



Three things that will make an impact on Auto Marketing on road to 2010

The Automotive industry has universally emerged as an important driver of the economy. And in India, the industry has been on overdrive over the last four to five years. Going forward, rising incomes, better lifestyles, strong economy, infrastructural investments and better road connectivity will be the boom factors for the automobile industry in India.

Over the next three to four years, different manufacturers will invest billions of dollars in building manufacturing capacity in India. As a result, by 2010, India's capacity would have expanded tremendously compared to what it is today. The number of options is only increasing and by 2010 with the other "big" manufacturers like Toyota, Honda, Ford, etc. launching vehicles straddling different segment, the options are only going to increase exponentially in the next three to four years. Apart from this, emerging technologies like diesel engines, battery cars, etc. would also contribute to the explosion in choice.

With the exponential growth in the number of products, advertising is also likely to increase manifold leading to a more diversified use of the different communication vehicles available to marketers. Currently, Internet and mobile penetration is much lower than China and other developed markets. However, with the education and acceptance of new age media like Internet and Mobile, these new forms of communications are growing at a rapid rate. This obviously would impact the media mix in terms of identifying the optimum media mix. We could also witness the emergence of newer channels of selling based on these media vehicles.

The growth in the economy has led to a decline of the traditional joint family system and the interfamily

dynamics is changing to nuclear. This trend is only going to perpetuate further. This would lead to an increase in the number of meaningfully different customer segments – an increase resulting from factors such ethnicity and lifestyle. Changing lifestyles will also make car designs individualistic – cars will revolve around individuals, further complicating marketing. Also, with manufacturers achieving parity on most parameters, the only differentiating factors would be design and image.

One other important change we are likely to see is in the sphere of retailing. Currently, automotive retailing is given little attention by manufacturers as it is viewed as adjunct to the core business of engineering and manufacturing vehicles. To meet the rising consumer demand

for flexibility and convenience, marketers will increase the number of channels and customer touch points. Further, the emergence of new formats such as "Auto Superstores" and "Auto malls" will alter the way the business functions. We would also witness the transformation of stores from pure retail environments to brand building environments. And so, marketing would have to evolve to meet the challenges of the changing retail landscape as well.

These are just some of the key factors that are likely to impact auto marketing in 2010. These, coupled with the others, will make marketing more complex in 2010.

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