

Marketing strategies used by usa car manufacturers research paper example

[Business](#), [Customers](#)



Analysis of consumer behavior

Introduction

The USA can be described as a highly motorized society given that most individuals use motor vehicles as their preferred means of transport. Every year, about 200 new models of vehicles are manufactured by car manufacturers and marketed to the ever dynamic US market. The choice of a certain model of a car is dependent on the preferences of the individual in addition to their needs. There are other factors that come into play such as fuel consumption, price and the type of travel that the individual engages in. research has reveal that in the USA, different models dominated different decades over the years.

The 1970s were marked by a preference for small, compact cars while the 1980s were marked by a preference for minivans. The consumers in the 1970s were drawn to the fuel efficiency of the small compact cars hence General Motors, Chrysler and Ford sold 9 out of every 10 cars in the USA. Pick- ups and utility vans dominated the 1990s. The Japanese automakers have over the years slowly gained a foot hold of the USA market. Currently, it is estimated that 40% of the new cars in the USA and 70% of the trucks are manufactured by the US manufacturers. The competition is so stiff that some Japanese automakers have overtaken US car manufacturers. For instance, Honda has in the recent past outsold Chrysler while Toyota is said to be the second largest seller of cars in the United States of America.

There are several studies that have been done in order to determine the factors that influence the choice of vehicle. Different views have emerged as a result of these studies. One of the dominant themes in the literature

regarding factors that determine the choice of a vehicle is perceived value of the product. The product value is not necessarily pegged to the value of the product but rather the perception of the consumer regarding the real value of the product. Identification of the factors that influence the consumers' choice of vehicles is often used by car manufacturers in the development of car models that suit the consumer's preferences. This paper shall therefore be a review of literature on factors that influence the choice of an automobile.

Description of automobiles

According to the United States Federal Highway Authority, the automobiles are categorized on the basis of whether they are meant for conveying of passengers or vehicles or they are non-passenger. According to this classification, cars can be classified into: subcompact car, compact car, micro car, mid-size car, entry level luxury car, super cars saloons or sedans, and mid-size cars. Examples of sub compact cars are Opel Corsa, Volkswagen Polo and Tata Indica Vista. Examples of super cars are Ford Torino and Pontino GTO. Examples of sedans are Lotus Cortina and Nissan Sentra. Examples of compact cars are Ford Focus and Peugeot 304.

Description of the target market

A car is a necessity for most Americans above the age of 18 years who often need to move from one place to another at their own convenience. The type and make of a car chosen by an individual is often pegged on a number of factors which include but are not limited to: safety, lifestyle, purchasing power, age, the frequency and the need for travel.

According to recent surveys, the current generations of Americans are not as keen on buying cars as the previous generations. In fact, they have been described as Generation N with the N referring to being neutral to driving. The current potential automobile buyers are heavily reliant on the internet for their everyday functions hence they do not always require a car to move from one place to another. The number of potential car buyers has also drastically reduced surveys indicating that the current number of potential car buyers is 5 million less than what it used to be 5 years ago.

The shift in the demand for cars has been attributed to the following factors: lack of jobs hence the lack of purchasing power, the declining need for a car due to the rise in internet usage and high cost of maintaining a car. In fact, it is predicted that by the year 2015, the car sales in the USA and Canada will not exceed 16 million if the current trends are anything to go by. Should the factors change then the demand for cars will go up. American car buyers are more inclined towards buying Japanese cars since they can be maintained at relatively affordable cars but this is dependent on the economic status of the individual.

In the recent past, the choice of automobiles in the USA is to a large extent influenced by the need to have a reliable car that can be operated at a minimal cost. This is particularly after the economic recession during which most people were unable to stay afloat as result of the loss of jobs and spiraling inflation. A nationwide survey that was carried in 2011 ranked the factors that the automobile buyer in America considered before purchasing a car as follows: safety, quality, value, performance, environmental friendliness, style and innovation.

Ford and General Motors are the top car manufacturers in the United States of America. These companies have employed different marketing strategies in order to reach out the dynamic US consumer. Given that the US automobile buyer is currently inclined towards purchasing a car that is affordable and easy to maintain, Ford has realigned its focus from its luxury brands such as Aston Martin, Jaguar and Land rover to Sports Utility vehicles and cross over brands. The high end brands were a distraction to the company and did not provide incentive for them to be distributed especially after the economic recession.

In an effort to stay ahead of the competition, Ford has innovated new models in order to appeal to their consumers. In 2011, the company introduced a sleek, compact electric version of the Focus. This is in preparation for the demand for electric cars which is expected to rise in the coming years as consumers seek more environmentally friendly cars. The company has also embraced the use of mass media commercials that are target specific. For instance, the company came up with a commercial featuring NBA star Yao Ming that was broadcast in China. They have also made use of celebrity endorsements in order to appeal to the masses. They have fortified their presence in the market further by using social media in order to interact with the potential buyers and showcase their products.

General Motors have also employed aggressive marketing campaigns in the recent past. The Love it or return it campaign was geared towards getting potential buyers to be attracted to the company's product after testing them for 60 days. The marketing department team at General Motors has gone a step further and partnered with churches in the recent past in order to offer

their potential buyers an opportunity to take cars for test drives. During the events held at churches, the company reaches out to potential buyers and partners with banks to offer financial services to the buyers. They had an option of returning the car or purchasing the car after the said period. The company also capitalized on sports and was the official sponsor of the Olympics during which they placed several strategic adverts in order to reach out to potential buyers. Just like their main competitor Ford, they have also made use of celebrity endorsements in their commercials.

Consumer behaviour of automobile buyers

In a survey that was conducted in the United States of America, it emerged that the choice of a car for the American consumer is dependent on the following factors: mobility, liking for travel, personality, attitude and lifestyle. The study entailed collecting data regarding the aforementioned variables by mailing the respondents who were randomly selected from the San Francisco bay area. Based on the analysis of the data that was collected, it emerged that there are distinct traits that are associated with the choice of particular types of cars. Individuals who prefer small cars such as Peugeot 304 and Toyota Auris were found to be individuals, who are conscious of the environment, do not seek status in society and often travel for short distances. Those who drive mid -sized cars such as Ford Mundeoo, Ford Fusion and Opel Insignia are likely to be female homemakers who have a large household that often requires to be moved around. Those who prefer large cars such as Chevrolet Impala were found to be old males who are retired or middle aged. Their level of education is also not very high and their income

is also little. Luxury cars emerged as a preference for those who seek status, often fly from one destination to the next one and have a high disposable income. They also have a high level of education and travel for long distances quite often. Those who prefer sports utility vehicles were found to have a liking for travelling are less than 40 years old and have a large family.

In the past, the automobile market in the USA was dominated by American manufacturers such as General Motors, Ford and Chrysler. However, Japanese automakers are currently a force to reckon with in the automobile industry. This is attributed to the fact the cost of producing a Japanese car is relatively lower as compared to the cost of manufacturing an American car because the Japanese have access to cheap labour and raw materials. The time it takes to assemble an American General Motors car is also slightly higher than the time it takes to assemble a Japanese car.

On average, it takes 24 hours to assemble a General Motors car while it takes about 22.3 hours to assemble a Honda. This contributes to the overall cost of the cars. Following the economic recession that hit the country in the period between 2008 and 2009, most Americans have undergone a change in their consumption habits. More and more consumers are inclined towards cars that are cost effective and easy to maintain hence they are increasingly purchasing Japanese cars.

The Japanese are also renowned worldwide for their aptitude in technology. The perception among consumers is that cars from Japan have far more advanced technological devices as compared to cars that are manufactured by American companies such as General motors and Ford. This notion is

further supported by reports such as Consumer report which rank Japanese and European cars ahead of American cars in terms of technological advancements included in the cars. Some of the most notable features that has kept the Japanese automakers ahead of the pack is fuel efficiency in addition to relatively cheaper price of their cars as compared to the American cars.

In spite the fact that technology has played and still plays a key role in influencing the purchasing of a car, the consideration is not always positive. For some individuals, technological devices in car are a nuisance and are cumbersome. In addition to this, there might also be preconceived prejudices based on earlier technological advances that were not successful. For instance, most consumers in USA still view electric cars with suspicion since the first prototypes performed poorly.

The quality of the car therefore plays a critical role in shaping the decision that is made by an individual regarding the type of car that he or she would like to acquire. This is further supported by the findings of a survey that was carried out Ipsos. 37% of the individuals who were surveyed stated that quality is the greatest determinant of the type of car that they purchase. Price ranked second followed by safety and environmental friendliness. Safety was found to rank first among those who had children.

Consumers are also influenced by subtle attributes of the cars that they intend to purchase such as the texture of seat covers and the feel of stereo knob. Paying attention to such details when manufacturing a car shows the consumers that the manufacturer pays attention to aesthetic value. Survey that were carried out in the past have shown that most consumers consider

American cars as poorly or averagely good looking as compared to Japanese or European cars. Therefore, more and more individuals are often inclined to choosing other models besides the American modelss.

For most individuals, cars are items that are only bought once in a while hence the decision to purchase one is carefully considered. It has been found that when gauging the price of car, most individuals do not just consider the price of the car. They compare the price of the car they intend to purchase to the recommended price at which the car is supposed to retail, the price of the neighbour's car or the price of their last car. The perception on price is also dependent on the way the information is presented to the consumer. For instance, an individual is likely to purchase a car if he or she learns that she can save \$400 dollars given that the car has a smaller engines.

The value that an individual places on a car changes over time and may even increase after some time. The longer a person owns a car for, the more value he places on it as he treasures the moments that he has spent in the car. The emotional attachment that an individual may have for his or her car is often associated with the people he or she has shared the car with over the years. In the event that such a person has to part with car, the price may be factor in the emotional attachment he or she has for the car.

Cars are to a large extent a representation of the people who drive them. The reason as to why an automobile buyer will purchase one model of a hybrid car and not the other is not because it is more environmentally friendly or the price. It is mainly because of the statement that the person wishes to make by being associated with a particular brand of a car. The sentimental value placed on cars by individuals therefore plays an important

role in choosing a particular model of a car. The social environment of an individual plays a powerful role in shaping the decision made by an individual in choosing a car. For instance, an individual who lives in a neighbourhood in which most people drive luxury cars is likely to go for a luxury car.

The brand also influences the decision to purchase a car. According to a survey that was carried out by Consumer report National Research center, 73% of those who were surveyed stated that they were likely to purchase the same car model as the one that they currently own. In the event that they were to shift and purchase a different model, the choice would be influenced by better fuel economy, lower price and better quality. The attachment to a particular brand was found to be significantly dependent on age and gender. Women were more likely to be loyal to brands in comparison to men. 54% of women who participated stated that they were likely to purchase the same car model as the one that they currently own while only 43% of men who were surveyed said that they would do the same. For individuals who are 35 years and above, about 50% indicated that they would stick to their current car models. On other hand, only 41% of the individuals who are aged between 18 and 34 years stated that they would stick to their current car model.

However, it emerged that there are certain pull factors that would lead individuals to switch models if they were given a chance. Higher quality and fuel economy were ranked by the respondents as the two main reasons that would lead them to switch brands. Other reasons included: lower price, better safety record, better reputation and overall performance, favourable trade in terms, the reputation of the dealership and better design.

Conclusion

In conclusion, the factors that affect the purchase of a car in the USA are price, quality, lifestyle, fuel consumption and environmental friendliness.

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