

## Impact on Branding and Sales in Automobile Industry B. M. W

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**Abstract:** The Automobile Industry is on a high rise. There are many opportunities in the sector, and especially in the emerging economies like China, India. It has become imperative for companies to have a unique plan on place to attract the potential customers, who are having a wide array of options to choose from. This research study is meant to understand effect of branding and promotional activities on one of the Auto sector giant, BMW.

This era is marked by cut throat competition, and branding has always been a prime factor from where not only you get business, but also you may end up paying to competitors due to bad decisions. A brand normally helps product of a company to stay different from other competing products available in the product. Brand has several dimensions like name, logo, image, slogan, picture or a combination of all these.

The term Brand Equity is often used by marketers in order to assess the perceived value of a Brand by customers. Brand creates an image in the mind of customers about the product, quality and the services of the company. Due to increase in Globalization, firms try to acquire model, which caters to the need of all countries across the Globe.

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### Introduction

The Automobile Industry is on a Roller-Coaster ride with high growth rate; it's looking as if different stakeholders of the industry like suppliers, manufacturers, retailers and others are mining gold (Erich, 2000). In Automobile Industry, firms promote their brands by following a number of methodologies.

If we talk about Automobile industry, there are number of methodologies used by firms to promote their brands. In branding department, the initiatives taken are the major attraction of marketing mix. The Automobile Industry is not something very different and follows a number of different channels of promotion like newspaper, television, Internet. Moreover, it's mostly preferred to connect to the consumers by following below line methods. In this customer is approached on a more personal level. The activities that automobile industry is using these days are personal selling, placing in malls, direct contacting (Holt, DB, 2004).

The Automobile Industry is on a high rise. There are many opportunities in the sector, and especially in the emerging economies like China, India. It has become imperative for companies to have a unique plan on place to attract the potential customers, who are having a wide array of options to choose from. This research study is meant to understand effect of branding and promotional activities on one of the Auto sector giant, BMW.

This era is marked by cut throat competition, and branding has always been a prime factor from where not only you get business, but also you may end up paying to competitors due to bad decisions. A brand normally helps product of a company to stay different from other competing products available in the product. Brand has several dimensions like name, logo, image, slogan, picture or a combination of all these. Due to increase in Globalization, firms try to acquire model called Global Branding Model, which cater to the need of all countries across the Globe and has a number of benefits.

**Local Branding:** Today most of the companies are doing local branding, as it helps the brands to project a consistent image across continents. Most of the companies having presence in many countries suffer from an image problem, as it fails to project same image all over the globe. In one country the same brand is considered as style statement, while it's considered as a traditional or historic brand in other country.

**Global branding:**The global branding has many benefits, as it has to project the same image across all continents; it helps to reduce the cost for brand. The companies don't need to specifically think for different strategies for each country. So, it not only saves much cost spend on these things, but also saves energy and effort. (Olins, Wally, 2003)

**Reduce Cost:** The cost incurred on branding activities must be taken into account. The brands go for a cost benefit analysis, by help of which they can invest right amount of money into the branding activities and company will not go out of its budget. Consumer interprets a brand on the basis of the perceptions made by the marketers over time. In "The Brand Mindset", author Duane E. Knapp has defined a brand as the sum of all impressions received by the customers. A brand in general conveys following information to the customers:

**Attributes:** Brands try to highlight the attributes of product and give information to existing customers and also helps to make new customers.

**Benefits:** It's mandatory for a brand for being successful to transform attributes to emotional and functional benefits. Some of the attribute that define fashion, style and how modern a person are transformed into emotional benefit, whereas customer who is not ready to buy more clothes is transformed into functional benefits.

**Values:** If we talk about any brand in World, most of them have something with which they can easily associate themselves. .

**Culture:** Brands also represent a certain culture, which is normally projected to consumers by different modes of communication mediums.

**Personality:** Brands communicate personality status, whether a brand cares for consumer's family, status, and himself.

**User:** Brands clearly try to define their user segment. Thus brands invest a lot proportion of their revenues in order to create an image in target customer's mind.

**Value and Significance of a brand:** Firms always pay a due respect to Brand Value. Thus most of the companies spend most of their efforts in order to build brand. Even the company can't think of existence without brand name.

### **Factors That Push Forward the Automobile Sector**

There are several growth parameters in the automotive sector. There are many first of its own kind in the automobiles sector which are stated below:

- Every industry is related to one or the other industry in any manner. There are number of industries that depend on a major extent on the automobile industry. The products manufactured by these industries are consumed wholly or partly, either directly or indirectly to fit in the automobiles or providing facility. Some of the industries that are majorly affected are paint industry, rubber, steel, aluminum, petroleum and glass.
- The automobile industry has always proven to be a growth generating sector. It has an unprecedented capability to take out as many investments from foreign countries as possible. This is the only reason why it's growing at a much rapid speed.
- The automobile industry has been a fore runner in the growth of technology and use of new technologies for operations. The automobile industry every year invests a large amount of money in Research and Development, which benefits the companies to come out with a meaningful product and gives an edge over its competitors.
- The world is witnessing a change in the dynamics of economy across the globe. Due to increase in the income levels of people living in developing nations like India and china, there is a huge demand of low cost two-wheelers and four-wheelers.
- The automobile sector proves to be a major employer for countries. According to recent facts, the industry is employing 19 mn employers across the globe.
- Like other industries, automobile industry also depends on other industries for growth. Some sectors such as infrastructure, roads being one of the major concern. The availability of easy finance for purchasing, price of diesel and petrol, also are one of the major concerns (Holt, DB 2004).

### **Aim of the Study**

- The main aim of carrying out this research is to collect data, study and then analyze that data.
- To find out the effect of branding and promotional strategies used by BMW and on its sales.

### **Objectives of Research**

- To carry out a research, in order to find out the correct processes used for branding of the spare parts of BMW
- To understand the effects of branding at the overall sales of BMW.
- To find the ways in which BMW does branding of its products.

### **Literature Review**

In the case related to the automobile industry, the prime concern is to assess the earlier researches carried out, and how the value can be added by understanding the problems involved or limitations in the research. Thus, the first step is to assess the sales promotion strategies by taking care of automotive industry.

Today brand communication is one of the major aspects, and automobile industry pays much greater concern to enhance sales by communicating their brand to the customers. Thus making a brand famous and

letting others know about product and offerings is a major factor in automobile industry. Around 75% of money is invested by companies to communicate this message to the customers. This planning to invest a particular amount of money is done during budget allocations. Manufacturers encourage their marketing and branding team to create an image, a quality, style and personality amongst customers that influence customers to make a purchase (Kotler, Gary Armstrong, Veronica Wong, John Saunders: 2008).

Most important is to consider the goal of the company in order to achieve the targets and effective management of brand. Thus identification of the goals helps in the proper management of the brand. Image that companies want to emphasize should be able to clearly outline personality of the company in a right manner. When companies do branding of their product and services than it must depict the core competencies of the brand (Holt, DB: 2004).

Effective management in an organization is required, if the firm wants to create a strong brand image for it and positions it correctly. A strong brand image acts as an asset for the company. Therefore companies must do complete analysis before taking any decision related to management of their brand. Which will result easily achieve its goals. (Holt, DB:2004).

## Research Methodology

### Research Question

There are large set of questions that this research would try to answer. Some of them are stated below:

- In the case of Automotive Industry, find out the effect of branding and promotion strategies in reference to BMW.
- Know several advantages of brand management in this cut throat competition and to find out whether the companies should use brand management's power and use portfolio management in the first place.
- To define benefits of branding, promotional activities in reference of automobile industry.
- To look in to the auto motive sector and predict it's future.

The research undertaken currently comes with some solutions which are satisfactory and were stated above. In the case of automobile industry, the researcher would utilize several other data collection methods, along with some facts, figures which may prove of great significance.

### Sampling method used for this research:

The sampling method used for the research method is Deliberate Sampling. Deliberate Sampling is also known as Non-Probability Sampling. In this method some units are deliberately selected from the units of universe for making a sample, the unit selected can be considered to represent the universe. In Deliberate sampling, when the selection is based on the ease of access to the sample it is known as Convenience Sampling. This method is basically used for knowing the perception of the consumers of BMW.

### Population & Sampling-

For the research the size of the sample taken is 100. The sample selected is from the consumers of the automobile industry and specifically the consumers whose inclination to use BMW is more. Method used to collect the data is communication via electronic mail, this method is selected to assure the completion of the research in time. The questionnaire designed consists of all the problems to be found out. The questions are designed in a interactive manner so that the respondents fill the questionnaire accurately and timely. The result derived from the survey can be generalized for population of the universe.

## Data Assessment

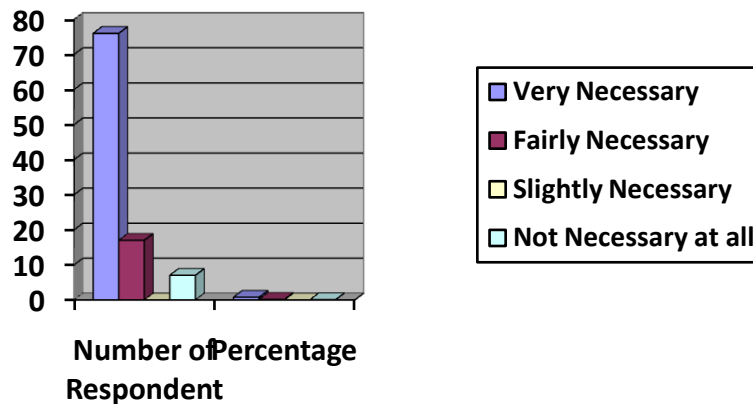
A number of advantages are associated with brand building and sales promotion activities. The maximum advantage of brand building is that brand becomes a known name amongst consumers and many people start recognizing the brand. Apart from this people start to notice the brand and its products, and also brand makes product of any company to stay differentiated from clutter of several other brands in the market. The data collected is assessed through MS Excel, SPSS, etc. In this case, the count of respondents is limited to 100.

## 4.1 ANALYSIS

### 1. Should branding and promotional activities are necessary in any organisation?

A large number of respondents agree that branding and promotional activities are of great importance in the organizations. It not only helps to boost sales, but also made people aware of the new products and many more.

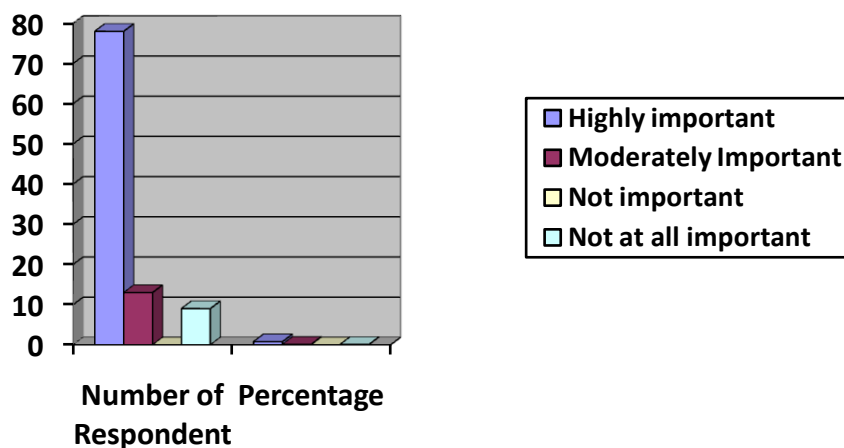
Responses	Number of Respondent	Percentage
Very Necessary	76	76%
Fairly Necessary	17	17%
Slightly Necessary	0	0
Not Necessary at all	7	7%



2. As an organization should BMW resort to branding and promotional activities?

The majority of the respondents gave an immediate positive response and said that it is extremely for BMW to carry branding and promotion activities as it's directly going to affect the sales of company. However, just 13% of the respondents feel that it's not that important.

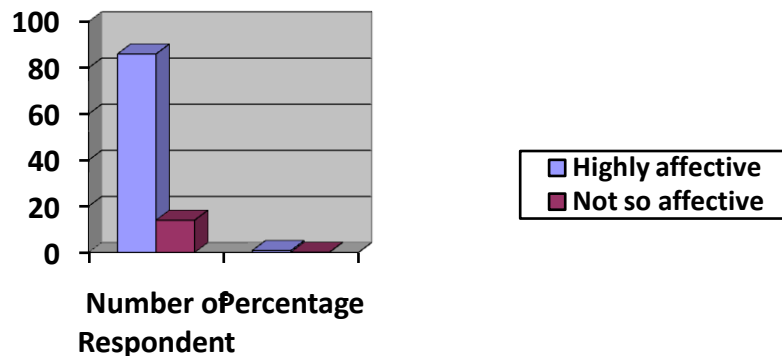
Responses	Number of Respondent	Percentage
Highly important	78	78%
Moderately Important	13	13%
Not important	0	0
Not at all important	9	9%



3. What do you think about the branding efforts carried out by BMW, and how do rate it?

Majority of respondents i.e.86% opined that BMW's branding efforts has very high effect on different consumers. The behavior of customers can be altered by the help of Branding.

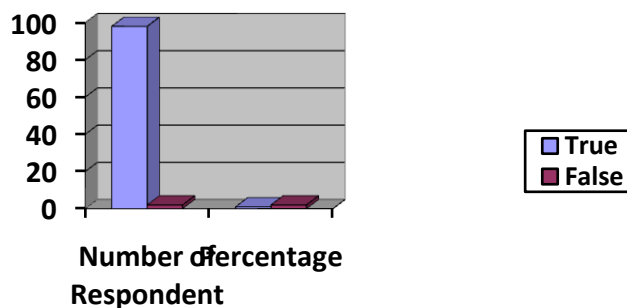
Response	Number of Respondent	Percentage
Highly affective	86	86%
Not so affective	14	14%



**4. Is it true that branding and sales promotion activities are done to attract customers?**

Of all 98 percent respondent agree on the fact that branding and promotional activities play a very crucial role in creating brand image. In the automobile industry it stands at 98%. Only 2 percent of respondents disagree on the statement that these activities attract customers.

Response	Number of Respondent	Percentage
True	98	98%
False	2	2



**5. Companies use which type of promotion methods to attract customers?**

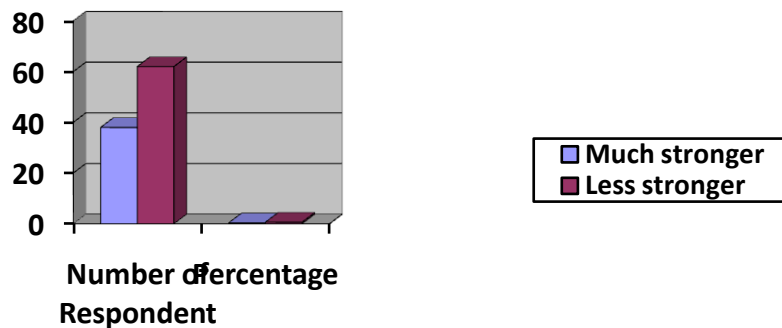
Firms are using a number of promotion methods in order to attract customers like:

- The advertisements appearing on television are one of the most old, traditional and common way to attract customers. The television is preferred because of its reach in masses.
- The weekly or daily newspaper, journals, magazines, etc are part of print media advertisements, which are used by companies to attract customers towards themselves. They have an edge over other mediums as people who are reading these print media advertisements are segregated on aspects like place, religion, behavior, taste, which helps marketer to target the right customers.
- Marketers normally chose their target groups, and then employ best of their sales, marketing and promotion activities to get most of the customers from this group.
- Offering seasonal discounts on purchase of products is one of the most preferred way to attract customers and lure them to purchase the product.
- Increasing duration of services like giving warranties and replacement of particular part of the product, discount on bulk purchase or service.
- Today internet is one of the great methods to reach out to the masses. This is the only way why many firms have channels that carry their marketing and promotions through internet. The companies these days make their home pages on the social networking sites like facebook, twitter and try to connect to as many people as possible.

**6. How much change according to you is enough for promotional framework and branding activities?**

Each company these days know the significance of building brand and sales promotion activities and how sales get affected by it for a longer term. Thus firmstry to develop strategies that remain consistent for longer periods and there is minimum need to make a change. It also take care of all the 4 P's of marketing while developing a promotional strategy. The strategy should be relevant on a global basis.

Response	Number of Respondent	Percentage
Much stronger	38	38%
Less stronger	62	62%



7. Give a brief about how companies are affected by the promotions carried out by them?

The sales promotion affect companies on a larger extent, as volume of sales goes on increasing and discounts offered work in order to increase sales of the company.

8. “Branding and promotional activities have capability to attract potential customers.” What do you think in this matter?

Around 91% of respondents opined that branding and sales promotion are highly attractive and are capable enough to lure potential customers.

Response	Number of respondent	Percentage
Highly attractive	91	91%
Moderately attractive	9	9%
Less attractive	0	0



9. Do you think that branding and promotions carried out by companies have the ability to attract customers to make a purchase?

Around 91% of respondents opined that branding and sales promotion are highly attractive and are capable enough to lure potential customers.

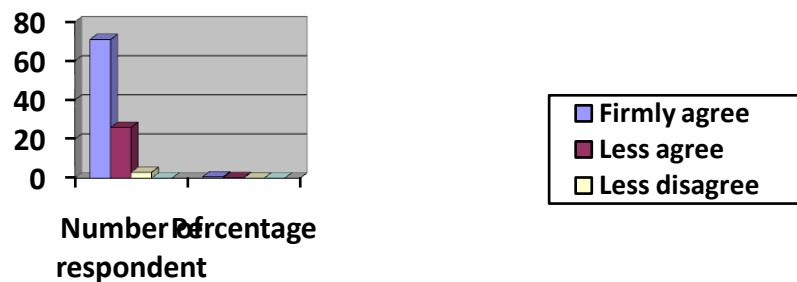
Response	Number of respondent	Percentage
Highly attractive	91	91%
Moderately attractive	9	9%
Less attractive	0	0



10. Do you think that customers are driven by the promotions carried out by the companies?

Majority firmly felt that they get attracted by branding and sales promotion, and are interested in buying products which automobile companies are offering.

Response	Number of respondent	Percentage
Firmly agree	71	71%
Less agree	26	26%
Less disagree	3	3%
Firmly disagree	0	0

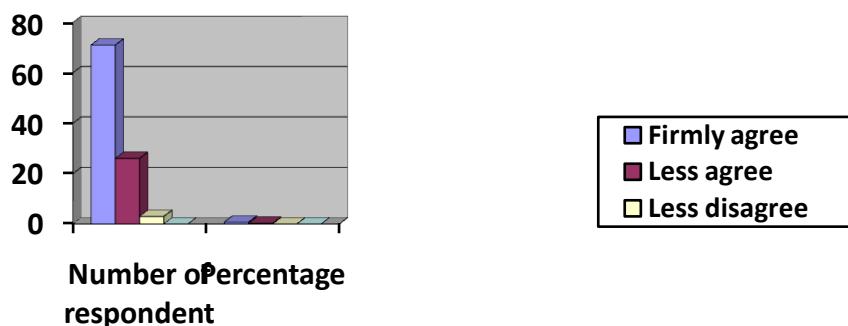


11. How many people are willing to purchase the product after noticing the depth of branding, promotions carried out by the companies?

Bottom line in any firm is highly affected by the sales and promotions carried out by the company. Most of respondents felt that they get affected due to campaigns carried out by the company. Of all the respondents, 71 percent agreed that branding and sales promotion influence them to an extent to buy that product.

12. Do you agree that, “sales affected due to the promotions carried out by the organization?”

Response	Number of respondent	Percentage
Firmly agree	71	71%
Less agree	26	26%
Less disagree	3	3%
Firmly disagree	0	0



Of all the respondents, 71 percent firmly believe that the branding and sales promotion affect the sales of any company, while 21 percent of the respondents were less agreed, and only 5 percent disagreed on a lesser extent.

#### **4.2 Assessment**

The main purpose of the research is to find out whether branding and promotional activities play a vital role in the sales it draws attention, arouses interest, create desire and tend customers to take action. Moreover they are more effective for the automotive world. According to the interpretation and findings all branding and promotional activities tends customer to buy their products and spend their extra money on their products if they get satisfaction from the products.

#### **4.3 Demographic Response**

Generally Definition of Research's is Gathering of data, information and facts for the advancement of knowledge. There are many methods of gathering data and interpretation of the data. In this research different steps were followed firstly, preparing the questionnaire and Secondly, sending this questionnaire to the various respondents electronically via an email. Thirdly, this questionnaire is sent to set of selected group of people of different age groups, working at different position in the auto motive sector in UK. Fourthly, collected data was analyzed. Fifthly, on the basis of analysis conclusion was given.

#### **4.4 Gender and Age of Respondents**

Respondents were both male and female. Age group taken was from 25 to 50 years.

#### **4.5 Designation of Respondents**

To have fair assessment on the data, the set of questions were sent to various people of different designations and positions they hold in the organization. Most of them were managers or were working as executives.

#### **4.6 Training and Development of Associates**

Several big companies of World organize training programs for their employees and executives, in order to make them realize the specialty of brand building and sales promotion. As it not only helps to increase revenue of company, but also increase productivity of company.

#### **4.7 Assessment of Challenges**

The major concern of the automobile industry today is not just sales, but to reduce the production cost and achieve economies of scale. Thus, most of the companies strive to achieve a proper ration between the brand building and sales promotion, so that the cost of production does not increase much. It's a fact that when global slowdown occurred in 2008, most of the companies in automobile sector were going through tough times including Automobile giants like Ford Motor Corp.

### **Conclusion**

Starting from the Second World, it's evident from the data collected about the Automobile Industry that it's going through rapid phase of transition. As per the data, around 70 million products were offered in market in 2008. These products ranged from personal cars to the vehicles used in commercial market. During last year, around seventy nine million vehicles were sold. But, soon the major markets for automobile industry like Japan and USA started to slow down due to global downturn. But as the dynamics started to change, demand in BRIC nations started to blossom at an unimaginable pace (The Economist, 2006).

According to the facts, there are 750 million automobile industry around the World, and for this approximately 250 million gallons of fuel are utilized. There is an ever unprecedented increase in the income level of people living in developing nations like India and China. So running a large number of vehicles is one of the main reasons for increment in the pollution levels. Just in order to avoid this pollution, a number of pollution standards has been defined. Thus increasing competition justifies the fact, how consumption patterns of different consumers are changing across the World.

If any company wants to compete in the Global market place, it's very important for them to develop core competency, and that is possible only by devising effective strategies. Companies these days rely heavily on branding and promotional activities to increase their market share. Around 77% of consumers are opined that branding and promotional activities are really very important for any firm to survive. Around 15% consumers opined that it's fairly important. Around 85% of consumers think that branding strategies of BMW is effective, and very few believe that it's less effective. Most of all, consumers have set a mindset that branding and promotional activities lure customers towards themselves. Thus, it's proved that promotion and branding efforts attract the attention and remain in customer's mind.



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