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Role of Brand Position in Indian Automobile Industries

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ABSTRACT

The riches of the vehicle industry is inextricably related to the entire health of the economy, rather just replaceable profits and customer confidence. There were no automobile manufacturers in India 80 years ago, hence there was no Indian automobile market. There were a few imported autos in India. Following independence, the government began efforts to develop a vehicle industry. At first, India's automobile industry advanced at a snail's pace. The situation now, however, is very different. Our country's car market is extremely diverse. With 11 autos per thousand people and 32 two-wheelers per thousand people, India today has one of the lowest vehicular solidities in the world. This is quite low in contrast to other similar economies. The globalisation of the car industry is hastening the formation of new alliances and the entry of new manufacturers. In the automobile industry, not just in terms of sourcing whole vehicles and components, but also in terms of markets, modernization has never been more rapid. As a result, the cast of players in the global automobile business continues to expand.

Keywords:.*Brand; Vehicle industry; Automobile industries; Modernization.*

1.0 Introduction

India is one of the only economies where the small vehicle market is growing at the same rate as the superior and luxury car segments. Despite the fact that the share of metropolitan areas has dropped, passenger vehicle sales in rural areas have climbed. Everyone has access to a range of modes of transportation, including bicycles, cars, SUVs, and other vehicles. There are various automobile manufacturers in the two-wheeler and four-wheeler sectors. Among the well-known automobile manufacturers are Bajaj Auto, Hero MotoCorp, Maruti Suzuki, Mahindra & Mahindra, Hyundai, Tata Motors, TVS, and Chevrolet [1]. The government heavily regulated and regulated the car market until 1981, when it was deregulated. Automobile consumers had limited options due to a shortage of manufacturers and a scarcity of automobiles [2]. Hindustan Motors (HM) and Premier Automobile (PAL) dominated the automobile sector in the 1940s. In the 1950s, the arrival of Tata Motors, Bajaj Auto, and Mahindra & Mahindra led in a steady expansion in vehicle manufacturing in India, while the 1960s saw the birth of India's two- and three-wheeler sector. However, the automotive industry progressed at a slow pace from 1970 to 1991, when the economy was liberalised, due to several government restrictions. The present autos on the market were pricey and less technically sound when compared to the global average [3].

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The government then began talks with Suzuki Motors, a Japanese automaker, and eventually formed Maruti Udyog Limited, a joint venture (MUL). The first joint venture is presently between the Government of India (with a 74% share) and Suzuki Motor Corporation (with a 26 percent stake). For India's vehicle industry, that was a game-changer. In India, MUL launched their first car (the Maruti 800) in 1983, with a price tag of Rs.40,000/-. Existing automakers were caught off guard by this development and rushed to improve and expand their product lines as well. Following the government's licence loosening in 1993, 17 new enterprises formed, 16 of which were vehicle manufacturers. Almost every major corporation in the world now has a presence in India. The automobile sector is now an important part of India's economy and a significant source of foreign currency [4].

In 1981, the government announced a ground-breaking initiative to analyse and amend its car rules. It is now easier to obtain approval to manufacture automobiles in India, and new rivals appear on a regular basis. The government has imposed high import taxes on imported automobiles to protect the interests of Indian automakers. The automobile sector has been delicensed and permitted to operate at full capacity since the 1991 financial development. The Indian automobile industry has developed at a 17 percent annual rate since the 1991 structural changes, driven to a surge in economic prosperity and purchasing power. The government is asking India's premier automobile companies to work with foreign companies in order to turn India into a global exporting and R&D hub [5]. The local vendor industry has evolved in lockstep with the Indian vehicle industry. However, in recent years, the quest for reduced prices and increasing offshore outsourcing by international automotive companies has resulted in a fast increase in component industry output. Healthy economic developments, a macroeconomic stability climate and government post-reform initiatives, low operating costs, and the availability of educated labour have tempted virtually all major global car manufacturers to set up business in India, including GM, Ford, Daewoo, Honda, and Toyota. Due to the severe competition, corporations have been pushed to launch the newest global product in India as quickly as possible [6]. It has also enabled automotive pricing to be kept under control. Consumers have benefited from a greater selection of models, more technologically advanced vehicles, and increased automaker efficiency.

Depending on the context of usage and specific reference from literature, the term manufacturer–supplier relationship is alternately referred to as Vehicle Assembler (VA)–supplier relationship or simply as supplier relationship. The review of literature begins with an overview of the global and Indian automobile industries (Section 2.1). Section 2.2 highlights the key characteristics and difficulties of automotive supply networks, with a focus on India. Section 2.3 delves into the significance of partnerships and supplier relationships in Supply Chain Management (SCM), including major models that have been used by researchers to study collaborative practises, as well as the theoretical basis of Buyer-Seller Relationships (BSR) and its applicability in a manufacturing scenario. The categories and models of BSR are highlighted in Section 2.4, and the theoretical foundations of BSR, such as Transaction Cost Theory and the Resource Based View of the Firm, are listed in Section 2.5. The automotive industry's supplier relationship management (SRM) techniques, implementation hurdles, and important role in effective SCM are discussed [7].

The "automotive business has been widely recognised as a primary generator of a nation's economic prosperity, contributing heavily to the global economy" (3 percent of total GDP output). The automobile has been regarded as a "form and function" oriented product with a high level of engineering as well as a fashion product (Thomas 2013). Because it employs the outputs of practically all manufacturing industries (Drucker 1946) and supports upstream (mine, steel, etc.) and downstream (banking, insurance, after–market, etc.) businesses, the industry has been dubbed "the industry of industries" (AT Kearney 2013a). Electronics (sensors, actuators), advanced design techniques in assembly design–engine, brake system, steering, etc., built-in test equipment, entertainment and navigation systems, and developments in materials and design have all resulted from the infusion of technology [8].

China and Brazil are important emerging countries with healthy domestic markets and sufficient domestic manufacturing (Humphrey 1999; Gomes 2013). Because the sector relies heavily on assets, materials, and labour, it necessitates detailed operational planning and execution at all levels of management. At the 'Incubation, Penetration, and Sustainability' stages, government interventions have been a primary driving factor for the development of the automobile industry in Brazil, China, South Korea, and the United States (AT Kearney 2013a). Despite the fact that the Indian automotive industry dates back to the 1940s, it has grown significantly in the recent two decades, owing to economic liberalisation and 100% Foreign Direct Investment (FDI) in the sector (Automotive 2006) [9].

India's automotive sector, which has increased 14.4% in the last decade, is the world's sixth largest producer of automobiles in terms of volume and value. Between 2009 and 2013, the industry contributed 7% to India's GDP, 7-8% of the total employed population (about 13 million people), 4% of exports (AT Kearney 2013b; SIAM 2015), 39% of FDI inflows (USD 5.5 billion), and 17% of total indirect taxes collected. However, despite earning $4 billion in export revenues (including 1.8 billion in car component exports), the automotive sector accounts for only 2.37 percent of global production and is placed 26th in the world auto export market with a 0.53 percent share. Two-wheelers account for the majority of domestic sales (77.4 percent in 2012-13), followed by passenger vehicles (15.1 percent) and commercial vehicles (4.45 percent) (SIAM 2015). The turnover of the Indian auto component sector has increased dramatically, with a Compound Annual Growth Rate (CAGR) of 11% from 2010 to 2015 [10], and total exports of around USD 11.2 billion in 2014-15. (SIAM 2015). Significantly, the majority of exports (59.64 percent) went to Europe and North America (ACMA 2015), reflecting the industry's worldwide view and achievement of extremely high quality standards.

In 2014-15, domestic passenger vehicle sales increased by 7.2 percent over the previous year, while exports increased by 14.89 percent during the same year (SIAM 2015). First, classification of the products under buy (based on expected profit and supply risk), market study (supplier strength), evaluating overall "strategic supply position" (identify risks and opportunities), and finally determining an appropriate purchasing plan were the four stages [11]. This was one of the first studies to point to the necessity for organisations to strengthen their procurement and purchasing functions as a source of competitive advantage. Another view, the Knowledge Based View, sees knowledge and information exchange as critical resources for improving supply network performance, such as fostering trust and shared understanding. A "growing disagreement between Transaction Cost Economics and Knowledge Based View" as theories to describe supplier relationships and supplier growth strategies has been noticed by Humphries and Mena (2012) and Modi and Mabert (2007). This modern theory supports the "network approach to supply chain management" (Hoyt and Huq 2010), which is characterised by improved trust, information sharing, and a sense of participation by both partners. The foregoing assessment of the key characteristics of various BSR theories demonstrates that company partnerships play a significant role in obtaining competitive advantage, particularly in situations when firms must move beyond 'opportunistic' conduct, such as in a supply chain context [12]. These theories also reveal the foundations of the primary characteristics taken into account, such as trust, asset specificity, information sharing or communication, the business environment, and VA-supplier alliances. These constructs, as well as others, were taken into account

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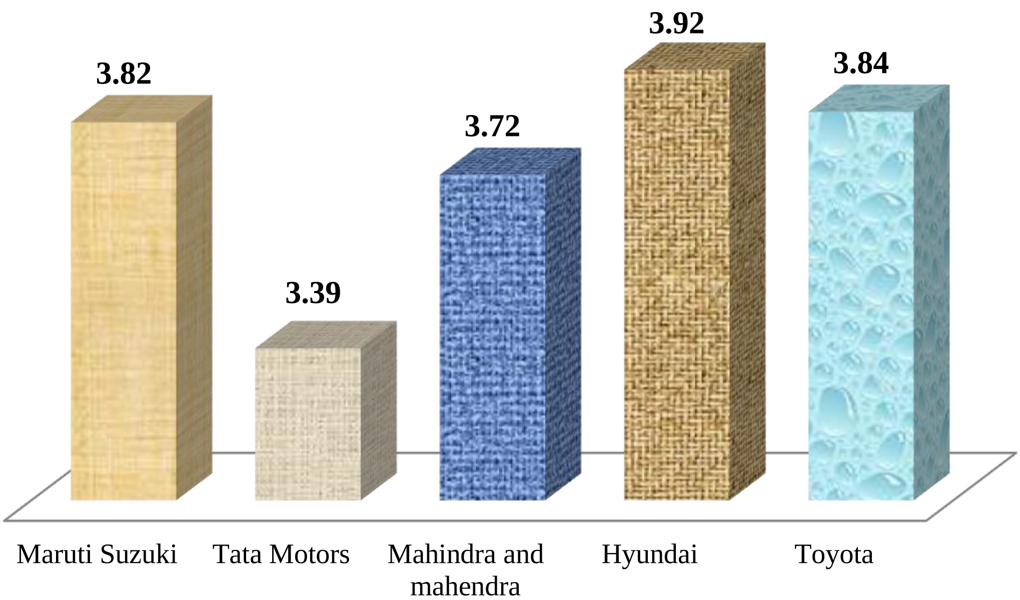
in this study, which were mostly based on these theories, particularly RBV, Transaction Cost Theory, and Resource Advantage Theory. Before looking deeper into the many features of supplier relationships, their determinants, and antecedents, it is necessary to highlight developments in the procurement function, such as outsourcing strategies, which have driven organisations to embrace collaborative methods [13].

Early outsourcing attempts relied on a transactional, arms-length relationship between VAs and suppliers, with VAs selecting suppliers and switching orders based on pricing, delivery, and quality difficulties (Womack et al 1990), resulting in a short-term business relationship at best. Suppliers may not be responsive to a specific VA's demand and quality needs, or they may lack sufficient information to innovate or enhance their products, therefore this strategy has its own set of issues. Furthermore, issues with material flow coordination may result in a wasteful inventory build-up (Womack et al 1990). However, outsourcing as a method must be used with caution, as it exposes the manufacturer to more reliance on suppliers' technological and capacity levels, as well as supply chain complications in dealing with and managing many suppliers of assemblies and components (Alaez-Aller and Garcia 2010).

2.0 Methodology

The data acquired for the inquiry is analysed and interpreted in this chapter. Customers and auto dealers from the five car manufacturers are being polled for their thoughts on the study [14].

Figure 1: Brand Awareness



The criteria for selecting sample respondents and the statistical analysis approach for comparing brand building and promotional methods in eight sectors of selected car businesses are described in this chapter. Customers' primary data on brand building and promotion techniques was obtained by a standardised questionnaire from 100 respondents of each vehicle firm, with 500 replies being used for the study. The primary data questionnaire had 56 statements that covered the following 9 dimensions.

1. Awareness of Brand
2. BrandImage
3. BrandPositioning
4. BrandTrust
5. BrandLoyalty
6. BrandAssociations
7. PerceivedQuality
8. CelebrityEndorsement
9. Factorscontributingbrandpreferences

Through a standardised questionnaire, 50 respondents representing 10 samples from each of the selected vehicle firms provided primary data on brand building and promotional techniques [15]. The primary data questionnaire had 48 statements that covered the three dimensions below.

3.0 Results and Discussion

1. Analyzed data is the subject of the study. Without studying data, it is impossible to make inferences. The study's quality is determined by the relevance, appropriateness, and trustworthiness of the data, which is based on the hypothesis. They serve as the foundation for the creation of measuring scales.
2. The interviewing method of data collection was employed by the researchers. Interviewing is the most widely used form of data collection by the researchers. It's a two-way, purposeful conversation between the interviewer (researcher) and the researcher, who was lucky enough to have his research guide in a few circumstances.
3. The researcher was a firm believer in the structured interview: This form of interview is conducted using a standardised interview with a pre-determined query, and the available responses are also mainly pre-determined. More closed ended questions are employed than open ended ones, allowing for a graphical format of all permutations through advanced information technology by using a portal through a server to record data in a more accurate and timely manner.
4. After giving it some thought, the researcher categorises the results as follows.
5. Customer questionnaires were collected and sent into the designated portal's server, which included all of the categories indicated in the feedback as well as important categories connected to the research issue that will play an important role in the study.
6. To establish comparison analysis, the second portion of data gathering is done in combination with Dealer Principles Country Head after sales questionnaire. However, the researcher created additional open-ended questions for country leaders to read their minds and measure descriptive thinking skills.

4.0 Conclusion

- Many front-desk employees, according to the survey's findings, lack the basic conversational skills to approach clients at the first point of contact. As a result, it is recommended that the dealership leadership and relevant authorities take suitable actions to improve the communication and problem-solving abilities of front-desk salesmen.

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- According to the study, 33.38 percent of buyers from five different car manufacturers disagree with claims concerning quick recall of unique features, symbols, logos, luring, description, demonstration of individual interaction, creativity, technological products, points of linkage, and item distinction.
- To counter and gain advantage of the customers' disagreement inclinations, it is suggested that, after a warm welcome, a short film of the respective automobile brands be shown, containing all inclusive details of the brand, symbol, logo, image, similarities and differentiations with respect to the respective competitors, achievements, recognitions, short narrative customers experiences from national and regional repute personalities, and even a kind of virtuoso performance. Customers and vehicle dealers and manufacturers might form far stronger bonds as a result of e-mail notifications and what's up messaging. The technique has the potential to work wonders in terms of brand image, identity, and associations, as well as providing superior word-of-mouth advertising for vehicle dealers.
- Customers are more worried with perceived quality, interiors, mileage, and fuel efficiency, according to the research. As a result, it is recommended that the pertinent technical details of OEMs, their manufacturers, and their related quality certification, as well as star ratings for different components used in the assembly of the car Industry associations and recognitions, be printed in company brochures and company magazines. These kinds of transparent dealer initiatives can help buyers trust the brand and have more favourable associations with it. Finally, because he or she has been rewarded with the greatest possible technical specifications and product related features, customers can feel more secure, comfortable in making purchase-related decisions, and will undoubtedly create a stronger identity with the brand.

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