A STUDY ON LUXURY CARS IN INDIA: A THEORETICAL FRAME WORK

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ABSTRACT

Globalization and liberalization is very evident in automobile industry, with the entry of many prominent foreign manufacturers. Since early 1990"s Manufacturers such as Ford, General Motors, Honda, Toyota, Suzuki, Hyundai, Renault, Mitsubishi, Benz, BMW, Volkswagen and Nissan set up their manufacturing units in India in joint venture with their Indian counterpart companies, by making use of the Foreign Direct Investment policy of the Government of India, These manufacturers started capturing the hearts of Indian car customers with their choice of technological and innovative product features, with quality and reliability. Indian markets have seen an increase in the demand of luxury items especially Luxury Cars. Another important fact is that the demand for such cars is not only increased in Tier-I cities but has increased even in Tier-II & Tier- III cities. Considering such shift in buying preference, the global premium luxury cars brands like Audi, BMW Aston Martin, Lamborghini Mercedes, Rolls Royce and others are now eyeing the Indian Market. The conceptual study of brand building in Indian market of these luxury brands is also analysed, as they see huge potential in Indian buyers and are planning to even establish their showrooms and manufacturing units in India. The automobile industry in India is expected to be the world's third largest by 2016.This paper is will analyse the luxury car market in India over the years and how the buying perception of Indian consumers has changed. The ABCD new business model will provide techniques to analyse the luxury car market in India and will provide guidelines for the research.

Key words: Luxury cars, Indian consumers, Brand and Indian market

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Introduction:

India is becoming popular for its economic growth and luxury brand coming into the country. Brand managers mostly discuss about countries changes, not only in terms of economy but also changes in consumers attitude, spirit and identity. Also making a point till recent years, many international luxury brands were hesitant to enter this market and has mentioned that they had used the strategy of waiting and observing the market trends closely, but in recent times, there was a sudden turn around and India became the spotlight. The demand of luxury goods has been increased drastically. In the recent years the Indian luxury market has grown drastically since 2006 and is estimated to reach around 14 billion USD .This growth in the luxury market in India is the result of 150,000-plus HNIs (high net worth individuals) with a net worth of $600 billion. The big number of 3.1 million households earning more than Rs.10 lakh in the top 10 cities (Mumbai, Delhi/NCR, Bangalore Kolkata, Pune, Chandigarh, Hyderabad, Ludhiana, Chennai and Ahmadabad).

The increase in disposal income has made Indian consumers more brand conscious. This change in the buying pattern is a clear reflection of that and this is leading to changing lifestyle of the affluent class in the country. The luxury segment of India where the product range is above 25lakhs is growing at a pace of 20% or above during recent years. Now coming into The Indian luxury car market is still evolving. Of the total of around 2.5 million cars sold in India, only about 35,000 units are luxury car. "This accounts for only about 1.5 per cent penetration of the total industry volumes, "In comparison, the global penetration is more than 10 per cent. In Europe alone, luxury cars account for about 30 per cent of the total cars sold.

This indicates that the luxury car market is a fast growing segment. "In the past few years, the market is growing at a rapid pace, "Overall, the segment is growing at almost 15 per cent year-on-year. Sales are driven by new vehicle launches in the lower and SUV segments." Industry experts estimate that by 2020, luxury car penetration in India will grow to 3 per cent and the luxury car volumes will touch 1, 50,000 units in the total industry volumes of about 5 million units. That means an almost five-fold increase. To tap this huge market potential, luxury automakers are expanding their production portfolios and increasing their distribution networks extensively. The Indian market poses myriad challenges in terms of diversity of regions, customer preferences as well as business opportunities. "Every market within India has different business requirements and requires separate strategy for growth and Mercedes Benz have been able to customise their services to suit the demanding Indian customers and keep innovating and listening to what customers want from a luxury automobile brand.

PCD Model: a conceptual model for building brands:

Based on the literature review and three case studies of Indian brands, the conceptual model for brand building incompetitive markets, known as PCD Model, has been proposed. The three elements of this model namely positioning the brand, creating the brand awareness, and delivering the brand performance.

POSTIONING THE BRAND	CREATING BRAND AWARENESS	DELIVERING THE BRAND PERFORMANCE
➢ FEATURES ➢ TANGIBLE ATRIBUTES ➢ DURALIBITY ➢ QUALITY ➢ COMFORT ➢ OWNERSHIP STATUS	➢ ADVERTISING CAIMPAIGN ➢ THEMES ➢ CELEBRITIES ➢ EVENTS ➢ SHOWS ➢ CONSUMER	➢ PRODUCT PERORMANCE ➢ SERVICE PERFORMANCE ➢ CUSTOMER CARE ➢ CONSUMER SATISFACTION ➢ CUSTOMER DELIGHT

Positioning the Brand:

Positioning is related with creating the perception of a branding the customer's mind and of achieving differentiation that it stands apart from competitors' brands/offerings and that it meets the consumer's needs/expectations. Brand marketer's major objective should be to create the desired perception in the target consumer's mind. A brand position is part of the brand identity and value Proposition that is to be actively communicated to the target audience and that demonstrates and advantage over competing brands.

A brand position is part of the brand identity and value proposition that is to be actively communicated to the target audience and that demonstrates and advantage over competing brands A well positioned brand has a competitively attractive position supported by strong associations, such as high rating on a desirable attribute like Friendly service or easy service. The branding should focus on adding psychological value to products, services, and companies in the form of intangible benefits – the emotional associations, beliefs, values, and feelings that people relate to the brand. by strategically positioning it in the minds of the target audience, the company can build a strong identity or personality for the brand. The luxurious and strong brands, build their brand equity with both to the actual quality of the product or service and to various intangible factors. Those intangibles include "user imagery" (the type of person who uses the brand); "usage imagery" (the type of situations in which the brand is used); the type of personality the brand portrays (sincere, exciting, competent, rugged); the feeling that the brand tries to elicit in customers (purposeful, warm); and the type of relationship it seeks to build with

its customers (committed, casual, seasonal). The strongest brands stay on the leading edge in the market. Brands that are well positioned occupy particular niches in consumers' minds.

Creating Brand Awareness:

A brand needs to carve a vision of how that brand should be perceived by its target audience. The brand positioning helps in prioritizing the focus of the brand identity and resultant communication themes which enable the company to set for the communication objectives such as the type of message, brand differentiation to be achieved, and themes that appeals to the target customers. Advertising that is creatively executed helps the brand to break the clutter and build strong impact in the target market. The challenges faced by companies in building brands are to be noticed, to be remembered, to change perceptions, to reinforce attitudes, and to create deep customer relationships A differentiated,"ownable" brand image can build an emotional and rational bridge from customers to a company, a product, or a service. The intangible factors used in building brand equity include "user imagery", "usage imagery", the type of personality the brand portrays, the feeling that the brand tries to elicit in customers, and the type of relationship it seeks to build with its customers The major channels of communications used widely to position the brands in the minds of consumers are advertising, direct marketing, sales promotion, sponsorships, endorsements, public relations, the Internet, and integrated brand communications. Successful brands are built through creative repetition of themes in various types of media. Use of emotions in advertising that appeals to the hearts and minds of the people results in an emotional relationship with customers. A brand is the amalgam of the physical product and the notional images that go with the brand. Brand awareness is the ability of a potential buyer to recognize or recall that a brand is a member of a certain category products. Better advertising is born out of a total understanding of all the variables impacting the brand such as new consumer trends, new competition, or new technological breakthrough. Brand identity hinges on who consumers are as individuals, the environment in which they live, and the signals sent from the brand itself. A brand's messages are received through a series of filters that exist within each consumer's life. The most successful brands keep up with competitors by creating points of parity in those areas where competitors are trying to find an advantage while at the same time creating points of difference to achieve advantages over competitors in some other areas. It is necessary to develop and implement long-term integrated communication strategies demonstrating the brand's value to the target customers. The message should be consistent with the brand value, brand personality and other brand identity dimensions. Strong brand helps the company in positioning and extending its Brand and have a greater influence on the customer purchase processes.

Delivering the Brand Performance:

Companies need to continuously track their brands against the effect of competition, especially in the face of aggressive competition. They should track their the progress as to how their brands are doing in the marketplace, and what impact certain market interventions will have on the brand equity. Progress can be monitored in terms of the level of purchasing, consumption, brand recognition, brand recall, advertising awareness, etc. This approach will enable brand marketers to assess the effect of marketing campaign in influencing the target consumers, which in turn leads to measure the brand strength. The transaction analysis enables the company to assign brand team members the task of experiencing all the steps a customer might go through to see how the system makes the customer feel. In Luxury product-driven companies, service is playing an important role in the brand experience as they view the brand in terms of its entire relationship with their customers. Progressive company cultivates its brand philosophy across functional lines throughout the organization, evaluates all contact points with customers and streamlines organizational processes to meet customer needs and deliver a consistent brand experience. A manufacturer's existing brands are potentially vulnerable to successful new brands from competitors. It is, therefore, in the manufacturer's interest to maintain the relative functional excellence of its existing brands. This means continuously upgrading their performance. Brand loyalty may be viewed as a link in the chain of effects that indirectly connects brand trust and brand affect with the market performance aspects of brand equity. Brand loyalty is a measure of the attachment that a customer has to a brand and it reflects how likely a customer will be to switch to another brand, especially when that brand makes a change, either in price or in product features. Brand loyalty represents a favourable attitude toward a brand resulting in consistent purchase of the brand over time and it is the result of consumers' learning that one brand can satisfy their needs. Brand loyalty reflects the commitment of a customer to re buy the company's products consistently in future. Customer retention can be achieved only through fostering premium loyalty by establishing an emotional as well as a normative attachment between the brand and the consumer. The companies need to set "operational standards" in all areas affecting day-to-day brand-related activities which can be applied to behaviours, management practices, service provision, customer relationship management, performance achievement, and so on. The specific marketing effects that accrue to a product with its brand name can be either consumer-level constructs such as attitudes, awareness, image, and knowledge, or firm-level outcomes such as price, market share, revenue, and cash flow. The operational standards reinforce the assurance to target customers that the brand promise will be delivered to them.

Case Studies: Case studies of three major luxury car brands were undertaken to analyse the approach for brand building adopted by them. The action points suggested through case studies reinforced the proposed PCD model for brand building.

BRAND ATTRIBUTES	AUDI	BMW	MERCEDES BENZ
Positioning the Brand	Innovative technology and superior Luxury	Elegance, rich and dynamic	Strong and safety with rich heritage in the segment
Creating Brand Awareness			
Promotion	Auto Shows, Business channels,social media	create touch points like professional golf tournaments, wine tasting sessions and events with fashion designer	Perfection fascination through TVC and Print.
Delivering the Brand Performance			
Product Performance	Luxury cars for all class of society	Tailored made cars for Indian luxury car market	State of art image and appal to connoisseur
Service Performance	Good service network with presence in tier I and tier II cities in India	One of the Best service network in luxury segment	Great presence across major cities in India with excellent network.

Conclusion:

The Indian market is the most targeted and many of these brands have even started the manufacturing in the country. There is no doubt that in India the trends are changing; the people are now becoming more brand and quality conscious. The luxury car buyers are ready to pay premium price to buy a quality products. The new generation customers are very informed due to introduction of internet and more press coverage. This is also helping the buying decision of consumers as they compare more models, the designs, the brands and other related features. Paper discusses the PCD model for building brands. The luxury car brands like AUDI, BMW and Mercedes have used this concept for their brand management. The four stages suggested in PCD model namely, positioning the brand, communicating the brand message, delivering the brand performance, and the can enable companies to build strong in Indian luxury car market.

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