

## MARKETING STRATEGY MODEL OF EUROPEAN PASSENGER CARS FOR THAILAND AUTOMOBILE MARKET

โมเดลกลยุทธ์การตลาดของรถยนต์นั่งส่วนบุคคลสัญชาติยุโรปสำหรับตลาดยานยนต์ประเทศไทย

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### Abstract

This research is a mixed research method using both qualitative and quantitative research methodology. The research aims to (1) analyze the strength, weakness, opportunity, and threat of the marketing strategies of eight European passenger car companies in Thailand, (2) analyze the components of the latent variables of psychological factors, the marketing factors, and the key performance indicators, (3) analyze the direct and indirect effects among the psychological factors, the marketing strategies, and the key performance indicators, and (4) formulate an effective marketing strategy model for European passenger car companies in Thailand.

The qualitative data were collected by conducting in-depth interviews of twelve Chief Operation Officers of eight European passenger car companies. The quantitative data were collected by questionnaires from 699 samples of European passenger car owners. The statistics used were descriptive and inferential statistical analysis of , mean, standard deviation, confirmatory factor analysis, and path analysis was used to test the hypotheses. Structural equation modeling was used to test the model.

The qualitative findings revealed that (1) strengths were image and products, weaknesses were distribution channel, opportunities were exchange rate and economic rebound, threats are politics and grey import. The quantitative findings revealed that, the components of the latent variables (2) psychological factors consisted of learning, perception, motivation, personality, and attitude. (3) Marketing mix factors were place, price, product, promotion, and customer relationship management. (4) The operational achievements were satisfaction, referral, repeat purchase, and company and brand image. (5) Factors affecting on achievement and marketing factors both had positive effects on the key performance indicators, and all hypotheses were supported. (6) The constructural model corresponded with the empirical data of all the variables (GFI = 0.99, AGFI = 0.97, Chi-Square = 53.99,  $df$  = 35, RMSEA = 0.028).

**Keywords:** Marketing Strategy Model, European passenger cars in Thailand

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## บทคัดย่อ

การวิจัยนี้ เป็นการวิจัยแบบผสมผสานระหว่างระเบียบวิธีวิจัยเชิงคุณภาพและเชิงปริมาณ โดยมีวัตถุประสงค์ (1) เพื่อวิเคราะห์จุดแข็ง จุดอ่อน โอกาสและอุปสรรคของกลยุทธ์การตลาด ของบริษัทผู้แทนจำหน่ายรถยนต์นั่งส่วนบุคคลสัญชาติยุโรป 8 แห่งในประเทศไทย (2) เพื่อวิเคราะห์องค์ประกอบของตัวแปรปัจจัยทางจิตวิทยาของลูกค้า กลยุทธ์การตลาดและผลสัมฤทธิ์ของบริษัทผู้แทนจำหน่าย (3) เพื่อวิเคราะห์อิทธิพลทางตรงและทางอ้อมของปัจจัยทางจิตวิทยาของลูกค้านำ กลยุทธ์การตลาดที่มีผลสัมฤทธิ์ต่อการดำเนินงานของบริษัทผู้แทนจำหน่าย และ (4) เพื่อค้นหาโมเดลกลยุทธ์การตลาดที่จะส่งผลต่อการดำเนินงานของบริษัทผู้แทนจำหน่ายรถยนต์นั่งส่วนบุคคลสัญชาติยุโรป

ข้อมูลเชิงคุณภาพ ศึกษาโดยการสัมภาษณ์ผู้บริหารระดับสูง 12 ท่าน จาก 8 บริษัท ข้อมูลเชิงปริมาณ ศึกษาโดยการสุ่มตัวอย่างประชากรที่เป็นลูกค้านยนต์ยุโรปในประเทศไทยจำนวน 699 คน เก็บรวบรวมข้อมูลด้วยแบบสอบถาม สถิติที่ใช้ในเชิงพรรณนา ประกอบด้วยร้อยละค่าเฉลี่ย ค่าเบี่ยงเบนมาตรฐาน สถิติเชิงอนุมานที่ใช้ ประกอบด้วย การวิเคราะห์องค์ประกอบเชิงยืนยัน ทดสอบสมมติฐานด้วย สถิติการวิเคราะห์เส้นทางอิทธิพล (Path analysis) และทดสอบโมเดลด้วยสถิติการวิเคราะห์โมเดลสมการโครงสร้าง (Structural equation modeling)

ผลการวิจัยพบว่า (1) จุดแข็งคือภาพลักษณ์และผลิตภัณฑ์ จุดอ่อนคือ ช่องทางการจัดจำหน่าย โอกาสคือ การกระตุ้นของเศรษฐกิจและอัตราแลกเปลี่ยน อุปสรรคคือการเมือง และการนำเข้าจากผู้นำเข้าอิสระ (2) ปัจจัยจิตวิทยาองค์ประกอบคือ การเรียนรู้ การรับรู้ แรงจูงใจ บุคลิกภาพ และทัศนคติ (3) ปัจจัยส่วนประสมการตลาดคือ ช่องทางการจัดจำหน่าย ราคา ผลิตภัณฑ์ การส่งเสริมการตลาด และการบริหารลูกค้าสัมพันธ์ (4) ผลสัมฤทธิ์ของการดำเนินงานคือความพึงพอใจ การบอกต่อ การกลับมาซื้อซ้ำ และภาพลักษณ์ของบริษัทและแบรนด์ (5) ปัจจัยที่มีอิทธิพลต่อผลสัมฤทธิ์ การดำเนินงานของบริษัท ประกอบด้วย 2 ปัจจัย ได้แก่ ปัจจัยจิตวิทยาและปัจจัยการตลาด และสมมติฐานทั้งหมดได้รับการยอมรับ (6) โมเดลกลยุทธ์การตลาดมีความสอดคล้องกับข้อมูลเชิงประจักษ์เป็นอย่างดี โดยมีค่า GFI = 0.99, AGFI = 0.97, Chi-Square = 53.99, degree of freedom = 35, และ RMSEA = 0.028

**คำสำคัญ:** โมเดลกลยุทธ์การตลาด รถยนต์นั่งส่วนบุคคลสัญชาติยุโรปในประเทศไทย

## Significance and rationale to the research

For decades, Thailand has envisioned itself as destined to be the global automobile manufacturing hub of Southeast Asia. Currently employing more than 300,000 people and generating 12 percent of the national GDP, the automobile industry is one of the biggest manufacturing sectors in the country (Hanley, 2009). Even though currently there are 15 automobile assembly plants in Thailand, most of the invest-

ments are contributed only by Asian and American manufacturers (Panjakajornsak, 2010). At present, new investment arrives from the existing manufacturers due to the incentive scheme offered by Thai government for the Eco-car participants. Interestingly, Thailand sold more cars than Malaysia and Indonesia, but in 2009, additional investment injected into the automobile industry was far different. New investment in Malaysia and Indonesia accounted for Baht 63,150 million and Baht 53,550 million respectively, whereas Thai-



land acquired only Baht 22,150 million from new investment (Oica, 2010). European investment is critically important to Thailand, because the ASEAN Free Trade Area (AFTA) agreements have opened the gateway for automobile export for the region.

Because of today's standardization of technology, one must wonder what make a product sell. If a product can be produced with similar quality as the competitors, then why one brand sells and other brand fail. Decision making on automobile purchasing are both rational and emotional; a customer can be either motivated by the functional benefits or social benefits of the products. Psychological factors of motivation, personality, perception, attitude, and learning are all important influencers of customers' preference. Marketing tactics deployed by the manufacturers are all critical factors of brand building and customers' acceptance.

This research therefore aims to find a marketing strategy model that will yield success for European passenger car makers in terms of customer satisfaction, repurchase intention, referral, and image. The findings will introduce the marketing factors that entice consumers to purchase. The results of the research will be beneficial to a European passenger car company who is trying to gain a strong foothold in Thailand automobile industry. The investment by European car manufacturers in Thailand can create more job opportunities, enhance technology transfer and put the country on the road map to become one of the biggest auto-manufacturing countries in Asia.

## Research objectives

1. To analyze the strength, weakness, opportunity, and threat of the marketing strategies of European passenger car companies in Thailand.
2. To analyze the components of the latent variables of psychological factors of Thai consumers of European passenger cars, the marketing strategies, and the key performance indicators of European car companies in Thailand.
3. To analyze the direct and indirect relationships among the psychological factors of Thai consumers of European passenger cars, the marketing strategies, and the key performance indicators of European passenger car companies in Thailand.
4. To formulate an effective marketing strategy model affecting the performances of European passenger car companies in Thailand.

## Literature Review

Consumer behavior theory is a study of individuals' decision making process on how to spend their income on goods and services (Schiffman & Kanuk, 1997). A process of buying starts in the minds of the consumer, which leads of the findings of alternatives between products that can be acquired with their relative advantages and disadvantages. This leads to internal and external research, and then follows a process of decision making for purchase and using the goods, and then the post purchase behavior which is also very important, because it gives an indication to the marketers whether his product has been a success or failure. One of the major forces that influence the consumer behavior is



the psychological factors of motivation, perception, learning, personality, and attitudes (Kotler & Keller, 2006).

Marketing mix is a set of marketing instruments designed for the achievement of an organization's objectives in relationship to its target market. The instruments are tactical and controllable marketing variables a firm uses to influence the demand for a product. The marketing mix consists of product, price, promotion, and place. These four P's are the parameters that a marketer can control, subject to the internal and external constraints of the marketing atmosphere. The ultimate goal is to make the customers in the target market aware of the perceived value of a product or service and generate a positive response. Certainly a firm can change its price, number of sales personnel, and advertising expenses in a short run. However to change a product design or quality, and to modify or increase its distribution channels would take long term planning and big investment funds (Kotler, 1999).

Customer relationship management (CRM) is very critical for business sustainability. CRM is a time consuming strategy, but also the most effective for marketing extension programs. CRM will establish and magnify image of the brand and organization, thus resulting in market share growth from existing and newly acquired customers. Customer satisfaction will ignite repeat purchase, referrals and positive word of mouth (Kotler & Keller, 2006). Marketing theories emphasize on keeping current customers because by creating good and lasting relationships will be far more cost effective than trying to capture new ones (Aaker, 2002).

From previous research by Narasimhan (1987), psychological aspects of a consumer are pivotal to his product and brand choice. In addition to that there are more factors involved in the purchasing decision of a consumer. According to Rosecky and King (1996), and Ramsey and Sohi (1997), marketing mix attributes; such as, price, quality of the product, quality of the after sales, technology, brand recognition and image, sales personnel, brand personality, and so on are major influencers of a product purchase. Nooh (1997) also found that in underdeveloped countries, country of origin effects can lead to positive or negative attitude towards the products from that country, especially in products those involved with advance technology and have high prices. Lastly from the research of Lee (2009), consumers' personalities can also influence brand choices. These researches' finding are therefore the evidence that psychological factors of motivation, learning, perception, attitude, and personality are influencers of the consumers' purchase decision.

From researches conducted by Yoon and Kim (2000), promotions are found to be vital for the success of a product. Automobile makers use advertisements to convey technical information and model positioning. Grein, Craig and Takada (2001) stated that in terms of product; European manufacturers want to have their car built specifically for the local road and weather conditions, and that cost them more development funds. Tanmay, Shradha, and Krishnan (2009) conducted a research that reveals the importance of Customer Relationship Management. Companies need to build relationship with all stakeholders in favor of enhancing trust, commitment, and

loyalty. The degree of loyalty to a brand has direct impact on revenue growth and image of the brand. They concluded that in automobile business all aspects of marketing mix are critical to business success.

From previous researches by Epstein (1996) and Jasfar (2001) found that company's performance in terms of economic growth accounted from such variables as image, repeat purchase, and referrals which are generated from customer satisfaction. Promotion strategies have

less significant impact on economic situation. Epstein (1996) found that in the US, distribution density is not relevant to satisfaction; on the other hand Thanasuta, Patoomsuwan, Chaimahawong and Chiaravutthi (2009) found that in Thailand, customers viewed this factor as critical in their decision to purchase the brand.

From the study of theories, concepts, and related researches, a conceptual framework for this research was hypothesized as shown in the following Figure 1.

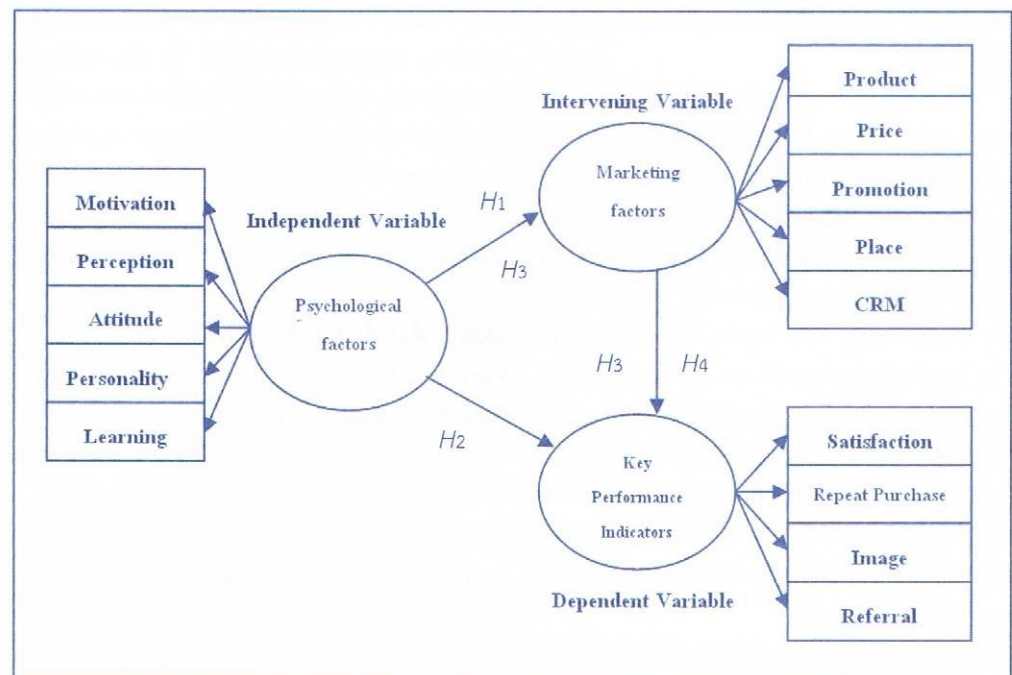


Figure1. Research Constructed Conceptual Framework

## Research Hypotheses

*H1:* There is a direct relationship between psychological factors of Thai consumers of European passenger cars and marketing factors of European passenger car companies in Thailand.

*H2:* There is a direct relationship between psychological factors of Thai consumers of European passenger cars and key performance

indicators of European passenger car companies in Thailand.

*H3:* There is an indirect relationship between psychological factors of Thai consumers of European passenger cars and key performance indicators of European passenger car companies in Thailand through marketing factors.

*H4:* There is a direct relationship be-



tween marketing factors of European passenger car companies and key performance indicators of European passenger car companies in Thailand.

### Research Methodologies

This research is a mixed research method, using both qualitative and quantitative approaches. The qualitative research method was conducted to investigate the first objective. The second to fifth objectives were examined by quantitative research method. Structural equation modeling (SEM) was used to find the effective marketing strategy model affecting the performances of European passenger car companies in Thailand.

The qualitative approach adopted personal interviews with twelve Chief Operating Officers involved in marketing strategy formulation and implementation for the eight European brands in the Thai automobile retail market. They consisted of Audi, BMW, Citroen, Mercedes Benz, Mini, Peugeot, Volkswagen, and Volvo. The interviews aimed to gather information on how the group saw and evaluated the Strengths, Weaknesses, Opportunities, and Threats of their brands. The result was then compared and integrated with the quantitative findings to form strategically implications from both points of views of business operators and consumers.

The quantitative approach adopted questionnaire as the research instrument, which was tested for validity and reliability. The IOC index in every item in the questionnaire was higher than 0.6.

The Cronbach Alpha Coefficient value for variable psychological factors was 0.922, variable marketing factors was 0.940, variable key performance indicators was 0.929, and for all variables was 0.967. Population was the car buyers of eight European passenger car brands in Thailand from 2007-2009 which were 22,778 owners. The actual collections of the questionnaires were totaled at 699 samples. The statistical measurements of mean, standard deviation, percentage, kurtosis, skewness, and correlation were employed for the investigation of all variables. The components of all latent variables were tested by Confirmatory Factor Analysis (CFA) for second order. The analysis of Goodness-of-fit of the constructed model and the empirical factual data was based on many acceptance criteria; such as, the ratio of Chi-square and degree of freedom should be  $< 2$ ,  $P\text{-Value} > .05$ , CFI/GFI/AGFI should be between 0.90-1.00, RMR and RMSEA should be  $< 0.05$ .

### Data Analysis Results

#### Part 1: SWOT Analysis of the eight European Passenger Car Companies

The purpose of this section was to analyze the strategic thoughts of twelve Chief Operating Officers of eight European car brands and the corresponding promotion of their brand identities and the critical impacts on the destiny of these brands in the Thai automobile market place as a "theoretical and research" tool. The findings are shown in Table 1.

Table 1

*SWOT Matrix of European Passenger Car Companies in Thailand*

Strengths	%	Weaknesses	%
<b>Product</b>		<b>Product</b>	
▪ Many models/variants	50	▪ Limited models (CBU Tax)	38
▪ Overall quality, advance technology	75	<b>Price</b>	
▪ Safety and comfort	100	▪ High price	63
▪ Fuel economy/Less pollution	75	▪ High service price	100
<b>Price</b>		▪ Resale value	88
▪ Reasonable (CKD)	38	<b>Promotion</b>	
<b>Promotion</b>		▪ Price promotion to get more sales	25
▪ High global image	100	<b>Place</b>	
▪ Aggressive marketing strategy	25	▪ Poor retail image	25
<b>Place</b>		▪ Lack of quantity	75
▪ High quality facilities	88	▪ Unprofessionalism of dealers	38
▪ Adequate quantity	25	<b>CRM</b>	
<b>CRM</b>		▪ Not unique from other makers	38
▪ Aggressive customer care strategy	100		
Opportunities	%	Threats	%
▪ Market expansion	63	▪ Small segment	50
▪ Economic rebound	50	▪ Oil price	50
▪ Exchange rate	50	▪ Politics	75
▪ AFTA factories	38	▪ Grey import	50

**Strengths**

Half of the European brands have product models and variants that cover a wide range of passenger car classes. The overall quality, advance technology, fuel economy, and less pollution are important features as the "Unique Selling Points" (USP) of European cars as rated by 75% of the brands. All brands agree that "Safety and comfort" are the most salient attributes of European cars according to the perception of the customers. All of the brands believe that European cars have the highest global brand image among all cars of every continent. They are able to aggressively promote strong positive images across all aspects of the marketing mix.

**Weaknesses**

All of the brands mention that the most concerned weakness is the high service prices

perceived by the consumers. Low resale value is also an obstacle to conquer sales as mentioned by 88 % of the brand. More than half of the brands also specify the consumers' perception of too high retail prices of European cars hinder their sales pitch.

Seventy five percent of the brand stated that, the perceived small quantity of retail outlets and service centers obstruct their sales potential. The notion of not having enough quantity of distribution centers tarnish the retail image was mention by 25% of the brand.

**Opportunities**

Economic factors are a matter of concern expressed by half of the group since they impact directly on the buying behavior of the customers, and in this respect the Thai economy has rebounded well from the global financial crisis



of the year 2008 – 2009. The rebound of the economy will create more opportunity for European passenger cars due to the market expansion as expected by 63% of the brand.

### Threats

Even though opportunity seems to present a bright future outlook, fierce competition from grey imports are unavoidable. The degree of rivalry will be further heightened for the relatively small potential market. On the bright side the polarized political situation as had for the most part only a temporary impact on business and consumer confidence.

### Part 2: Results of the Confirmatory Factor Analysis of the components of the latent variable of psychological factors, marketing factors, and key performance indicators.

There are 3 latent variables under the analysis which consist of psychological factors, marketing factors, and key performance indicators. The variable psychological factors consist of motivation, personality, perception, learning, and attitude. The variable marketing factors consist of product, price, place, promotion, and customer relationship management. The variable key performance indicators consist of company and brand image, repeat purchase intention, customer satisfaction, and referral intention.

Result of the CFA of the latent variable psychological factors found that the value of Chi-Square = 208.07,  $\chi^2/df = 1.14$  (208.07/182), P-Value = 0.09, GFI = 0.98, AGFI = 0.96, RMR = 0.026, and RMSEA = 0.014. The value of the first-order standardized solution is between 0.52 and 0.77, and the value of second-order standardized

solution is between 0.72 and 0.88, which are higher than 0.50. The results indicate that the variables motivation, personality, perception, learning, and attitude are the components of the latent variable psychological factors.

Result of the CFA of the latent variable marketing factors found that the value of Chi-Square = 287.03,  $\chi^2/df = 1.45$  (287.03/198), P-Value = 0.00004, GFI = 0.97, AGFI = 0.94, RMR = 0.018, and RMSEA = 0.025. The value of the first-order standardized solution is between 0.56 and 0.88, and the value of second-order standardized solution is between 0.66 and 1.00, which are higher than 0.50. It indicates that the variables product, price, place, promotion, and customer relationship management are the components of the latent variable marketing factors.

Result of the CFA of the latent variable key performance indicators found that the value of Chi-Square = 31.70,  $\chi^2/df = .81$  (31.70/39), P-Value = 0.79, GFI = 0.99, AGFI = 0.98, RMR = 0.0075, and RMSEA = 0.00. The value of the first-order standardized solution is between 0.69 and 0.95, and the value of second-order standardized solution is between 0.62 and 0.90, which are higher than 0.50. It indicates that the variables customer satisfaction, company and brand image, repeat purchase intention, and referral intention are the components of the latent variable key performance indicators.

### Part 3: Results of the Path Analysis of psychological factors, marketing factors, and key performance indicators. (Hypotheses testing results)

#### Hypothesis 1

The path coefficient results show that



there is a positive direct effect (DE) relationship of 0.33 and total effect (TE) of 0.33 both at the significance level of 0.01 between the tested variables. The results indicate that the psychological factors of Thai consumers of European passenger cars have a positive direct effect with the marketing factors of European passenger car companies. Therefore the hypothesis one is supported.

#### Hypothesis 2

The path coefficient results show that there is a positive direct effect (DE) relationship of 0.19 and total effect (TE) of 0.37 both at the significance level of 0.01 between the tested variables. The results indicate that the psychological factors of Thai consumers of European passenger cars have a positive direct effect to the key performance indicators of European passenger car companies. Therefore the hypothesis two is supported.

#### Hypothesis 3

The path coefficient results show that there is a positive indirect effect (IE) relationship of 0.18 at the significance level of 0.01 between

the tested variables. The results indicate that the psychological factors of Thai consumers of European passenger cars have a positive indirect effect to the key performance indicators of European passenger car companies through the marketing factors of those companies. Therefore the hypothesis three is supported.

#### Hypothesis 4

The path coefficient results show that there is a positive direct effect (DE) relationship of 0.56 and total effect (TE) of 0.56 both at the significance level of 0.01 between the tested variables. The results indicate that the marketing factors of European passenger car companies have a positive direct effect to the key performance indicators of European passenger car companies. Therefore the hypothesis four is supported.

#### Part 4: Results of the Marketing Strategy Model of European Passenger Cars for Thailand Automobile Market

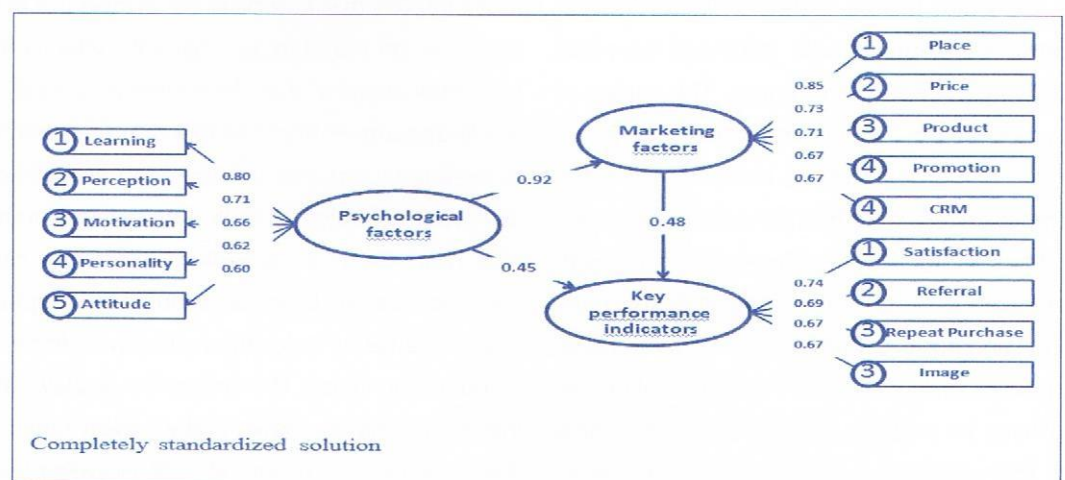


Figure2 Marketing Strategy Model of European Passenger Cars for Thailand Automobile Market

Learning has the highest factor loading in the Psychological factors with the value of 0.80, follow by Perception with 0.71, Motivation with 0.66, Personality with 0.62, and Attitude with 0.60 respectively. The values indicate that Learning is the most important factor in the Psychological factors follow by Perception, Motivation, Personality, and Attitude.

For the Marketing factors; Place reveals the highest factor loading value of 0.85, follow by Price with 0.73, Product with 0.71, Promotion with 0.67, and CRM with 0.67 respectively. The values indicate that Place is the most important factor in the Marketing factors. The less important factors in descending orders are Price, Product, Promotion, and CRM.

The highest factor loading value in the Key performance indicators belong to Customer satisfaction with the value of 0.74, follow by Referral intention with 0.69, Repeat purchase intention with 0.67, and Company and brand image with 0.67 respectively. The values indicate that Customer satisfaction is the most important factor in the Key performance indicators. The less important factors in descending orders are Referral intention, Repeat purchase intention and Company and brand image. The values of all factor loadings are illustrated in Figure 2.

The analysis of the model and the hypotheses testing, state that the psychological factors have a direct and positive relationship with the marketing factors. Psychological factors have a direct and positive relationship with the variable key performance indicators. Psychological factors also have an indirect and positive relationship with the variable key performance indicators through the variable marketing factors. Lastly the marketing factors have a direct and positive relationship with the variable key performance

indicators. The analysis arrives at the conclusion that higher level of the psychological factors and the marketing factors will result in higher level of the key performance indicators.

### Discussion of the research findings

The qualitative research findings reveal that for premium product such as a European car, the major strength relies upon the product's qualities and attribute. However because of the exclusive nature of the product, selective distribution is the primary distribution channel which cause drawback in the perception of the customers. Therefore the company must constantly monitor the qualities of its channel to offset the weakness of quantity and also should regularly publicize the adequacy of its channel to the general public.

The research indicates that the variable key performance indicators is the most important as evidenced by having the highest mean at 4.11. The observed variable Company and brand image is the most important in this measurement model as having the highest mean at 4.30. This occurrence implies that European car owners put high emphasis on brand image that will reflect their upper-tier social status. The interesting issue in the finding arrives from the fact that the variable marketing factors has the lowest mean among all latent variables at 4.05. This event implies that Thai customers already have positive psychological beliefs towards products of European origins. Marketing is not the main driving force to stimulate purchase. The customers display little interest in CRM as shown in the lowest mean in the measurement model at 3.89. However CRM is believed to be an important strategy to build trust and loyalty with the customers for long term business sustainability. The contradiction



may indicate that the special events, privileged offering, and special promotions by the European car companies in Thailand are foreseen as norms in the automobile industry. Thus their CRM strategies should be reviewed and adjust to create more customer satisfaction.

The research findings show that all five of the marketing factors have impact on the psychological factors of the consumers and the performance of the European car companies. The result is supported by the marketing mix concept of Kotler (1999) and the CRM strategy of Kotler and Keller (2006). Moreover the qualitative interviews of the Chief Operating Officers of the top eight European passenger car brands reveal that they use the marketing strategy in the following order of importance; Product strategy, CRM strategy, Promotion strategy, Place strategy, and Price strategy. Evidently, there is a discrepancy in the rank order of importance of strategy between the qualitative finding and quantitative finding, the constructed marketing strategy model of European passenger car will be a valuable guideline to increase the market shares of European cars in Thailand car market.

**Place strategy:** In this research, place has the highest importance in the consumers' decision to purchase a European car. According to Kotler's marketing mix concept, the selection of types of distribution channels depend largely on the type of the product being marketed. Kotler (1999) suggests that hi-end products always use exclusive or selective distribution strategies to establish their exclusivities. The research of Tanmay, et al. (2009) confirms the importance of distribution channel in the context of automobile purchase. Moreover the research found that the quality of the channel is more important than the intensity. The context of quality extends not only to the physical appearance, but also to all necessary technical equipment and quality of the personnel.

**Price strategy :** The research found that

price has the second important factor in the buying decision. Due to high tax rates, Thailand is one the most expensive countries in the world for automobile purchase. Regardless of car segments, the consumers will put great emphasis on the matters of value for money, promotional campaign, maintenance cost, and resale-value. The qualitative findings support the quantitative findings in this respect. As mentioned by most European brands from the interviews, resale-value and high service price are the major issues of their weaknesses. The finding is supported by Hawkins and Motherbaugh (2010) as mentioned in their pricing theories that price is associated with perceived quality. Consumers are willing to pay higher price, if they believe that the product has high quality. In the research of Thanasuta, et al. (2009), Thai consumers put high value and prepare to pay premium price for a European car, because they have positive perceptions on the quality and brand image.

**Product strategy:** Grein, Craig and Takada (2001) found that European car buyers buy European cars because they believe that the overall quality is superior to cars of other origins. European cars are developed according to local requirements; such as, road conditions and different climates. European car buyers perceive European cars as having more products and variants; especially in terms of, different performance levels and equipment options to fit more requirements or lifestyles of the consumers.

**Promotion strategy:** Yoon and Kim (2000) found from their research that global brand image have significant impact on luxury products especially in the context of automobile purchase, which is in line with Aaker's (2002) brand concept. Advertising, both locally and globally can influence the perception and attitude of a consumer during the cognition stage. Yoon and Kim (2000) found that advertising, not only can give information about a product, but also can indicate the similarity of self-image of a potential customer



and the image positioning of the product. The tie between image of the brand and image of the buyer is a critical factor during the "evaluation of alternative stage" in the model of consumer buying process of Kotler and Kelller (2006).

Customer Relationship Management strategy: Customer relationship management ranks tie as the least important marketing factors. However the result of the depth interview of twelve Chief Operating Officers of the eight European car brands shows that all companies are aggressive in their CRM strategies and see CRM as a critical factor of their business sustainability. It is supported by the research of Ismail and Al-sadi (2010). They found that CRM is a must-have strategy in today's competitive business environment. The low level of attitude of Thai European car owners towards CRM could be explained as; even though those European companies try very hard to be actively involved with their customers, they could perceive the activities as a norm in the business. Most products equip this strategy into their marketing arsenal. It is a common practice that the customers witness every day. Therefore the European passenger car companies must develop even better CRM strategy, in order to distinguish themselves from the norm.

### Application of the research model

Place strategy is evidently the most concerned factor of the Thai consumers of European cars as well as the European passenger car companies themselves. Place, in automobile sense includes the location of showroom and workshop, intensity, quality of the facilities and personnel, and the reputation of the dealership owner. A European car company must establish showrooms and workshops strategically in the locations that will serve its target customers effectively. A thorough study of demographic and geographic in market segmentation will enable the company to select the right locations. Therefore it must develop a strategy that will ensure

maximum customer satisfaction despite the low level of showroom and workshop intensity.

As the number of sales and service outlets increase in order to respond to growing market demand, all car manufacturers often face the challenge of ensuring a consistently high level of sales and service performance across their dealer networks. Quality of the facilities must be consistently monitored, so they can be always maintained to global standard. Management and personnel trainings are also essential in the development of network quality. Customer Satisfaction Index survey must be regularly carried out to identify the area of strengths and weaknesses of the network.

Price strategy is the second most important factor in the Marketing factors. A European passenger car company should seasonally offer special promotions; such as, long term financing, cash discount for a run-out model, service package campaign, and higher trade in value campaign to generate more purchases of the brand. Resale value is a critical concern founded in both qualitative and quantitative findings. A European car company should establish its own pre-owned car department to control the second hand price of its brand.

The third most important factor is the Product strategy. A European car company must utilize the opportunity of favorable economic rebound to expand its market share by launching appropriate models and derivatives to the Thai market. Cars from AFTA countries and hybrid models can capture more sales due to their less expensive price potentials from the tax advantages. All products must be fully equipped with all the latest technologies that generate comfort, safety, performance, low fuel consumption, and durability.

A European car company also must put emphasis on Promotion strategy; especially in terms of, publicity, promotional campaign, warranty period, and events. In today's competitive nature of car business, customers'



recommendations of the brand to others play vital role in the company market share expansion potential. Given the importance of positive word-of-mouth, it is necessary that the brand comes up with excellent CRM strategy in ways that competitors will have difficult time copying to ensure sustained success in the future.

In the context of European car in Thailand, brand image plays significant role in the customer's motivation to purchase. Image is a valuable asset of a person and is often judged

by the products being consumed. Image can be altered by a reference group, thus referral is an important factor to motivate a person to buy a particular brand. In case of automobile, many purchases rely heavily on the advice and recommendations from friends and family members. A European car company can capture more market share by the constant promotion of the company image and brand image. The achievement of such task will ensure positive word of mouth and future repeat purchase.

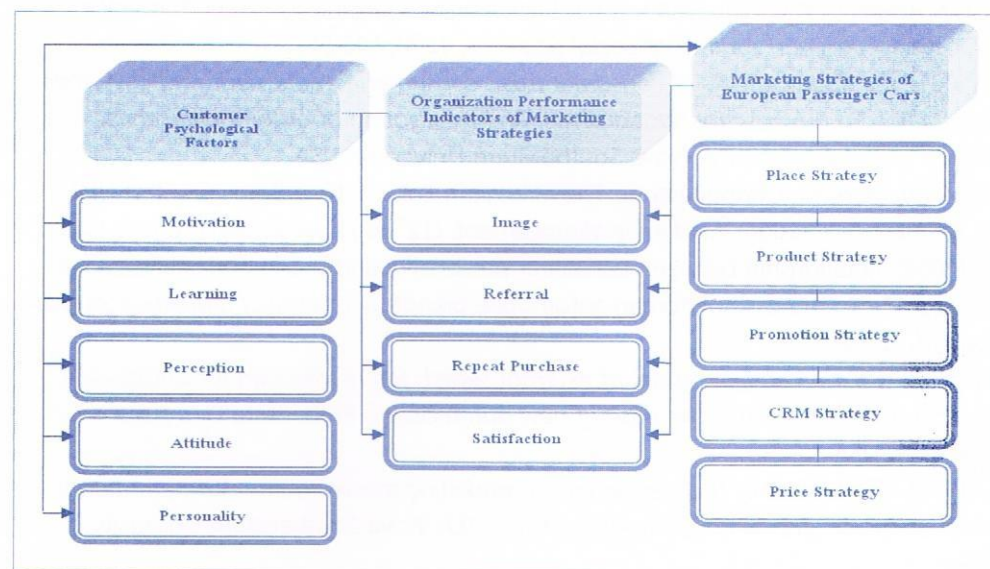


Figure3 Marketing Strategy Model of European Passenger Cars for Thailand Automobile Market

### Suggestions of future research

1. Future study of brand loyalty creation of European car buyers will reveal information thus adding beneficial contribution to future business sustainability.

2. Brand image can strongly motivate purchase decision. Future research on brand

image building strategies for the European car market challengers is recommended.

3. Future qualitative research of similar context may include both executives from wholesale and retail operations for a more thorough investigation of the issues.

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