Chapter-6

CONCLUSION AND RECOMMENDATIONS
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Conclusion and Recommendations

Chapter Outline

This chapter summarizes the findings of the study under four sections. First section, ‘Summary of results’ encapsulates important inferences of the study. The second section, ‘Implication’ based on these conclusions, draws suggestions for the Small Car manufacturing companies to improve their strength of marketing strategies. The third part summarizes the conclusions of the second part of study and presents the conclusions as a ‘Strategic Model of the Indian Car Industry’, The third section draws out the ‘Social concern’ of the study and the final section ‘Areas for future research’ describes the limitations of the study and proposes themes for future studies on this subject.

Summary of Results

The primary study revealed that intending car purchasers belonged to every cross section of occupation group with people from private sector enterprises forming a majority followed by the government sector and own business, indicating a growth in higher disposable incomes and new job opportunities in high paying service segments like Information Technology, BPO/ITES etc. Thus, concluding the growth of the Indian household income levels.

It was also observed that for majority of the car purchasers this was the first car hence qualifying B segment as an entry level car for a majority of intending car purchasers while for a few it was an Upgrade car from the A segment or from older generation of cars. This can be an important finding for the car manufacturers to qualify the B segment car’s positioning as an ‘entry level car’, and focusing on a huge two wheeler segment too, rather than only as an ‘upgrade car from A level’ and currently focusing on the A level segment.

From among those intending customers, who earlier owned a car a majority of them had an A segment car, with both product and service experience offered by
the car company, and were upgrading to a B segment car while a few were changing from an older generation car to a newer generation of car and felt B segment car the right level to enter.

A majority of the customers intended purchasing a Wagon R followed by a nearly equal number of Santro Xing and Tata Indica. It remained interesting to probe the reason behind this, as many of them had already owned a Maruti 800/ Omni and were upgrading so decided to remain loyal with Maruti brand, also recently the car had been repositioned and relaunched with added features, a new promotion and an alternate fuel option making it more economical hence reducing the cost of ownership. Many though favored the newly repositioned Santro Xing or the Indica V2 Xeta which was also newly repositioned and launched offering features earlier offered in luxury cars, so many customers wanted to experience a change too.

Towards deciding the factor of time for a car purchase decision it was concluded that majority of the intending customers had already planned for a car purchase and had invested a serious amount of time towards information gathering from the different sources, compared the cars on feature, pricing, offerings and test driven them to have a feel of the car they intended purchasing. They were serious and were responding to the promotion of the car’s re launch. So majority of them were at the final lap of the time frame towards car purchase and intended in purchasing the car within a month. While some were still of intending customer were waiting for some special offer or seasonal or festival offers, as had been an industry practice and intended purchasing within 3 to 6 months time. While those who planned to purchase after 6 months had just started their search criteria and planned to spend time exploring all the options available, they were also waiting for any new launch or maybe planning to purchase for an event like a gift for a marriage or an occasion by that time.

The source of information gathered from the various sources put car dealers as the most important and vital information source after picking up information about the car from mass media sources like Radio, T.V. Newspaper/Magazines, car company and auto websites. The role of friends and relatives who had made a car purchase
recently, was very valued towards deciding upon car selection. The conclusion being that the car companies should try to use a promotion strategy using all the available media mix to reach the intending car buyer. In trying to catch his/ her attention, differentiate their brand offering with more that the customers expectation at a very rational and economic pricing. The role of car dealership and sales outlet plays the most important information source where customer is physically and emotionally associated with the product offering. Hence customer involvement with the brand offering must be incorporated in the promotion strategy, supplement their media mix strategy for brand promotion.

The Indian car customer ranked comfortability, fuel efficiency and safety as three important parameters towards brand selection. The car which was comfortable to ride as well as to drive was an important factor for a car buyer. Since Indian customer is a very discerning buyer and is highly cost conscious, the best fuel efficiency offered translated the car as the highest value offering. Safety, being the paramount concern for the customer and his/ her family as the next parameter. With safety features in cars like air bags, seat belts, head restraint, shatterproof windscreen, side and front impact bars, anti skid technology and electronic stabilization, crumple zone and collapsible steering and extensive R&D into crash and impact testing qualifying a car safe for travelling makes it a brand differentiator for purchase.

The outcomes of the Chi square test confirmed the significant association between factors which formed important purchase intention for a car brand. The dependent nature of the parameters that the customer considers as important for final car brand selection, also implies that Indian customer is interested in these three factors as vital for deciding on a car but the bundle of offering which go beyond the shortlisted car parameters and offered by car brands would only be value adding to customer delight in brand offering.

With significance value towards a brand offering comfortable ride, cabin space fuel efficiency and safety car manufacturers must integrate the following features their car design which acts as a brand differentiator.
The outcome of the hypotheses framed towards proposing significant association between the twelve factors and purchase intention for a car brand concluded maneuverability not as a significant parameter for brand selection, as most of the cars had a low turning radius and were having power steering for ease of maneuverability in city driving, tight cornering and easy parking.

But cabin space accounted for a significant factor for brand selection. All the cars repositioned offered larger cabin space. The tall boy design gaining a standard for easy of entry and exit in Wagon R and Santro Xing, while Wagon R offered the cabin converting to accommodate a double bed space if rear seat split folded and front seat moved all the way to front.

All the B segment cars being hatchbacks luggage space parameter was not an important brand differentiator towards intending car brand selection. To accommodate for extra space, in a small car, it was observed that generally a self assembled roof top carrier, as a car accessory, was attached to the roof, to occasionally haul extra luggage while going outstations. This practice was not for day to day city use.

The comfortable to ride parameter for intending car brand selection was significant factor for differentiating between brands. It being concluded that big cars were synonymous with comfort, so the small car buyer looks for comfort as a differentiating factor if offered in a small car. As people using cars towards personal transport have to be sitting in it for a major part of their travelling time, comfort features as gas filled shock absorbers, and powerful air conditioning in B segment cars help in reducing fatigue. Ergonomically designed seats and easy to reach controls with clear road view incorporated in car design reduces driving strain. These features incorporated in product strategy offered by car makers, toward their marketing mix strategy is important for their brands sales.

The durable/ ruggedness as a parameter for car brand selection was not significant as generally all cars are used in similar driving conditions and the roads infrastructure has generally improved over the last decade providing smooth and better metallic roads for fast and smooth traffic flow.
Generally all cars in B segment were generally used for personal transport and not for commercial utility purpose hence this too was not a significant parameter towards intended car brand selection decision. Although earlier Indica with diesel as a fuel option was extensively used for taxi and commercial utility purpose, but commercial utility vehicle segment has now shifted to bigger cars.

After sales service although an important consideration towards car purchase did not appear as a differentiating factor towards intending brand selection as all the car companies offered service along with sales at their authorized service centers, maintained as per their standards. Also a large no of service centers spread across the entire country and the customer promised to be served even on road by a 24 hour roadside assistance programs by the car companies, after sales service was not a differentiating factor.

As all modern cars have upgraded to MPFI (Multi Point Fuel Ignition) against the outdated carburetor technology and confirming to Euro III and Euro IV emission norms. The cars to be produced have to confirm to environmental regulations set by the Government of India, so it being imperative for cars to have advanced new technology added to its engine for more power and economic fuel consumption. Every car company improved upon its product building on improved product strategy offered to its consumers. Hence high technology parameter was not a significant differentiating parameter for car brand selection.

The company image was also not a brand differentiating parameter towards intending car brand selection as all the car manufacturing companies exercised continuous and conscious image building programs using their promotion strategies and publicity events increasing their image visibility. Also they contributed to social concern and philanthropic events and occupied top of the mind, share among intending car buyers that the car companies were serious social contributors to the Indian society beyond just manufacturing cars.

Fuel efficiency parameter was identified as a significant differentiating parameter towards guiding intending car brand selection as the Indian consumer segment which was being targeted for the B segment car was very value conscious and
placed a great importance to the value offering and the cost of this offering. He contemplated the overall cost of acquisition over the lifetime utility of the car and the cost of fuel the car consumed. This became more evident with the rising fuel cost and the option of alternate fuel technology like CNG and LPG for vehicles offering a cheaper running cost alternative to the economical Indian consumer. The companies should consider this as an important product strategy offering for the B segment customers.

The parameter of safety was concluded as a significant differentiating factor towards intending car brand selection, as it was qualified as the paramount concern for the customer and his/her family. With all cars of the B segment incorporating safety features for passengers like side roll bars, crumple zones and seat belts being the standard features. Also some variants of the three car brands had collapsible steering and air bags and ABS technology to avoid skidding in high speed. Seat belts, head restraint and shatterproof laminate windscreen were part of the standard offerings in B segment cars as per the safety norms set by the government. Many of the cars had their designed crash tested and also tested for different impact failures at the companies R&D and testing units qualifying a car safe for travelling makes it a brand differentiator for purchase.

The environment friendly parameter too was not a significant factor differentiating intended car brand selection because of the government guided environment policy of Euro III and Euro IV compliant standards of fuel emission to be integrated in all cars manufactured irrespective of any brand. So it was a standard offering by all of the B segment cars.

The paired comparison of the three car brands, comparing two at a time for each factor yielded the different factors which could have strategic implication for the car brand in the sense of ensuring that companies can position the cars on the basis of the factor which has emerged favoring the image of the car stronger and also against which specific competing brand.
6.1 Comparison between Wagon R and Indica

The results of the Independent t test, on the basis of comparing the mean differences, of different marketing mix and image factors between Wagon R and Indica revealed statistically the image of cars for the intending car buyer.

There is no significant difference between the means of variable “easy to drive” for Wagon R and Indica as both had power steering and the placement of their wheel provided a small turning radius providing ease in maneuvering the car in tight corners and ease in parking both. Even long hours of driving were free of fatigue.

Both Wagon R and Indica were “easy to maintain” as they both had experienced maintenance staff for after sales service at the company authorized service centers and were backed with Warranty in terms of mileage as well as in time.

“Sophisticated” and “Styling” were also not significant for both Wagon R and Indica as there was no significant difference between the means of their respective variables. Both the cars were relaunched with changes in their styling and repositioned with a sophisticated image makeover.

The was significant difference between the means of variable “popularity” for Wagon R and Indica, with Indica being more popular than Wagon R. Also that Indica had been launched by Tata Motors much earlier than Wagon R in the small car segment. The brand name India Car (Indica) also was an important feature for Indians as well as the company TATA being synonymous with Quality product offerings differentiating Indica on popularity.

The marketing parameters “spacious”, was not a significant difference for either of the two brands as they were already positioned in the consumers mind, as the “Small Big Car” and “More Car Per Car”.

“Fuel efficient”, “value for money, “environment friendly”, and the parameter “sporty” were also not significant, on the basis of which an intending car buyer would base his purchase intention towards differentiating the two cars as both the cars had near similar features towards these parameters as the intending customer
perceived about their image and hence Wagon R or Indica had no significant difference of respective means relative to these parameters.

“High technology” was the parameter where Indica had a significant difference over Wagon R as the means of the variable for high technology was found statistically significant differentiating the two cars towards intending purchase decision. Recently Indica V2 XETA (eXtra Efficiency Torque Advantage) was launched with marked improvement in its engine technology translating it into an advanced technology car.

The results of the Independent t test, on the basis of comparing the mean differences, of different marketing mix and image factors between Santro and Indica revealed statistically the image of cars for the intending car buyer.

6.2 Comparison between Santro and Indica

There existed significant difference between the means of the variable “easy to drive”, statistically between the Santro and Indica. Santro Xing being easier to drive than Indica as earlier Santro had positioned itself as Zip Drive with its USP as ease in drivability.

The means of the variable for the parameters “easy to maintain”, “sophisticated” and “attractive styling” were found statistically significant differentiating Santro and Indica on the stated parameters towards intending purchase decision. Santro had re launched itself with a complete new change design and front grill giving it a more sophisticated look compared to the earlier front grill bearing a “grinning angry looking car”. The “tall boy” design was also incorporated giving ease of an entry and exit in the car.

The parameters “popularity”, “fuel efficient”, “value for money”, “environment friendly” and “high technology” were not significant in differentiating Santro and Indica. Both the cars were found to be equally popular among the masses, and were similar in the parameters of fuel efficiency and offered nearly same value for the money spent on their ownership.
The means of the variable for “spacious” and “sporty” were found to be statistically significant differentiating Santro and Indica on the consumer perceiving one car as more spacious to the other. Also one car was perceived having a Sportier image to the other. These factors being positioned by the car companies in their respective promotion strategies would serve as differentiating factors towards intending car brand selection.

6.3 Comparison between Wagon R and Santro

There is no significant difference between the means of variable “easy to drive” for Wagon R and Santro as both had power steering and hence “easy to drive” was not a differentiating factor towards intending purchase decision between the two cars.

The marketing parameters which were statistically found significant, between the respective means for Wagon R and Santro, differentiating them from each other were “easy to maintain”, “popularity”, “fuel efficient”, “value for money”, “sporty” and “high technology”. Hence it was observed that there existed a lot of difference in the intending customer’s perception between the two cars’ image. Resulting in serious deliberation for deciding on select one from amongst Wagon R or Santro.

“Sophisticated”, “attractive styling”, “spacious” and “environment friendly” were the parameters which had no significant difference between the means of the respective variables for Wagon R and Santro, indicating that both the cars could not be differentiated on these counts, and they were qualified nearly similar as per intending customers purchase decision.

It was found that since car purchase involved a large investment, bank or Car Company financing qualified as the most important source of car finance. The second being financed by employing company in case of both public and private sector employees. Personal savings, gift from relative and others formed the remaining source by which cars were financed.

The study moves on toward identifying the major predictor variables affecting the small car purchase decision. The four factors extracted by Factor Analysis worked
out to be the Marketing Mix strategy variables of Product, Place, Price and Promotion.

Further subjecting them to correlation analysis revealed that there exist significant correlations between the Marketing Mix variables and consumer’s Car Purchase Intention. Also the significant roles these variables played in interacting with each other in shaping a customer’s car purchase intention was observed. Both significantly associated variables and non significant interactions too were observed. The following conclusions were evident from the findings of the correlation regression analysis.

The study indicates that Price consideration has a significant positive impact on the car brand towards car purchase intention. This is because many Indian consumers are motivated at the special Price offerings and festival discounts coupled with financing offers by the car companies towards making purchase decision. The Pricing strategy offered by car companies acts as a purchase motivator towards quickening sales and attracting customers from moving to other company offering competing car brands within the same segment.

Place consideration was another factor having a significant positive impact on car brand towards car purchase intention. Car dealers influence on the customer and their buying experience is an important factor which gives customer a sense of satisfaction. The marketing experience at the dealer’s showroom and the test drive impacts an influence the customer’s perception about the car brand. Added to it the shorter the delivery time and the reassurance of after sales, quality service provided by car dealer’s sales and service team qualifies towards a customer intending to make a purchase.

Promotion consideration also has a significant positive impact on the car brand towards car purchase intention. The promotion mix has been instrumental in creating the right image of the car in the consumers mind. Along with information towards features in the car, the promotion strategy helps attach a personality to the brand which a consumer tries to associate and eventually builds an affiliation with. Finally s/he ends with either owning it or an alternate offering.
The study revealed that Price consideration does not influence Place consideration towards car purchase intention as nearly all dealers of any fixed car brand have a fixed list price of the product, (a mandatory car company’s pricing policy). Also all accessories are comparatively priced at the dealer’s showroom with the open market. Any value added service is also priced equally at the different multi dealer locations. So the customer does not consider price and place as common factors to weigh in a purchase intention for the same brand of car.

A significant association between Price consideration and Promotion consideration towards car purchase intention was observed in the study. Promotion is a factor which influences the pricing of the car and all the different pricing strategies offered towards car purchase is communicated through promotion only. Thus promotion strategy incorporates timing of communication and effects of other elements for communicating changes in car pricing which has a direct competitive effect on the car brand sales.

The study revealed a significant association between Place consideration and Promotion consideration towards car purchase intention. The intending customer is informed by promotion communication about the place (car dealer), a telephone number (call centre) for information or the virtual location (web address) for marketing experience of the car. The car dealer is place consideration in physical form, and marketing happens when the customer gets associated with the product by a test drive in which s/he feels and experiences the real product. Every query is attended to his/ her satisfaction, in real time at the dealer location satisfying a customer, helping in creating a perception about the car. Hence the importance of place and promotion consideration is strongly correlated towards car purchase intention.

Finally to screening the effect of each of the marketing mix variables contribution, i.e., by what extent and in which direction towards the intending purchase decision they were responsible. All car brands were subjected to a stepwise multiple regression analysis to find the significant predictors from among the four
marketing mix variables, affecting the intending purchase decision for a specific car brand among the three B segment car.

Place being at number one and having the highest effect towards intending car purchase decision among the other marketing mix variables. The Effect of Place i.e., Dealer’s importance was found highest towards influencing the intending car purchase decision taken by an intending purchaser of small car while selecting any of the car in the B category irrespective of the brand. Also the marketing experience, test drive, dealer’s affinity, association and dealer’s knowledge about the car and the different stimulus in the form of financing and other added services are the key features on the basis of which a consumer selects this as an important marketing mix element towards his/her purchase decision and it helps lower his purchase decision anxiety gives him/her satisfaction and makes selecting a car an involving and pleasurable experience.

Promotion being the second important marketing mix element which is the communication for the consumer towards his purchase intention. The image of the car and perception about the company’s image is also created by the Promotion mix. The brand personality of the car is identified by the customer as associated with his/ her self personality. Also information about the USP offered about a brand and communication about the other three marketing mix variables i.e., product, price and place are given through promotion only. So the right promotion mix is the second most important factor on the basis of which the intending purchase decision for a small car is made.

6.4 Implication for Small Car manufacturing companies

This subsection discusses the brand level results as well so as to suggest to car companies ways of improving their generic industry specific competitive strategies and linking them to segment specific marketing strategies. The three companies included in the study are all manufacturing small cars i.e., Tata Motors, Maruti Suzuki and Hyundai Motor India Ltd.
Implications for car companies

Car companies should create Marketing strategies specifically targeting Govt. and Private sector employees towards offering B segment cars as upgrades to their existing car or positioning it as an entry level car for this customer group. Since the employees are already salaried, financing strategies could be negotiated with their employers. Thus a tailor-made marketing strategy could be designed for this customer group giving them ease of buying a car with most of the operational steps already sorted out by the car company.

In case of those consumers who were buying a B segment car as an upgrade from their earlier car of the same company, they should be treated and offered some loyalty benefit, in the forthcoming purchase, to appreciate their associating with the company. This would extend the company goodwill and the positive word of mouth publicity shall be an economical and powerful medium of promotion by such customers who availed the loyalty benefit.

The time value of purchase should be addressed by the car companies, and follow up of the intending customer done at regular interval, so that his/her interest in the brand does not subside. Also some benefit must be extended for deciding to buy the car within a month’s time.

The promotions strategy should include all the medium and promotion, and media planning should be done with the Agency handling the Promotion activity. Also a sizable budget needs to be allocated to have a regular media presence in all forms to be in top of the mind slot of the consumer, for instant brand recall. Also promotion must be done in association with the car dealer because promotion at the point of sales has a positive effect and is very reassuring for the intending purchase customer. Also the association between Place and Promotion being highly significant was observed from the findings of the study.

A follow up with the recent car buyers must be done and they could be surveyed for friends and relatives who wished to purchase a car in near future. The data thus obtained from them, could be used very effectively for call planning and personal selling could be done to such prospective customers.
Car companies should integrate in their product offerings features of comfortability, fuel efficiency and safety and continually upgrade the features in B segment small cars, as these are the most important of features which an intending car buyer seeks in these cars.

The product related strategy which shapes the consumer purchase intention towards a specific car brand were a car which had a large cabin space, offered a more comfortable ride, offered a higher fuel efficiency and had higher safety features. These features need to be differentiating factors from the competing cars offerings.

The product strategy offered by the car companies must incorporate ease of maneuverability as well as the car being comfortable to ride, a spacious cabin design and the car incorporating the latest technology for delivering value for money.

The place strategy should incorporate ease of after sales service and low maintenance cost

The promotion strategy should translate the image of the company and the brand value complementing the intending customers

The price strategy should make the car easily affordable, by offering aid for financing for customer. The car companies should try to reduce the total cost of ownership of the car making it more economic to maintain and operate as well as being high on fuel efficiency offering. Also the car must be eco friendly to reduce the cost on environment and society.

The three car companies are offered specific brand related suggestions as an outcome of the observations of inter car brand comparison in the study

6.4.1 For Maruti Udyog Ltd (MUL) ~ Maruti Suzuki – Car (Wagon R)

Wagon R needs to upgrade on its image, it is deficient in a “Sporty” image with respect to Santro Xing which appeals to the youth. Since Wagon R is trying to position its car as entry level car for the youth segment and young working class professionals. It should try to develop a Sporty image to its product offering.
The car should also try to differentiate itself on “High Technology” it loses to Santro Xing and also to Indica V2 XETA on this parameter too translating to a car buyers to opt for two “higher technology” car available as a competing brands within the B segment.

Wagon R also is also less “Popular” in comparison to Indica and needs to do an image makeover exercise towards building on its popularity. So in all it needs to re align its Promotion strategy.

### 6.4.2 For Tata Motors - Car (Indica V2 XETA)

Indica needs to position itself as an “easy to drive” as it lags behind Santro on this parameter.

Tata Motors should explore the reasons as to why Indica is differentiated as less on the parameter “easier to maintain” compared to Santro.

Indica seems to be carrying over its image of the diesel taxi image it was popular with, when it was first launched, and this image needs to be changed because it was observed having a lower rank than Santro for the differentiating parameters of “Styling”, “Sophisticated” and “Sporty” which is an image a young executive would look for in his entry level car. Hence Indica should work on its image makeover from a “commercial taxi image” of the car, towards trying to recast itself as a car whose appeal is for the segment it is trying to position itself for.

### 6.4.3 For Hyundai Motors India Ltd. - Car (Santro Xing)

Santro is favourably positioned in the B segment of small cars and was above Indica on all the observed differentiating parameters but it was found deficient in comparison to Wagon R where it was found that Wagon R was more “easy to maintain”, “fuel efficiency” and “high technology”, an important concern for the product engineering division, quality control department and Hyundai’s Dealer service network, all over the country. Hyundai Motors need to look at the improvements in it its Product strategy to bridge the gap with Wagon R on these differentiating parameters.
Santro is also less on the “popularity”, “value for money” and “sporty” image parameters compared to Wagon R and so an image building exercise needs to be done in its Promotion Strategy to recast its image for the customer segment it is positioned for.

Moving from Brand related strategy upwards to marketing related Strategy. On the basis of the conclusions of the study, a general recommendation offered to all the small car manufacturing companies, that the most important marketing mix element which had the highest effect in shaping any customers intending car purchase decision was Place followed by Promotion. All car companies should try to focus their attention to these two Promotion Mix and work on Place and Promotion strategy to differentiate their Product offerings too.

Finally moving to Competitive Strategy at the Industry level it was recommended that all the competing car companies should opt for the Low Cost Differentiation Strategy as the Generic Marketing Strategy for Small Car Segment in the present status of Indian Car Industry scenario.

6.5 Strategic Model Indian Car Industry

This section is going to summarize the results of the research and present it in the form of a strategic model. As mentioned before that Indian Car industry is considered as a strategic industry and it holds a substantial amount of national investment.

With the focus on the car industry for targeting to double its contribution to the National Income by 2016 as per the recommendations of the Automotive Mission Plan, an attempt is made to understand the strategic perspective it has set for achieving this objective. During the last five years there has been a tremendous change in the socio economic milieu of the Indian consumer who has grown prosperous with India. The market created a need, and the car companies filled it. Then came a temporary set back, with recession setting in worldwide. It had its effect on the exports and sales too, but the Indian economy braved it and India emerged stronger out of it. The next five years are expected to have a similar growth trajectory India experienced before recession.
By 2014 Indian economic scenario, extrapolating the present trajectory forecast a GDP growth of 6.6% to 7% and a good monetary policy with inflation under control at 4.2%. A growth in the car industry achieving in producing about 2 million with a CAGR (Compounded Annual Growth Rate) of 11%. With a vehicle density of 50 P/V (people per vehicle) from the present 100 P/V (World Auto Yearbook 2002). India shall achieve Mass motorization by 2014. Also with the opening up of the Indian economy, a number of car manufacturer have already set their plants or are in the process of setting their units in India, eyeing the Indian market. The rising price of oil and the global concerns for a cleaner environment, is turning car manufacturers in search of fuel efficient engines towards lowering the cost of ownership of car as well as searching for alternate fuel technology in their cars.

The growth of the Indian middle class consumer with a need to buy a car or upgrade to the next car, a potential opportunity and at one end and the growing competition and environmental concern at the other end, It seems that considering these collection of change factors with contradictory effects, car companies have to think again about their strategies. They have to believe in a paradigm shift which is happening in the present and prepare a roadmap to take on the set objectives, with proper strategies to use the opportunities with their strengths and steering clear of the threats avoiding their weaknesses.

In this research in a field study, by gathering expert’s opinion, the researcher tried to customize a basic strategy model for a typical Indian car company. The basic model as shown in the picture had three main phases: 1. Situational Analysis, 2. Setting Strategic Direction and 3. Strategy Development. Following figure shows the structure of a generic strategy model extracted from literature. Modifications are characterized in “industry and competitive analysis”, “evaluating company resources and competitive analysis”, and identifying strategic options".
6.6 Industry and Competitive analysis

As mentioned before in Conceptual Framework chapter Thompson (7) suggests 7 questions to be answered in this stage of situational analysis.

Questions 1, 3, 6 were the research questions. The answers of research questions change this step in following way:
In question 2, Thompson explains Porter's 5F framework for the purpose of industry and competitive analysis. The first question to be answered is determining the limits of competitive environment. Whether it should be considered regional, national, or global? Since car industry is a national and intentional reach industry, other competing players competing within the same segment needs to be considered in its industry analysis. This characteristic is important especially in India which is a number of car manufacturers but three major companies competing in B segment, selling more than 85% of B segment small cars sold in the entire county. So, a company's competitive environment border is influenced by the nature of car industry.

Fig. 20: Industry and Competitive analysis framework for Indian Car Industry: Porter’s framework
Being a national industry with international market presence is one of the industry's dominant characteristics. Thompson (2003) in page 80 of his book has mentioned strategic importance of other similar characteristics. Considering the dominant characteristics of Indian Small car industry, the effects of them have been shown in Figure 20.

The result is Porter's five force framework with a few modifications. This framework can show a perfect static picture of an industry but it is not enough for strategic analysis. A company should think about the factors which change the competition structure. That is what is called Driving Forces. Six Driving Forces were identified by experts' consensus in previous chapter. The small car company must analyze the effects of these six driving forces on its competitive environment. So, these driving forces have been added to competitive and industry analysis framework.

In question 4, Thomson discusses the strategic group mapping. He mentions that this analytical tool is useful for comparing the market positions of each firm separately or for grouping them into like positions when an industry has so many competitors that it is not practical to examine each one in depth. First when a company assesses its competitive environment deals with 4 to 5 competitors and needs not to use the advantage of grouping them. Second almost all companies appeal to similar type of buyers, depends on identical technological approaches, and offer same type of product (offering in same segment i.e., B segment within small cars ) but differentiating in image, styling and features. Hence, there is no suitable and useful base for such a grouping. So, this part of analysis is not necessary for a small car company.

Question 5 is related to identifying competitors' next strategic moves. For this stage, Thompson does not present a framework and makes some recommendations. One more thing that should be considered in Indian small car industry is the role market situation. As mentioned earlier there is an oligopoly in Indian small car market and three major car manufacturers holding more than 70% of market share. That required each car company’s strategy being analyzed alone.
So, the researcher suggests a two level analysis of rivals to get a better and more comprehensive understanding of competitors' strategies.

In question 7, Thompson asks company strategists to assess the industry outlook and decide whether industry and competitive conditions present and attractive business opportunity for the small car segment product line of their car company. What are the future growth prospects for this segment, effecting the company's growth and profit prospects. This outlook is shaped by factors which change the future of industry and of course the strengths of company to some extent. Assessing the strengths of Car Company will be discussed in next section.

Ten factors gathered as driving forces, could be the starting point for this analysis. It should be considered that change factors are not limited to these factors (driving forces). These factors are general about the whole industry. Since for each company its competitive environment is determined individually, some new factors may be added to this list or their relative importance may change from one company to another.

Previously mentioned in Data Analysis Chapter 5, in order to evaluate company resources and competitive capabilities, the following questions should be answered:

1. What are the company resource strengths and weaknesses and its external opportunities and threats?
2. Are the company's prices and costs competitive in the B segment?
3. How strong is the company's competitive position relative rivals?
4. What strategic issues does the company face?

The first question uses an SWOT analysis to gain a better understanding of a company's situation. The main source of information for identifying opportunities and threats is industry and competitive analysis explained in previous section. To determine weaknesses and strengths, Thompson (7) suggests an assessment of company resources including skill and expertise, physical assets, human assets, organizational assets, intangible assets, and competitive capabilities.
For the second question, a strategic cost analysis should be performed. A strategic cost analysis involves comparing how a company's unit costs stack up against the unit costs of key competitors activity by activity, thereby pinpointing which internal activities are a source of cost advantage and disadvantage (7). So, the company needs a framework that makes such a comparison possible. This framework is the company's value chain. This value chain basically is the same for an industry with some variation from firm to firm. The value chain of industry extracted from interviews and documents review is like Figure 21.

**Figure 21 : Value chain of Indian car industry**

The value chain differs from other industries mostly by its primary activities as well as supportive ones. Starting with the technological development and R&D activity to the supplier industry upstream (vendor/ component manufacturers) and the marketing, downstream (dealer/ sales and service) are all integrated in the value chain of the car industry; the value chain incorporates these support activities as well as they are of great importance for value delivery. Since car is a technology driven product with constant wear and tear during its use, after sales services are as meaningful for the product as its initial designing and assembly or production. This
gives the dealer network and service agencies as importance as engineering and production department or marketing activities and marketing departments. The very satisfaction towards service is a reason at times for a car brand being selected by an intending buyer. Details of operation inbound and outbound logistics is as depicted in Figure 21.

In third question for measuring company competitive position, company, and its rivals should be assessed on critical success factors. This is a quantitative method in which each of company and its competitors are assigned a number between 1 (very weak) to 10 (very strong). The weighted summation of scores shows the overall strength rating of them. These CSFs and their weights were determined through the study and are as following table items.

Table 23: Competitive Assessment Framework

<table>
<thead>
<tr>
<th>Item</th>
<th>Weights</th>
<th>Target Co.</th>
<th>Competitor 1</th>
<th>Competitor 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suppliers</td>
<td>0.32</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>0.24</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management</td>
<td>0.17</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Skills</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distribution</td>
<td>0.15</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing</td>
<td>0.12</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6.3 Identifying strategic options

It is obvious that every company should have its own strategy which has been tailored to its specific internal and external circumstances. Although it's impossible to introduce one winning strategy to be followed by competitors, by some evidence the space of strategic alternatives can be roughly determined. This study is going not to present a specific strategy but a space which more feasible solutions in. For identifying this space as mentioned before Porter's 5 generic strategies and
cooperative strategies analysis were used and the results were presented in chapter 5.

From 5 generic strategies, the experts of the industry believed that overall low cost leadership should be followed. While one company stated as Broad Differentiation. Thompson (2003) mentions that this strategy is a powerful strategy approach in markets with many price-sensitive buyers especially in the B segment of small cars. The Indian car buyer is very selective for a car which offers him value with a lot of features but at a lower cost of ownership. He evaluates both the ownership as well and recurring maintenance cost and running cost towards making a purchase decision.

Thompson counts following 7 situations as situations in which low-cost strategy works better:

1. Price competition among rival sellers is especially vigorous
2. The industry's product is essentially standardized
3. There are few ways to achieve product differentiation that have value to buyers.
4. Most buyers utilize the product in the same way
5. Buyers incur low switching costs in changing from one seller to another.
6. Buyers are large and have significant power to bargain down prices.
7. Industry newcomers use introductory low prices to attract buyer and build a customer base.

All the items are among the Indian Car industry's dominant characteristics. That means the experts' opinions correspond well theory.

They also mentioned merging and acquisition by foreign companies as a way to achieving international markets especially due to expanding Indian car markets. Merging by other international car companies towards synergizing their management, marketing practices and technological capabilities. While outsourcing activities are integral to have better opportunities for cost reduction.
and towards sticking to their core competencies. These strategies are described by Thompson (2003) as strategies which are more successful in mature industries. Since Car industry is a mature industry in India, again it shows correspondence between experts' opinions and theoretical framework.

The question towards identifying the marketing mix strategies which the companies followed for their B segment car, was asked. The Product strategies followed for the B segment of Small Car manufactured by the company, and the Pricing strategy used for marketing the same. Place strategy and Promotion strategies were asked to identify the concentrated effort of the company trying to position its car vis-a-vis its competitor. Also the competitors marketing strategy was probed. For each car company's respondent the marketing strategy questions were targeted towards its leading brand in the B segment and all the variants were covered under the same umbrella brand. Each car company was analyzed individually for its marketing strategy. The analysis of the findings for this question was assimilated as Product strategy, Place strategy, Price strategy and Promotion strategy under individual Car Company.

6.4 Social Concern of the Study

The study tried to attempt at exploring the Marketing strategies followed by the Major companies in the Indian Car industry with special reference to small car segment. The objective of the study was to find the most optimum way in which car manufacturers positioned their cars and services in the minds of the customers, towards influencing them. It being observed that the relation marketing has with society, was of a cyclical nature. What market draws from society is as important as what it returns to society, because the next time it shall draw would be from what it had earlier returned. So some observations regarding the importance of returning to society, which needs to be addressed, are mentioned.

To form its marketing strategy, it is necessary for a firm to discover unfulfilled customer needs and bring market products that satisfy those needs. In addition to identifying the customer needs, the firm must also understand its capabilities and forces of the environment in which it is operating.
Organizations make profit by using the human resources as their backbone. Employees spend a life time in companies to make them profitable. It becomes the company’s liability to give back to the society what they have drawn from. Meaning that all the activities the organization takes, including the marketing strategy should consider the impact it has on society.

Since marketing and society impact each other in a cyclical fashion. When a car is launched in the market, its effect on society needs to be monitored and depending on the intensity of this effect the marketing mix should be revisited. This would be mutually beneficial for both the society as well as the company.

Also, from the time a car is launched and introduced to the market, till the time it remains in market it has several impacts for the society, the positive as well as negative impact of the product on marketing and society should be observed and adequately compensated for.

The result of compensating to society shall result in social responsiveness and responsibility of the manufacturing firms. Innovating newer technology in cars with lower emission, green and pollution free manufacturing plants, recycling and dependence on renewable energy source and a healthy and economically developed society with more resources to profit from.

6.5 Future Direction of Research

In the Indian context, little research has been done in the area of exploring marketing strategy liking it to a company’s corporate strategy. The focus of this study was on Marketing strategies of major car companies with delineating to the small car segment and delimiting it to B segment cars in particular from among the three major car manufacturers. The topic of the research can be extended to study other car segments in the car industry. Also the scope of the research can be extended to other automobile, allied production / manufacturing industry too.

Most of the research studies available on the same subjects have primarily focused on studying only from the company’s perspective. This study looks at marketing strategy in car industry from the customer as well as the company’s perspective.
Also the different marketing mix variables can be studied in more detail in terms of how the impact the intending customers purchase intention. This can be further established using some of the high level sophisticated techniques like Structural Equation Modeling. Research can also be carried out to examine the role of different service attributes extending the four P’s further to People, Process, Physical evidence etc. and the interaction of Service strategy, since it is associated with the Place strategy, and has emerged out as an important outcome in effecting a customer purchase intention. In other words the manner in which the Marketing mix variables used in this study have been operationalised can be modified to consider the role of Service Mix variables too.

From the point of view of customers intending to purchase, it is important to note that every episode does not carry the same importance or weight towards evaluation. There are many factors and bias operating so it cannot be an exact outcome but a representative outcome studied from among the respondents of the study.

The study was covered in Aligarh, Gurgaon, Chennai, Pune and Jamshedpur. It can be replicated in other geographical areas and the results can be compared. Also the respondents other demographic variables like type of family, marital status, effect and involvement of family members in decision making and other variables have not been captured in this study.

Future research should also investigate whether different marketing strategies are appropriate for specific market conditions. Also business strategy researches should refine theory and continue to investigate linkage between marketing strategy and business strategy.