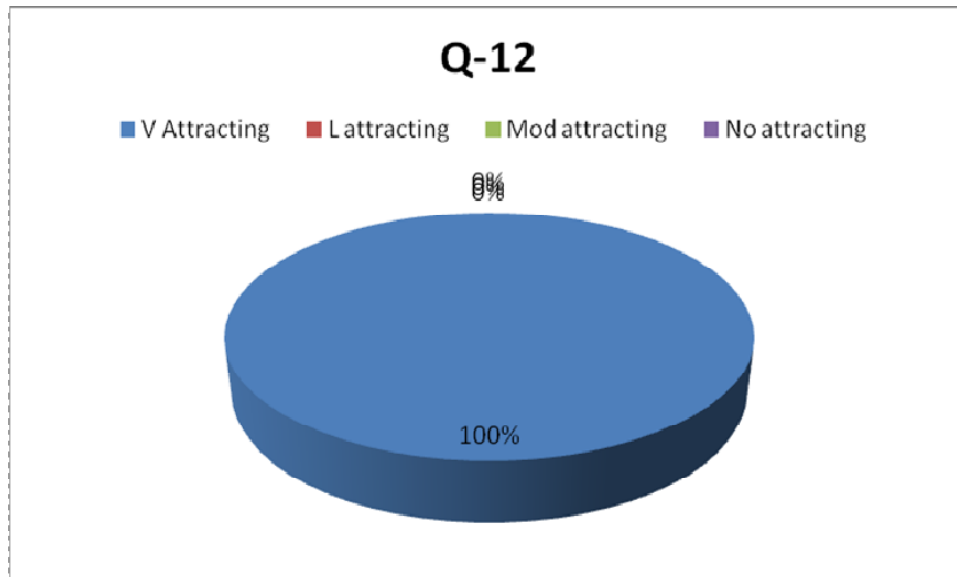
Most of the customers have a high propensity towards the brand recognition and the brand image of the product. Approximately 92 percent of the respondents think that the branding plays a very important role in attracting the attention of the customers.





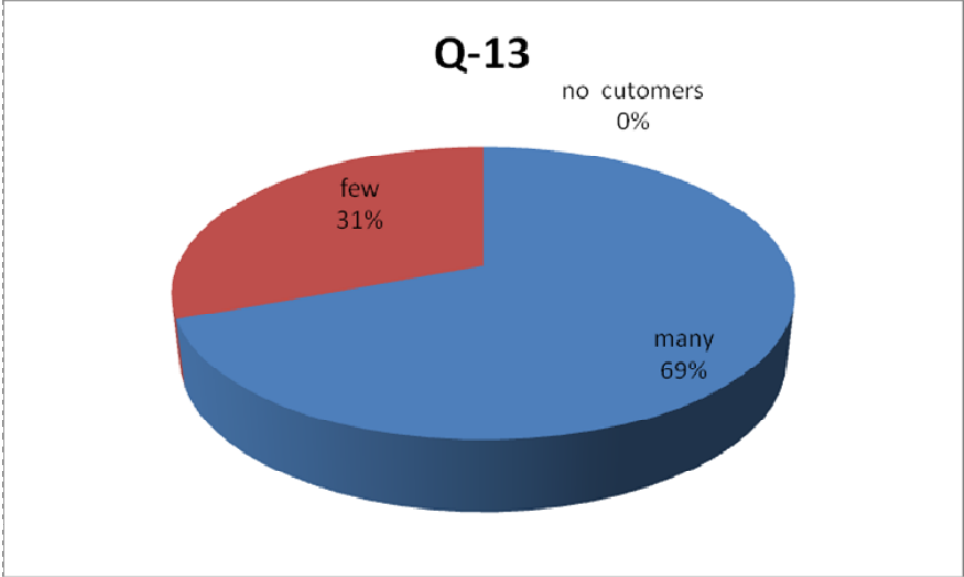
Q12 How many customers get attracted towards promotion?

In fact promotions of the automotive product are bound to seek the attention of the potential customers.



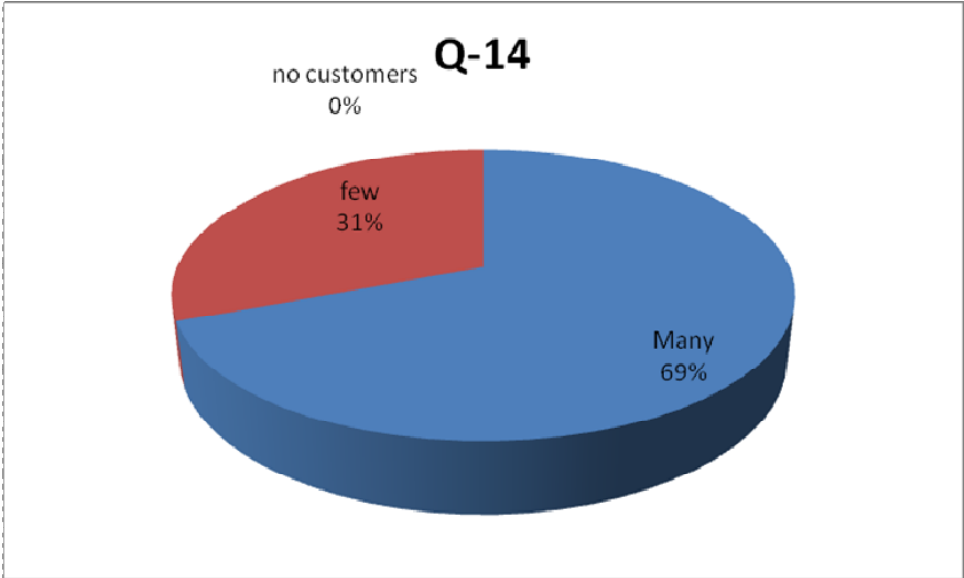
Q13. How many customers had decided to buy a car, after going through your promotion policies?

Promotion policies and the promotion strategies of the organization have a very important role to play in the sales revenue of the organization. Most of the organizations do believe that the customers are really impacted by the sales and promotion strategies of the organization.



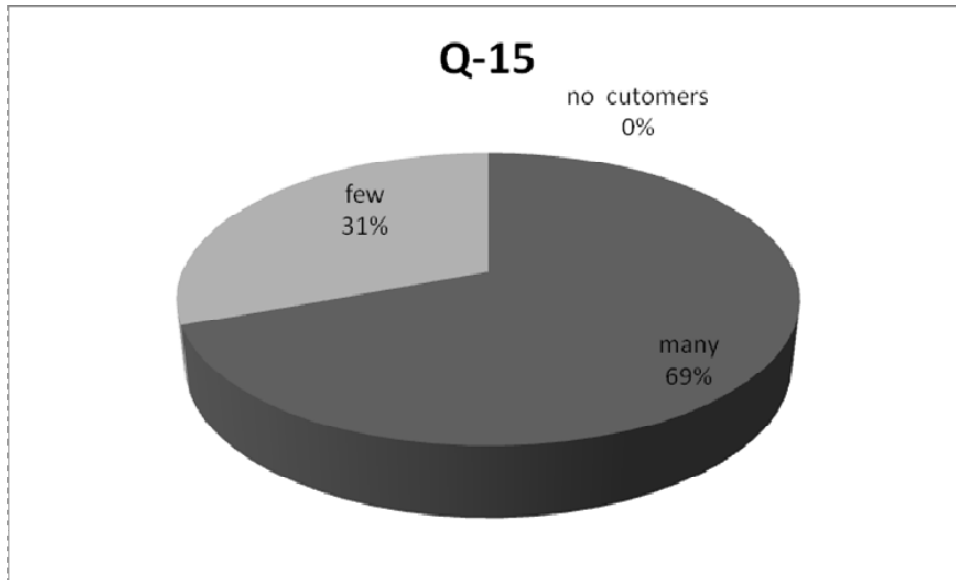
Q14. How many customers do you get encouraging direct cash?

Most of the organization and respondents believe that many customers encourage the direct cash.



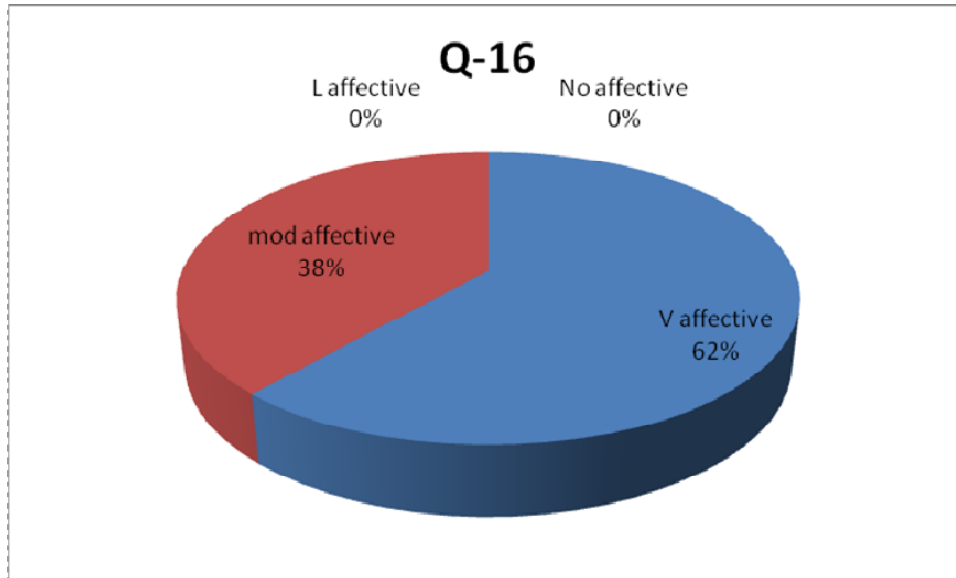
Q15. How many customers do you get encouraging Easy Monthly Installments?

It has been found by the survey that most of the customers find it convenient to take the automobile on easy monthly installments. Hence it becomes important for the organization to ensure that the vehicles and automobiles are provided on the easy monthly installments to the customers.



Q16. Does promotion and branding affects the customers?

Most of the respondents strongly feel that the promotion and the branding of the automobiles and the cars strongly affect the customer's perception. In fact 62 percent of the respondents find promotion and branding of the automobiles very effective and 38 percent of the respondents find promotion and branding of the automobiles moderately effective.



**Q-17** If there is a top brand automobile, do the customers wait for its promotion or they go by the brand?

If the brand image of the automotive organization is very strong then the customers may not lay much emphasis on the promotion activities and may not wait very long for the promotion activities to happen.

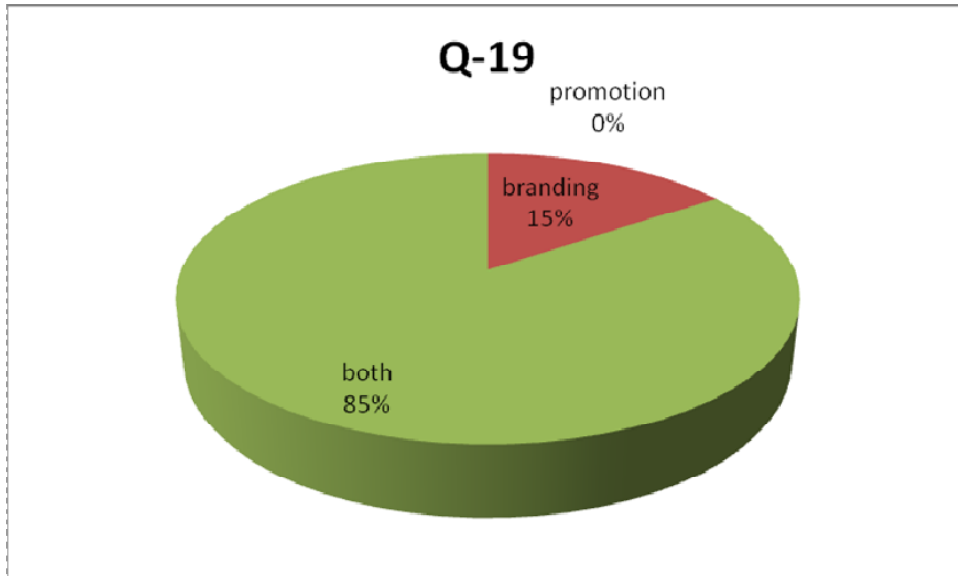
Q18. What does a customer actually see in a brand?

The various attributes which the customers see in the brand are illustrated as below:

- Quality
- Quality and price
- Brand that made it success of this point
- New enhancement , new features , price
- Brand name
- Image of the product
- Brand history, services provided

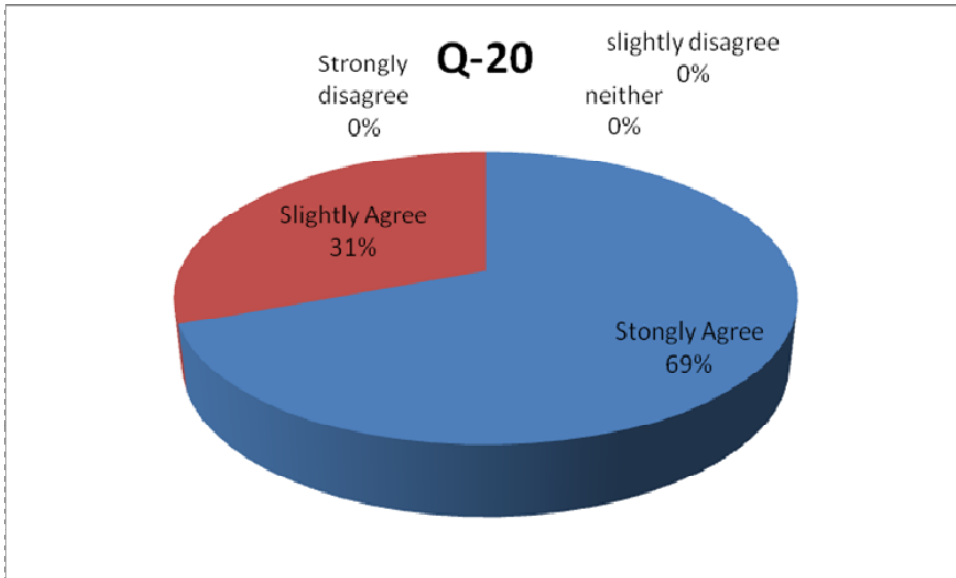
Q19. What do you think customers get attracted to?

It has been found that the customers are affected by both the branding and the promotion of the automobiles and car. Hence, the organization must lay proper emphasis on both branding as well as promotion of the automobiles to seek the attention of the customer.



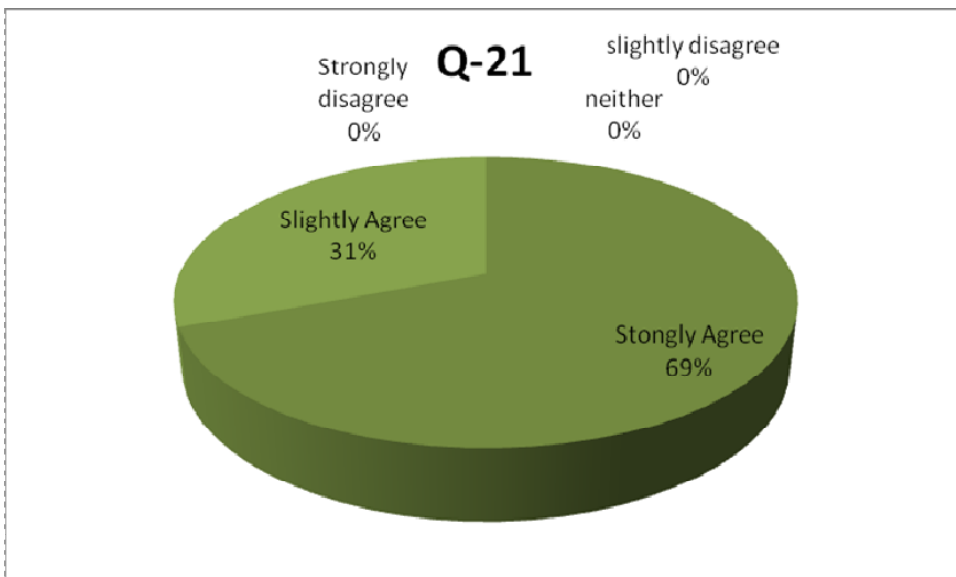
Q20. Sales mostly affected by promotion to the organization?

The promotion of the automobiles and the car strongly impact the decision of the customers. It has been found that the sales of the organization can be increased significantly if the promotion of the automobiles is done properly.



. Q 21 Promotion and branding affect the organization?

Most of the respondents and the organization strongly believe that the promotion and the branding make a strong impact on the minds of the customers and the sales revenue of the organization. The data collected from the market research is as shown below.



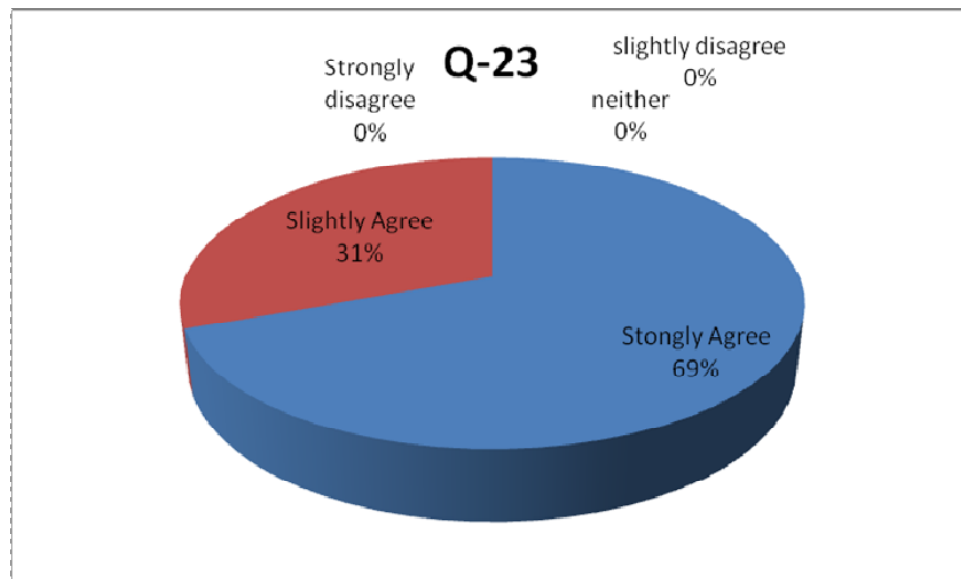
Q22. From marketing prospective why do you select promotion and branding?

The various reasons that make the focus towards the promotion and the branding of the automobile and car important are as listed below:

- Attract customers, increase popularity
- Encourage the sales
- Provide satisfaction to customers
- Price skimming, increase sales
- For increase in publicity of the product
- It makes company more reliable and explains the quality and new technology introduced with the product.

Q 23 Promotion and branding affect an organization in its future plans?

Promotions and the branding strongly affect the future plans of the organization. Most of the organization thinks that the marketing strategies and the branding and promotion techniques used at present play an important role in deciding the future plans of the organization.



### **4.1.2 Analysis**

The aim of the report is to ascertain whether the promotion and branding is important in Marketing within the Automotive Industry. The findings indicate that the branding and promotion are becoming important marketing tools in the automotive industry to increase the sales and hence the profitability for the automotive industry. The analysis of the findings strongly indicates that the promotion increases the sales of the automotive industry comparatively. The findings also indicate that the brand image has a very important role to play in the automotive industry. The customers are ready to pay more money for the brand image built by the automotive organization. Approximately eighty five percent of the respondents think that the branding leaves a very strong impact on the minds of the key and potential customers. It is also found that the organization needs to ensure that it does both branding as well as promotion of its products. The automotive industries should launch the promotional strategies for its various products throughout the year and at various important occasions such as Christmas and the New Year eve. It has also been found that the automotive industries must ensure that the key customers have accessibility to the financial schemes such as easy monthly installments so that they can purchase the automobiles. It has been found that the promotion policies if implemented correctly can increase the sales for the organization significantly.

The findings suggest that if the automotive industry does the branding and promotion activities meticulously then the sales and hence the profits of the organization can be increased significantly. The objective of the automotive organizations can be met if the branding and the promotion of the various automobiles manufactured by the organization is done effectively. In the today's competitive world it is the need of the hour that the promotional activities such as branding and promotion are done properly. If the branding and promotion is not done efficiently by the organization then the organization is bound to lose its market share to the competitors.

### **4.2 Demographic response**

Data was collected by mailing the questionnaire to various executives in the automobile companies in UK and it included the response from people of all age groups, after obtaining the response data was collected and analyzed and on the basis of the collected data conclusions were



drawn. Sample size was 20 people in order to carry out this research and responses were obtained with the help of the online questionnaire. Also sixty nine percent of the respondents strongly believe that the branding and promotion has a strong impact on the organization.

#### **4.3 Gender and Age of respondents**

Both male and female executives responded to the questionnaires and the age group of respondents was between 30 to 50 years.

#### **4.4 Status or rank**

In order to obtain the responses executives in various companies were contacted; most of the people who responded were at the managerial level or executive level so that they could provide the information in a better way which would help to carry out the research in a much better way.

#### **4.5 Training of staff**

Most of the companies provide training on how to promote their brand, various promotional offers and the discount schemes. In order to provide better training first of all classroom kind of training is provided and then the on job training is provided so that the candidates could understand the critical aspects of the marketing which helps them to do their job in a more effective manner.

#### **4.6 Overview of the computerized system**

Most of the companies use the computerized systems for carrying out all their tasks and for their marketing and branding efforts, with the help of the computerized systems the overall productivity increases and hence the overall output also increases.

#### **4.7 Analysis of the Challenges**

Main challenge which the automobile companies are facing is cost reduction with increased focus on promotion and branding. Due to the global meltdown all the companies are badly

affected and hence there is increased pressure on them to cut down the costs, in order to overcome these challenges companies are exploring new markets as well as the new opportunities where they can enter into. Also the companies are focusing more on marketing by increasing their promotion and branding efforts.

#### **4.8 Risks:**

Automobile companies face various risks such as foreign exchange risk, technical risk, management risk and various other risks. In order to hedge these risks companies enter into the various hedging contracts for reducing their exposures to foreign exchange and provide them an optimum hedge against the foreign exchange risk.

For the purpose of the technical risk companies regularly keep on updating their technology in order to provide the best quality product to the customers also companies regularly keep on innovating the technology as well as the features in order to influence the customers to buy the product.

#### **4.9 Budget:**

Automobile companies allocate the fixed as well as variable budget for the purpose of marketing, fixed budget is allocated at the beginning of every financial year and variable budget is allocated according to the marketing strategy the company is pursuing, if the company has adopted the aggressive marketing strategy then the variable budget will change and the amount required for the purpose of the marketing has to be increased.

#### **4.10 Technical problems**

Technical problems which the automobile company faces is to upgrade the plants as well as machinery from time to time in order to give the customers the best quality products and to face the ever increasing competition from the competitors.

#### **4.11 Economical Issues**

Overall working capital required to carry out the production process as well as other day to day operation is quite high so in order to maintain the liquidity it is very important for the automobile companies to keep an optimum level of working capital which has to be assessed in the beginning according to the production capacity and after that the overall budget for the company has to be decided.

#### **4.12 Social Issues**

Automobile companies create pollution which can be a social issue but if we look at the other aspect then if the company engages itself in corporate social responsibility then it can act as a promotion and branding tool for the company which will help the company to improve its brand image and create a sense of the belongingness in the minds of the people.

#### **4.13 Legal issues**

There are various legal issues associated with the automobile companies such as land area, pollution levels, euro norms and various other issues so it is very important for the automobile companies to satisfy all the legal norms and comply all the legal obligations so that the company can work in a smooth and the efficient manner.

Also automobile companies hire legal advisors many times who continuously update them on any recent changes which are important from the company's point of view and will help them.

#### **4.14 Communication problems:**

It is very important for the automobile companies to formulate a proper marketing and branding strategy and then communicate it to all the levels which means that the strategy should be properly understood by every employee of the organization only then it could be successfully implemented, but at times problem arises in communicating the strategy to the staff at the lower level which result in the failure of the strategy so it is very important to remove all the communication barriers which exist within the organization which will enable free flow of communication without any barriers.

#### **4.15 Problems of the change**

It is very important for the company to change its technology from time to time in order to keep pace with the changing environment but the main problem associated with the change is that it takes lot of time, effort and money to implement the change and it is very important to implement the change in specific time limit in order to make the change effective.

#### **4.16 Resistance to the change**

Employees most of the times resist changes so it is very important to takes the employees in confidence in order to avoid any resistance to the change only then the change will be successfully implemented.

#### **4.17 Management problems**

Sometimes there are problems in the management with some policy or any other changes which badly affect the working of the company, also if there is conflict between top management and the lower management then the management problem arises. It is very important to sort out all the management problems to ensure the smooth working of the company.

## **CHAPTER- V. Summary, Conclusion and Recommendations**

### **5.1 Situation Analysis of Automotive Industry**

The automotive Industry has grown drastically in the recent past. In 2008, the automobile industry players produced more than 70 million vehicles which included the cars and the commercial vehicles worldwide.

In 2007 more than 79 million new automobiles were sold worldwide, out of which 22.9 vehicles were sold in Europe; 21.4 million vehicles were sold in the Asia Pacific region and 19.4 million vehicles were sold in the USA and the Canada region. Approximately 4.4 million vehicles were sold in the Latin America region. The markets of the North America and the Japan were stagnant. The markets for the automobile industry grew strongly in Asia and the South America. The BRIC countries that are the Brazil, Russia, China and India accounted for the major growth in the automobile industry. (Plunkett Research, "Automobile Industry Introduction" ,2008)

At present there are more than 800 million cars and automobiles that are running on the roads of the world. There are 250 million vehicles that are running on the roads of the United States. The automobiles all over the world burn approximately 260 gallons of the gasoline and diesel fuel. The number of the vehicles and the automobiles are increasing rapidly in China and India.

The rapid increase of the oil prices and the rising global pollution is the major concern for the automotive industry. The prices of the raw material and the buyer consumption habits are also changing rapidly. The automobile industry is also facing increasing competition from the public transport system such as the metro trains in the cities which forces the private vehicle users to re-evaluate the benefits and the costs involved with their automobile. It has been ascertained that roughly half of the fifty one plants for the light vehicles in the US will be closed in the coming years which can cause the loss of approximately 200000 jobs in the automobile sector and the approximately 560000 job losses in the decade. The massive growth of the China has made the China both the largest producer as well as the consumer in the year 2009. (Plunkett Research, "Automobile Industry Introduction" ,2008)

## **5.2 Branding and Promotion:**

The automobile industry now a days faces a stiff competition as there are too many market players and customers have various options to choose from. For example there are various players present in the car industry sector few of them are as named below:

- ✓ Ferrari
- ✓ Ford
- ✓ B.M.W.
- ✓ Mercedes
- ✓ Chevrolet
- ✓ Volkswagen
- ✓ Rolls-Royce
- ✓ Porsche
- ✓ Land Rover
- ✓ Maruti Suzuki

Hence it becomes important for the automobile industry players to ensure that the branding and the promotion of the automobiles produced by them are done proficiently. The automobile companies need to ensure that the car or the commercial vehicle is targeted to the right customer and the tools used for the promotion and branding are used accordingly. (marketingteacher.com)

The automobile industry uses the media as the major tool for the promotion of the various brands and the automobiles manufactured by the company. The various tools of the media that can be used by the automobile industry are TV ads, radio, newspapers and the magazine. The automobile company also needs to provide the customized services to their customers in this competitive world. The automotive industry also offers special discount and offers on the automobiles being sold to draw the attention of the customers. The automobile companies offer the discounted prices on the occasions when it expects the sales of the automobiles and vehicles to rise. The discounted prices of the automobiles entice the key customers to go for the purchase of the automobile.

The promotion on the web and the internet has become a very important part in the promotional strategy of the automobile companies. All the automobile companies have their websites which have complete information about the various products and services of the organization. The financial deals offered by the organization also play a very important role in the promotion of the automobiles and the vehicles. The automobile companies must ensure that the customers have various financing options available that can make the purchase of the automobile convenient for the customer. For example zero financing is a very good financial deal to attract the attention and persuade the customer for the purchase. (marketingteacher.com)

The automobile organizations also need to do the trade sales promotion of the automobile sold by the company. The trade promotion of the automobiles is done by providing proper margins and profits to the distributors and dealers. The dealers and the distributors should also be provided the proper training and knowledge about the various brands and the products of the organization so that they can deal with the customers more proficiently. (marketingteacher.com)

Branding of the automobile company helps the organization to distinguish and identify the automobiles and the products manufactured and provided by the organization. Branding of the automobiles and the cars help the organization to develop an image of the product in the minds of the customers. The brand is a very important aspect in the automobile industry. The customers are ready to pay high value and prices for the automobile product if the automobile has high brand value. The branding of the automobiles and the cars also help the organization to target the right customers at the right place and at the right time.

(Jean-Noel kapferer, 2004).

The branding of the automobile has the advantage that it enables the automobile industry to target the right market. The objective of the brand is to ensure that the message is delivered clearly to the key customers. The brand also increases the credibility of the company and helps the organization in increasing the sales of the automobiles. The brand also enables the organization to develop a sense of the customer loyalty and connect the target prospects emotionally with the brand. Brand of the company finds a place in the hearts and the minds of the potential customers and clients. Hence it is quintessential that the branding of the automobile being manufactured is done accurately.

### **5.3 Challenges for automotive industry**

The automobile industry is in the booming phase and there are too many market players. But there are various challenges which the automobile industry faces. Some of the challenges faced by the automobile industry are as illustrated below:

**Brand management:** The automobile industry needs to ensure that the brand management of the organization is done properly. The brand management must ensure that the brand establishes the right images in the mind of the customers. Brand helps the consumers and customers develop a proper image of the services and products provided by the organization.

**Customer relationship management:** The automobile industries also need to take the marketing tool of customer relationship management seriously and provide proper focus to it. The CRM helps the organization to focus on the needs and the requirements of the customers. The CRM must ensure that the products and the services offered by the organization are proper response to the changes in the aggregate customer behavior pattern. The automobile industry also need to provide proper maintenance and after sales service to ensure good CRM. (eurofound.europa.eu)

**Core competency management:** The automobile companies need to understand their key competencies and focus on them. The organizations must know their strengths and weakness as well.

**Innovation management:** With the increasing competition the innovation has become a need in the automotive industry. In the changing times if an automobile company has to survive then it need to ensure that it does the innovation and technology up gradation timely and according to the needs of the customers.

**Quality management:** The automobile companies need to ensure that the automobiles manufactured by the organization meet the set standards and specifications. If the automobile



produced has some fault or technical glitch then it causes high maintenance cost to the organization. For example the Honda motors had to call back its automobiles manufactured for maintenance due to some technical glitch. (eurofound.europa.eu)

#### **5.4 The automotive industry future**

The automobile industry is expected to grow at a rapid rate in the future as well. The key characteristics of the automobile industry in the future are as mentioned below:

- ✓ The growth of the use of the personal cars will continue
- ✓ In the various parts of the world the use of battery, fuel cell and hybrid fuel vehicles will increase.
- ✓ The congestion will increase and the traffic will become a major concern for various cities.
- ✓ The customers will use internet for the purchase and services of the automobile industry.
- ✓ Use of the metro rails and the intercity rails will increase.
- ✓ Higher dependency on cars
- ✓ Little emphasis on the additional provision for public transport
- ✓ Increase in the average age of the car stocks
- ✓ Cost of the transportation increases due to higher fuel prices.
- ✓ Use of mass transit systems for the longer journeys and other alternative vehicles for the shorter journeys
- ✓ Improvement in the existing propulsion systems, and development of alternative fuel and engine systems

(Pridmore *et al*, pp. 27-28):

#### **5.5 Recommendations**

The automobile industries and its players need to understand the changing trends and the requirements of the customers. The automobile companies need to ascertain the ever growing competition in the automobile sector. The automobile companies need to understand that the

branding and promotion has become very important in the changing and challenging times. The automobile companies need to ascertain and identify the future needs and the requirements of the customers. The automobiles and the vehicles should be manufactured according to the changing needs and the requirements of the customers and consumers. The branding and the promotion of the automobiles should be done according to the automobile and the targeted customer segment. The various promotional tools that should be used by the automobile companies are media, good financial deals, discounted rates, better services and maintenance facilities and trade sales promotion. The branding of the automobiles should be done according to the image which the organization wants to develop in the minds of the potential customers. The proper branding of the vehicles and the automobiles helps in adding the value to the product and hence helps in increasing the price, profitability and the sales of the automobile. Hence in nutshell, all the automobile companies must assess the automobiles and vehicles manufactured by them and ensure that the company is doing the branding and promotion of the automobiles properly and correctly.

#### **5.6 Recommendation for Further Research:**

The automobile industry must also do a proper research on the various other marketing tools that can help the organizations in increasing their sales. The industry needs to do a proper research on the future prospects of the sector. The automobile industry also needs to identify the key success factors and the major challenges which the industry will face in the future such as rising oil prices and increasing pollution in the environment. The automobile industry also needs to access the changing needs and requirements of the customers. The automobile sector must hence carry out further research on the changing trends and the requirements of the customers and the consumers. The automobile industry must also carry out further research on the various marketing strategies apart from the branding and the promotion which can help the organization in increasing the sales and the profit of the organization.

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## **Appendix :**

### **Academic Questionnaire**

Research Topic: The various research questions on which the report will be focusing are discussed below:

1. Why promotion and branding is important in automotive industry?
2. Why organizations should adopt branding and promotional strategies?
3. What are the advantages of branding and promotion to the organization?
4. What is the future perspective for the auto mobile sector?

Promotion and branding has the potential to bring several significant benefits to the organization, it provides competition great choices and allows the organization to develop new relations with the customers for mutual advantages.

This questionnaire seeks to investigate “Why promotion and branding is important in marketing within automotive industries” in order to identify few factors that may encourage its acceptance.

This survey will take few minutes from your time there is no right or wrong answers your response will be based on your opinions.

Your responses will remain strictly confidential.

This questionnaire survey is being conducted for education research purpose only, following the data protection Act (1998).

1. Name of the organization \_\_\_\_\_

2. Your Name \_\_\_\_\_

3. Is promotion and branding important to you organization?

Extremely Important

Fairly Important

Neither

Slightly not Important

Not important at all

4. How promotion and branding important to you?

Extremely Important

Fairly Important

Neither

Slightly not Important

Not important at all

5. In your opinion how does branding affect an individual customer?

Very Affective

Less Affective

No Effect

6. Are you against promotion and branding?

Yes

No

7. What types of promotion does your organization prefer?

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8. How many promotional strategies do you encourage yearly?

Many strategies

few strategies

No strategies

9. Give a real example where promotion has affected your organization?

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10. Does promotion really attracts customers

Very attracting

less attracting

Moderate attracting

No attracting

11. How many customers get attracted towards branding?  
Very attracting                       less attracting   
Moderate attracting                       No attracting

12. How many customers get attracted towards promotion?  
Very attracting                       less attracting   
Moderate attracting                       No attracting

13. How many customers had decided to buy a car, after going through your promotion policies?  
Many                       few   
No Customers

14. How many customers do you get encouraging direct cash?  
Many                       few   
No Customers

15. How many customers do you get encouraging Easy Monthly Installments?  
Many                       few   
No Customers

16. Does promotion and branding affects the customers?  
Very affective                       moderate affective   
Less affective                       No affective

17. If there is a top brand automobile, do the customers wait for its promotion or they go by the brand

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18. What does a customer actually see in a brand?

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19. What do you think customers get attracted to?  
Promotion                       branding   
Both

20. Sales mostly affected by promotion to the organization?

Strongly Agree

Slightly agree

Strongly Disagree

Slightly Disagree

Neither

21. Promotion and branding affect the organization? Positively

Strongly Agree

Slightly agree

Strongly Disagree

Slightly Disagree

Neither

22. From marketing prospective why do you select promotion and branding?

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23. Promotion and branding affect an organization in its future plans?

Strongly Agree

Slightly agree

Strongly Disagree

Slightly Disagree

Neither

Thanks for your time.