CHAPTER VIII

CONCLUSION AND SUGGESTION

Marketing is more than just distributing goods from the manufacturers to the final consumers. It comprises a number of stages between creation of the product and after-market service that is followed by eventual sale. The modern world depends so much on advertising that without it producers and distributors would be unable to sell and buyers would not know sufficiently about the products or services. If factory output is to be maintained profitably, advertising must be robust, even aggressive and continuous. A good advertising campaign is one that is planned and conducted in such a manner that it achieves the desired results within an accepted time frame and the budget of the advertiser. Mass production depends on mass consumption, which in turn requires proper advertising through the mass media.

Now a days advertising is the king pin around which the whole spectrum of the economic clusters of the globe depend. It is a prime mover for creating demands of goods and services. With our society moving towards the so-called consumer culture, with its attendant globalisation, liberalisation, and westernisation, advertising gets the
pride of place. Many things are produced in various parts of the globe, while their demand lies elsewhere. The former would remain unutilised, if a proper message is not convey to the later. With the help of advertising producers may send their goods and services to the consumer's doorstep. The outlook producers may be first to create demand for their products and then to hope that it would become a habit with the targeted customers.

It is relevant to impress here that advertising is vital for the existence of media. In fact, many good newspapers and magazines have not survived because of defective advertising policy. Those that are flourishing owe a lot to the advertising media. As a powerful tool of effective communication, advertising must communicate, persuade and influence so as to lead to positive actions. This is essential, specially, in a democracy with a market economy, so that intelligent choices are made.

Newspapers, radio and television have the highest number of viewership. As an advertising media, newspapers are flexible and timely. They can either cover one city or several urban centers. The local market can be effectively covered by them as newspaper reading has become a habit of most people. A study conducted by Media Research Users Council (MRUC) and ORG-Marg in the metros of
eight most advance states in India during May, 2000 found that television has the highest number of viewership 43.6 percent while the press has 38.9 percent and radio, 29.4 percent.

It may be recalled that the first car rolled out of Hindustan Motors factory in India way back in 1942. Since then, car production has increased by leaps and bounds in our country. We have, in fact become exporter of cars. However the growth trend in the production of cars has varied in last three decades from just 1 percent in the decade 1970-80 to 21 percent in the decade 1990-2000. The major increase in the production of cars during these two decades was due to the entry of Maruti Udyog Ltd. and more favourable policy framework announced by the government. Untill the year 2000, the sales of cars witnessed to its zenith. However, 2001 and 2002 witnessed a difficult period for the Indian car industry due to an overall depressed sentiment in the economy; the co-operative bank crisis, bearish sentiments in the stock markets, Gujarat earthquake lack of accordance among the centre, states and businessmen on VAT etc. The passenger car export in the eighties and early nineties was very negligible. However the export scenario changed dramatically to increase from 89 cars in the year 1987 to 36741 cars in the year 2002, of which 90 percent was attributed to Maruti Udyog Ltd. It
may be recalled that only last year, the number of new entrants in the passenger car rallies increase further. The liberal policy announced by the Government of India, allowing foreign participation through technical and financial collaboration, has led to substantial upgradation in the car sector. The government controls this car sector by way of framing policies on depreciation norms, import duty on cars and parts used in it, petrol prices and import duty of steel. The policy announced by the Cabinet Committee on Foreign Investment is expected to provide development in employment opportunities and industrial growth.

Promotion is the major component of a company's total marketing mix along with product planning, pricing and distribution. In developing a promotional campaign, company establishes the campaign goal as to aim at consumers of their product, segmenting the market according to their product or services which itself depends upon available funds and objectives. The factors that influence the promotional mix are the amount of money available for promotion, the nature of the market, the nature of the product and the stages of the product's life cycle. Generally the automobiles advertising goals is to build-up the organisation's image, long term build up of a particular brand, information dissemination about sales, service or events and
advocacy of a particular cause. The automobile industry has therefore, divided its target market on the basis of income groups, behavioural aspects, life styles, purchasing power and age group. The advertising messages used by the automobile industries are based on emotional as well as rational appeal in order to attract the target customers. Recently a drastic change has been noticed in the presentation of such advertisements. Earlier the main emphasis was on the vehicle's performances and attributes but now the advertiser has prefers to include the emotional appeal as well so as to catch the imagination of the consumer. Traditionally, that were used for the advertisement of the automobile industry banked upon newspapers and magazines as its advertising media; but with the development of technology the recent advertisement media are billboards, neon signs television and internet.

It is worthmentiong that the late eighties of the last century opened up a new chapter in the history of Indian automobile industry. A number of new automobile manufacturing units were incorporated for medium sized cars and light commercial vehicles. For example, Maruti Udyog Ltd. (MUL) was incorporated on 24th February 1981 under the Joint Venture Agreement (JVA) between the Government of India (GOI) and Suzuki Motor Corporation (SMC) of Japan. Actual
production commenced in November 1983 and the first product (Maruti 800) was launched in 1984. Since then, the sale of Maruti cars has shown an upward trend producing a mere 852 cars during 1983-84 and increasing it to 351949 cars during 2001-02. It is noteworthy that Suzuki’s stake had risen from 26 percent in 1981 to 54.20 percent on 14th May, 2002 and Maruti Udyog Ltd. has now become the subsidiary company of Suzuki Motor Corporation. The Market share of Maruti Udyog Ltd. itself was 62.37 percent in 1990-91 that increased to 82.66 percent during 1997-98. However it shown a downward trend since then. By the year 2001-02, its market share had come down to 58.16 percent. The cause behind the fall is mainly increasing competition by the foreign players, government policies, availability of easy finance etc. To offset this downward trend in its market share, the company has initiated new businesses like Auto Finance, Auto Insurance, Corporate Lease and Fleet Management, the latest being Pre-owned Car Business.

The Maruti Udyog’s promotional mix consists of advertising and other forms of publicity, personal selling and sales promotion. Its marketing department and the advertising agencies handle the company’s advertising. In developing an advertising campaign, the
company makes decisions about target market, objective, budget, message, media and measurement.

The company's advertising objective for Maruti 800, Omni, Gypsy and Esteem is to project them as economical, spacious, tough and luxurious-executive Sedan cars respectively. The criteria for preparing the advertising budget are based on the objective and task to be accomplished. The company also uses emotional appeal in the advertisement. The company uses television, newspapers, magazines, hoarding and billboards as the media to carry out their advertising message. The company measures effectiveness of advertisement on the basis of communication and sales effects. On the whole the advertising campaigns have been successful in achieving their objective.

Earlier, where MUL projected the Maruti 800 car as an economical car whereas in the recent past, the main emphasis has been on its low operational cost, minimal maintenance and updated technology. Same is the case with Omni; earlier the main focus was on its spaciousness whereas now, the main emphasis is given to its fuel-efficiency, low maintenance and versatility. Likewise, in case of Maruti Esteem, luxuriousness of the vehicle was highlighted earlier whereas in the recent years, the advertising message reflects the
vehicle’s quality, economy, value and performance. On the other hand in case of Gypsy, the earlier advertising message reflected the vehicle’s toughness; but in the recent advertising messages, the emotional appeal has been preferred and it is projected as the off-road vehicle which gives joy and pride while driving.

With the mounting of so many international automobiles manufacture hitting the Indian market, the Maruti Udyog Ltd. has introduced different variants in their brand profile to compete in the market. Their different brands are Zen, Alto, Wagon R, Versa, Baleno and Baleno Altura. In the recent advertising messages, these brands are projected as comfortable, powerful, multi-activity-vehicle, luxurious and stylish vehicle respectively.

The recent advertising used in the newspapers appeals to the emotions of the prospective buyers. For example, a recent headline used in the newspapers is “3 times in a raw”, which reflects the fact that Maruti Suzuki received the No.1 nameplate thrice for customer satisfaction in the J.D. Power Asia Pacific study conducted during the years, 2000, 2001 and 2002. Another headline used in advertisements reads as “The competition has been shooting itself hoarse about being No.1 unfortunately, customers believe otherwise”. This indicates that Maruti Suzuki received No. 1 position in
customer satisfaction and remains No.1 in its sales, service, performance, spare and range.

It is noteworthy that emotional appeals are the main part of advertising these days. This applies not only to the car industry but also to almost every other industry. However, it has been felt that emotional appeal is effective for products of daily use and small items. Whereas purchasing a car involves large amount of money. For items like a car, the buyer thinks rationally and so MUL should focus on rational rather than emotional appeal. This, in fact, is the trend adopted by other car manufacturers.

It has been noticed that MUL uses the selling concept to push forward its products. This concept assumes that consumers do not pick the products automatically and thus have to be coaxed into buying. The company has to push the consciously product through a whole battery of effective selling and promotional tools like robust advertising, large-scale sales promotion, aggressive personal selling and strong publicity.

However in this present study it has been observed that though this is true for the domestic market but MUL does not undertake any advertising campaign in the international market, which is the potential hub of car manufacturers. It has also been felt that car
purchasers belong mainly to the upper middle class or upper class people in India, where as presently MUL does not bother to undertake aggressive promotional campaign through internet sites although it is no secret that they are very familiar and, therefore, used to internet.

Admittedly, the company has used other publicity tools successfully. These includes; news, speeches, events, written material, audio-visual material, corporate identity programmes, ancillary advertising and public service activities. These publicity tools have promoted the Maruti cars more effectively than the other promotional tools used by the company.

The company's authorised dealers prefer personal selling activity. The company itself has also used certain other sales promotional tools, which includes free gifts, trials, contests, games, liberal loans etc to increase sales. Suzuki's global image helps Maruti in getting the export orders. The MUL puts emphasis on dealer publicity for promoting its car globally. The Maruti distributors make the advertising, personal selling and sales promotion on their own.

Suggestions

On the basis of the present study, it is felt that the growth of the car sector on the whole has been satisfactory to certain extent.
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However, in MUL the growth of its market share and advertising strategies have not been satisfactory, as imbalances have been noted in various factors. For instance, the sales in the metropolitan cities only should not be the ultimate goal. The growth of MUL, should be judged on the basis of its market share. It is, therefore, essential that the MUL should take special measures to increase its sales in the urban and semi-urban area also. In addition, the MUL is required to take more initiative to increase the export, and compete and capture the international market.

During this study, it has also been realised that MUL is required to take initiative in publicity, door-to-door campaign extension programmes and attractive schemes for enhancing the sales. In the present study, it has been observed that there is an urgent need to bring changes to improve the sales and market shares of MUL.
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Complex competitions and new automobile brands hitting the Indian market regularly. In such a situation, using only advertising is not sufficient to sustain the market. But under such circumstance database or direct marketing would be an effective tool to attract the customers. So, Maruti Udyog Ltd. should use database or direct marketing to survive and to increase its market share.

Personal contacts and relations develop the faith among the customers and give the feeling that they belong to its family. Thus it motivates the customer to purchase a particular product. Now-a-days, large number of organisations has given emphasis to develop personal contact by sending greetings, and gifts to the prospective buyers. It is, therefore, Maruti Udyog Ltd. should develop personal contact with its existing customers as well as with the potential customers.

There is a plethora of carmakers on the brandwagon. To attract and to retain customer base, loyalty programme is very useful, and thus, Maruti Udyog Ltd. should re-design special loyalty programmes, to help attract the prospective customers. Advertising, sales promotion, media burst, promotional blitz are terms that have now become passes. They fail to even attract an audience, forget about retentions as company’s esteemed consumers are purchasing its
competitor’s brand. This is the reason why these companies are not just building product in isolation. It is therefore felt that Maruti Udyog Ltd. should build-up products around the customers after knowing them at their needs.

In the process of exchange of goods and services, various concepts have been developed. These are marketing concept, selling concept, product push concept and production concept. The ultimate objectives of all these concepts are to reach the customers. So, it is suggested here that the company should cultivate their esteemed customers and not just their product. In a nut shell, the company should become consumer oriented rather than product oriented.

Any organisation that deals with or supports customer services should be truly customer-focused, treating each customer on individual basis. It will create a lasting good image of the organisation in the long run.

The company’s advertising agency should also involve itself in the company’s brand building exercise through a slew of promotions and marketing initiatives. Strong brands bring in extra profits because they are under-advertised. On the other hand, week brands over-spend and hence are less profitable for the company. Also, to ensure the success of one-to-one marketing, the company should
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undertake management programme to be updated in accordance with different circumstances.

The main focus of automobile industry these days are on the print media. Maruti Udyog Ltd. also largely depends on it. However, with considerable change have been taken place in the information technology and electronic media throughout the world. It has started playing an important role in the promotion of different products. Therefore, MUL should also change its strategy and concentrate on the electronic media like television, web, mobile etc.

Now-a-days an automobile manufacturer focuses on the advertisement with unique features like different languages and their presentation. Hence, it is observed that MUL should also adopt the recent prevailing trends in the consumer market.

Increased competition in today's global market place has led to a tendency among the marketers to copy their rival brands, because it forces brands to constantly improve upon their functionality. The strategy normally is that the company has got to up-stage all the time with new formulations and theories or advertising stories. Across the world, successful brands make major improvements in every three years. The secret behind building great brands is the combination of functionality and the added value. “Functionality is provided by the
scientists and added values are provided by the advertiser. Thus, MUL should adopt the trends that are being followed in the market.

Market share penetration and consumer purchasing behaviours are the two main criteria that are taken into consideration when marketers set out to build successful brands. Creating and building new brands could be a costly proposition. The easier way out for MUL is to introduce variants and brand extensions of well-established brands in its portfolio.

As customer choice and expectations in the domestic market mount, rival companies shall plan fresh product launches from their global portfolios. So, competitive pressures will intensify in the future. As such, MUL, should take a close look at cost and efficiency parameter and also to product development.

MUL should begin to re-examine their dealer relationship and pricing strategies. The company shall have to rethink in terms of a new customer focus and provide better financing and servicing schemes. Further, MUL should go on strategic tie-ups, mergers and acquisitions, which would certainly lead to economy in terms of costs and also create significant new opportunities for growth.

The key objective of an organisation lies in determining the needs and wants to target market and delivering the desired satisfaction more effectively and efficiently when compared with
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their competitors. Maruti Udyog Ltd. should use effective advertising, large-scale sales promotion, aggressive personal selling and strong publicity in the international market, which is now a days a potential hub for any automobile manufacturers.

In the present competitive age, MUL should focus its advertising message on television, which receives and retains the attention of a large chunk of the audience. Through this media company can express its message more efficiently than through any other media. While delivering the advertising message, MUL should focus mainly on young people in their advertisements, as they are the potential buyers of the near future.

The present study reveals that although the advertising budget has been increased, sales are not increased proportionality. So, it may be said that wrongly conceived advertisements would result in wastage of money. So, an over all assessment is required to check such a wastage. Needless to emphasise that the advertisement should not only be effective but also have clear objective to ensure its effectiveness.

It requires no emphasis that normally Indian consumers buy products during the festival seasons. It is, therefore suggested that Maruti Udyog Ltd. should make its advertising and sales promotion
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campaign more aggressive during these periods.

Last but not the least, MUL should make proper arrangement to provide special incentive schemes to the workforce at dealers station or service stations. These people wield considerable influence on those already enchanted by the product, due to frequent contact. Additionally, they are the persons approached by and consulted for sound advice by prospective buyers.