CHAPTER 7:
FINDINGS AND RECOMMENDATIONS
Brand equity is an intangible asset built up by companies over time by building awareness, having a well-known name, consistent communications, marketing to the consumer, acting socially responsible, and spending on advertising and promoting the brand. It is important because the products associated with the brand command a premium price in the market and are perceived to be of higher quality when compared to the similar generic unbranded products. Brand equity also offers competitive advantages by reducing the marketing costs to firms that enjoy high “Brand Equity” and thus enhances their earnings. Brand equity is a phrase used in the marketing industry which describes the value of having a well-known brand name, based on the idea that the owner of a well-known brand name can generate more money from products with that brand name than from products with a less well-known name. Consumers also believe that a product with a well-known name is better than products with less well-known names.¹

Branding plays a vital role in the automobile sector. Most of the car manufacturers have made brand positioning and development a key item on their marketing agenda. A strong car brand can create significant value in the automotive industry. The price consumers expect to pay for otherwise identical luxury vehicles can vary as much as $4,000, depending on the car’s brand. For mass-market cars, brand helps determine which products a consumer considers buying. Furthermore, superior brands extend their halo across every model of vehicle within the brand. It’s because of this that most auto manufacturers make brand positioning and development a key item on their marketing agenda.

Brand equity is created over a long period of time by using, investing, and employing various tools like advertising, public relations (PR), sponsorships, events, social causes etc. around the product that’s marketed.² Once the brand equity has been created it is also important to carefully manage and overtime grow the equity of the brand employing the same tools mentioned above. If not dealt with carefully, there is a chance the brand equity is deteriorated over time.
FINDINGS

The study was undertaken to find out the highly successful automotive brands in India and the strategies adopted by them to strengthen their brand equity. This in turn will help to identify the struggling brand and how it can improve its brand value and equity.

In India for an average consumer, a new car is second only to a new home in the size of the transaction, the length of the ownership cycle, and the potential to reaffirm and communicate an individual’s sense of self-worth. Consequently, consumers spend a substantial amount of time evaluating their alternatives. In addition to their own firsthand experience, they consult a number of sources, from the anecdotal evidence of friends and family, to independent reviews by magazines, industry groups, and government agencies, to the manufacturers’ marketing communications, including brochures, measured media, and owner events. As a result, the present study tries to find out the psychological, pre-purchase and post-purchase factors which influence consumers purchase decision for cars in India.

The results of the study are as follows:

- **Four P’s**: The marketing mix analysis of the three brands showed that Maruti Suzuki is the market leader because of its strong product portfolio, reasonable prices, strong dealership network, efficient service network and effective promotional strategy. Hyundai is the second best automobile brand because it also offers wide variety of cars in all segments and price ranges. Moreover, Hyundai is technology driven and is able to provide customers with innovative features and products. However, Fiat’s marketing mix showed that it has a weak product portfolio with very few cars to offer to customers. The price range is also very varied with a car like the Grande Punto at one end of the spectrum and the 500 Abarth at the other. Their dealership network is very weak with very few dealers present in the city and nationwide. Lastly, Fiat’s ineffective and inadequate promotional strategies also account for its low brand equity.
• **Market Share**: Based on the secondary data, high brand equity of Maruti Suzuki and Hyundai is reflected in their high market share. These two brands account for nearly 67% of the total market share in India. This means that these two brands are well known, well penetrated and popular among the people thereby further strengthening their brand value. Fiat on the other hand has a very low presence in the Indian market by having merely 0.22% of the market share.

• **Ownership Status**: Of the total 332 respondents, 91.57% (i.e. 304 respondents) owned cars implying a fairly large proportion of ownership.

• **Number of Cars owned**: Of the total 304 respondents who possessed cars, 246 owned one car, 52 owned two cars and 6 owned more than two cars.

• **Brand Ownership**: Among those who possessed cars, around 49% possessed brand Maruti Suzuki, 29% possessed brand Hyundai and only 6% possessed brand Fiat.

• **Usage perception**: Usage perception in terms of the brand of car which was perceived to be used by the majority of people in India, went in favor of brand Maruti Suzuki with more than 60% of the respondents choosing it. Moreover, more than 25% of the respondents chose brand Hyundai. When people believe that a brand is used by majority of people, it is considered that they view it to be popular or market leader and hence perceiving it to be the best among the lot. Thus the results reflect a favorable perception towards brands Maruti Suzuki and Hyundai which justifies their high brand equity.

• **Price Range**: The cars offered by Maruti and Hyundai are within the price range that consumer demands. They are able to provide variety of cars at affordable rates. They have the largest range of small cars in the country and gives the consumer a wide variety
to pick from. However the pricing of Fiat cars is neither competitive nor it is able to meet the consumer expectations. Fiat has not been able to offer cars in hatchback segments at reasonable prices. As a result, Fiat has not been able to attract consumers and make a place in their purchase consideration set.

- **Brand Satisfaction**: Analysis of brand satisfaction is important because it is an important indicator of brand equity. High brand satisfaction leads to strong brand equity and vice versa. In terms of rating of brands on a 5 point likert scale ranging from highly dissatisfied to highly satisfied, 77% owners were satisfied with the brand Maruti Suzuki, 73% owners were satisfied owners with the brand Hyundai and around 54% owners were satisfied with the brand Fiat. The satisfaction level among Maruti and Hyundai owners is quite high compared to that of Fiat owners thereby indicating strong brand equity of Maruti and Hyundai.

- **Brand Preference**: Out of the total 332 respondents 55.42% said that they would want to purchase Maruti as their next brand of car, 37.65% preferred Hyundai and only 23 respondents (7.93%) preferred Fiat. High brand preference for Maruti and Hyundai reflects strong brand equity and good brand image of the two brands. Fiat’s low brand preference is mainly due to unfavorable image in the minds of consumers.

- **Brand Recommendation**: In terms of rating of brands on a scale of 1-10 (1 being the lowest and 10 highest), on brand consideration i.e. which brand will people consider for recommending to others, Maruti Suzuki received the maximum favorable response with a Net Promoter Score of 17.17 followed by Hyundai with a Net Promoter Score of 7.02. Fiat had a negative Net Promoter Score of -43.37. Only when brands possess favorable image in the minds of consumers, do they recommend the same to others. The result confirms the positive perception of consumers towards brands Maruti Suzuki and Hyundai and justifies their high brand equity. These brands have been able to establish proper brand identity through awareness, appropriate brand meaning, strong and favorable brand associations and thus have been able to elicit positive brand responses.
• **Brand Loyalty:** The brand loyalty for Maruti was 39.18%, for Hyundai was 27.27% and brand loyalty for Fiat was 0%. Fiat’s zero brand loyalty among consumers reflects low satisfaction levels, poor quality, bad experience and poor brand image. For first time buyers, Fiat was the choice of only one respondent thereby showing its unpopularity among people. It is essential to have repeat buyers and loyal buyers for the success of the brand. Building customer loyalty leads to positive word-of-mouth referrals, enhanced brand credibility and customer lifetime value.

• **Factors influencing purchase decision:** Another aspect that needed to be looked into was the factors that influence the purchase decision of consumers for cars. The factors were divided into two categories i.e. **pre-purchase factors** and **post-purchase factors**.

  **Pre-purchase factors**- these factors result in buying activity and in this stage the customers take efforts to know more about the brand. The pre-purchase factors were analyzed using radar charts wherein the highest score has been found for ‘price’. It is clear that ‘price’ is an important aspect which is considered in making purchase decision. The least score has been found for ‘Dealer Network’.

  ❖ On comparing the overall radar chart with those of the three brands it was found that the radar charts of Maruti and Hyundai are closely related to the overall radar chart which reflects the factors that influence the purchase decision of the consumers. This is so because Maruti and Hyundai both understand the needs of Indian consumer well and are able to provide cars which fulfill their requirements. Whereas Fiat on the other hand hasn’t understood the Indian consumer well. It has failed to have a significant presence in the Indian market.

  ❖ The segment of people who preferred brand Fiat were mostly males in the age group of 25-34 years having an annual income of 20-35 lacs. Thus Fiat should target the youth and should position its brand as young and sporty.

  ❖ Launch of cars by Maruti under Nexa dealership is a very smart move to strengthen its brand equity. Maruti Suzuki has been rated comparatively low on style and
technology. It is mostly known for its fuel efficiency and affordable prices. Thus, in order to overcome this shortcoming Maruti launched its new range of cars under a new brand name ‘Nexa’. Nexa cars are stylish and at the same time equipped with advanced technology. It is giving stiff competition to Hyundai.

**Post-Purchase factors:** Reliability was rated as the most important post-purchase factor and Resale value was rated as the least important post-purchase factor.

- **Brand Associations:** Word Cloud of Maruti showed that respondents associated the brand mostly with words like ‘trust’, ‘price’, ‘economy’, ‘family’ and ‘mileage’. Word Cloud of Hyundai showed that that respondents associated the brand mostly with words like ‘fancy’, ‘grand’, ‘technology’, ‘stylish’, and ‘modern’. Word Cloud of Fiat showed that that respondents associated the brand mostly with words like ‘italy’, ‘fail’, ‘engine’, ‘loss’, ‘costly’, ‘speed’ and ‘sporty’. The overall association for brands Maruti and Hyundai has been positive but overall associations for Fiat have been negative. This shows the weak brand equity of Fiat. Brand associations are an integral part of brand equity. Positive Brand associations contribute to strong brand equity and vice versa.

- **Advertisement Recall:** Each and every firm is now focusing on shelling out a chunk of their profits on advertisement. The idea is to make the customers more brand conscious and increase brand positioning. According to the survey, out of 332 respondents 75.9% could recall the advertisement of brand Maruti Suzuki. 67.57% respondents could recall the advertisement of brand Hyundai and only 3.31% respondents could recall and remember the advertisement of brand Fiat. This shows that brands like Maruti and Hyundai promote and advertise their products heavily due to which people could recall their advertisements. However, Fiat products are poorly advertised and promoted. The reach and frequency of Fiat advertisements is quite low. Fiat is not very active on advertisement front due to which very few people could recall its advertisement.
• **Advertising Media:** Print and television advertising media are the most effective in gaining people’s attention with 69% respondents choosing it as the most effective media. Internet is the upcoming media which all the companies nowadays are focusing on.

• **Advertising Impact:** out of 332 respondents only 10% respondents said that they always purchase products based solely on advertisements. Rest of them said that they consider other media channels and information sources to make their purchase decision especially in case of cars. Thus, advertisement is impactful and important for creating brand awareness and recognition but it should be supported by other important purchase factors in order to attract consumers.

• **Brand Presence on Social Platform:** After analyzing the three main social networks i.e. Twitter, Facebook and YouTube, it can be seen that Hyundai has the strongest presence on social platform. Hyundai is quite active in promoting its products on social media. It has the highest number of Twitter followers, Facebook fans and YouTube subscribers. These high numbers are mainly due to frequent activities undertaken by Hyundai on social media. People look forward to its posts, news and updates online. Fiat, though joined Twitter earliest among the three, has been able to do well on this platform. Number of tweets and followers are quite low. Even on Facebook and YouTube the numbers are not impressive. Overall the brand has a weak presence on social platform. The numbers of Maruti are quite surprising. Being a market leader in the automobile sector, Maruti has failed to make its presence on social networks. Maruti is still in the introductory phase online. Low number of photos, posts and uploads shows that Maruti is still not very active on social media.
RECOMMENDATIONS

Based on the findings of the study, following recommendations are offered:

• As Indian consumers embrace consumerism and brands start jostling for space in the minds and wallets of Indians, they also have to figure out how to engage with their target consumers through using more than the traditional media, such as television and print. This process is called Brand Surround i.e. surrounding the consumers with the right brand message.¹

• The Net Promoter System is much more than just the score. Net Promoter System practitioners ask customers the reasons for their ratings using an unstructured, open-ended question. This provides employees throughout the organization the opportunity to hear comments from customers every day in their own words. These leaders build that feedback into their operating systems, using it both to address customer concerns and to fuel the innovations that generate more promoters. They use this closed loop to learn more about how they can improve their processes, people, products and pricing for the long term. Companies should try to use Net Promoter System effectively.

• Manufacturers should understand the affordability of all income class people. They must take effort in bringing out cost effective cars without compromising the quality of the product.
• Manufacturers and dealers must concentrate more on promotional activity to bring awareness about their brand and bring out an impressive slogan for their brand which resides in the minds of customers.

• Manufacturers must endorse famous personality or celebrity for their brand which would help to reach the customers quickly.

• Manufacturers must take necessary steps to bring out more advanced features for the small segment cars at low cost without compromising the quality of the brand.

• Manufacturers must provide mobile car service to the customers and regular reminders to be given to the customers, apart from after sales service.

• Manufacturers and dealers should see that good discount offers are given for newly launched models in their brand.

• Maruti should also try to enhance the safety features in its cars. Eg: Instead of optional air bags, Maruti should offer cars with in built air bags.

• Brand Maruti should highlight the features of Nexa and promote it heavily to create awareness among people.

• Maruti Suzuki has a very low social media presence as studied in the analysis. Social Media is the next big thing. In order to sustain its high brand equity Maruti should promote its brand on various Social Media Platforms.
• Hyundai should focus on expanding its dealer and service network. In order to beat Maruti, Hyundai needs to build a strong service network. It should aim to provide after sales service to its customers through both organized and unorganized networks like Maruti. This will improve its reach.

RECOMMENDATIONS FOR WEAK BRAND EQUITY OWNER

Fiat India has been around for ages, however, their products haven’t really hit the jackpot despite receiving great reviews. The general perception in the market is that the brand has been floundering about for a few years now. Their focus seems to be all over the place – with a car like the Grande Punto at one end of the spectrum and the 500 Abarth at the other, it is hard to pinpoint what the company’s ambitions are. The brand has taken a beating in terms of its image and this has resulted in poor sales over the last few years – averaging a little under 1000 units a month.

While Fiat has tried to carve their niche in the large hatchback segment as well as the premium midsize sedan segment with products like the Grande Punto and the Linea, the competition has been tough and without a solid footprint across the country, the brand has not been able to leverage the true potential of these models.

Fiat has not been able to understand the Indian customer well. Their cars are not packaged well, either over packaged or under packaged. They don’t strike a balance. For example, the Palio and Petra came with a powerful engine but a gas guzzler, and a grossly underpowered engine which though good wasn’t enough. The consumer will have to compromise if both power and mileage was required.
Fiat’s real problems are its inability to retain dealers, poor spares availability and diagnostics, and shrinking margins on its products. Customers have lost faith in the brand and in such a situation there’s no way a dealership can meet any sales targets.

Thus, Fiat needs to rejuvenate and revamp its branding and marketing strategies. Success today lies in structuring and restructuring strategies. Fiat needs a solid new game plan to chart their way towards success in the Indian market.

Following recommendations will help Fiat in building a strong brand thereby enhancing its equity.

- There is a major need to reach out to a younger audience and that can only be done through a solid digital strategy. The conventional medium of communication does not have the reach that digital media offers and the need of the hour is to get more people to hear their voice. Educating potential customers about Fiat’s products can only be carried out on a large scale if the company embraces digital media formats.

- Fiat should position itself as a young and sporty brand. It needs to be a young brand and with the right product mix and communication strategy on the right channels, it is possible to turn things around and become a fun and sporty brand. This will also have to be backed up by a robust sales and service network.

- Fiat should bring new models to market more quickly. High-volume manufacturers such as Maruti Suzuki or Hyundai can afford the 6-month intervals between model launches, but the smaller automaker cannot – especially when trying to keep up with competitors’ new technologies.

- With a line-up that includes the Tipo variants, the Abarth 500, and Avventura powered by Abarth, the 124 Spider and the Fullback, Fiat would actually have a very interesting mix of products on offer. The underlying theme with all these, however, can easily be
categorized as sporty and fun – and that is the brand perception that Fiat should set out to establish in the country.

- It would be wise to bring in these cars sooner rather than later. These products can lead Fiat’s mass-market product strategy.

- The other vehicle that Fiat ought to consider for the Indian market is the Fullback pickup truck. With the Fullback, Fiat could step into a segment that hasn’t really witnessed any action in India. With only the Mahindra Scorpio Getaway and Tata Xenon currently on offer and the Isuzu V-Cross on the anvil, it is a fresh new segment and the Fullback looks like it could walk away with a solid chunk of the pie.

- Fiat should seriously cut back on the number of dealerships in the country. It should establish a strong presence in 15 cities and not look at expanding for the next three years. Fiat needs to start small and do it right.

- It can consider getting the Dodge brand here when it reboots. A Dodge Dart would sell better than a Fiat Viaggio, despite being based on the same platform.

- It should rebadge and restyle Punto and Linea. General Motors let Opel die in India so it could sell Chevrolet-badged Daewoo.

- Fiat can adopt ‘Permission Marketing’ i.e. the privilege (not the right) of delivering anticipated, personal and relevant messages to people who actually want to get them. It recognizes the new power of the best consumers to ignore marketing. It realizes that treating people with respect is the best way to earn their attention. So every time a person visits the Fiat website, a pop up asking for his/her permission to receive messages and updates regarding Fiat’s products appear. This will help Fiat to tap customers who are genuinely interested in its products.
• Fiat has made the right effort in building an aura of performance around the brand. The Abarth editions might not clock numbers, but they do help in brand building. However, Fiat should price its products a little more lucratively so that they fit in the consideration set of the consumers.

• Fiat lacks trust among consumers. This is because of poor brand image and negative perception about it. Fiat should highlight its glorious history as a car maker and enforce its positive brand image to gain peoples trust.

CONCLUDING REMARKS

The study has resulted in findings of popular automobile brands and their value. The study has identified the brand equity strengthening practices of the popular brands and reasons why Fiat is still the weak brand. The study has also aimed to provide necessary recommendations which can help Fiat in improving its brand equity value.

Thus, to create a sustainable competitive advantage, a brand must be well differentiated, and marketing must reflect and enhance that differentiation. A meaningful difference is rooted in the intended benefit of the brand, and gives it a meaning that is likely to influence a person’s choice. Creating a meaningfully different brand involves clarity of purpose – it must provide something consumers want or need, and offer something its competitors do not. Brands that are well differentiated set the trends for their category or transcend it; they act differently and stand out from their competition. Differentiation will do little to build brand value if the brand’s offerings are not useful and relevant to consumers. Brands that are strong on relevance do more than create satisfied customers; they strike an emotional chord with consumers – they resonate. Companies that deliver what they say they will are more likely to build loyal consumers and strong brands.

The brand must meet consumers’ expectations and needs by giving them the differentiated experience it promised to. The Maruti Suzuki brand is very clearly defined from a consumer perspective – People believe it offers them something that other car brands don’t, they trust it, and they believe it provides excellent value. By delivering a positive consumer experience it has
built a core of loyal customers who recommend the brand to others. This is what helps brands maintain their strength in the face of adversity. A brand’s meaningful difference should be amplified through all aspects of the consumer experience. A consumer’s impression of a brand is gained through a series of disconnected encounters with it: observing it in use, seeing an ad for it on TV or on a billboard, reading a magazine article, glancing at a review on a social networking site, listening to word of mouth or visiting a store. Every encounter must deliver a consistent impression of the experience the product gives consumers in order to avoid a reality gap and a negative brand perception.

Consumer perceptions are shaped in largely through accumulated product experience, both firsthand and indirect. Consumers use a large number of objective sources of information to supplement their direct product experience (e.g., word of mouth, product reviews, and safety ratings). As a result, the perception-forming process is long and relatively immune to simple manipulation by the manufacturer, in contrast with most consumer goods, whose brand equity is created substantially through advertising. Although marketing communications certainly play an important role in what consumers think, the only way to sustain meaningful change in automotive brand perceptions is with ongoing, consistent changes in the underlying product experience.

Furthermore, since brand value is a function of performance relative to the brand’s competition, significantly altering brand perceptions requires a manufacturer to systematically improve its entire product range faster than its competitors do. Over the past two decades, most manufacturers have made concerted efforts to improve product quality, develop new features, and reduce costs. They have used various techniques, such as computer-aided design, system outsourcing, and component reuse, to speed up the product development cycle, reducing the time it takes to respond to competitors’ innovations.

Maruti Suzuki and Hyundai Motors have benefited from a sustained flow of new products that offer significantly improved quality, attractiveness, edgy styling, and extremely low cost of ownership due to low sticker prices and extended warranty coverage. The resulting value
proposition has not only increased these brands’ unit volume, but also has radically changed consumers’ perceptions of the brands.

In contrast, the value of Fiat’s brand has been deteriorating. Fiat still remains differentiated on the basis of its engine power, the product has failed to satisfy consumers’ expectations for quality, and the brand as a whole has experienced significant erosion. Fiat demonstrates the impact of a consistently weak product line on brand value. Furthermore, it is far easier to erode brand equity than it is to build brand equity. Product missteps, gaps in the product pipeline, and intentional efforts to shift a brand’s customer base can lead to significant deterioration in brand value.

The findings detailed above have profound implications for most manufacturers.

- Tangible product differentiation is both critical to success and difficult to maintain on a sustained basis. A key focus of the marketing function should be to rigorously understand consumers’ preferences, unmet needs, and willingness to pay, in order to maximize the “hit rate” on innovative products.

- Minimizing cost of ownership (both up-front acquisition cost and long-term ownership cost) within the segment boundary is critical. The marketing function must take an active role in balancing the drive toward lower cost of ownership with the consumer value created through innovative features and options.

- Lifestyle and emotional imagery cannot compensate for weak brands and undifferentiated products. Consumers may acknowledge a brand’s personality, but the aspects of the brand that drive consumer purchase behavior are promises that the brand represents for product excellence and cost of ownership. Consequently, the number of resources applied toward lifestyle and image advertising should be scrutinized for appropriateness and effectiveness.
SCOPE FOR FUTURE RESEARCH

- The study was primarily focused on the automobile sector with select brands. It may further be expanded to include other sectors and brands.
- Though a number of methods exist for the measurement of brand equity, their relevance vis-à-vis Indian context need to be explored.
- Future research may also be directed towards determining the ideal marketing communication alternative that will help in building strong brand equity.
- Another area of future research is to find out where customer expectations are headed in the coming years and how brands can respond faster to the forecasted changes in consumer dynamics.
- Future research may also be directed towards creating an organization that strikes a balance between economies of scale and customer requests for personalization.
- Mass personalization can be another area of future research. For example how automobile companies can provide consumers personalization in vehicles and in dealership.
- Finally future research may also be directed towards the study of E-Retailing and its impact on brand equity.

Thus there are numerous areas where research can be undertaken in the sphere of brand and brand equity considering the dynamic nature of Indian market and complex nature of Indian consumers. Many of these researches can be initiated by the companies itself as they now realize that brands are an essential asset, even though they do not appear on the balance sheet. The future belongs to those companies which understand the importance of brands and brand equity and are able to instill this understanding throughout their organization.
REFERENCES

