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Drivers of brand preference in SUV car segments in India

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ABSTRACT

The Automobile sector has seen a plethora of changes over a period of time. It is one of the highly competitive and one of the most flourished Industries. With more and more Automakers adding up in the Sports Utility Vehicle (SUV) segment, India is all geared up in the domestic circuit. Though the hatchbacks have a greater dominance in the Indian market, auto makers have also plunged into the SUVs to be launched in the Indian market. The Indian market, which is dominated hugely by small cars, and less of customers for sedans and SUVs, it will not be a surprise to see the potential customers of sedans moving over to buy the SUV's. The Customer's preference has seen this change in terms of selecting a particular brand over the other. The transition in this behaviour of customers over a period of time has changed drastically. The objective is to understand the drivers of brand preference, ie which all product attributes are considered importance in preferring a particular brand of SUV.

KEYWORDS: Automobile, SUV segment, Customer, Brand, Drivers

Introduction

Sports Utility Vehicle and Multi utility Vehicles are now picking up and are setting the trend in the Indian market. In spite of their huge size, they are considered to be very powerful, and economical. Gone are the days when the customers had the mindset of considering a drive in an off road vehicle meant a vibrating engine and jumpy ride or super-ex-orbitant prices. With SUVs now available at low price of Rs 6 lakh, sports utility vehicles and multi-utility vehicles (MUV) are of late are being preferred by customers in the middle-class segment in India. According to the Society of Indian Automobile Manufacturers (SIAM), passenger cars grew by only 2.19 per cent in 2011-12 while the Utility Vehicles segment grew by 16.47 per cent. The UV segment accounted for 14 per cent of the over 26 lakh passenger vehicles sold in India during the year.

Popular SUV's on Indian Roads

Renault Duster: The 4WD version of the Renault Duster is sold in several international markets but has not yet been released in India, mainly due to the high price tag that will come attached to it. However, with the launch of Ford's EcoSport nearing, Renault has no choice but to step up and bring out its 4X4 Duster. Team-BHP recently posted spy shots of Duster undergoing testing in Kerala, with the 4WD sticker above its rear tail lights. Since Renault is already producing the 4WD Duster for import purposes, it will not be a very hard task for the automaker to develop one for the Indian sub-continent. The 4x4 version of the compact SUV is likely to retain the same 1.5-litre diesel engine that churns out a maximum power output of 108bhp and 148Nm of torque.

Mahindra X UV 500: The home-grown auto major Mahindra & Mahindra is now planning to roll out a low spec variant of its flagship product XUV500, called the W4, which we believe will be the new entry-level variant, considerably cheaper than that of the existing entry level variant. Mahindra & Mahindra faced a low demand in its sales in April 2013 due to additional excise duty imposed on SUVs, so it has now become important for M&M to come up with such strategies. The XUV500 W4 should be here in next few months.

New Toyota Fortuner: Toyota Kirloskar Motors has announced the launch of the 5-speed automatic transmission variant in the Toyota Fortuner line-up. The Fortuner was earlier available in the 4-speed automatic transmission version and will now be replaced by the 5-speed auto box version. The 4-speed auto box has been discontinued in favour of the 5-speed automatic transmission. Apart from the launch of Toyota Fortuner 5-speed automatic version, the company has also said that it will continue to produce the Fortuner TRD Sportivo, which was introduced in the festive season as a special edition. First launched as a limited edition, the Fortuner TRD Sportivo got an overwhelming response across the country, which has convinced the company to keep selling the vehicle in India.

TATA Safari Storme: Tata Safaro Storme has finally hit the markets.

Tata Safari Storme has come out in four options,which are dubbed as Tata Safari Storme LX, Tata Safari Storme EX, Tata Safari Storme VX, Tata Safari Storme VX 4WD which are priced at Rs 9.95 lakh, 10.77 lakh, 12.37 lakh and 13.66 lakh (ex-showroom, New Delhi). Tata Safari Storme ,Tata Merlin was showcased at the Auto Expo this year was initially supposed to be launched in the month of July this year and further was postponed to September. Tata Motors kept procrastinating this since it wanted to set a different example

More emphasis was given to ensure that the design ans specifications to ensure that the model proves to be at par with competetors in the market.

Tata Safari Storme is largely spawned on Tata Aria's platform and no doubt is a better product that its inspirer. The SUV is powered with a 2.2L DiCOR engine that comes coupled with the 5-speed manual transmission gearbox. The 2.2L diesel engine is capable to generate the 138bhp peak power and 320Nm torque value the two-wheel drive option which returns an impressive 14kmpl for the 2WD option, while the 4wd offers 13.2kmpl.With elegant interiors that have a pseudo wood finish, while the high quality upholstery which adds a lot to the charm to the SUV. The wheel arches on the exterior have been done beautifully with new wheels, which come out to be the USP of the car.

BMW X1: BMW has finally delivered the promised X1 at a base price of Rs. 27.9 lakh (Ex-showroom Delhi)**.** The car is available in a total of 3 trims namely, X1 20d, 20d Sports-Line and 20d X-Line priced at Rs. 27.9 lakh for the base model and Rs. 32.5 lakh for the other two. The new X1 features the 2.0-litre turbo diesel engine that cranks out 184bhp and is mated to an 8-speed automatic transmission. Refreshed features include a redesigned bumper and slightly altered front grille with a redone lower front end. This refreshes the styling of the X1 gives it a better stance. The corona rings have been redesigned in the headlamp and so are the ORVMs.

Reasons for rising popularity of SUV's and MUV's

One, they provide with ample leg space and ample room, Secondly, strong and appealing looks, and thirdly, economical since they are fuel efficient and most suitable for Indian roads. The SUV and MUV segment together witnessed growth of 20.2 per cent in the first six months of this fiscal. Increasing disposable incomes, changing needs of the young minds and more of earning power of the younger generation can be few contributors responsible for this change in the rise of utility vehicles.

Take the example of Mahindra's new compact sub-four-metre car. It gives an impression of a jacked-up version of a large hatchback, the

new S101 as it is known internally, will join Mahindra's two other compact offerings, the Quanto and the compact Verito, in the company's own sub-four-metre club. The Indian government could never have imagined that a though process to boost up the sales of hatchbacks would one day result in a slew of compact utility vehicles. SUV's also provide with safety and security to the driver and the passengers, when in a collision than do most other smaller cars.

Literature Review

The Indian car market is going through a shift. Gone are the days when people preferred huge sized SUVs, but now the focus has shifted to that of compact vehicles. With fuel prices reaching the sky, people now want to opt for fuel-efficient vehicles and therefore SUV and MUV's are the solutions.

Auto mobile sector has tremendous potential in India. The domestic market is large and has the potential to grow further in the future due to high disposable incomes and positive current low penetration levels. India has nearly 23 % of the global population and is one of the most preferred consumer markets for the Automobile Sector.According to National Council of Applied Economic Research (NCAER) data, the consuming class, with an annual income of US$ 980 or above, is growing and is expected to constitute over 80 per cent of the population by 2009-10 (IBEF, 2006).

Customer satisfaction is one of the key attribute to Brand preference. Customer satisfaction is used as a key towards used as a predictive measurement of future consumer purchases as hypothesized by Newman and Werbel (1973). Satisfied customers are more likely to resort to repeating purchases in the time of actual instance, as reported by Zeithaml, Berry and Parasuraman (1996) in their studies, Not only this, these highly satisfied customers are responsible for the growth of the company through a positive word of mouth.

Compact SUV's are in high demand in today's market. When Ford unveiled the EcoSport at the 2012 Auto Expo, it gave a tough competition to its rivals. Though, Renault was more than ready to face this when it had already decided to bring the Duster and is now reaping the benefits of launching it quickly. Renault is one of the most preferred SUV today. Hyundai and Honda are already working on compact SUVs based on the existing platforms. Toyota doesn't want to be left behind and is contemplating a compact SUV on the Etios platform. Volkswagen unveiled the Taigun small SUV at the Sao Paulo Motor Show recently. The Taigun is based on the Up! platform and we can expect a Skoda compact SUV too. Maruti Suzuki has its own plans and intends to enter the compact SUV segment in 2014 with the launch of XA Alpha's production version. Tata Motors is meanwhile observing silently as they already have the old Safari in the similar price bracket. Mahindra has entered the compact SUV segment with the Quanto, while Premier updated the RiO with a Multijet diesel heart. Clearly every automaker wants to tap into the huge potential of the compact SUV! ***(Article motor beam.com, Dt: NOVEMBER 24, 2012)***

Compact SUVs are one of the most competitive segments in motoring. A customer, who is looking out for the sedan options, gradually decides to buy on a SUV because of the multiple advantages that he bags in with the SUV.A budget of more than $30,000 gives plenty of choice, but feature-packed luxury models and turbo diesel drivelines will be a stretch at this budget. There are numerous options available in the SUV segment as well without all-wheel-drive, trading superior traction for a lower price, better fuel economy and cheaper servicing. *(**Sam Ling, Associate Analyst, Automotive)***

Porsche which is turning to measures unusual for a car maker known for its minimalist marketing efforts. As Porsche manoeuvres deeper into the markets for SUV's and sedans, it is racing to remind a new generation of drivers what gave the brands its original mystique-speed. Porsche intends to take new steps from its Sports car roots with a new compact SUV. It could add up to 75,000 to its annual Sales, further Porsche's legendary 911, Boxster roadster and its hard topped sibling, the Cayman. The Sports cars that made Porsche famous are now being outsold by SUVs and Sedans. ***(IHS Automotive)***

India had revealed its plans to introduce an all new compact SUV in Indian car market by the end of 2014. It is expected that Fiat India could introduce the recently unveiled Fiat 500L Trekker that would go head on against the likes of Mini Cooper Contryman. The Fiat 500L Trekker, which is basically a cosmetically souped up 500L, features a body kit and has sporty 17 inch mag wheels. The Fiat 500L Trekker is a 5 seater and seems to be bigger than the Mini Contryman. Powering the new Fiat 500L Trekker is a 160 BHPP, 1.4 litres, turbocharged petrol motor that sports the MultiAir variable valve technology. This Trekker can be had with either a 6 speed manual or a 6 speed dual clutch automatic gearbox. *(**Chauhan Yatharth, "Fiat India to Launch Compact SUV. Could be the 500L Trekker" Motoroids, December 6, 2012**)*

General Motors India Pvt Ltd is planning to enter the most-coveted compact SUV segment of the country as the vehicle fall in this category are much in demand and customers are looking for amazing, small and fuel efficient SUVs. General Motors plans to have the compact SUV to which would propel customers to go in for this option since the compact SUV's are of late gaining adequate importance and are much in demand in the market.

The compact SUV mode has acquird much more attention since Ford Motor exhibited its EcoSport at the Delhi Auto Expo. The vehicle gained great attention and its price tag was much more in talks at it falls in a price range of Rs. 7-10 lakh. these SUV come engrafted with smaller engines between 1.0 litre and 1.5 litre as against to typical engine size of 2.0 litre to 3.0 litre found in mightier fuel-greedy SUVs. The American multinational automaker intends to ape these strategies For instance, Ford and Maruti Suzuki and planning to build compact SUV for Indian customers since this is one of the most suitable brand for the Indian consumers. Shanghai Automotive Industrial Corporation (SAIC) plans to associate with General Motors to develop a SUV with low-cost advantages. *(**Chauhan Yatharth, "General Motors plans a new compact SUV for India" Crazy team, December 6, 2012**)*

The increasing popularity of SUVs and 'soft-roaders' is actually causing a shift in customer preferences. Renault's Duster, for example, has recently broken into the ranks of the top 10 car models sold in India for the second consecutive month. It sold impressive 6,300-odd cars in March, 5,300 in April and that's a big change for a car that has an average price in excess of Rs. 10 lakh. So, while the Duster and Maruti's Alto are at opposite ends of the top 10, the amount of revenue generated on average is not too dissimilar. The Duster, on the other hand, sold only 5,362 units in the same month but its average price of Rs. 10.91 lakh makes the average turnover of the model surprisingly high. Indian car buyers on average spent a total of approximately Rs. 637 crore on the Alto and Rs. 585 crore on the Duster. Considering the difference in sales figures, the SUV segment definitely seems to be raking it in. Ford's EcoSport will be the latest entrant in the segment and with its sub-four-metre length; it will be able to take advantage of tax benefits and is expected to be competitively priced. That the EcoSport has the potential to surge past the Duster, there is no doubt. India's best-selling SUV at the moment, the Mahindra Bolero, comes in even higher up the list with 9,766 units sold in April. The potential in this segment is almost endless. ***(Auto Car India)***

An auto practice leader at PwC, Mr. Abdul Majeed commented, "Sport utility vehicle is a model that is desired by everyone and people need a vehicle like that so that their weekend requirements are fulfilled. The SUV is also preferred because it's not only strong but fuel-efficient as well.

Research Methodology

The exploratory study was carried out by interviewing 100 consumers spread across various states of India based on non-probability convenience sampling method using online survey instrument over the period of two months. The objective of this study was to understand the drivers of brand preference in SUV car segment in India. Kano's Model was used to highlight the Threshold, Expected and the Excitement features in Brand preference of SUV. Kano's model provides the insights into the dynamics of customer preferences to understand these methodology dynamics.

Limitations of Study

The limitation contained in the primary data was that of limited sample size. However consumer buying is a complex process in which number of factors like economic factors, social status and psychographic factors influence the buying of the consumer.

Data Analysis
The Attributes of Kano's model are:

Threshold or Basic Attributes
One of the main points of assessment in the Kano model is the threshold attributes. These are the core or the basic attributes that a product must have in order to meet customer demands. These are the attributes which cannot be ignored at all. It would be difficult for a new product to be launched in the market if it fails to meet the threshold or the basic attributes and the product would soon land up in the decline stage of the product life cycle.

These attributes are the ones that go with the Product in it selves.B This also acts as demerit as these attributes get ignored in may cases and lose its significance. Therefore, many times companies will want to improve the other attributes because consumers remain neutral to changes in the threshold section.

Performance Attributes
A performance attribute is defined as a skill, knowledge, ability, or behavioural characteristics which are associated with that of the job performance. Performance attributes are defined as the metrics which decides the Product's performance in the market. They have an explicit purpose. Organizations prioritize their Strategic decisions and Plans in order to justify the performance attributes. These attributes are responsible to attain the state of Customer delight.Poorly designed Performance attribute reduces customer satisfaction and leads to customer deflection.

Then these attributes will form the weighted needs against the product concepts that are being evaluated. The stage when the customer feels value for money is associated with the Performance attributes. Therefore more the attributes the more Value the Product would fetch.

Excitement Attributes
The Excitement attributes are termed as the attributes which are like the kind of attributes which, if present are not actually visible to the customer but the absence of these attributes would certainly lead to Customer dissatisfaction thereby leading to Customer deflection.

The Excitement attributes are associated with the WOW factors and are solely responsible for Sale of a Product. Organizations these days ensure to imbibe these WOW factors to engage the customer and to attain Customer satisfaction. These are subconsciously registered in the mindset of the customer and when the actual transaction happens, these are the aspects of Selective recalling that trigger the process of buying.

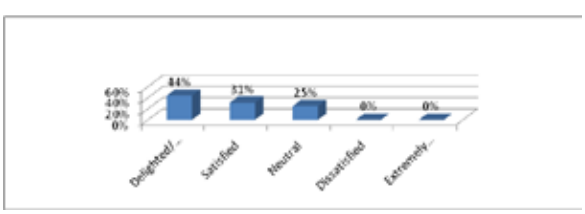
The features under each category of Threshold, Expected and Excitement attributes as chosen for SUV segment are:

a. Threshold Features
- Active safety features
- Anti Lock Brakes
- Anti skid system
- Roll stability control

b. Expected/Performance Features
- All Wheel drive
- Advanced Frontal airbags
- Four wheel independent system
- Height Adjustable seats

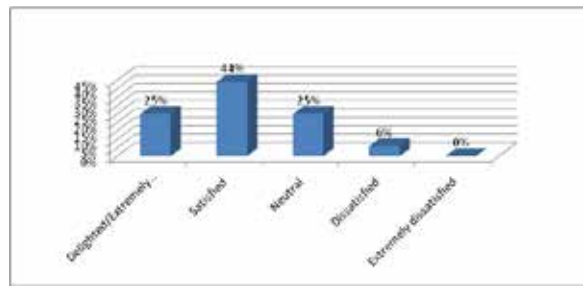
c. Delighting/Excitement Features
- Side impact side curtains airbags
- Rare backup alert system

1. A particular Brand of SUV will be preferred with the presence of Active safety features.



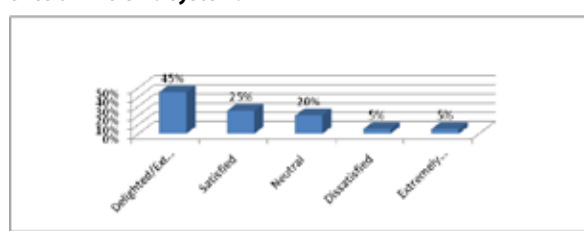
Out of the sample of 100 respondents, 44% of the customers said they would be delighted with the presence of Active safety features. While 31% would be satisfied and 25% would be neutral. This shows that the presence of Active safety features is of vital importance in Brand preference.

2. A particular Brand of SUV will be preferred with the presence of Anti lock brakes.



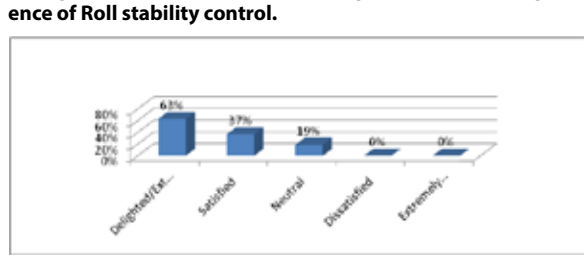
Out of the sample of 100 respondents, 44% of the customers said they would be extremely satisfied with the presence of Anti lock brakes. While 25% would be delighted and 25% would be neutral. This shows that the presence of Anti lock brakes is important, in brand preference.

3. A particular Brand of SUV will be preferred with the presence of Anti skid system.



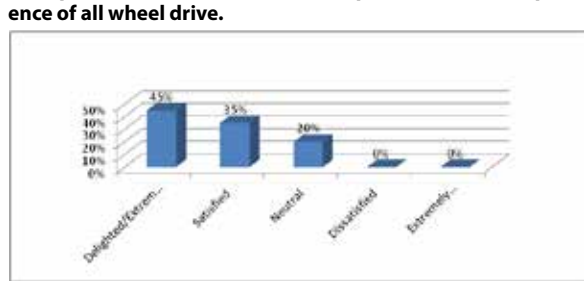
Out of the sample of 100 respondents, 45% of the customers would be delighted with the presence of Anti skid system. While only 5% considered anti-skid feature to be negligible. This shows that the presence of Anti skid system is of vital importance in Brand preference.

4. A particular Brand of SUV will be preferred with the presence of Roll stability control.



Out of the sample of 100 respondents, 63% of SUV customers would be extremely satisfied with the presence of Roll stability control 37% of customers would be satisfied and 19% neutral to this aspect. This shows that the presence of Roll stability control is of vital importance in Brand preference.

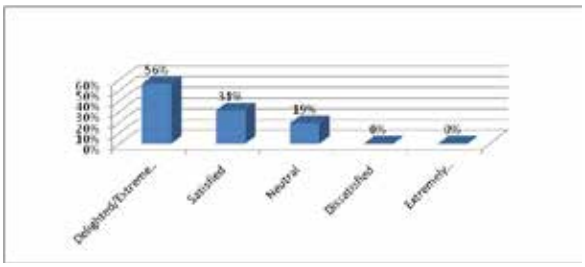
5. A particular Brand of SUV will be preferred with the presence of all wheel drive.



Out of the sample of 100 respondents, 45% of customers would be extremely delighted with the presence of all wheel drive while 35% would

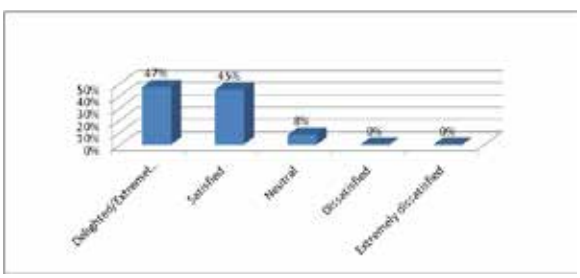
be satisfied and 20 % would be neutral. This shows that the presence of all wheel drive is a moderately important aspect in brand preference.

6. A particular Brand of SUV will be preferred with the presence of advanced frontal airbags.



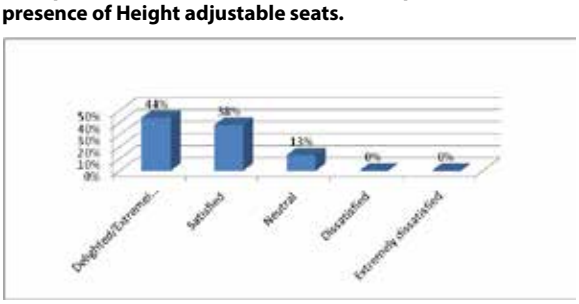
Out of the sample of 100 respondents, more than half of the respondent's i.e 56% of the customers was extremely delighted with the presence of advanced frontal airbags system. This indicates that the presence of this feature is important brand preference.

7. A particular Brand of SUV will be preferred with the presence of four wheel independent system.



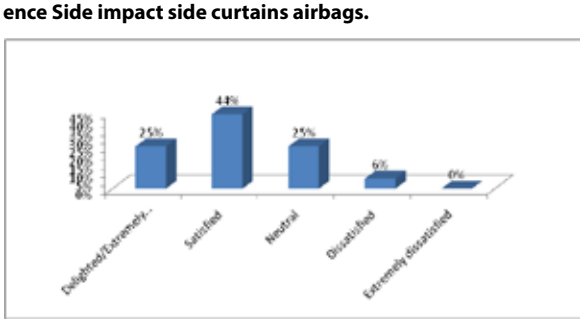
Out of the sample of 100 respondents, 47% of customers would be extremely dissatisfied with the presence of four wheel independent system. This shows that the presence of four wheel independent system is a moderately importance aspect in brand preference.

8. A particular Brand of SUV/MUV will be preferred with the presence of Height adjustable seats.



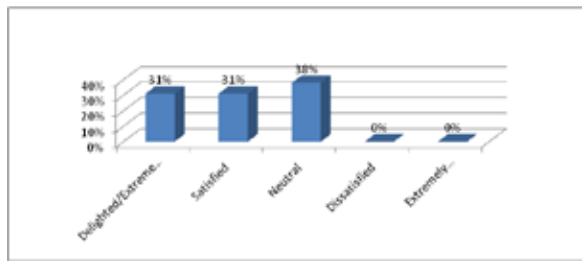
Out of the sample of 100 respondents, 44 % of customers would be extremely satisfied if height adjustable seats were available in the vehicle, 38% would be delighted and 13% are neutral to this feature. This shows that the presence of this feature is of moderate importance in brand preference.

9. A particular Brand of SUV will be preferred with the presence Side impact side curtains airbags.



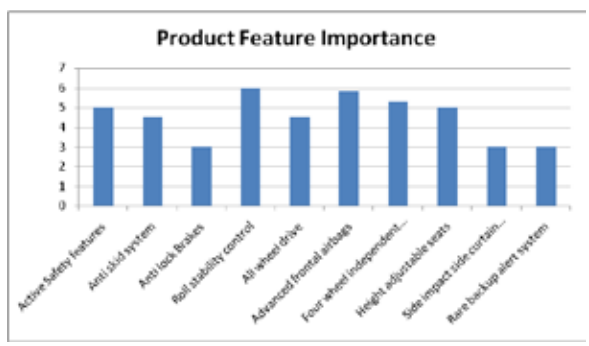
Out of the sample of 100 respondents, 25% of customers would be delighted if there this feature of side impact side airbags. 44% would be satisfied and 25% would be neutral and 6% dissatisfied if it was available. This shows the presence of this feature is not very important in brand preference.

10.A particular Brand of SUV will be preferred with the presence of rare back up alert system.



Out of the sample of 100 respondents, 38% of customers would be neutral if the rare back up alert system was present. 31% would be delighted and remaining 31% would be just satisfied. This shows that the presence of this feature is not very important in brand preference.

11.Product features that are considered important in brand reference.



(Scale from 1-5 where 1 is least important and 5 is most important)

The Threshold features which are considered to be the basic features to be present in the Product are also considered very important by customers in brand preference. The Expected/performance features are of moderate importance and the Delighting/Excitement features are of less importance, but the presence of these features enhances the satisfaction and brand preference too.

Conclusion

As per Kano's model, which highlight and explains the importance of the Product attributes which are essential and which aim towards Brand preference. The purpose of the tool is to support product specification and discussion through better development of team understanding. Kano's model emphasizes more on the differentiating product features, than the customer needs.



A perfect blend of the Threshold, Performance and Excitement features together comprise a successful product in the market. Customers were

asked questions on which of the factors which they consider to be important in Selecting a particular brand of SUV/MUV.

Few Important Attributes considered are as follows:

- Anti Lock Brakes
- Anti Skid System
- Roll stability Control
- All Wheel Drive
- Four wheel independent suspension
- Electronic Stability Control
- Rear Backup alert System
- Advanced frontal Airbags
- Side impact curtain airbags
- Anti lock Braking System.

After Data analysis, the following Graph can be plotted as per Kano's model and the significance of each of the feature can be defined clearly.

The Top 5 SUV for Indian roads include majority of these Threshold and Expected/Performance attributes and few of the Excitement attributes.

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