

PROMOTIONAL STRATEGIES TOWARDS SPORTS UTILITY VEHICLE -AN EMPIRICAL VIEW

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M.SUNDARARAJU MBA.,
Guest Lecturer, Department of Administration
Arignar Anna Govt Arts College, Vadachennimalai
AtturTk, Salem District, Tamil Nadu, India

Abstract

Automobile industry in India has shown a flourishing era in recent years. These trends have required the industry to customize their process for increasing brand image and loyalty. Purchasing a SUV car is a complex buying behavior phenomena in decision making process of consumer purchase. In the automobile industry, global consolidation, declining loyalty, flat-to-depressed vehicle demand and over capacity problems are leading to ferocious competition that is consequential in lower prices and eroding profit margins. The present study deals with promotional strategies towards sports utility vehicle and its impact on purchase decision.

Keywords: SUV, Brand, Loyalty, Demand, Profit.

Introduction

Promotion is one of the marketing mix elements among a system of five in a promotional strategy. These elements are personal selling, sales promotion, advertising, direct marketing, and publicity. A promotional mix specifies how much attention to pay to each of the five sub-categories, and how much money to budget for each. A promotional strategy can have a wide range of objectives, including sales increases, creation of brand equity, new product acceptance, positioning and competitive retaliations or creating a corporate image. The global sports utility vehicles (SUVs) market is flourishing with consumers' demanding versatility and performance in their automobiles. Offering a combination of features such as higher seating position, higher ground clearance, softer ride, increased towing and off-road capability, sports utility vehicles are gaining increased acceptance among consumers across the globe. Sports utility vehicles merge the looks of a car and the power and functionality of a utility vehicle. Automakers are focusing on the development of compact and mid-size SUVs, given that affordable SUVs represent a logical upgrade from sedans for consumers in emerging markets. New models with creative designs, technology savvy features, and fuel efficient engines will continue to be launched into the market creating ample opportunities for growth. Intelligent navigation, and safety features will also generate substantial interest in the market. The trend towards fuel-efficient SUVs is fuelling the use of turbochargers, particularly in subcompact SUVs. Strict fuel efficiency and emission control standards will continue to drive adoption of turbochargers among SUV manufacturers. Growing replacement needs are expected to generate substantial demand for SUVs in the coming years. Typically, the average effective life of a SUV varies between 7-9 years, depending on the engine capacity, power, usage and driving habits. Apart from technological advancements, a key reason attributed to the rising average age of vehicles in developed markets is the prevailing dull economic and financial climate which has compelled owners to retain their vehicles for longer period of time. The present study deals with promotional strategies towards sports utility vehicle and its impact on purchase decision.

In the last few years, the passenger vehicle industry was largely driven by strapping economic growth. Though, a host of domestic factors such as the weakening rupee, increasing fuel prices, and prolonged high interest rates led to increasing vehicle financing costs, leading to a slowdown in the demand for cars. While the demand for micro and small SUVs provided a boost up to India's passenger vehicle market, passenger car sales cut down during FY 2013 for the first time in a

decade. However manufacturers offered attractive repayment options and enormous discounts to boost sales, the car industry looks the worst slowdown in a decade. To maintain pace with slowing demand and bridge the gap between output and sales, leading OEMs scaled back their production lately and block closures have turned into a regular theme in India. The market performance in India during 2009 and 2010 was underpinned by natural demand driven by the country's financial performance, growing middle class and low levels of vehicle ownership. Though, over the last couple of years, slow economic growth, increasing petrol prices and high interest rates, have created sturdy headwinds for the Indian vehicle market. To make matters worse, the raise in excise duty on utility vehicles has dealt a body blow on the increasing SUV segment. Sports utility vehicle (SUV), crossover, sub-compact SUV, and multi-purpose/utility vehicle (MPV/MUV) are all subordinate segments of the passenger car segment. The SUV is capable of being driven on on-road as well as off-road lands, as it is usually equipped with a four-wheel or all-wheel drive (AWD) and is built on a light truck chassis. The SUVs have passenger-carrying space and are identified for their high ground clearance, high H-point, high center of gravity, and boxy body design. A sub-compact SUV is a slighter version of the SUV, based on the super-mini (European B segment) platform, and with length under 4,200 mm. Sub-compact SUVs usually feature four-wheel or all-wheel drive (AWD) systems. A crossover utility vehicle (CUV) combines SUV features (such as high ground clearance, high H-point, and available alternative of an all-wheel-drive system) with passenger car features (such as fifth door entry, unibody construction, and foldable rear seats). An MPV is a vehicle outfitted with three rows of adult-sized seats, which has passenger car-like handling and fuel economy; it is regularly available in unibody construction and tends to feature front- or rear-wheel drive. The SUV and sub-compact SUV market, in terms of sales, is projected to reach 30.16 Million Units by 2020, rising at a CAGR of 5.36% during the predict period. The market has witnessed significant growth in countries such as the U.S., India, China, and Mexico, owing to advantages such as low cost, stylistic design, compactness, and high maneuverability.

Materials and Methods

ZakiaBinte Jamal (2014) stated that in this period of globalization, companies are increasing their business activities in different countries. In this process business looks unusual challenges where cultural barriers play an imperative role. Organizations need to recognize the new market's culture and its cultural elements which really matter for business to design marketing strategies. Automobile companies are suggested to use traditional and non-traditional marketing strategies. In conventional methods companies use advertising, promotional campaign, billboard etc. Automobiles are high association products and companies are suggested to take customer involvement campaigns like test drive and quiz competition. Luxury car brands like BMW, Mercedes, Audi etc. are recommended to make car users society which will create the brand image exclusive to users' mind. Nagadeepa et al. (2015) made an effort to find out the various sales promotion techniques and the order by which they affect the consumers' decision making process. The study considered important sales promotion tools namely, rebate and discount offer, loyalty programs, price packs, coupon and contests. This study revealed that sales promotion activities play an imperative role in the process of framing the marketing strategies by the marketers. Sales promotion techniques are used by the marketers to induce the customers and increase their sales by providing various deals and supplementary incentives to increase their product purchase. The study concluded that sales promotion techniques play a major role in consumers' impulse buying behaviour. This study confirmed that consumer's impulse buying decision is highly motivated by the rebate and discount offer among the five promotional techniques followed by the loyalty programs. So the manufacturer should focus on the remaining sales promotion methods to make them a perfect promoting strategy to promote their products. Shamout (2016) pinpointed that the sales promotion tools are playing an imperative role to encourage customers towards buying any promoted product, and that will absolutely increase dealers profit and market share. The study concluded that consumers' behavior can be positively influenced by using different promotion tools especially price discount but coupon have no influence on consumer buying behaviours.

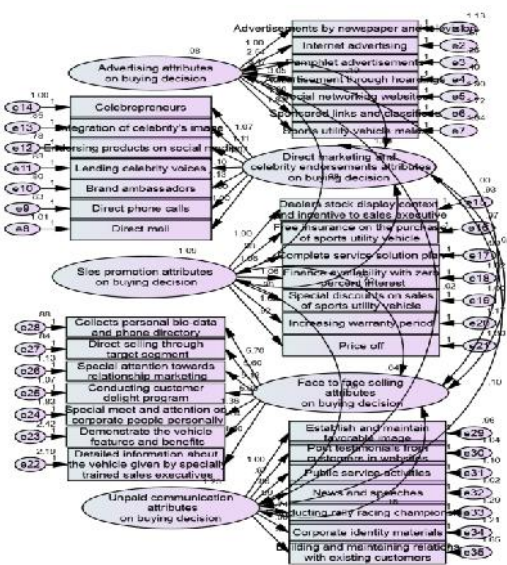
Simple random sampling method was used to collect the data from the 620 respondents living in various divisions of Salem district. For this purpose, field survey method was employed and questionnaire technique was used by the researcher to collect the pertinent data with the help of well structured questionnaire. For this purpose, the researcher has established a good rapport with the respondents living in various divisions of Salem district. A note working feature was that all the 620 respondents have given proper answer with much zeal. There are four revenue divisions in Salem district. For the purpose of this empirical study, the respondents were chosen from all the revenue division of the study area by employing simple random sampling method. Structural Equation modeling was used for further study.

Results and Discussions
Promotional Strategies on Buying Decision of Sports Utility Vehicle
Structural Equation Modelling (SEM)

An attempt was made to find out the influence of promotional strategies on buying decision towards sports utility vehicle in Salem district. For this purpose, the variables or statement are categorized into 35 manifest variables and is presented in the following figure.

Figure 1 Path of Influence of Promotional Strategies on Buying Decision of Sports Utility Vehicle

(Note: Chi-square = 2152.384, Degrees of freedom = 550 and Probability level = .000)



In the above path diagram, the values attached to one-way arrows / directional effects are regression coefficients. The regression coefficients and correlations measure the strength of the relations between the variables.

In advertising attributes, a regression coefficient of 1.00 for advertisement by newspaper and television indicates a close relationship with the buying decision of the sports utility vehicle buyers. A regression coefficient of 2.54 and 3.47 for internet advertising and pamphlet advertisements indicates a very strong relationship with the buying decision of the sports utility vehicle buyers. The attributes 'social networking websites' and 'sponsored links and classifieds' are having a very strong relationship on the buying decision of the sports utility vehicle buyers with the regression coefficients of 1.40 and 1.90 respectively. A regression coefficient of 3.05

for advertisements through hoardings indicates a very strong relationship with the buying decision of the sports utility vehicle buyers. On the other hand, a regression coefficient of 1.83 for sports utility vehicle melas indicates a strong relationship with the buying decision of the sports utility vehicle buyers. The overall regression coefficient value is 0.08 indicates negligible relationship with the buying decision of the sports utility vehicle buyers. In direct marketing and celebrity endorsements attributes, a regression coefficient of 1.07 for celebrenpreneurs indicates a strong relationship with the buying decision of the sports utility vehicle buyers. A regression coefficient of 1.11 and 1.07 for integration of celebrity's image and endorsing products on social media indicates a strong relationship with the buying decision of the sports utility vehicle buyers. The attributes 'lending celebrity voices' and 'brand ambassadors' are also having a secure relationship on the buying decision of the sports utility vehicle buyers with the regression coefficients of 1.10 and 1.13 respectively. A regression coefficient of 1.60 for direct phone calls indicates a strong relationship with the buying decision of the sports utility vehicle buyers. On the other hand, a regression coefficient of 1.00 for direct mail indicates a close relationship with the buying

decision of the sports utility vehicle buyers. The overall regression coefficient value is 1.03 indicates a strong relationship with the buying decision of the sports utility vehicle buyers.

In sales promotion attributes, a regression coefficient of 1.00 for dealers stock display context and incentive to sales executive indicates a close relationship with the buying decision of the sports utility vehicle buyers. A regression coefficient of 0.98 for free insurance on the purchase of sports utility vehicle and special discounts on sales of sports utility vehicle indicates a substantial relationship with the buying decision of the sports utility vehicle buyers. The attributes ‘complete service solution plan’ and ‘finance availability with zero percent interest’ are having a strong relationship on the buying decision of the sports utility vehicle buyers with the regression coefficients of 1.06 respectively. On the other hand, a regression coefficient of 1.02 for Increasing warranty period and 0.92 for price-off indicates a strong relationship with the buying decision of the sports utility vehicle buyers. The overall regression coefficient value is 1.09 indicates a strong relationship with the buying decision of the sports utility vehicle buyers.

In face to face selling attributes, a regression coefficient of 1.00 for detailed information about the vehicle given by specially trained sales executives indicates a close relationship with the buying decision of the sports utility vehicle buyers. A regression coefficient of 5.70 and 5.60 for collects personal bio-data and phone directory and direct selling through target segment indicates very strong relationship with the buying decision of the sports utility vehicle buyers. The attributes ‘special attention towards relationship marketing’ and ‘conducting customer delight program’ are also having very strong relationship on the buying decision of the sports utility vehicle buyers with the regression coefficients of 5.12 and 5.30 respectively. On the other hand, a regression coefficient of 1.54 for demonstrate the vehicle features and benefits and 1.36 for special meet and attention on corporate people personally indicates a strong relationship with the buying decision of the sports utility vehicle buyers. The overall regression coefficient value is 0.04 indicates substantial relationship with the buying decision of the sports utility vehicle buyers. In unpaid communication attributes, a regression coefficient of 1.00 for establish and maintain favorable image indicates a close relationship with the buying decision of the sports utility vehicle buyers. A regression coefficient of 0.97 and 0.99 for post testimonials from customers in websites and news and speeches indicates close relationship with the buying decision of the sports utility vehicle buyers. The attributes ‘corporate identity materials’ and ‘building and maintaining relations with existing customers’ are also having close relationship on the buying decision of the sports utility vehicle buyers with the regression coefficients of 0.90 and 0.94 respectively. On the other hand, a regression coefficient of 0.86 for public service activities and 0.74 for conducting rally racing championship indicates a substantial relationship with the buying decision of the sports utility vehicle buyers. The overall regression coefficient value is 1.25 indicates a strong relationship with the buying decision of the sports utility vehicle buyers. The analysis indicates that all the five attributes namely advertisements by manufacturers and dealers, direct marketing and celebrity endorsements, sales promotion, face to face selling and unpaid communication and relations put together highly influence on the buying decision of the sports utility vehicle buyers.

Table 1 Model Fit Indices of Influence of Promotional Strategies on Buying Decision of Sports Utility Vehicle

No.	Test Factor	Calculated Value	Acceptable Value
1	GFI (Goodness-of-fit-index)	0.820	>=0.90 and above satisfactory fit 0.80 to <0.9 acceptable fit (Hair et al.2006)
2	AGFI(Adjusted goodness-of-fit-index)	0.793	
3	CFI(Comparative fit index)	0.843	
4	NFI (Normed fit index)	0.801	
5	TLI (Tucker-Lewis index)	0.831	
6	RMSEA (Root mean square error of approximation)	0.069	0.08 or less would indicate a close fit of the model

The table No. 1 indicates that the model fit indices of influence of promotional strategies on buying decision towards sports utility vehicle in Salem district. The Goodness of fit index (GFI) score is 0.820, adjusted goodness of fit index (AGFI) score is 0.793, comparative fit index (CFI) score is 0.843, normed fit index (NFI) score is 0.801, Trucker Lewis index (TLI)

score is 0.831. The root mean Squared Error of Approximation (RMSEA) secured 0.069 that indicates that the model is a good fit with a reasonable error of approximation. From the analysis, it is inferred all the five variables influence the buying decision of the sports utility vehicle users.

Table 2 Regression Weights for Influence of Promotional Strategies on Buying Decision of Sports Utility Vehicle

Measured Variable		Latent Variable	Estimate	S.E.	C.R.	P
Advertisements by newspaper and television	<---	Buying decision	1.000			
Internet advertising	<---	Buying decision	2.538	.415	6.110	Significant at 1% level
Pamphlet advertisements	<---	Buying decision	3.473	.555	6.254	Significant at 1% level
Advertisement through hoardings	<---	Buying decision	3.052	.491	6.220	Significant at 1% level
Social networking websites	<---	Buying decision	1.404	.301	4.666	Significant at 1% level
Sponsored links and classifieds	<---	Buying decision	1.898	.356	5.323	Significant at 1% level
Sports utility vehicle melas	<---	Buying decision	1.829	.345	5.301	Significant at 1% level
Direct mail	<---	Buying decision	1.000			
Direct phone calls	<---	Buying decision	1.002	.056	17.772	Significant at 1% level
Brand ambassadors	<---	Buying decision	1.132	.060	18.831	Significant at 1% level
Lending celebrity voices	<---	Buying decision	1.096	.059	18.434	Significant at 1% level
Endorsing products on social media	<---	Buying decision	1.066	.058	18.489	Significant at 1% level
Integration of celebrity's image	<---	Buying decision	1.113	.060	18.495	Significant at 1% level
Celebpreneurs	<---	Buying decision	1.074	.061	17.583	Significant at 1% level
Dealers stock display context and incentive to sales executive	<---	Buying decision	1.000			
Free insurance on the purchase of sports utility vehicle	<---	Buying decision	.984	.056	17.567	Significant at 1% level
Complete service solution plan	<---	Buying decision	1.056	.057	18.522	Significant at 1% level
Finance availability with zero percent interest	<---	Buying decision	1.056	.059	17.991	Significant at 1% level
Special discounts on sales of sports utility vehicle	<---	Buying decision	.983	.056	17.432	Significant at 1% level
Increasing warranty period	<---	Buying decision	1.024	.060	17.106	Significant at 1% level
Price off	<---	Buying decision	.920	.059	15.615	Significant at 1% level
Detailed information about the vehicle given by specially trained sales executives	<---	Buying decision	1.000			
Demonstrate the vehicle features and benefits	<---	Buying decision	.974	.054	17.872	Significant at 1% level
Special meet and attention on corporate people personally	<---	Buying decision	.859	.052	16.453	Significant at 1% level
Conducting customer delight program	<---	Buying	.989	.055	18.095	Significant

Measured Variable		Latent Variable	Estimate	S.E.	C.R.	P
		decision				at 1% level
Special attention towards relationship marketing	<---	Buying decision	.738	.052	14.201	Significant at 1% level
Direct selling through target segment	<---	Buying decision	.902	.055	16.480	Significant at 1% level
Collects personal bio-data and phone directory	<---	Buying decision	.941	.061	15.383	Significant at 1% level
Establish and maintain favorable image	<---	Buying decision	1.000			
Post testimonials from customers in websites	<---	Buying decision	1.540	.632	2.436	Significant at 5% level
Public service activities	<---	Buying decision	1.356	.555	2.445	Significant at 5% level
News and speeches	<---	Buying decision	5.297	1.812	2.923	Significant at 1% level
Conducting rally racing championship	<---	Buying decision	5.121	1.754	2.919	Significant at 1% level
Corporate identity materials	<---	Buying decision	5.600	1.911	2.930	Significant at 1% level
Building and maintaining relations with existing customers	<---	Buying decision	5.704	1.947	2.930	Significant at 1% level

From this result as shown in table 2, it is noted that estimates of the coefficient of building and maintaining relations with existing customers is high followed by corporate identity materials and it indicates that both factors are highly influenced the buying decision of the sports utility vehicle users. Further, the analysis indicated that all the variables are having positive relationship with the buying decision of the sports utility vehicle users and significant at 1% and 5% level.

Table 3 Testing of Hypotheses

Hypotheses	Hypothetical Relationship	Result
<p>H₁ : There is a significant relationship between advertising attributes and buying decision of sports utility vehicle buyers.</p> <p>H₂ : There is a significant relationship between direct marketing and celebrity endorsement attributes and buying decision of sports utility vehicle buyers.</p> <p>H₃ : There is a significant relationship between sales promotion attributes and buying decision of sports utility vehicle buyers.</p> <p>H₄ : There is a significant relationship between face to face selling attributes and buying decision of sports utility vehicle buyers.</p> <p>H₅ : There is a significant relationship between unpaid communication attributes and buying decision of sports utility vehicle buyers.</p>	Positive	Confirmed

Discussion of the Result

From the path diagram, the measured variables with latent variable of buying decision of sports utility vehicle buyers are having positive relationship and also significant at 1 and 5 percent level. The analysis of the model, from the viewpoint of the most influenced factors to buying decision, suggests that the variables such as advertisements by newspaper and television, internet advertising, pamphlet advertisements, advertisement through hoardings, social networking websites, sponsored links and classifieds, sports utility vehicle melas, direct mail, direct phone calls, brand ambassadors, lending celebrity voices, endorsing products on social media, integration of celebrity’s image, celebpreneurs, dealers stock display context and incentive to sales executive, free insurance

on the purchase of sports utility vehicle, complete service solution plan, finance availability with

zero percent interest, special discounts on sales of sports utility vehicle, increasing warranty period, price off, detailed information about the vehicle given by specially trained sales executives, demonstrate the vehicle features and benefits, special meet and attention on corporate people personally, conducting customer delight program, special attention towards relationship marketing, direct selling through target segment, collects personal bio-data and phone directory, establish and maintain favorable image, post testimonials from customers in websites, public service activities, news and speeches, conducting rally racing championship, corporate identity materials and building and maintaining relations with existing customers of the measured variables are showing significant impact on the buying decision of sports utility vehicle buyers.

Recommendations and Conclusion

Today's SUV manufacturers are facing their toughest competition in decades, and it will only get worse. These manufacturers of SUV can comfort their competition better if they can move from a product and selling concept to a customer and marketing concept. Sports utility vehicle manufacturers can go about winning customers and outperforming competitors by doing an enhanced job of meeting and satisfying customer needs and wants. Because satisfaction is a determinant of customer loyalty and it is a function of the difference between expectations and perceptions. The abnormal increase of price of SUV may be avoided and necessary cost reduction methods may be employed by the SUV manufacturers in all aspects. Further the dealers and manufacturers of SUVs should encourage one to one relationship directly with the customers to boost their loyalty. This research reveals that promotional activities play an imperative role in the process of framing the marketing strategies by the SUV manufacturers. Promotional techniques used by the dealers and marketers are the major influences to attract the customers and increase their sales. Nowadays, shoppers do not conciliation on the quality standards even if they have to pay a bit higher. The company should also maintain its focus by providing incentives to the customers regularly so that they keep the faithfulness of their buyers. Favorable brand attitudes are the determinants of brand loyalty - consumers must like the product in order to develop loyalty to it. To convert occasional buyers into brand loyalists, habits must be reinforced. Consumers must be reminded of the worth of their purchase and encouraged to continue purchasing the same product in the future.

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