

## **Product and Brand Building Strategies – A Study Of Hyundai Motors**

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**Abstract:** *Framing of marketing strategies of automobile companies is a very important and difficult task. It is so because they are facing lot of competition from other automobile companies. To stay in the market and to increase sales, they have to frame their marketing strategies by keeping in mind the characteristics of the market, the needs of the buyers and keep an eye on the strategies of the competitors.*

*Product and brand building strategy is a part of marketing strategy and it plays an important role in the success of automobile companies. Formulation of product and brand building strategy is also a difficult task as the automobile companies has to recognize stage of the product in its lifecycle and then frame the strategies by keeping it in its mind and also try to frame proper brand building strategies so that it can build the brand name of the company in the minds of the customers. In the different stages of the product lifecycle different strategies have to be framed like during the introduction stage, it should create primary demand for the product, in growth stage it has to retain the market share and likewise different strategies have to be framed during the maturity and decline stage.*

*As Hyundai Company is one of the reputed automobile company in India which has occupied second place in the market share of automobile companies, this paper tries to study the product and the brand building strategies of the Hyundai Company in India.*

**Keywords:** *automobile company, competition, marketing strategy, product and brand building strategy.*

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### **I. Introduction:**

The Automobile Industry in India is the eleventh largest in the world with an annual production of approximately two million units. India is expected to overtake China as the world's fastest growing car market in terms of number of units sold and the automobile industry is one of the fastest growing manufacturing sectors in India. A number of Industries are dominated, globally by large corporations, which are now called by different names MNCs, TNCs or International corporations. A significant share of the world's industrial investment, production, employment and trade are accounted for by over 65000 MNC's with over 8, 00,000 affiliates. The Multinational Enterprise is a company that takes a global approach to foreign market and production. It is willing to consider market and production location anywhere in the world. A Transnational Company (TNC) is a company owned and managed by nationals in different countries.

### **Literature review**

K.S. Venugopal Rao (1996) has conducted a study of marketing strategies for emerging markets. The world economic order is changing and changing very fast. Emerging markets are characterized by some unique features which can be applied to all situations like mass dispersed markets; penetration is abysmally low in key product categories. Emergence of information technology, high level of conspicuous consumption, antiquated rules and procedures, shift from a protectionist regime to a free market economy, a young and vibrant services economy are characteristics of emerging market in India. Yaseer Maharoff (2000) has illustrated some marketing strategies for firms in emerging markets. Despite the billions of untapped consumers in the world's emerging markets, multinational firms often flounder in areas such as Eastern Europe, China, India and Latin America. Corporations are quickly realizing the local consumers do not reciprocate with enthusiasm. While failure is often attributed to market difficulties, more often it can be traced back to the multinationals inability to recognize the fact that emerging markets are different. Marketing i.e., those that rely on product innovation, fine segmentation, high margins and global brands do not necessarily work in emerging economies.

According to Ahmadi, R., & Yang (2006) marketing strategy encompasses the strategy involved in the management of a given product. A given firm may hold numerous products in the marketplace, spanning numerous and sometimes wholly unrelated industries. Accordingly, a plan is required in order to effectively manage such products. Evidently, a company needs to weigh up and ascertain how to utilize its finite resources. For example, a start-up car manufacturing firm would face little success should it attempt to rival Toyota, Ford, Nissan, Chevrolet, or any other large global car maker. Moreover, a product may be reaching the end of its life-

cycle. Thus, the issue of divest, or a ceasing of production, may be made. Each scenario requires a unique marketing strategy.

**Multi-national companies in India:** The beginnings of automotive industry in India can be traced during 1940s. After the nation became independent in the year 1947, the Indian Government and the private sector launched their efforts to establish an automotive component manufacturing industry to meet the needs of the automobile industry. The growth of this segment was however not so encouraging in the initial stage and through the 1950s and 1960s on account of nationalization combined with the license raj that Audi, BMW, Fiat, Ford Motors, General Motors, Honda, Hyundai, Toyota, Skoda, Mitsubishi Motors, Mercedes-Benz, Renault Nissan entered into the Indian market. Bergen, M., Heide, J.B. (2000)

According to Cavusgil, S.T., & Sikora, E (2000) the marketing strategies for small car segment in India was hampering the private sector in the country. However, the period that followed 1970s, witnessed a sizeable growth contributed by tractors, scooters and commercial vehicles. Even till those days, cars were something of a sort of a major luxury. Eventually, the country saw the entry of Japanese manufacturers establishing Maruti Udyog.

During the period that followed, several foreign-based companies started joint ventures with Indian companies. In 1953, the Indian initiated manufacturing processes to help develop the automobile industry, which had emerged by the 1940s in a nascent form. Between 1970 to the economic liberalization of 1991, the automobile industry continued to grow at a slow pace due to the many government restrictions. A number of Indian manufactures appeared between 1970-1980. Many manufacturers entered the Indian market ultimately leading to the establishment of new joint venture companies. A number of foreign firms initiated joint ventures with Indian companies. Cespedes, F.V., Corey, R.E., & Rangan, K (1996).

According to Jack Herman (2010) Indian automobile sector is set to emerge as the global leader by 2012. In the year 2009, India rose to be the fourth largest exporter of automobiles following Japan, South Korea and Thailand. Experts state that in the Indian Automobile Industry at present, about 75 percent of India's automobile industry is made up by small cars, with the figure ranking the nation on top of any other country on the globe. Over the next two or three years, the country is expecting the arrival of more than a dozen new brands making compact car models.

According to Bucklin, L.P (2008) automotive giants of India including General Motors (GM), Volkswagen, Honda, and Hyundai, have declared significant expansion plans. On account of its huge market potential, a very low base of car ownership in the country estimated at about 25 per 1,000 people, and a rapidly surging economy, the nation is firmly set on its way to become an outsourcing platform for a number of global auto companies. Some of the upcoming cars in the India soil comprise Maruti A- Star (Suzuki), Maruti Splash (Suzuki), VW Up and VW Polo (Volkswagen), Bajaj small car (Bajaj Auto), Jazz (Honda) and Cobalt, Aveo (GM) in addition to several others.

According to Corey, R.E., & Rangan, K (2006) Automobile industry in India is one of the fastest growing automobile industries and has made its position in the world market. The Indian automobile Industry is currently growing at a remarkable pace of around 18 % per annum. The technological changes and progress successfully led to the progress of automobile sector in India. The main reason behind this tremendous progress is the economic liberalization by Indian government. The Indian Automobile industry is growing in all respects and it is also serving as an important source of employment. Innovation and new product launches are a major factor driving growth in sales of cars. A wide distribution & service station network is a key to growth in India. The automobile sector is expected to witness strong growth and improve its share in global markets too.

According to Clarke III, I., & Owens, M (2002) to cover the high costs of product development and the setting up of production facilities to cater to local demands, many global automobile giant manufacturing strategies is to assemble vehicles at scale economies and offload them to their franchise dealers. To keep agency problems with their franchise dealers in check, manufacturers implement the market-division strategy and the associated penalty system. MNCs manufacturing and distribution strategies partly contribute to the existence of regional differences in the pricing and availability of specific models and specifications of vehicles. These necessary conditions allow opportunistic parallel traders to engage in arbitrage.

**Objective of the study:** To identify the product strategies and brand building strategies of Hyundai automobile companies.

**Research methodology:** The data for this research has been collected through the personal interview method by using the structured questionnaire. The various managers of the Hyundai Company were contacted and the required information for this research was collected.

## II. Data analysis and interpretation

### Product Specification

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	petrol engine	9	45.0	45.0	45.0
	diesel engine	6	30.0	30.0	75.0
	duo	5	25.0	25.0	100.0
	Total	20	100.0	100.0	

The table above shows that Hyundai Company is selling all the three types of product in the market. It does so by using the mixture of all the three specifications that is petrol engine cars, diesel engine cars and also the duo engine cars which run with both petrol and auto gas.

### PRODUCT BENEFIT STYLE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	11	55.0	55.0	55.0
	No	9	45.0	45.0	100.0
	Total	20	100.0	100.0	

The above table reveals that 55% of the respondents are of the opinion that the product benefit of Hyundai is style. Only 45% of the respondents think that style is not the product benefit of Hyundai.

### DUAL FUEL

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	no	9	45.0	45.0	45.0
	yes	11	55.0	55.0	100.0
	Total	20	100.0	100.0	

The above analysis indicates that 55% of the respondents above feel that benefit of the Hyundai product is the dual fuel engine product that it offers to the customers. 45% of the respondents are of the opinion that it is not the product benefit of Hyundai. They feel that Hyundai provides other product benefits.

### VALUE FOR MONEY

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	20	100.0	100.0	100.0

The Hyundai Company provides full satisfaction to the customers by providing value for their money. Respondents who are managers of Hyundai Company agree with this opinion.

### GLOBAL STANDARDIZATION

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	13	65.0	65.0	65.0
	No	7	35.0	35.0	100.0
	Total	20	100.0	100.0	

Only 35% of the respondents are of the opinion that their product is not offering global standards to its customers. 65% of the respondents felt that the Hyundai product does maintain global standards. Not all the

models of the company meet the global standards. So the majority of the respondents said that their product is benefitting their customers with this factor.

**RESALE VALUE**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	16	80.0	80.0	80.0
	yes	4	20.0	20.0	100.0
	Total	20	100.0	100.0	

Majority of the respondents i.e., 80% of them feel that Hyundai cars do not have resale value. Only 20% of them are of the opinion that they have resale value.

**REASON FOR INTRODUCING NEW PRODUCT**

	Observed N	Expected N	Residual
company policy	20	20.0	.0
Total	20		

The reason for introducing a new product is the policy of the company and not the innovation or the counter attack strategy in response to competitors' strategies. It is just the policy of the company to come up with new models and variants.

**CUSTOMER REASON FOR PURCHASING**

	Observed N	Expected N	Residual
style	2	6.7	-4.7
service	8	6.7	1.2
fuel efficiency	10	6.7	3.2
Total	20		

50% of the respondents think that customers are buying their products as their products are fuel efficient. 40% felt that it is the service they are offering to the customers which makes them to buy their products. Only 10% are of the opinion that style is also a reason which makes the customers to prefer their products.

**CUSTOMER SERVICE RECORD**

	Observed N	Expected N	Residual
fully satisfied	20	20.0	.0
Total	20		

All the managers of Hyundai Company think that customers are fully satisfied with the service offered by them. They have collected feedback from customers about their service and based on that they have concluded that the customers are fully satisfied with the type of service they offer.

**INCENTIVE FOR MULTIPLE PURCHASES**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	6	30.0	30.0	30.0
	no	14	70.0	70.0	100.0
Total		20	100.0	100.0	

The above table reveals that 70% of the respondents do not offer any incentive for multiple purchases made by customers. Only 30% of them are providing incentives for the multiple purchases by customers. They adopt such a strategy to attract customers to buy and retain their products.

**ADVERTISING MEDIUM**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Television	8	40.0	40.0	40.0
Internet	6	30.0	30.0	70.0
Newspaper/Magazine	6	30.0	30.0	100.0
Total	20	100.0	100.0	

The Hyundai Company is using a mix of available advertising media to advertise their products. It uses a blend of the advertising media like television, internet and it also uses newspapers/magazines. 40% of the respondents use television and 30% each of the respondents said that they use internet and newspapers/magazines as advertising media.

**CELEBRITY**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	20	100.0	100.0	100.0

All the respondents of Hyundai Company are of the opinion that they should use celebrities to endorse their brands. They know that the use of celebrities can result in increase in sales of their product.

**III. Brand Building Strategies**

**EXTENSIVE ADVERTISEMENT**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	20	100.0	100.0	100.0

All the respondents are of the opinion that they should use extensive advertisement as one of the brand building strategy. Through this they can build their brand and make an impact on the minds of customers.

**BRAND WITH SOCIAL CAUSE OR EVENT**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid no	20	100.0	100.0	100.0

None of the respondents associate their brand with social cause or event to build their brand. They use the other strategies to build their brands.

**BRAND AWARENESS CAMPS**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	20	100.0	100.0	100.0

The Hyundai Company does organize brand awareness camps as it is used extensively as one of the brand building strategies by the entire respondents.

**BRAND AMBASSADORS**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	14	70.0	70.0	70.0
no	6	30.0	30.0	100.0
Total	20	100.0	100.0	

The above table reveals that 70% of the respondents have brand ambassadors to promote their brands. 30% of them are of the opinion that they do use brand ambassadors to build their brand. This strategy is not a popular strategy of brand building for the Hyundai Company.

**HONEST DELIVERY OF BRAND EXPECTATION**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	20	100.0	100.0	100.0

The above table shows that all the respondents feel that they are honestly delivering the expectation from their brand to their customers. Whatever is the expectation of the customers the company is honestly delivering it and it is one of the brand building strategies adopted by the company.

**DESIGNING & BUILDING NEW COMMUNICATION CONCEPT**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid no	20	100.0	100.0	100.0

The above table shows that none of the respondents use designing and building new communication concept as their brand building strategy. They effectively use the other strategies available.

**IV. Conclusion**

From the outcome of the study conducted the following conclusions can be drawn. The Hyundai Company is selling all the product specifications that are available like petrol, diesel, and duo. The respondents were of the opinion that their company is benefitting the customers with global standards but not with all the models. The respondents also felt that the main reason why the customers prefer their products is the fuel efficiency of the Hyundai cars and also the type of the service offered by them. Hyundai Company is effectively utilizing all the advertising mediums that are available to build their brand in the market and it is extensively using advertisements in all the available mediums.

Hyundai Company organizes brand awareness camps at regular intervals to popularize its name in the market. It uses famous personalities as the ambassadors of their brand to attract the customers towards them. Hyundai Company is delivering the expectations of the customers towards its brand truly because of which it is popular in the Indian automobile market and also it is successful in attracting the customers of other brands towards itself. If the same trend continues it may be the number one automobile company in India with larger market share.

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