

The Effects of Brand Cognition Process in Automobile Marketing in the Developed Countries

Gautam Dutta, Indian Institute of Foreign Trade, Kolkata, India

Abhishek Dutta, Chulalongkorn University, Bangkok, Thailand

ABSTRACT

The developed country consumers actually build up three types of barriers while acknowledging inconspicuous automobile brands from developing countries which almost act linearly in three successive phases of brand cognition. These barriers create three types of quantifiable psychological distances. This article, in the backdrop of an Indian automobile brand's marketing endeavor in USA, details the underlying psychological reasons towards ignoring inconspicuous foreign brands of developing countries and quantifies psychological distances for the Indian automobile brand understudy. This article also shows a way to bring the theoretical understanding of COO based brand cognition process to a practical level which the marketing managers of developing countries can use while extending their brands to the developed country markets.

KEYWORDS

Automobile Marketing, Country of Origin, International Branding, Market Entry Strategies

INTRODUCTION

Indian automobile manufacturer Mahindra & Mahindra, acronym M&M, began its journey with a dream to become major global player in the automobile sector just at the dawn of Indian independence. Today after 60 years, the Mahindra Group is a leading manufacturer of multi-utility vehicles with significant presence in India. From 1970's M&M started exporting vehicles to different African and Asian countries and soon became a very popular brand in many developing and least developing countries. In 2002, M&M launched India's first indigenous Sports Utility Vehicle (SUV), the Scorpio, which got acknowledgment from Indian consumers as the vehicle with right blend between rugged utility and style. During the year 2009, the company decided to have a big presence in the international markets through launching of Scorpio brand SUV in the lead country markets like United States of America (USA) in order to achieve the target of realizing about 20 percent of the total revenue from international operation by the year 2012. As the company was readying its marketing plan for USA it had been worrying about the acceptance of brand 'Scorpio' in the US market by the SUV savvy prospective customers. The company was afraid of possible disadvantages originating from first, its brand name unfamiliarity with the US customers; second, not so bright image of the country of origin (COO) i.e. India as SUV manufacturer and third, imminent uneven competition with the established brands endowed with positive COO image.

The purpose of the current study is twofold. One; to understand the underlying psychological reasons towards ignoring inconspicuous foreign brands of developing countries as this can help

DOI: 10.4018/IJABIM.2019010105

marketers to frame marketing strategy and two; to devise a framework for assessing the level of acceptance of the domestic brand while accessing the developed country markets which can readily be used by the practicing managers. A handy framework in this direction, considering how the domestic brands from developing or least developing countries are likely to be accepted in developed country in relation to local brands and those originating from other developed countries, would be of interest to companies in their formulation of marketing strategies for the developed country markets. The entire understanding in this paper will be developed, in this regard, in the backdrop of marketing of Indian SUV brand 'Scorpio' in the US market.

CONCEPTUAL BACKGROUND AND LITERATURE REVIEW

The developed countries of the world dominated the automobile manufacturing for many years. Even in case of manufacturing from low cost countries the developed country brand image supported marketing of the products. Consequently, published research in the area of country of origin effects (COO effect) regarding automobile branding has usually been conducted using automobiles from developed countries. However, in the last 20 years, automobiles from manufacturers in developing countries such as India, Brazil, China and Russia are increasingly becoming important players in the world of automobile. Researchers have found that when a new brand from developing countries is launched in a developed country market the consumers use the country's image as a product evaluation cue (Maheswaran, 1994; Klein et al., 1998). Further, consumers' brand personality perceptions are also influenced by both country of origin of the brand (COB) and the country of manufacture of the product (COM). The COM of a car is more powerful than the COB in terms of influencing ability (Fetscherin, Toncar, 2010). Erickson, Johansson, and Chao (1984) found in a study, conducted in USA, that image variables like brand of an automobile has its impact on product evaluation and heavily influences belief formation process of the consumers. This establishes the fact that consumers' product perceptions are inferred from stereotypical beliefs about the country from which the product or brand originates (Erickson et al., 1984). Research has also shown that COO effects different product category differently. Bilkey and Nes (1982), and Roth and Romeo (1992), confirmed the validity of this differential effect phenomenon. Ahmed et al., (2002) investigated it further and established that these effects are generally more pronounced when the manufacturing process is complex and vice versa. Therefore, COB or COM related effects will be considerably more in case of an automobile than a simple toy. Researchers for a long time researching in this line very well contributed in developing understanding of the practicing managers about COO or COM and, COB effects. They asserted that these cues would act as buyers' decision-making variable which invariably acts negatively when the products are produced in developing or least developing countries. Hsieh (2004) contrasted developed and developing country markets in terms of COO effect on consumers and argued that initial COO's importance is more likely to be diluted by other information in highly developed markets because the marketers tend to put more effort into product differentiation. In highly developed markets, sufficient product attribute information is readily available and hence COO information is likely to be treated as only one aspect. Accordingly, consumers in the developed markets would tend to rely on intrinsic information on a more complex level rather than simply on basic information such as COO when they evaluate competitive brands. However, Hsieh's (2004) assertion had to wait long five years till Bloemer, Brijs, and Kasper (2009) went in deeper to identify the fall out of the COO effect on consumer behaviour. Bloemer et al. (2009) found that four recognisable types of consumer behaviour resulted out of cognitive process mechanism and termed these as 'halo effect,' 'summary construct effect,' 'default heuristic effect' and 'product attribute effect'. According to them, as per 'halo effect' the consumers would be relying on COO cues to infer and form salient beliefs about the attributes of the product disregarding additional product information. Under 'summary construct effect', the consumers would summarily reject the additional product information because of strong negative COO evaluation. Therefore, either because of the 'halo effect' or 'summary construct effect', at least

11 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the product's webpage:

www.igi-global.com/article/the-effects-of-brand-cognition-process-in-automobile-marketing-in-the-developed-countries/216920?camid=4v1

This title is available in InfoSci-Journals, InfoSci-Journal Disciplines Business, Administration, and Management.

Recommend this product to your librarian:

www.igi-global.com/e-resources/library-recommendation/?id=2

Related Content

Relationship Quality: What It Means in Indian Retail Context?

Ekta Duggal and Harsh V. Verma (2017). *International Journal of Asian Business and Information Management* (pp. 14-35).

www.igi-global.com/article/relationship-quality/182472?camid=4v1a

Home Country-Specific Determinants of Outward Foreign Direct Investment in Developing Economies

Rfat Karaku (2017). *Outward Foreign Direct Investment (FDI) in Emerging Market Economies* (pp. 59-76).

www.igi-global.com/chapter/home-country-specific-determinants-of-outward-foreign-direct-investment-in-developing-economies/177668?camid=4v1a

Socio-Economic Development and Competitiveness of the North-West Federal District of Russia

Ksenia D. Shelest (2014). *Geo-Regional Competitiveness in Central and Eastern Europe, the Baltic Countries, and Russia* (pp. 381-407).

www.igi-global.com/chapter/socio-economic-development-and-competitiveness-of-the-north-west-federal-district-of-russia/109151?camid=4v1a

A Synthesis of Globalisation, Business Culture and E-Business Adoption in Vietnam

Huong Le, Fung K. Koo and Jason Sargent (2013). *Cultural and Technological Influences on Global Business* (pp. 120-141).

www.igi-global.com/chapter/synthesis-globalisation-business-culture-business/76488?camid=4v1a