Chapter III

Customer Based Brand Equity - An Overview
CHAPTER III

CUSTOMER BASED BRAND EQUITY- AN OVERVIEW

3.1 Introduction

Branding is an art of capturing the niche market for a product or service and creating confidence in the current and prospective customer’s mind. Branding began much before the term entered the lexicon of modern marketing thought. In fact, the word brand has been derived from the old Norse word “brandr” which means “to burn”, as brands were and are still the means by which owners of livestock mark their animals to identify them (Interbrand Group (1992)). Branding has been considered as a long-term process which assembles marketing mix medium into a whole. According to Nancy J. Hicks, Hills and Knowton, “Branding is a long-term process that is frequently confused with corporate identity and with name recognition”. It is nothing but capturing the customers’ mind with the brand name. Branding forms customer perceptions, expectations and creates differentiation in the product. The aim of branding is to convey the brand message vividly, create customer loyalty, persuade the buyer for the product, and to establish an emotional connectivity with the customers. Branding is the practice of giving specified name to a product or group of products. The principle of branding includes consistency, clarity, continuity, visibility, and authenticity. The factors in building successful brand depend upon the quality, positioning, repositioning, communication, first-mover advantages, long-term perspective, and internal marketing. Branding involves creating mental structure and helps the consumers to organize their knowledge about product and services in a way that clarifies their decision making and, in the process, provides value to the firm.

3.2 Brand

According to the American Marketing Association (AMA), a brand is a “a name, term, sign, symbol, or design or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition”. Brand is an authentic icon in its own right and successful brands have a powerful value of endurance. Consumers do not buy products, they buy brands. Brand is a reputation, identification, promise, and guarantee. Brands are the basis of relationships and
sometimes it is very emotional in nature. The value of a brand comes from its ability to gain an exclusive, positive, and prominent meaning in the minds of a large number of customers. It is a valuable asset to organizations and also important to customers. Brands can create wealth for the company depending upon how much value they add to customers’ life. Brand provides a strong competitive advantage to the companies owing them and hence, they are increasingly becoming important traceable assets. It is applied across the full spectrum of businesses. Brands clearly provide important benefits to both consumers and firms. For a consumer, brand has been providing important functions, such as, brand identification which helps them to identify the source or maker of a product. If a consumer has recognized a brand and has gained some knowledge about it, then he does not have to engage or spend a lot of time for additional thought to make a decision. A strong brand name becomes a company’s most valuable asset. When a brand is able to achieve sense of oneness with its consumer, then it can be said that strong brand has been created.

Brand is a complex symbol and can communicate up to six levels of meanings. (Kolter 2003)

- Attributes: The brand brings certain attributes to the mind.
- Benefits: Attributes must be translated into functional and emotional benefits.
- Values: Brand also says something about the producer’s value.
- Culture: The Brand represents certain culture.
- Personality: The brand can project certain personality.
- User: The brand suggests the kind of consumer who buys or uses the product.

### 3.3 Consumer- Brand : A Relationship

Successful marketing of brands requires a good relationship between company’s brand and the customers. Gaining a thorough and in-depth customer behaviour enables to reach the right consumers in the right way. The difference between brand and product are: a product is a physical entity that lives in the real world, whereas, brand is a perception which lives in the customer’s mind. Hence, brand plays an important role in consumers’ day to day life and can represent a big asset for companies owing them. Brand creates
relationships which have to be nurtured between brand and consumer which acts as the binding factor. Brands gratify their needs, and these functions bind brands and a consumer has been purely instrumental, focusing exclusively on achieving specific goals. A brand’s relationship with its customers can be of various types, namely, social bonds, psychological bonds, financial bonds, and structural bonds. Brand resides in the minds of consumers. The three commonly used research approaches are:

1. Verbal association: People can be asked what words come to their mind when they hear the brand’s name.
2. Brand Personality: People can be asked to describe the kind of person or animal they think of when the brand is mentioned.
3. Determining the brand essence: Brand essence implies subtle objectives that consumers are trying to get fulfilled with the use of the brand.

The above mentioned approaches help the marketer to have better understanding about customer’s perception of the brand.

Three different levels of the brand are (i) attributes of the brand at the lowest level, (ii) the benefits at the mid-level, and (iii) the beliefs and value at the top level. Kevin Keller has stated the ten traits of strong brand:

- A strong brand excels at delivering the benefits of the consumers desire.
- The brand stays relevant.
- The pricing strategy is based on consumers’ perceptions of value.
- The brand is properly positioned.
- The brand is consistent.
- The brand portfolio and hierarchy make sense.
- The brand makes full use of and coordinates a full repertoire of marketing activities to build equity.
- The brand managers understand what the brand means to the consumers.
- The brand is given support and the support is sustained in the long-run
- The company monitors sources of brand equity.

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Brand relationships help consumers to solve problems, feel better, look better, act according to their values, and maintain harmonious relationships with others. The brand and consumer relationship should include a strong combination of values to retailers and customers which will help the chance of success over a long period of time.

### 3.4 Brand Perspectives

The views of brands differ from one product to another. Verma (2006) has stated the perspectives of brand.

- **Visual and Verbal perspective:** The visual and verbal aspect of the brand serves important function of identification and differentiation.

- **Positioning perspective:** Positioning is creating a unique position in the prospect’s mind to succeed in the over-communicated society.

- **Value perspective:** Brand is commodity augmented by values making it more acceptable to consumer. Function or performance value and expressive value are the values that brands offer.

- **Brand Image perspective:** Brand image that would steer the customer either towards the brand or away from the brand is the effort to differentiate the brand psychologically rather than physically.

- **Perceptual appeal perspective:** This approach views the buyer from the consumer behaviour perspective. They are all interrelated and each brand has three different blends viz., an appeal to the senses, an appeal to the reason and appeal to the emotions.

- **Personality perspective:** Consumer perceives personality traits in brands and visualization as a person which have personality characteristics which would attract customers in target market.

Therefore, creation of brands is essential in winning in the fiercely competitive market place and is a tool to create customer relationship.

### 3.5 Brand Equity

One of the most popular and potentially important marketing concepts which aroused in 1980’s is of brand equity. Brand equity is a good barometer to understand the past action and future course of action for marketers. The emergence of brand equity, however has meant good
and bad to the marketers. Brand equity has uniquely attributed to the brand and related to the fact that different outcomes result from the marketing of a product or service, because of its brand than if that same product or services has not been identified by that brand. Brand has a tremendous value for both the manufacturers as well as the consumers. Brand equity subsumes brand strength and brand value. Brand strength is the set of association and behaviours on the part of a brand’s customers, channel members, and parent corporation that permits the brand to enjoy sustainable and differentiated competitive advantages. Brand equity is based upon the attitudes that customers hold about a particular brand. Attitude is very important concept in consumer behaviour. The movements in a brand’s performance signal attitudes that customers have toward it. Brand which is experiencing declining sales indicates that customers are not holding a good attitude towards it. Attitude determines how a person would behave and the hidden attitude that determines whether a customer would steer toward or away from the brand. The customer evaluates or feel about a brand depends on the knowledge he or she has about the brand, how the brand is placed in cognitions. From the customers’ perspective, brand equity involves a strong, positive brand attitude based on consistent meanings and beliefs which are accessible in memory. Therefore, the beliefs or cognition-that a customer thinks about a brand are determining variables. A customer may think about a brand in terms of its attributes, benefits, ingredients, uses, etc.

**Brand equity Definition**

“Brand equity can be thought of as the additional cash flow achieved by associating a brand with the underlying product as service (Biel, 1992). Brand equity is a set of brand assets and liabilities linked to a brand, its name and symbol add to or subtract from the value provided by a product or service to a firm and/or to that firm’s customers” (Aaker, 1991).

“Brand equity is defined in terms of marketing effects uniquely attributable to the brands- for example, when certain outcomes result from the marketing of a product or service because of its brand name that would not occur if the same product or service did not the have the name”(Keller, 1993).

There are many ways to measure a brand. The different approaches at the firm level which measure the brand as a financial asset, product level which measure or
compare the price of a no-name or private label product to an equivalent branded product, and the third approach is consumer level which seeks to map the mind of the consumer to find out what associations with the brand the consumer has with the brand.

### 3.6 Customer Based Brand Equity

Customer Based Brand Equity Model provides a unique view as to what brand equity is and how it should be built, measured, and managed. It is most relevant and an appropriate for the study because it is directly linked with the customer behaviour and their attitude. Understanding the needs and wants of consumers and devising products and programs to satisfy them are at the heart of successful marketing. The basic premise of the Customer Based Brand Equity model is that the power of a brand lies in what customers have learned, felt, seen, heard about the brand as a result of their experiences over time.

Customer based brand equity can be defined as the differential effect that brand knowledge has on consumer response to the marketing of that brand. There are three key ingredients to this definition “differential effect”, “brand knowledge” and “consumer response to marketing”. Aaker’s Model of Brand Equity conceptualizing brand equity from the customer’s perspective and provides a framework called equity. Brand equity refers to a “set of assets and liabilities linked to brand, its name, and symbol that add to or subtract from the value provided by a product or service to a firm and or to that firm’s competitors”. In other words, brand equity provides (or negatively subtracts) values to a firm in the form of price premium, trade leverage or competitive advantage. The differential effect can be both positive and negative. A brand name, if it signifies associations that are not favourable, could create negative differential effect in the form of consumers disliking, and valuing the brand less than the generic product. The view of brand equity as differential effect caused by the brand knowledge structure is particularly useful in conducting operational decisions. The performance of a brand is directly influenced by the knowledge structure and helps the marketer to explore and capture the market.
Exhibit 3.1

Brand Equity

- Reduced marketing costs
- Trade leverage
- Attracting new customers
  - Create awareness
  - Reassurance
- Time to respond to competitive threats

- Anchor to which other associations can be attached
  - Familiarity
  - Linking
  - Signal of Substance
  - Commitment
- Brand to be considered

- Reason-to-buy
  - Differentiate / position
  - Price
  - Channel member interest
  - Extensions
- Help process/retrieve information
  - Reason-to-buy
  - Create positive attitude/feelings
  - Extensions
- Competitive Advantage

- Provides value to customer by enhancing customer’s:
  - Interpretation/processing of information
  - Confidence in the purchase decision
  - Use satisfaction

- Provides value to firm by enhancing:
  - Efficiency & effectiveness of marketing
  - Brand loyalty
  - Price/margin
  - Brand extension
  - Trade leverage

According to David Aaker, Brand Equity is a set of assets i.e., i) Principal assets - Brand awareness, Brand loyalty, Brand association, Perceived quality, and ii) supplementary assets- other proprietary assets. Principal assets are the framework by David A. Aaker which is considered in this study to determine the customer based brand equity.

Brands add value to customers by helping them in storage of information, and its interpretation and processing. Brand equity assets like perceived quality and association increase the confidence of the consumer in making a purchase and enhance customer satisfaction. The benefits provided by brand equity to a firm include: ability to charge premium price, channel cooperation and customer loyalty benefits. It creates value for both the customer as well as the firm. From a customer perspective, brand equity results from awareness of a brand leading to brand knowledge and positive attitude towards the brand, resulting in loyalty to the brand. Analysing brand equity from customer perspective adds value to a brand and it reflected in customer perception of the brand. It considers awareness of a brand leads to learning and the formation of attitudes about that brand, which will be influenced by emotional associations, which results in preferences for that brand by building brand loyalty.

3.6.1 Brand awareness

Brand awareness is the ability of a potential buyer to recognize or recall the brand. Familiar brands succeed in firing a node in the customer’s brain. Brand awareness is the probability that consumers are familiar about the life and availability of the product. It is the degree to which consumers precisely associate the brand with specific product. Recognition and recall are signals of much more than just remembering a brand. Brand recognition is the ability of consumer to recognize prior knowledge of brand when they are asked questions or shown the brand. Recognition reflects familiarity gained from past exposure. If consumers are able to recognize and recall the brand, this will enhance brand equity. Brand recall is the potential of customer to recover a brand and act as a as a signal. Brand awareness is improved to the extent to which brand name are selected that is simple and easy to pronounce, known and expressive; and unique as well as distinct.
Two types of awareness are

1. Aided awareness
2. Top of mind awareness.

Building brand awareness is essential for building brand equity; it includes use of various renowned channels of promotion such as advertising, word of mouth publicity, social media, sponsorship, and launching events. Strong brand awareness leads to high sales and high market share. Brand awareness can be regarded as a means through which consumers become acquainted and familiar with a brand and recognize that brand.

Brand awareness occupies mind space at three different levels, namely, brand recognition at the lowest level, brand recall at the higher level, and top of the mind at the highest level. It can be characterized according to depth and breadth. The depth of brand awareness concerns the likelihood that a brand element will come to mind. The breadth of brand awareness concerns the range of purchase and usage situations in which the brand element comes to mind. Therefore, it has been understood that brand awareness in condition of high involvement the customers have to be coaxed with additional knowledge of benefits and attributes shall create a clear image of the brand in the consumer’s perception. Recognition of the brand among the competitor’s brand shows the level of awareness towards the brand and the positive attitude towards the brand.

**Exhibit 3.2**

**Level of Brand Awareness**
3.6.2 Brand Loyalty

The focus of marketing efforts is on consumer attractions and the firms used customer loyalty to develop an edge over rivals. Loyal customers have formed a strong image of a brand in the minds and elimination of any attitude of indifferences about the product. Brand provides an emotional or rational reason for being loyal to a product. Customer who gets genuine interest in brands becomes loyal. Brand becomes a tool to create customer relationship. Brand loyalty is a key component of customer based brand equity and adds value to the brand. It is developed through various measures such as quick service, ensuring quality products, continuous improvement, wide distribution network, etc... Brand loyalty can be defined as relative possibility of customer shifting to another brand in case there is a change in product’s features, price, or quality. According to Blomer and Kasper, “Brand loyalty implies that customers bind themselves to products or services as a result of a deep-stated commitment”. Brand loyalty is qualitatively different from the other major dimensions of brand equity in that, it is tied more closely to the use of experience. Brand loyalty cannot exist without prior purchase and use of experience. It is widely proved over a period of time that it’s easier to get the repeat business and referrals from the existing customers than trying to convert the non-customers into customers. It describes the behaviour of repeat purchases over time or tendency of a customer to choose one product over another for a particular reason and need.

Brand loyalty becomes evident when choices are made and actions taken by customers and shows the commitment to the brand. Brand loyalty exists when the consumers’ feels that the brand consists of right product characteristics and quality at a right price. Even if the other brands are available at cheaper price or superior quality, the brand loyal customer will stick on to the brand. The higher and deeper levels of loyalty are linked to the feelings of linking and commitment for the brand. The importance of such symbolism and emotional values in brand choice goes up as the rationality of the buying decision goes down. The action of loyalty is a positive only if the buyers do not prefer other brand in case of non-availability of brand and remains loyal to specific brand as long as it is available in the market. The customer’s willful commitment to the brand speaks the loyalty for the brand. Brand loyal customers remain committed to the brand and are willing to pay higher price for the brand. Customers may express high satisfaction levels with the
product but the customer satisfaction does not equal loyalty. It can be determined only when customers repeatedly purchase the product, but this may not be applicable for durables. Instead if the customer promotes the brand to others and influence in the purchase of the brand, it shows the brand loyalty towards the product.

Brand loyal customers are foundation of an organization and to develop brand loyalty an organization should know their niche market, target them, support their product, ensure easy access of their product, provide customer satisfaction, bring constant innovation in their product so as to ensure that customers repeatedly purchase the product. Greater loyalty levels lead to less marketing efforts and expenditure, because the brand loyal customers promote the brand positively. Brand loyalty is the act of consumers consistently purchasing a product or patronizing a company. It allows a company to generate higher sales through word-of-mouth advertisement, which will help in building brand loyalty by offering quality products or undercutting another company’s brand loyalty which can improve market share. The importance of brand loyalty leads to increased market share, higher profits, and better goodwill among customers.

Brand loyalty is often expensive for companies to achieve. Companies typically build the loyalty through strong advertising and marketing campaigns that influence customers as well as high quality products or services. The company which has strong loyal customer will remain in the market among the competitors. Brand loyalty can be measure through word-of-mouth publicity, repetitive buying, price sensitivity, commitment, brand trust, and customer satisfaction. Brand possesses rational and/or emotional hooks which help achieve customer loyalty and the reason for being loyal. A brand’s relationship with its customers can help the organization to reduce the expenditure in promotional activities and also form a barrier to new brands entering into market. Brand loyalty offers four benefits. Firstly, reduction in marketing costs; secondly, channel members cooperate and offer shelf space; thirdly a chain reaction of new customers due to ‘hard effect’. Finally, in times of distress loyal customer’s give time to the firm to modify or improve the product.
Levels of brand loyalty: brand loyalty operates at five different levels. They are classified into

- **Brand switcher**: The bottom loyalty level is the non-loyal buyer who is completely indifferent to the brand. The buyer does not attach any importance to the brand and are called as switcher.

- **Habitual buyer or satisfied buyer**: The second level includes buyers who are satisfied with brand. They have no reason to switch from brand to another and are termed as habitual buyer.

- **Switching–cost loyal buyer**: The third level includes those who are satisfied with the brand but they would switch only when competitors brand are able to overcome switching cost for them.

- **Likes the brand—considers it a friend**: The fourth level implies that the buyer truly likes the brand. They like brand based upon a symbol, a set of use of experiences or perceived high quality and termed as a friend of the brand because they tend to have some emotional attachment to the brand as the result of this buyer and the brand have prolonged relationship.

- **Committed buyers**: At the top level, the customers tend to be committed to the brand and they feel pride in being users of brand. The brand is very important to them either functionally or as an expression and creates a greater significance. The customers recommend the brand to others. The value of the committed customer is not so much the business he or she generates, but, rather, the impact upon others and upon the market itself.
3.6.3 Brand Association

Brand associations are measurable benefits and attributes assigned to the brand by consumers. Brand association is anything which is deep seated in customer’s mind about the brand. Brand associations generate value in a number of ways. They are spontaneous signals which help the marketer to associate their brands with the psyche of customers. Psyche is the part of human mind that controls one’s attitudes and behaviour. Brands are bought for their ability to be associated with strong points which customers have in their minds. A strong brand enjoys a strong network association like attributes, benefits, personality etc. It plays important role in demonstrating the difference among others brands. Brand associations are the attributes of brand which come into consumers mind when the brand is talked about. Brand association can also be defined as the degree to which a specific product/service is recognized within its product or services.
While choosing a brand name, it is essential that the name chosen should be reinforce an important attribute or benefit association that forms its product positioning.

It is related with the implicit and explicit meanings which a consumer relates/associates with a specific brand name. Brand should be associated with something positive, so that the customers relate the brand to being positive. Positive brand associations are developed if the product which the brand depicts is durable, marketable, and desirable. The customers must be persuaded that the brand possess the features and attributes satisfying their needs. This will lead to customers having a positive impression about the product. Positive brand associations help an organization to gain goodwill, and obstruct the competitor’s entry into the market. Brand associations are not only benefits but are feelings, characters, images, and symbols associated with a brand or a brand benefit. Sum total of associations results in building brand image which is how the brand is perceived by the customers. It is relating perceived qualities of a brand to a known entity.

Brand associations are directly or indirectly linked to the brand in the memory are seen basically in terms of the objectives and subjective characteristics of a product. These associations in memory form part of their knowledge about the brand and will not be seen as a benefit. Customers make purchase based on a brand’s image and become brand loyal. The sum total of all associations with brands that are perceived in the customer’s mind is termed brand image. These associations are held in customer’s memory as information nodes connected to the brand node. The more deeply a person thinks about the product information’s and relates it to existing brand knowledge, which results in brand associations. Two factors of facilitating the strength of associations to any piece of information are the personal relevance of the information and the consistency with which this information is presented over time. The particular associations that are recalled and salient will depend not only on the strength of association but act as strength and recall ability of a brand association.

It is essential that the positioning should be favourable, strong, and unique in order that these images help in decision-making in favour of the brand. The image should be favourable. All brand associations, their attributes, and benefits should be favorably perceived by the customer. Firstly, the attribute particularly the most important ones
should be positioned favorably in the mind space of the customers. Secondly, the brand associations should be strongly located in the memory of the customers. The third quality of association is that, it should have a unique selling proposition which the competitors do not have. The brand may contain three different types of associations in the memory: attributes, benefits, and attitudes.

1. Attribute associations: An attribute comprises of the physical details of the product. They have product based and non-product based attributes.

2. Benefit associations: Brand benefits are the personal value and meaning that consumers attach to the product or service attribute. The customers are much more interested in the benefits rather than the attributes. The benefits are divided into
   - Functional benefits focus on physiological benefit, safety need fulfillment, etc.,
   - Experimental benefits are pleasure derived from using the product.
   - Symbolic benefits are not intrinsic but are symbolic benefit derived in the form of self-esteem, class, or prestige.

3. Attitude associations: Attitude association refers to overall evaluation of a concept like person, product, object, or a brand. It can be divided into three categories.

   The cognitive component involves thought process and includes the knowledge or information derived from other sources about the product. It drives the buying decisions. The affective component consists of the role of right-side-of-brain thinking and emotions that one has towards a brand. The conative component is the behavioural component, based on which the customer takes a buying decision. Favourable and unique association is contributing factors of brand association. Favourable associations for a brand are those associations that are desirable to consumers and are successfully delivered by the product and conveyed by the supporting marketing program for the brand. Unique brand associations may or may not be shared with other competing brands. The essence of brand positioning is that brand has a sustainable competitive advantage and the customers have a valuable reason to buy the particular brand.
Brand associations in memory must be strong, positive, and unique to the brand in order to build a brand attitude that leads to strong brand equity. These associations are a result of any and all communications about a brand to the customer. This is usually thought about in terms of marketing communication right from package, product placement, and event marketing to traditional advertising and promotion, but also includes such things as word-of-mouth and experience with the product, as well as more indirect means of communication such as a brand’s distinctions channels, its parent company, and the environment in which it is used. Associations can exist across a range of specific parameters. Based on the type of parameters, it is classified into product category, competitors, celebrating personality, price, place of origin, and use of product or service. Every aspect of the relationship between a brand and the customer contributes to learning that leads to the associations in memory that constitute brand attitude.

3.6.4 Perceived Quality

Perceived quality refers to the customer’s perception about the total quality of the brand. It is intangible, overall feeling that a customer tends to have about the brand. It is one of the crucial aspects of brand equity and the only factor which drives financial performance. While evaluating quality, the customer takes into account the brands performance as a factors that are significant to makes a relative analysis about the brand’s
quality by evaluating the competitor’s brand. Quality can be subjective or objective. Objective quality implies actual superiority of a product. Perceived quality resides in the mind space of the customer and are closely attached with functional benefits, so by using the products, customers easily access the quality variables, if the quality of the product is up to the expected level of satisfaction, it is a major strength for brand, if the brand is strength in quality aspects which will be reflected positively in all aspects of customer based brand equity. Different people have different notions about the brand and satisfaction.

Customers consider a few brands for potential purchase. Out of these brands they select one brand which they feel would satisfy their need. Customers many times are driven by top class brand names and do not devote time or energy into taking decision based on analysis of quality dimensions. Brands with better perceived quality demand premium price. This, in turn gives them more profit and they are in a position to further improve their products and a spiral of improved competitive position sets in. There are better relations with trading partners and the firm can plan line or brand extensions. Quality is a perpetual factor and the consumer analysis about quality of brand varies from each other. Higher perceived quality might be used for brand positioning. Perceived quality affects the pricing decisions of the organizations. Superior quality products can be charged a price premium; perceived quality gives the customers a reason to buy the product. It also captures the channel member’s interest. Higher the perceived quality of a brand better should be the other factors so as to make it sure that functional benefits should be the base for continuing the trend of perceived quality. Chances of market acceptance increase when the product quality is perceived as good.

Exhibit 3.5

Perceived Quality

3.7 Consumer Behaviour

The value added by brand equity may also arise from the purchasing behaviours of target consumers. The success of a brand reflects choices or a decision in its favour. Buying behaviour is the decision processes and acts of people involved in buying and using products, whereas consumer buying behaviour refers to the buying behaviour of the ultimate consumer. A firm needs to analyse buying behaviour for the following reasons, such as, buyers’ reactions to a firm’s marketing strategy, marketing concept stress and predictions how consumers will respond to marketing strategies.

Stages of the consumer buying process

1. Problem recognition: It is difference between the desired state and the actual condition or it is state of mind in which consumers are aware of the need.

2. Information search: It includes both the internal and external search. Memory is the important element which is considered to be the internal search, whereas external search where a consumer gathers the information from friends and relatives and through word-of-mouth advertisement.

3. Evaluation of alternatives: Marketers try to influence the consumer by framing alternatives.

4. Purchase decision: Selects the buying alternatives.

5. Purchase: The action of buying process, it may differ from the decisions.

6. Post-Purchase evaluation: The decisions may end up in satisfaction or dissatisfaction.

Psychological Factors

Psychological factors have been considered as important factor in the consumer buying behaviour process which plays a predominant role in making the decision. The set of psychological factors processes combine with certain consumer characteristics to result in decision processes and purchase decisions. Motivation, perception, learning, and memory are the fundamentals concepts which influence consumer responses to the various marketing stimuli. The factors such as family needs, status symbol, income level, and the name of brand are considered for the purchase.
Pre- purchase Factors

In pre purchase decision, customer makes two types of decisions is considered, the first type is assortment decision which directs at the choice of product or service and the second type of decision is market related decisions which concern the choice of specific brands and how to obtain them.

Post- purchase Satisfaction

The post purchase satisfaction leads to brand loyalty and has become an important construct for the concept. The consumer’s satisfaction or dissatisfaction with the brand will influence subsequent behaviour. If the consumer is satisfied, then he or she will exhibit a higher probability of purchasing the brand on the next occasion. The satisfied customer will also tend to say good things about the brand and the company to others.

The post purchase behaviour depends upon the, extent of consumers’ set of experience stored in memory. Understanding consumer needs and buying process is essential for building effective marketing strategies by understanding how buyers go through different stages of consumer behaviour process.

3.8 Automobile Industry in India

The Indian automobile industry has emerged as a “Sunrise sector” in the Indian economy and larger markets in the world. India is emerging as one of the world’s fastest growing passenger car marketer and the second largest two wheeler manufacturers. Global and Indian manufacturers are focusing their efforts to develop innovative products, technologies, and supply chain. India’s passenger car and commercial vehicle manufacturing industry is the sixth largest in the world. India overtook Brazil and became the sixth largest passenger vehicle producer in the world with an annual production of more than 3.9 million units in 2011.

In 2009, India emerged as Asia’s fourth largest exporter of passenger cars as well as, has been significant for Indian automobile industry as numbers of models are launched in the domestic market. As of 2010, India is home to 40 million passenger vehicles. The majority of India’s car manufacturing industry is based around three clusters in the South, West, and North. The Southern cluster consisting of Chennai is the biggest with
35 per cent of the revenue share. The Western cluster contributes to 33% of the market and the Northern cluster, the national capital region contributes 32%. The Indian car manufacturers have been serving a wide variety of transportation at different levels. Automobile manufacturer have clearly committed them to supply the market with even safer and more comfortable. The automobile industry in the country has shown a spurt in growth during the period. The growth of Indian middle class with increasing purchasing power along with strong growth of economy over a past two years have attracted the major auto manufacturers to Indian market. The increasing competition in auto companies has not only resulted in multiple choices for Indian consumers at competitive costs; it has also ensured an improvement in productivity by almost 20 per cent a year in auto industry, which is one of the highest in Indian manufacturing sector. As per statistics launched by Society of Indian Automobile Manufacturer (SIAM), the passenger car transactions in domestic market have surged to 145905 units in January 2010 against the 2009 sales of 110300 units. This indirectly refers to 32.28% growth in the domestic car sales. In March 2012, passenger cars grew by 19.66 per cent as compared to the previous year domestic sales. The automotive industry also promises significant employment opportunities directly and indirectly. The automotive mission plan 2006-2016 promises additional employment generation of 25 million by the automobile industry by 2016.

**Exhibit 3.6**

![Gross Turnover of the Automobile Industry in India 2006-07 to 2010-11](image)

Source: SIAM (Society of Indian Automobile Manufacturer)
Automobile Industry contributes huge revenue to the country and provides enormous employment opportunities in this sector.

Table 3.1

<table>
<thead>
<tr>
<th>Vehicles</th>
<th>Per cent</th>
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<td>Three Wheelers</td>
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<tr>
<td>Two Wheelers</td>
<td>77</td>
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</tbody>
</table>

Source: SIAM (Society of Indian Automobile Manufacturer)

The first car ran on India’s road in 1899. Until 1930s, cars were imported directly, but in very small numbers. An embryonic automotive industry emerged in India in the 1940s. The Indian automobile industry has an incredible market potential. The enormous growth in the automobile industry is due to the increase in the standard of living of the middle class and an increase in their disposable income. India has become a fast growing auto-market over the last decade. The development in automobile sector overhauls the perception of potential buyers, with their disposable income, wide information search, and availability of lucrative financial position. People today are more pragmatic before buying the automobile.

Table 3.2

<table>
<thead>
<tr>
<th>Domestic Sales</th>
<th>2008-09</th>
<th>Per cent</th>
<th>2009-10</th>
<th>Per cent</th>
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</thead>
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<td>1526787</td>
<td>78.3058</td>
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<td>272733</td>
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</tr>
<tr>
<td>Multi-purpose vehicles</td>
<td>106607</td>
<td>6.8659</td>
<td>150256</td>
<td>7.70632</td>
</tr>
<tr>
<td>Total</td>
<td>1552703</td>
<td>100</td>
<td>1949776</td>
<td>100</td>
</tr>
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</table>

Source: SIAM – Flash Report
Indian Automobile industry has come up a long way to have a diverse array of cars these days. There are twenty car manufacturers in Indian Car Industry. The major players of Indian Car Industry are Maruti Suzuki India Ltd., Hyundai Motors India Limited, Hindustan Motor, Tata Motors, Ford Motors, and Hondo Siel Cars India Limited. Hindustan Motor has been country’s largest car manufacturer in India before the entry of Maruti Udyog. The name and fame of the Hindustan Motors have paved a way to have a joint venture with two different companies, namely, General Motors and Mitsubishi

3.9 Conclusion

The study has been structured based on four constructs of Customer Based Brand Equity, namely, brand awareness, brand loyalty, brand association, and perceived quality and also three elements of consumer behaviour, namely, psychological factor, pre-purchase factors and post-purchase factors. The study focuses on the product, passenger vehicles, it refers to road motor vehicles other than two wheelers intended for the carriage of passengers and designed to seat number more than nine people. Passenger car is a major component of passenger vehicles which has a domestic market share of 15 per cent next to two wheelers. Hence, this paved the way for the research in passenger car with brand equity concept from customer perspective irrespective of whether the car is new car or pre-owned car.
References


• Singh. S.P, “Marketing Research”, Wisdom Publications, New Delhi, 2009