CHAPTER SIX

PREFERRED POSITIONING STRATEGIES IN PREVALENT INDIAN MARKET CONDITIONS

• Consumers' buying behaviour

• Recommend strategies for the prevalent market: Marketers perception
The demand for new cars has slowed down in traditional car consuming regions of the world. The US car market is essentially saturated, with new car sales a function of replacement demand, while Canada is struggling to emerge from recession and Mexican sales are falling. West Europe has seen cyclical down turn in 1999-2000 and demand for new cars has declined. East European automobile demand collapsed following economic difficulties of Turkey and Russian Republic. Only Asia-Pacific remains a high growth region in economic terms with very positive automotive demand prospects. Vehicle manufacturers have to look outside the traditional consuming regions for additional sales and consequently have started concentrating on growing markets of India and China [1,2].

In 1993, India decided to delicence the Indian Auto Industry and that resulted opening up of the auto-market in India. Reform programmes in India are expected to see sales-jump of passenger cars in next few years. Low per capita income resulted focus on small low-cost cars that was able to meet raising car ownership aspiration of Indian customers. In such scenario, in the short term the market got crowded especially in compact car segment and mid size car segment. The Indian car market has seen 23 new brands of passenger cars between 1998 and 2001 (Hyundai Santro, Daewoo Matiz, Honda City and Lancer in 1998; Tata Indica, Fiat Siena, Daewoo Nexia, Ford Ikon, Hyundai Accent, Maruti Baleno in 1999; Maruti Wagon-R, Maruti Alto, Fiat Weekend, Opel Corsa, Maruti Altura, Mercedes S 320 L in 2000; Fiat Plio, Mercedes C 2000 and C 180, Honda Accord, Hyundai Sonata, Ford Mondeo, Scoda Octavia in 2001), and it will take another 3 to 4 years for the dust to settle down after which the real strength of the brands will come out.
The demand for car is a function of income of household in India. A study carried out by DRI/Mc Graw Hill [1] stated that the take off stage for the car market comes at $4,000 per capita income in purchasing power. The World Bank Atlas has reported Indian per capita income at $1,935. It is still half the income level at which car demand takes off.

Jack Trout and Steve Ravkin [3] studied that the nature of business environment in India is very, much different from other developed countries. Worldwide view is that, "take products to India and get a piece of big middle class of 260 million Indians". Though Indian middle class is large in number, but there is not enough money around. The median household income is $833 a year. At that level of income, a cheap television and a cheap sewing machine are the best families can do. People in India buy cell phones, but to keep cost down they note the number calling and ring back on a conventional phone. Average usage is less than 10 minutes a month. Reebok sales running shoes at $23, many franchise fast food shops have gone to India with budget priced meals and local vegetarian and spicy dishes. GE-Godrej, an Indo-US joint venture, recognised that home appliances increase status symbol and have been successful by producing attractive refrigerators that look good in the living room. To sell in India one has to do India's way, not the conventional way. India is a land of non-standard marketing.

The nature of car market in India has changed abruptly. Indian customers are now very well informed and they are not influenced by small cosmetic changes. Price is
no longer the primary factor of a car. The price-value equation has become more important and the customers are not just looking at the product but beyond it.

In the post liberalisation period, passenger car manufacturers have used a number of strategies to position their products/brands in the market. Analysis of strategies of positioning by product attribute, product benefit and by price-quality revealed that these strategies are successful in the Indian context. However, it is seen that positioning by competitor, in the form of competitive advertisement though worked well in the compact car segment but did not worked satisfactorily in the mid size and luxury car segments.

With such background, this chapter is devoted to find out the perception of marketers on positioning strategies that may be effective in the present scenario in Indian passenger car market. Marketers offered their opinion on 12 market positioning strategies, namely, positioning by product attribute, product benefit, price-quality, use or application, product class/category, corporate identity, target audience, brand endorsement, competitor, emotions, brand personality and commercial positioning. Perception of marketers on these positioning strategies is tabulated in Exhibit: 6.1.

Marketers overall opined that positioning by product benefit (87.50 per cent) may emerge as the leading positioning strategy in the Indian context. The other strategies that are gaining importance are positioning by price-quality (85.00 per cent), brand personality (85.00 per cent) and positioning by emotions (80.00 per cent). Beside these strategies, marketers considered that in the present environment positioning by
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<td>(a) Positioning by product attribute.</td>
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<td>(b) Positioning with respect to product benefit.</td>
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<td>(c) Positioning by price-quality.</td>
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<td>(d) Positioning with respect to use.</td>
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<td>(e) Positioning with respect to product class / category.</td>
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<td>(f) Positioning by corporate identity.</td>
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<td>(g) Positioning by target audience.</td>
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<td>(h) Positioning by brand endorsement.</td>
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<td>(i) Positioning by competitor.</td>
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<td>(k) Positioning by emotions.</td>
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<td>(l) Positioning based on brand personality.</td>
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<td>(m) Commercial positioning.</td>
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product attribute, (72.50 per cent), corporate identity (72.50 per cent), brand endorsement (72.50 per cent), with respect to use (67.50 per cent), and with respect to product class/category (67.50 per cent) may also emerge as effective strategies. Commercial positioning (65.00 per cent) and positioning by competitor (62.50 per cent), are considered to be of marginal significance in the present market scenario.

CONSUMERS' BUYING BEHAVIOUR

Marketers recommended a number of positioning strategies for the passenger cars that may work well in Indian context. The recommendation made is mainly based on the marketers experience on the practiced strategies in the last few years and observing change in consumer buying behaviour pattern in the post-liberalisation period. Consumer buying behaviour was examined on seven areas, these are: customers want value for money, they consider functional parameters are important for them, the manufacturers name and reputation are important for the buyers, users compare the cars in the same category before making purchase decision, customers consider status is important, they are conscious about ecology, and customers are influenced by the advertisement and the personality reflected in the advertisement.

Marketers overall viewed that Indian customers are conscious about value for money and scored the parameter as 95.00 per cent. Maruti Udyog Limited, Hyundai Motor, TELCO, Honda Siel Cars India Ltd, Hindustan Motors and General Motors strongly believe that Indian customers are value conscious (100.00 per cent); Daewoo Motors and Ford India Ltd also supported this buying behaviour of customers (80.00
per cent). Hyundai Motor, TELCO and Honda Siel Cars India Ltd strongly agreed that the customers are concern for functional parameters and all of them scored this parameter as 100.00 per cent. Whereas, Maruti, Daewoo Motors, Ford India Ltd, Hindustan Motors and General Motors valued this conduct of customers as 80.00 per cent. Manufacturers are also of the opinion that the customers are largely influenced by the marketer’s name, reputation and by the brand name and overall scored this behaviour of consumers as 80.00 per cent. TELCO and Honda Siel Cars India Ltd. strongly believe on this attitude of customers (100.00 per cent), and all other manufacturers agree on this buying characteristic of customers (80.00 per cent). Car manufacturers agreed that buyers compare the attributes, features and price of the cars in the same category before making a purchase decision. Maruti Udyog Ltd. and Honda Siel Cars India Ltd. strongly supported this attitude of customers (100.00 per cent). Daewoo Motors, TELCO, Ford India Ltd., Hindustan Motors, General Motors also agreed on this characteristic (80.00 per cent), whereas, Hyundai Motor disagree on this buying behaviour (40.00 per cent). The importance of customers status in making purchase decision has been valued high by the marketers (92.50 per cent). Maruti Udyog Limited, Daewoo Motors, Honda Siel Cars India Ltd., Hindustan.Motors and General Motors all valued customers concern for status as 100.00 per cent. Hyundai Motor, TELCO and Ford India Ltd scored this psychology of customers as 80.00 per cent. Marketers do not believe that customers are much concerned about the effect of the car on environment and scored concern for ecology factor as 57.50 per cent. Hyundai Motor and Ford India Ltd disagree that the customers are concerned about ecology (40.00 per cent), Maruti Udyog Limited, Daewoo Motors, TELCO, Hindustan
Motors and General Motors abstain from commenting on this parameter (60.00 per cent), and only Honda Siel Cars India Ltd considered that customers are concerned about ecology (80.00 per cent). Marketers also agree that the advertisement and the personality of the brand have significant influence on customers buying behaviour (80.00 per cent). Daewoo Motors, TELCO and General Motors strongly support the influence of advertisement and the personality reflected in the advertisement (100.00 per cent), Maruti Udyog Limited and Hindustan Motors also supported this behaviour (80.00 per cent). However, Hyundai Motor, Ford India Ltd and Honda Siel Cars India Ltd remained indifferent on this issue (60.00 per cent) (For details, please, refer to, Exhibit 6.2).

RECOMMENDED STRATEGIES FOR THE PREVALENT MARKET

Positioning with respect to product benefit

All attributes and features provide benefit to the customers and the relationship between attribute / feature and benefit is one to one. In fact, consumers are interested to derive benefit from the attribute and thus, creating association on benefit is important.

All marketers have used positioning by product benefit strategy for their brands and the analysis of the strategy revealed that it has been very successful in the Indian context.
You are recommending the above strategy/strategies because of the following reasons:

(a) Customers want value for money.
(b) Customers consider functional parameters are important for them.
(c) The manufacture's name and reputation is important for customers.
(d) Customer compare the cars in the same category before making purchase decision.
(e) Customer consider status is important for him.
(f) Consumers are concerned about ecology.
(g) Consumers are influenced by the advertisement and the personality referred in the advertisement.

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<td>(a) Customers want value for money.</td>
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<td>(b) Customers consider functional parameters are important for them.</td>
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<td>(c) The manufacture's name and reputation is important for customers.</td>
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<td>(e) Customer consider status is important for him.</td>
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<td>(f) Consumers are concerned about ecology.</td>
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<td>(g) Consumers are influenced by the advertisement and the personality referred in the advertisement.</td>
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Marketers overall opined that positioning with respect to product benefit (87.50 per cent) may emerge as the leading positioning strategy in the Indian car market. Maruti Udyog Limited, Hyundai Motor, TELCO and Honda Siel Cars India Ltd strongly recommended this strategy (100.00 per cent) for Indian context. Ford India Ltd., Hindustan Motors and General Motors also in favour of the strategy (80.00 per cent), whereas, Daewoo Motors India Ltd is indifferent about the impact of this strategy (60.00 per cent). Marketers recommended this strategy being leading future strategy as they consider Indian buyers believe functional parameters of a car are important for them and they compare the functional characteristics and its value critically before making purchase decision

**Positioning by price-quality**

In a heterogeneous market, consumers look products at different levels of price offering with different standards of quality. The price and quality relationship implies "value for money". All marketers beside the Ford India Ltd said to have used this positioning strategy for their brands in the respective segments.

Car manufacturers believe that positioning by price-quality strategy may also work well in the Indian context and overall perception of the marketers on this strategy is 85.00 per cent. Hyundai Motor, TELCO, General Motors and Hindustan Motors are strong supporters of this positioning strategy (100.00 per cent), Daewoo Motors and Honda Siel also supported the strategy (80.00 per cent), however, Maruti Udyog Limited and Ford India Ltd restrained from commenting on the implications of this
strategy (60.00 per cent). Marketers recommended this strategy as they consider customers want value for money and they evaluate the cars in the same segment based on attributes / features and price. Consumers assign different value to different attributes, features and benefits (functional as well as emotional) and relate these with the price of the cars and choose the brand that satisfies price-quality relationship the most.

Positioning based on brand personality

In positioning by brand personality marketers try to reflect characteristics of the brand similar to those of target consumers or which they aspire as part of brand identity. It associates a set of intangible benefits that differentiates a brand from the competing brands.

All marketers except TELCO have used positioning by brand personality strategy for their brands in the present market situation. However, some companies have given marginal importance to this strategy.

Car manufacturers are in agreement that positioning based on non-functional and non-price parameters are gaining importance and positioning based on brand personality is emerging as leading positioning strategy (85.00 per cent). Daewoo Motors, General Motors and Hindustan Motors strongly support the strategy of positioning by brand personality for the prevailing market (100.00 per cent). Hyundai
Motor, TELCO, Ford India Ltd and Honda Siel Cars India Ltd also recommended this strategy (80.00 per cent), but the Maruti Udyog Limited is not sure about the effect of the strategy and remained neutral (60.00 per cent). Brand marketers recommended this strategy as customers are influenced by the brand name, reputation of the company and the brand personality referred in the advertisement and also on the observation that the customers are conscious about their status in the society and choose the attributes, functions and the brand, which matches their personality the best.

**Positioning by target audience**

A market segment is a group of customers having similar characteristics, needs and expectations and a brand may be positioned to satisfy the needs and expectations of a particular segment. Beside TELCO all other marketers have followed this strategy for positioning their brands in the post liberalisation period. Car manufacturers are of the opinion that positioning by target audience can also be used as an effective strategy in the Indian scenario (82.50 per cent). Daewoo Motors, Hyundai Motor and General Motors are strongly in favour of this strategy (100.00 per cent), the TELCO, Ford India Ltd. and Honda Siel Cars India Ltd. are also hopeful about success of this strategy (80.00 per cent). Maruti Udyog Limited and Hindustan Motors however remained neutral on the effectiveness of the strategy (60.00 per cent). Some customers are conscious about value for money, some are concerned about their status in the society, many consider functional parameters are important for them, there are others who think
brand name, manufacturers reputation are important for them; these customers may be grouped around such benefits and a brand may be positioned to satisfy their need.

**Positioning by emotions**

Brand has symbolic meaning and this is often referred to as "brand image". Marketers have understood the strength of emotions and all car manufacturers except TELCO have said to use this positioning strategy for their existing brands.

Marketers viewed that positioning by emotions is increasingly gaining popularity and this may emerge as one of the distinguished positioning strategy in coming days (80.00 per cent). Honda Siel Cars India Ltd and General Motors have strongly supported this strategy (100.00 per cent). Hyundai Motor, TELCO, Ford India Ltd and Hindustan Motors also favoured this strategy (80.00 per cent). Maruti Udyog Ltd and Daewoo Motors made neutral comments (60.00 per cent). Marketers recommended this strategy, as they believe customers are often emotional on manufacturers name and reputation, brand name and own status.

**Positioning by product attribute**

Attributes and features provide unique selling proposition of what is for sale and this association directly translates into reasons to buy or not to buy. Except Ford India Ltd all marketers have declared that positioning by product attribute strategy is being used for their brands. Marketers are of the opinion that product attribute strategy has
worked well in the past and this strategy would also work effectively in coming years. Marketers overall scored the strategy as 72.50 per cent. Maruti, Daewoo Motors, Hyundai Motor, TELCO, Honda Siel Cars India Ltd and Hindustan Motors have supported the role of this strategy in creating positive attitude and purchase behaviour of customers (80.00 per cent). General Motors made neutral comments on applicability of the strategy for the prevalent market conditions (60.00 per cent) and Ford India Ltd. disagree on the effectiveness of the strategy in the Indian context (40.00 per cent).

It may be observed that Ford India Ltd, General Motors are not in favour of positioning by product attribute strategy but have recommended positioning by product benefit strategy for the Indian auto market. Marketers believe that customers preference is shifting from attributes to benefits and thus, positioning by product benefit might emerge as more dominating strategy than positioning by product attribute. They also understand that as long as customers consider functional parameters are important for them and compare the competing brands on the basis of attributes, features and price, positioning by product attribute would remain an important positioning strategy. Positioning by product attribute and product benefit generally go together.

**Positioning by corporate identity**

A large number of consumer durables and especially the passenger cars are branded based on corporate identity. This gives identity and corporate credential to the brand and consumers are sure about where the product comes from.
Almost all the brands under study are positioned based on corporate identity strategy. Marketers opined that positioning by corporate identity would continue to be an important positioning strategy for the future (72.50 per cent). Maruti Udyog Limited and Hindustan Motors have strongly favoured the strategy for Indian context (100.00 per cent), Daewoo Motors, TELCO and Honda Siel Cars India Ltd also supported this strategy (80.00 per cent), whereas, General Motors abstain from commenting on the strategy (60.00 per cent). Hyundai Motor and Ford India Ltd, disagree that this positioning strategy would work effectively in the prevalent market conditions (40.00 per cent). Marketers mostly experienced that manufacturers name, reputation and supremacy are important for the consumers especially for the consumer durables and thus, positioning by corporate identity strategy is expected to remain in future also.

Positioning by brand endorsement

When a brand becomes popular in one category and to capitalise it, marketers often introduce brands in other category in the same brand name. Positioning by brand endorsement answers the basic questions of who makes it and from where it comes.

In the post liberalisation period, companies like Maruti, Hindustan Motors and Honda Siel Cars India Ltd have used this strategy for their respective brands. Marketers are hopeful that positioning by brand endorsement is likely to work well in Indian market conditions (72.50 per cent). Daewoo Motors and General Motors have strongly recommended this strategy for Indian car market (100.00 per cent), Honda Siel Cars India Ltd and Hindustan Motors are also supporters of this strategy (80.00 per cent).
However, Maruti Udyog Limited, Hyundai Motor and TELCO are neutral on this strategy (60.00 per cent) and Ford India Ltd is not very optimistic (40.00 per cent) on future effectiveness of this strategy.

**Positioning with respect to product class/category**

Positioning with respect to product class/category is based on products functional capabilities. When a category has been chosen, it is necessary to modify the product so that its functional capabilities match the category. Except Ford India Ltd all other marketers have used this strategy to position their brands.

General Motors believe that this positioning strategy may emerge as most significant strategy for the Indian car market (100.00 per cent). Hyundai Motor and Honda Siel Cars India Ltd have also expressed positive view on the strategy (80.00 per cent). Ford India Ltd thinks that this strategy may not work satisfactorily in the passenger car market in India (40.00 per cent). Daewoo Motors, Maruti Udyog Limited, TELCO and Hindustan Motors made no comments on this strategy (60.00 per cent). As marketers observed that customers consider functional parameters are important for them, positioning by product class or category may remain as important positioning strategy for the prevalent car market in India.

**Positioning with respect to use/application**

Positioning by use or application implies associating a product with respect to its usage or application situation. In the post liberalisation period Hyundai Motor and
Maruti Udyog Limited have used this positioning strategy for the brands Santro, Zen, Esteem and Baleno.

Daewoo Motors, Ford India Ltd., Hindustan Motors and General Motors favoured this strategy in Indian context (80.00 per cent); however, Honda Siel Cars India Ltd. thinks that this strategy may not be very successful for the passenger cars (40.00 per cent). Maruti Udyog Ltd, Hyundai Motor and TELCO remained neutral on commenting on the strategy (60.00 per cent).

**Commercial Positioning**

The concept of commercial positioning involves not on the selection of the idea, but on execution of the selling idea as presented to the customers. When a product matures, the attributes and benefits of competing brands largely become similar and in such cases differentiating the brands by casting or by the situation presented or by any other effect may result into an effective one.

As described in chapter five that only Honda Siel Cars India Ltd has applied this strategy for the brand Honda City, however its effectiveness could not be measured quantitatively. TELCO and Honda Siel Cars India Ltd are of the opinion that commercial positioning may work well in Indian context (80.00 per cent). All other car manufacturers restrained themselves from commenting on the applicability of the strategy (60.00 per cent) for the passenger cars. This strategy is overall scored by the manufacturers as 65.00 per cent. Consumer behaviour reveals that customers are
influenced by the advertisement and the personality reflected by the brand ambassador, and thus, TELCO and Honda Siel Cars India Ltd have favoured this strategy. Majority of the marketers have not applied the strategy and thus, the cause effect relation has not been established, which compelled them to remain neutral.

**Positioning by competitor**

Marketers are of the opinion that implication of positioning by competitor strategy in the Indian context may prove to be of marginal significance (62.50 per cent). It is already explained in chapter five that positioning by competitor strategy applied by MUL in the form of defensive warfare in the compact car segment to block the competitive move of competitors has worked well, whereas, application of this strategy in the form of comparative advertisement though worked in the compact car segment but has not been very successful for mid size and luxury car segments. Only Daewoo Motors and Honda Siel Cars India Ltd have supported this strategy for the Indian environment (80.00 per cent); Hyundai Motor India Ltd is against this strategy (40.00 per cent) and other car manufacturers are not sure about the success of the strategy (60.00 per cent). Since the cause effect relationship of the strategy is not proven therefore, many marketers might have restrained themselves from commenting on this strategy.

Thus, the marketers clearly recognised that the customers are not only conscious about value for money, social status, brand name, importance of functional parameters, but also critically examine the brands in the same category before making a purchase
decision. There is also distinct change in the attitude of customers towards functional and emotional parameters of a car and these resulted change in buying behaviour of customers. Based on knowledge of customers and their experience on practicing strategies, marketers have recommend positioning by product benefit, price-quality, brand personality, target audience and positioning by emotions as leading strategies that may work well in the prevailing market conditions. Positioning by product attribute, corporate identity and brand endorsement are the other significant strategies that may be effective in the present competitive passenger car market in India.
Notes:

