

**A STUDY OF AUTOMOBILE SALES PROMOTION STRATEGIES: A CASE
STUDY OF TOYOTA AND HONDA**

**A MASTER'S PROJECT
BY
NISAKORN PONGSAMAKTHAI**

**Presented in Partial Fulfillment of the Requirements for the
Master of Arts Degree in Business English for International Communication
at Srinakharinwirot University**

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การศึกษากลยุทธ์การส่งเสริมการขายรถยนต์: กรณีศึกษาอีโค่โตโยต้าและฮอนด้า

บทคัดย่อ
ของ
นิสากกร พงษ์สมัครไทย

เสนอต่อบัณฑิตวิทยาลัย มหาวิทยาลัยศรีนครินทรวิโรฒ เพื่อเป็นส่วนหนึ่งของการศึกษา
ตามหลักสูตรปริญญาศิลปศาสตรมหาบัณฑิต สาขาวิชาภาษาอังกฤษธุรกิจเพื่อการสื่อสารนานาชาติ
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การศึกษาคั้งนี้ มีวัตถุประสงค์เพื่อ 1) ศึกษาอิทธิพลของกลยุทธ์การส่งเสริมการขายรถยนต์ รวมถึงโฆษณา ข้อความโฆษณาและฟรีเซนเตอร์ของตราห่อที่มีต่อการตัดสินใจซื้อของผู้บริโภค และ 2) เพื่อตรวจสอบทัศนคติของผู้บริโภคหรือผู้บริโภคเป้าหมายที่มีต่อกลยุทธ์การส่งเสริมการขาย เครื่องมือที่ใช้ในการดำเนินงานวิจัยคั้งนี้ คือ ตัวอย่างโฆษณารุ่นรถยนต์โตโยต้าและฮอนด้ารวมแปดตัวอย่าง และแบบสอบถามซึ่งประกอบด้วยสี่ส่วน ได้แก่ ข้อมูลส่วนตัว, ทัศนคติที่มีต่อเครื่องมือการส่งเสริมการขาย, ปัจจัยอื่น ๆ ที่มีผลกับการตัดสินใจซื้อรถยนต์, และอิทธิพลของโฆษณาที่มีต่อความนิยมในสินค้าของผู้บริโภค กลุ่มตัวอย่างที่ใช้ในการศึกษา คือ ผู้ใช้รถยนต์นั้งยี่ห้อโตโยต้า และฮอนด้า กลุ่มละ 20 คนรวมเป็น 40 คน ที่ใช้บริการของศูนย์บริการโตโยต้ากรุงไทย รามอินทรา และ รามอินทราฮอนด้า คาร์ส

จากผลการวิจัยพบว่า กลยุทธ์การส่งเสริมการขายรถยนต์ยี่ห้อโตโยต้า และฮอนด้ามีผลกับการตัดสินใจซื้อรถยนต์ของผู้บริโภคโดยเครื่องมือส่งเสริมการขายที่ผู้บริโภคให้ความสนใจมากที่สุด คือ ข้อเสนอด้านการเงิน และส่วนลดราคา และโฆษณารุ่นรถยนต์มีอิทธิพลต่อความนิยมในยี่ห้อรถยนต์ของผู้บริโภค อย่างไรก็ตามฟรีเซนเตอร์ของตราห่อไม่มีอิทธิพลด้านการสร้างความรู้สึกในแง่บวกเกี่ยวกับยี่ห้อรถยนต์เลย ทั้งนี้นอกเหนือจากกลยุทธ์การส่งเสริมการขายแล้ว พบว่า ปัจจัยอื่น ๆ ที่มีผลต่อการตัดสินใจซื้อรถยนต์ได้แก่ ปัจจัยด้านราคาที่เหมาะสม เหตุผล ปัจจัยด้านคุณภาพ และปัจจัยด้านบริการหลังการขาย

**A STUDY OF AUTOMOBILE SALES PROMOTION STRATEGIES: A CASE STUDY
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AN ABSTRACT

BY

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Nisakorn Pongsamakthai. (2007). *A Study of Automobile Sales Promotion Strategies: A Case Study of Toyota and Honda*. Master's Project, M.A. (Business English for International Communication). Bangkok: Graduate School, Srinakharinwirot University. Project Advisor: Asst. Prof. Dr. Amporn Srisermbhok

The purposes of this study were 1) to study the influence of sales promotion strategies including messages and presenters used in advertising on consumer buying decision, and 2) to investigate consumers or potential buyers' attitudes toward sales promotion. The instrument used were samples of advertisements for 8 car models and the questionnaire consisting of four parts: personal data, attitudes toward sales automobile sales promotion program, factors affecting automobile buying decision, and influence of advertising on consumer preference. The questionnaires were distributed to twenty Toyota owners and twenty Honda owners at Krungthai Toyota (Ram-intra) and Ram-intra Honda Cars respectively.

The findings revealed that both Toyota and Honda sales promotion strategies affected consumers' attitude. Sales promotion items that were most ranked are: financial deals and discounted price. In addition, advertising of car models had an influence on consumer preference. However, presenters had no influence and did not create positive mood about the product. Apart from sales promotion, factors affecting consumers' automobile buying decision were reasonable prices, reputation for quality and after-sales service.

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Nisakorn Pongsamakthai

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CHAPTER 1

INTRODUCTION

1.1 Background

The automotive industry is one of the major industries in Thailand which has been growing in the past few years (Penglengpon. 2001 : 1). Vehicles have become the fifth element in people's every day lives. There is an old saying "Time is money" which is often true since nowadays more people prefer to travel by car to work. Various types of vehicles abound to serve the purposes of convenience, comfort and time especially for business people. Apart from these purposes, vehicles including automobiles are also used as a commodity to reflect social status and economic success. Even those who cannot afford a car strive for one. As a result, automobile marketers employ a number of sales-promotion strategies and incentives as a part of their marketing mix to promote a product and thus increase sales. Therefore, a great number of vehicles continually have been increased around the world. Although this causes traffic congestion and air pollution especially in big cities, it is undeniable that they still appeal to people as a result of sales promotion strategies used by marketers. Moreover, despite the fact that fuel price has been continually rising, automobiles are still desirable products. One of the marketing strategies for short-term sales volume that most automobile advertisers relies upon is consumer sales promotion. Another popular marketing communication tool is advertising carrying persuasive messages as well as presenters or spokespersons to promote the products. However, there might be other motivations that appeal to consumers and influence them to buy the product.

In the past, consumers were more likely to buy European and American cars than Japanese ones and the main reason was self-esteem. Later Japanese automakers have expanded market share by using a new marketing strategy, which is image. Meyers (1984 : 86) described that the Japanese understood what most Detroit (American automakers) has yet to grasp: a large percentage of consumer purchases are based on perceptions and images. Image persistence is explained by the fact that once people have a certain image, they perceive what is consistent with that image. It will take highly disconfirming information to raise doubts and open their minds, especially when people do not have continuous or new first-hand experiences with the changed object (Kotler. 2003 : 568). In addition to image making, Japanese cars are also less expensive and provide more economical gas mileage. Consequently, Thai consumers have accepted Japanese cars like Toyota and Honda because they are able to fulfill their needs and these brands also have become very successful. In fact Toyota is the number one best selling at present.

Previous theories suggested the significance of marketing communication including advertising and sales promotion tools that are delivered to the target market or customers. The target market for each brand or model is also an important factor to consider. Cited by Wells; Burnett; & Moriarty (2003 : 431), the primary strengths of sales promotions are their variety and flexibility. Sales promotion works for all kinds of businesses. For the importance of brand, Churchill; & Peter (1998 : 470) described that brand is a name, term, design, symbol or any other feature that identifies one sellers' goods or service as distinct from other sellers. They also stated that brands are easily recognized when displayed in a store or included in advertising. Then the dissemination of information about a company's products and services forms an important part of the overall strategy of communications.

It is noticeable that these two automobile brands have strong brand recognition and effective sales promotion strategies, which result in their high sales volume.

Sales-promotion strategies are adapted to suit the product category and targeted consumers. Wells; Burnett; & Moriarty (2003 : 430) described that the main reasons that companies spend money on sales promotion are the pressure for short-term profits and the need for accountability for marketing communication efforts. Kotler; & Armstrong (2004 : 509 - 511) cited that sales promotion includes a wide variety of promotion tools designed to stimulate earlier or stronger market response. The main consumer promotion tools include samples, coupons, cash refunds, price packs, premiums, advertising specialties, patronage rewards, point-of-purchase displays and demonstrations.

In marketing communication process, Clow; & Baack (2002 : 223) stated that advertising usually is the primary communication vehicle in reaching consumers. Therefore, a various type of advertisement to promote products is employed among automobile brands. O'Guinn; Allen; & Semenik (2003 : 258) also cited that the positive mood from viewing attractive images transfers to the message or product being presented. Thus, exposure to advertising simply raises the attractiveness level of the product or message, and thereby promotes product purchases. Clow; & Baack (2002 : 237) supported that one of the most important advertising goals is to build a global brand and corporate image. In Thailand, automobile brands with high sales also apply sales promotion strategies as well as advertising. According to information from Toyota Motor Thailand Co., Ltd, two automobiles brand that have highest sales in passenger cars for five consecutive years from 2001 to 2005 are Toyota and Honda.

This research aims at examining automobile sales promotion strategies of Toyota and Honda brands. Furthermore, it explores consumers or car owners' attitudes towards sales promotion program and their buying decision, and analyzes the effectiveness of strategies employed by the two brands. Audiences will benefit from knowledge about underlying effect of advertising and be able to distinguish information needed for making buying decision from sales promotion strategies.

1.2 Objectives of the study

It is the purpose of this study to examine sales promotion strategies as well as other motivations to buy automobiles as identified by sample groups of respondents. To be more specific, it aims to:

1. Study the influence of sales promotion strategies including persuasive messages and presenters used in advertising on consumer buying decision.
2. Investigate consumers or potential buyers' attitude towards sales promotion strategies.

1.3 Significance of the study

Automobile industry is a big industry that has an impact on the country's economy. The automobile market is fiercely competitive. Sales promotion strategies play a significant role in marketing and help increase sales. In Thailand, more and more automobiles are sold as a result of sales promotion strategies including advertising. However, additional reasons and motivations to buy automobiles apart from advertising should also be investigated. This

study consolidates consumers' or car buyers' attitude towards Toyota and Honda brands and their sales promotion strategies and also examines the level of attractiveness of advertising as perceived by them. The findings will benefit advertisers in terms of crafting the sale promotion plan that best responds to consumers need. For consumers as an audience of advertisers, they will be able to analyze sales promotion strategies and advertising effectively.

1.4 Research questions

1. How do sales promotion strategies affect the consumers' buying decisions?
2. In what way does advertising influence consumers' attitude towards brand and their buying decision?

1.5 Scope of the study

This study investigated sales promotion strategies of two leading Japanese automobile brands; Toyota and Honda. Primary data consisted of; passenger car sales figures from 2001 to 2005 from Toyota Motor Thailand Co., Ltd. and examples of model cars advertising were acquired from www.toyota.co.th and www.honda.co.th/automobile. The instrument is questionnaire designed to find out various factors affecting buying decisions and respondents' attitude towards a particular brand. The survey was made at one dealer of these 2 brands; Krungthai Toyota (Ram-intra) and Ram-intra Honda Car.

1.6 Definition of terms

1. Sales promotion strategies is a variety of short-term incentives to encourage trial or purchase of a product or service involving advertising, price, place, product and promotion mix.

2. An automobile refers to a passenger car only.

3. Dealers mentioned in this study are Krungthai Toyota (Ramintra) and Ramintra Honda car.

1.7 Expected outcome of the study

It is expected that the results of the study would make audiences be able to identify sales promotions strategies used among competitive brands and marketers would understand consumers' attitude and their perception in terms of quality and price so as to set a marketing plan that appeals to them.

CHAPTER 2

REVIEW OF THE RELATED LITERATURE

This chapter discusses related literature review on the following five important topics; 1) integrated marketing communication, 2) marketing and advertising communication, 3) sales promotion, 4) the buyer decision process and 5) related previous study.

2.1 Integrated marketing communication

Integrated marketing communication (IMC) is the coordination and integration of all marketing communication tools, avenues, and sources within a company into a seamless program that maximizes the impact on consumers and other end users at a minimal cost. Before getting to understand to IMC concept, it is helpful to consider the traditional framework of marketing from which it originated. The marketing mix is the starting point. Promotion is one of the four components of the mix that contains another series of marketing functions. Traditionally, promotional activities include advertising, sales promotions, and personal selling activities. An IMC plan begins with the development and coordination of the marketing mix, elements of prices, products, distribution methods, and promotion, according to Clow; & Baack (2002 : 11).

2.2 Marketing and advertising communication

Marketing is an overall process of promoting a product including advertising as a major element of marketing mix.

Etzel; Walker; & Stanton (1997 : 6) described that marketing is the a total system of business activities designed to plan, price, promote, and distribute want-satisfying products to target marketers to achieve organization objectives. The aim of marketing is to make selling superfluous. These activities include market research to find out, for example, what groups of potential customers exist, what their needs are, which of those needs you can meet, how you should meet them, etc. Marketing also includes analyzing the competition, positioning your new product or service (finding your market niche), pricing your products and services, and promoting them through continued advertising, promotions, public relations and sales.

In short, marketing is a large activity attempting to define and meet the customers' needs and wants through a number of processes. Effective marketing is desirable and can help bring in new and existing customers.

2.2.1 The marketing mix

According to Krugman and others (Krugman Dean M.; et al. 1994 : 43), the marketing mix combines four marketer-controlled decisions:

1. Product strategy, which involves decisions about such things as quality, branding, styles, packaging, options, services, and warranties.
2. Price strategy, which involves decisions about such things as credit, discounts, allowances, payment periods, and price lists
3. Place (distribution) strategy, which involves decisions about such things as wholesalers, retailers, transportation, distribution centers, and geographic coverage

4. Promotion strategy, which involves decisions about four communication options—advertising, sales promotion, personal selling, and public relations.

2.2.2 The meaning of advertising

It is widely accepted that advertising plays an important role in promoting a product and is a major part of marketing mix not to mention its impact on consumer buying behavior.

According to O'Guinn; Allen; & Semenik (2003 : 6), advertising is a paid, mass-mediated attempt to persuade. Therefore, advertising also works as a means of communication. Advertising can be persuasive communication not only about a product or service but also about an idea, a person, or an entire organization. Similar to this definition, Kotler (2003 : 590) explained that advertising is any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor. It is a cost-effective way to disseminate messages, whether it is to build brand preference or to motivate a developing consumer to do as guided by it. Another definition is by Mcnamara (1999 : Online); advertising is bringing a product or service to the attention of potential and current customers. Functions of advertising according to Wells; Burnett; & Moriarty (2003 : 15) are to provide product and brand information, to provide incentives to take action and to provide reminder and reinforcement to customers.

In conclusion, various definitions of advertising presented above help make us understand its overall concept.

2.2.3 The role of advertising in the marketing plan

According to Wells; Burnett; & Moriarty (2003 : 64-65) Advertising is an integral but relatively small part of the marketing plan. Traditionally, businesses plan their marketing initiatives by examining the marketing mix, a blend of activities such as designing the product and its package, pricing the product, distributing the product so that it is accessible to customers, and promoting or communication about the product. Marketers use the marketing mix as the means to reach their marketing goals. Marketing communication is an umbrella term for many types of promotional activities: advertising, public relations, sales promotions, personal selling, packaging, point-of-sale, and direct marketing. Advertising, as a marketing communication technique, is capable of reaching a mass audience repeatedly. It also effectively informs customers about new products, explains important changes in existing products, reminds customers to buy, and reinforce past purchases. Finally, advertising can persuade customers to change their attitudes, beliefs, or behavior

2.2.4 Models of advertising

Various types of advertising should be in accordance with widely quoted models for effective communication. Clow; & Baack (2002 : 299-300) also suggested 6 steps impelled by the force of advertising resulted in psychological and /or economic commitment. Those steps are awareness, knowledge, liking, preference, conviction and the actual purchase. These steps are sequential in nature. Consumers spend a period of time at each step before moving to the next. Thus, before a person can develop a liking for a product, he or she must first have sufficient knowledge of the product. Once the individual

has the knowledge and develop liking for product, the advertiser can try to influence the consumer to prefer a particular brand or company more strongly.

2.3 Sales promotion

Sales promotion can be defined (*Sales Promotion*. 2006 : Online) as any initiative undertaken by an organization to promote an increase in sales, usage or trial of a product or service including initiatives that are not covered by the other elements of the marketing communications or promotions mix.

Sales promotions are action focused, according to Blattberg; & Neslin (1990 : 1-2). The most distinguishing characteristic of sales promotions is their emphasis on getting the customer to take action. Another important element of sales promotion's action orientation is its common reliance on a limited duration time frame. There are three major types of sales promotion: consumer promotion, retailer promotion, and trade promotions. This research focuses on consumer promotion. Automobile sales promotion programs are varied. The main ones are:

1. Free gifts such as first class insurance, rubber rug and car window film.
2. Discounted prices such as special car price offered in motor show events
3. Free samples (sampling) including a test drive program
4. Fair and trade show such as annual auto show
5. Continuity programs or Corporate Social Responsibility (CSR) such as

Toyota Thailand Foundation set up to promote the quality of life and protect the environment through various activities

6. Tie-in or product placement in movies or TV programming

7. Finance deals – such as 0% finance over 6 years on selected vehicles and trade-in an old car.

2.4 The buyer decision process

Kotler and Armstrong (2004 : 198) examined the stages buyers pass through to reach a buying decision. Figure 1 shows the consumer as passing through five stages: need recognition, information search, evaluation of alternatives, purchase decision, and postpurchase behavior.

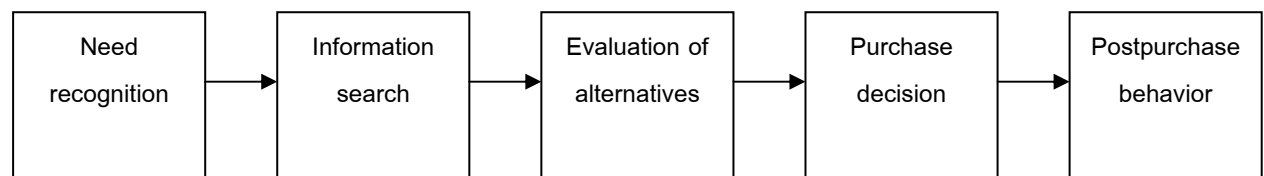


FIGURE 1 BUYER DECISION PROCESS

The buyer decision process starts with need recognition. When the consumer senses his or her need, he or she then searches for information about product from several sources. The next step is to evaluate all alternatives he or she has in hands. He will also attach degrees of importance to different attributes according to his needs and wants. At this stage, the consumer may consider brand image altogether. After passing through those previous steps, the consumer finally makes a purchase decision based on the most preferred brand. After purchasing the product, he or she will be satisfied or dissatisfied and will engage in postpurchase behavior.

2.5 Related previous study

Panida Pinitapakorn (2003) in “An Analysis of Sales-Promotion Focusing on Fast-food Business: A Case Study of Burger Business” revealed that a promotional activity is able to induce customers’ attention and fulfill their need. Business that launches the more attractive sales promotion is able to reach customers’ buying decision.

Sittichai Ong-zee’s study (2004) entitled “Integrated Marketing Communication Influencing on Consumers Behavior Buying Automobile Toyota Brand in Bangkok Metropolitan Area” investigated the relation between the IMC and the consumer’s buying behavior. The results revealed that buying time have a negative correlation with advertising in lower statistically significant difference at 0.01 level.

Saritpong Phenglengpon’s study (2001) entitled “Factors Affecting Passenger Car buying Decision of Graduate Students at Kasetsart University” investigated the passenger car marketplace and factors affecting buying decision of a group of graduate students at NIDA. The results of the study revealed that the general factors affecting passenger car buying were income, family’s status and lifestyle. The specific factors are quality, price range and safety system.

Chulin Puttanlek’s study (2002) entitled “Factors Concerning the Buying Decision of Passenger Car of People in Bangkok Metropolitan” investigated the need for passenger car, the marketing factors involving in the selection of cars and the influence of personal factors on the buyers’ selection of cars in Bangkok Metropolitan. The results of the study showed that the majority of the samples were interested in buying passenger car. They

preferred the 1600 cc. engine, at the price between 400,001 – 600,000 Baht with Toyota and Honda being the most popular brands.

Pairin Prassarpath's study (2003) entitled "Factors Influencing the Buying Decision Behavior for Honda Cars in Bangkok Metropolitan Area" found that customers with differences in gender, marital status, age, income, occupation, working period, family members, and model of the car used have significant differences on decision making behavior in buying different models of Honda cars whereas customers with differences in education have no significant differences on decision-making behavior in buying different models of Honda cars. There is a positive correlation between overall buying decision behaviors of Bangkok customers and the marketing mix factors which are product, price, place and promotion.

In conclusion, a number of factors about the product, which a passenger car such as price and personal preference and its supported marketing activities such as advertising and sales promotion all affect consumers buying decisions.

CHAPTER 3

RESEARCH METHODOLOGY

This chapter described the procedures used in this study. It was divided into four main parts; 1) subjects, 2) procedures, 3) instrument and 4) samples and sites.

3.1 Subjects of the study

The subject of this study consists of 20 Toyota car owners and 20 Honda car owners in Bangkok totaling in 40. Their ages are from 20s up to 50s. They were selected randomly and asked to fill in the questionnaire.

3.2. Procedures

The researcher collected advertising from Toyota and Honda websites as example of advertising containing persuasive language and presenters. Then the research designed the questionnaire which was distributed equally to 2 groups of respondents totaling 40 people. The first group was comprised of 20 Toyota car owners and the second one was comprised of 20 Honda car owners. The period of conducting questionnaire session was July to August 2006.

3.2.1 Data collection

Data of passenger car sales volume during 2001 – 2005 were collected from Toyota Motor Thailand co., Ltd. All information of Toyota and Honda model cars as well as

their advertising were taken from their websites; www.toyota.co.th and www.honda.co.th/automobile respectively.

3.2.2 Data analysis

The researcher classified advertising and sales promotion strategies employed by Toyota and Honda, and then analyzed respondents' reasons and attitudes towards each brand and its sales promotion program.

The findings would be illustrated in the form of tables and charts showing frequency and percentage, and discussed and summarized with suggestions for further study.

3.3 Instrument

3.3.1 Questionnaire

An English questionnaire consisted of 4 parts. It was designed to find out 1) personal data including sex, age, income and education level, 2) attitudes toward sales promotion, 3) factors affecting automobile buying decision, and 4) influence of advertising on consumer preference.

3.4 Samples and sites

The questionnaires were distributed to 20 owners of Toyota cars and 20 owners of Honda cars at dealers. The dealers were Toyota Krungthai (Ram-intra) and Ram-intra Honda car because they had big showrooms with many visitors and customers.

CHAPTER 4

FINDINGS

This chapter presents the research findings. Details of the findings were derived from the questionnaire set. Tables and figures are shown to describe the findings in quantity and percentage with a brief discussion. There are 4 main sections including 1) personal backgrounds of the respondents 2) attitudes toward sales promotion program of each automaker 3) factors affecting automobile buying decision and 4) influence of advertising on consumer preference.

4.1 Personal data of the respondents

In this part, the result of the personal data is presented in the form of table and describe by using the frequency and percentage as seen in Table 1.

Forty adolescents were selected randomly to fill the questionnaires. The first group was comprised of 20 Toyota owners, and the second group was also of 20 Honda owners. 70% of the first group of respondents were male and 30% were female, whereas 65% of the second group of respondents were female and 35% were male as shown in Table 1.

4.1.1 Sex of the respondents

The respondents were divided by sex in frequency and percentage.

TABLE 1 PERSONAL DATA OF THE RESPONDENTS

Items	Toyota		Honda	
	Frequency	Percentage	Frequency	Percentage
Sex				
Male	14	70%	7	35%
Female	6	30%	13	65%
Total	20	100%	20	100%

It is obvious that 70% of men prefer Toyota while 65% of women were more likely to buy a Honda car. This can reflect their taste for a vehicle. Male may want a leading car brand with a number of dealers and service centers while females prefer a car brand that focuses on image like a Honda one.

4.1.2 Monthly income of the respondents

All respondents were asked about their monthly income and the results were shown in Table 2. The majority of both groups of respondents earned between 15,001 – 25,000 bath per month while the least percentage was the range of 45,001 - 55,000 bath at 10% and 0% respectively.

TABLE 2 MONTHLY INCOME OF THE RESPONDENTS

Items	Toyota		Honda	
	Frequency	Percentage	Frequency	Percentage
Income				
Less than 15,000 baht or student	4	20%	1	5%
15,001 – 25,000 baht	8	40%	9	45%
25,001 – 35,000 baht	3	15%	3	15%
35,001 – 45,000 baht	2	10%	3	15%
45,001 – 55,000 baht	2	10%	0	0%
More than 55,001 bath	1	5%	4	20%
Total	20	100%	20	100%

People with monthly income starting from 15,001 baht can afford a car. The majority of both groups of respondents fell into the income range of 15,001 – 25,000 baht at 40% and 45% respectively. It is interesting to note that this group whose income was not high dominated the car market. Perhaps this is because they are most influenced by marketing activities.

4.1.3 Education level of the respondents

None of the respondents had primary school education. Most of them or 65% of each group received Bachelor's Degree.

TABLE 3 EDUCATION LEVEL OF THE RESPONDENTS

Items	Toyota		Honda	
	Frequency	Percentage	Frequency	Percentage
Education Level				
Primary School	0	0%	0	0%
Secondary School	2	10%	3	15%
Bachelor's Degree	13	65%	13	65%
Master Degree or higher	5	25%	4	20%
Total	20	100%	20	100%

It can be seen that the majority of the respondents were white collar workers with Bachelor's Degree (65%) and Master degree or higher (25% and 20%). This implies that education level correlates with the ability to afford a car.

4.1.4 Car model of the respondents

The first group of respondents reported they owned a Vios the most (40%), followed by a Camry (30%), a Corolla (20%) and a Yaris (10%).

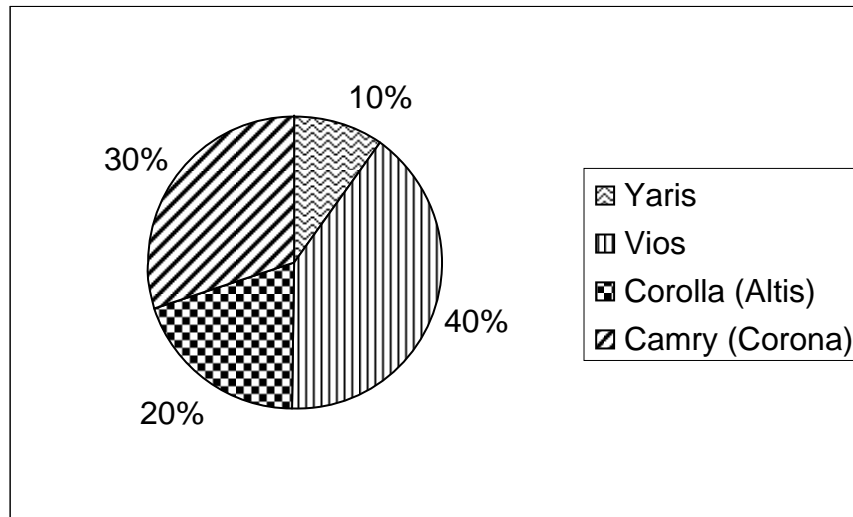


FIGURE 2 CAR MODEL (TOYOTA)

Vios, a sub-compact car with affordable price between 499,000 – 699,000 baht (2006 : Online), is the most common car model among the respondents at 40%. This can reflect Toyota's vision of providing a car that is economical in terms of gasoline and parking space, which is especially suitable for driving in a city like Bangkok.

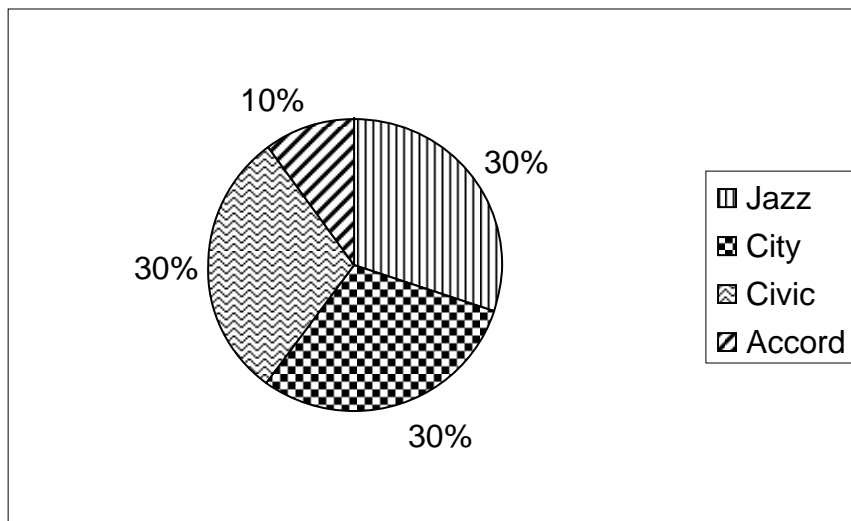


FIGURE 3 CAR MODEL (HONDA)

The respondents stated that they owned a Jazz, a City and a Civic at 30% each and the rest 10% stated that they owned an Accord. Jazz, City and Civic are popular models with price not exceeding 1,090,000 baht. It implies that Honda has more various popular models than Toyota.

4.2 Attitudes towards sales promotion program

All respondents were asked about their attitudes towards each sales promotion program. They ranked the given items according to the level of importance.

TABLE 4 ATTITUDES TOWARDS SALES PROMOTION PROGRAM (TOYOTA)

Items	Rank of Importance					Total
	Extremely	Very	Fairly	Less	Least	
Free gift	35%	35%	25%	5%	0%	100%
Discounted prices	35%	30%	20%	15%	0%	100%
Test drive	10%	40%	25%	25%	0%	100%
Trade show	5%	40%	35%	15%	5%	100%
CSR	20%	25%	45%	10%	0%	100%
Tie-in	5%	15%	45%	15%	20%	100%
Financial deals	60%	15%	15%	10%	0%	100%

Table 4 shows the first group of respondents' attitude towards each item of sales promotion. The respondents rated financial deals as extremely important at 60%, followed by test drive and trade show that were rated as very important at 40% each. The findings revealed that financial deal such as 0% finance on selected vehicles seemed to be a very effective tool, whereas trade show seemed to be unpopular because only 5% of the respondents rated it as extremely important.

It can be concluded, from the figure, that nearly all sales promotion items ranging from free gift, test drive to lowered finance deal like a special price offer or 0% interest rate finance mean more or less to automobile buyers. However, consumer's most admirable attitude towards sales promotion tools goes to financial deals at 90% of the respondents considered them "fairly" to "extremely important".

TABLE 5 ATTITUDES TOWARDS SALES PROMOTION (HONDA)

Item	Rank of Importance					Total
	Extremely	Very	Fairly	Less	Least	
Free gift	35%	50%	5%	10%	0%	100%
Discounted prices	55%	35%	10%	0%	0%	100%
Test drive	15%	40%	45%	0%	0%	100%
Trade show	0%	65%	20%	10%	5%	100%
CSR	0%	50%	30%	15%	5%	100%
Tie-in	0%	50%	30%	15%	5%	100%
Financial deals	55%	35%	10%	0%	0%	100%

It is apparent that half of the respondents or 55% ranked discounted prices and financial deals as extremely important. Trade show, CSR and tie-in had no significant percentage as 0% of the respondents reported them as extremely important. However, free gift also gained high percentage at 35% and 50% considered it “extremely” and “very important” respectively.

The respondents showed their preference for special price and financial deals as same as the first group of respondents. It can be concluded that both groups of respondents were price-oriented.

4.3 Factors affecting automobile buying decision

Apart from consumers' attitudes towards sales promotion program, the research also investigated other factors affecting automobile buying decision for both brands. The respondents were asked to rank according to their priority for each factor.

TABLE 6 FACTORS AFFECTING AUTOMOBILE BUYING DECISION (TOYOTA)

Items	Rank of Importance					Total
	Extremely	Very	Fairly	Less	Least	
Reputation for quality	40%	55%	5%	0%	0%	100%
Design	40%	55%	5%	0%	0%	100%
Brand loyalty / preference	25%	30%	35%	10%	0%	100%
Reasonable price	65%	30%	0%	5%	0%	100%
Good sales representative	45%	30%	25%	0%	0%	100%
Satisfied overall offering	35%	45%	20%	0%	0%	100%
Good after-sales service	55%	45%	0%	0%	0%	100%
Market leading brand	35%	35%	25%	0%	5%	100%

50% and 40% of the respondents ranked reputation for quality as “very” and “extremely important”. Only 5% thought that it was fairly importantly. The same percentages were applied to the factor of design. Besides, reasonable price was so cited as extremely important by the majority of the respondents at 65%. For brand loyalty, the result was mixed. Thirty-five of them ranked this as fairly important, followed by 30%, 25% who ranked this as very and extremely important respectively. 45% of them rated satisfied overall offerings as very important when it came to buying decision. Good after-sales service gained 55% rating of extremely important.

It is obvious that the respondents were more concerned about quality and design of a car than brand preference. Price was also significant to them.

TABLE 7 FACTORS AFFECTION AUTOMOBILE BUYING DECISION (HONDA)

Items	Rank of Importance					Total
	Extremely	Very	Fairly	Less	Least	
Reputation for quality	40%	50%	10%	0%	0%	100%
Design	25%	70%	5%	0%	0%	100%
Brand loyalty / preference	10%	45%	30%	10%	5%	100%
Reasonable price	50%	40%	10%	0%	0%	100%
Good sales representative	35%	60%	5%	0%	0%	100%
Satisfied overall offerings	35%	60%	5%	0%	0%	100%

TABLE 7 (CONTINUED)

Items	Rank of Importance					Total
	Extremely	Very	Fairly	Less	Least	
Good after-sales service	55%	45%	0%	0%	0%	100%
Market leading brand	35%	35%	25%	0%	5%	100%

For the rank of extremely important, good after-sales service came at the first place (55%), followed by reasonable price (50%) and reputation for quality (40%). For the rank of very important, design came at the first place at dominant 70%, followed by good sales representative and satisfied overall offering at 60% each. The respondents ranked brand loyalty as very important at 45%. 50% and 40% of them reported reasonable price as extreme and very important respectively whereas the rest 10% reported it was fairly important.

In comparison to each category, factors of good after-sales service, design, good sales representative and satisfied overall offerings gained significant ratings while brand was not a very important factor to consider for Honda customers.

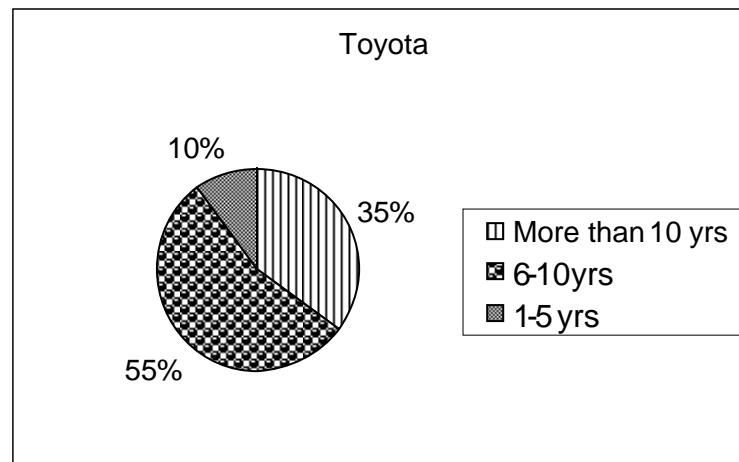


FIGURE 4 NUMBER OF YEARS THE RESPONDENTS PLAN TO USE THEIR CARS

(TOYOTA)

According to Figure 6, 55% of the respondents stated that they would use their cars for 6 – 10 years, whereas 35% went for more than 10 years and only 10% reported to use theirs for 1 – 5 years. The majority was in the range of 6 – 10 years because Japanese cars typically do not have serious engine problems until later than 10 years.

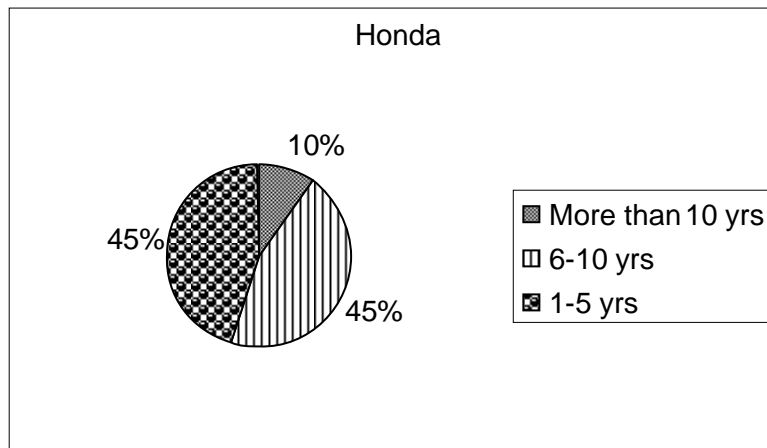


FIGURE 5 NUMBER OF YEARS THE RESPONDENTS PLAN TO USE THEIR CARS

(HONDA)

The dual majority of 45% reported that they planned to drive their cars for 1 – 5 years and 6 – 10 years each while only 10% thought they would use theirs for more than 10 years. The duration of 1-5 years and 6-10 years dominated the group as a result of sales promotion. A car may be used for longer than 10 years but the respondents were convinced to change one prematurely.

4.4 Influence of advertising on consumer preference

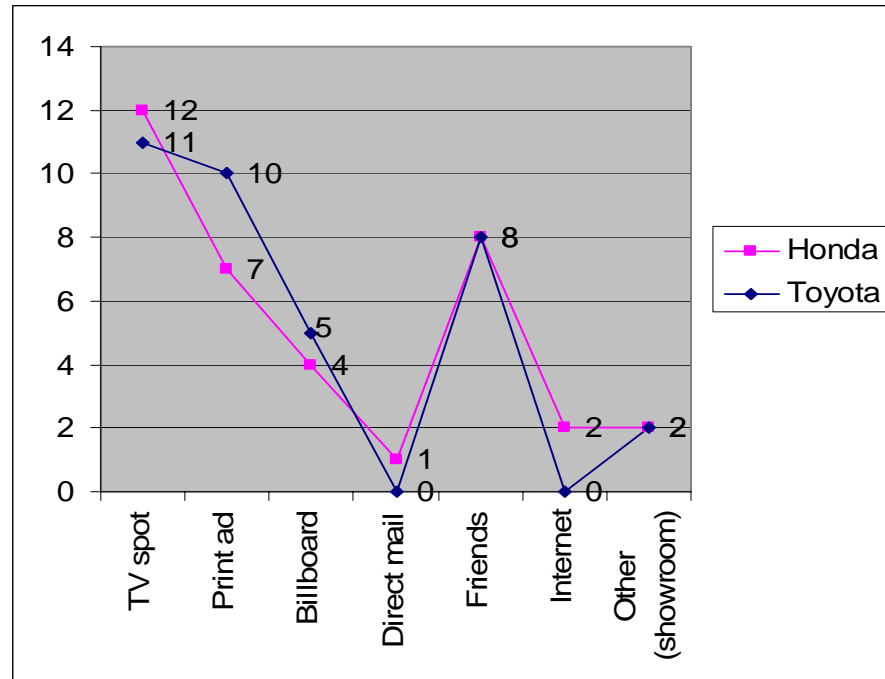


FIGURE 6 SOURCES OF INFORMATION RESPONDENTS RECEIVE ABOUT THE PRODUCT

Most of the respondents received information through TV spot with 11 respondents of the first group and 12 respondents of the second group. Ten respondents of the first group and 7 respondents of the second group knew about the product from printed advertising while only 5 and 4 respondents of group one and two respectively were aware of the product or model car from billboards. None of respondents of the first group received direct mail and only 1 respondent of the second group did so. Eight respondents of each group reported friends as a source of information. Only 2 respondents of the second group

referred to the Internet as a source of information, whereas 2 respondents of each group replied that showroom was their source of information about the product.

It is interesting to note that TV spot, printed advertising or magazines and friends or relatives were effective channels among others because they were most cited as a source of information. Moreover, the second group of respondents received information about the product through more various media than the first group did.

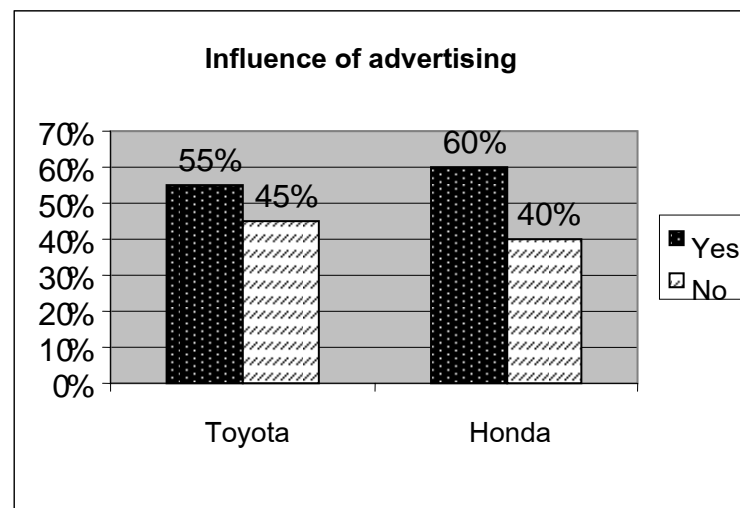


FIGURE 7 ARE RESPONDENTS INFLUENCED BY ADVERTISING SAMPLES?

It can be seen from Figure 7 that most of the respondents of two groups reported that they were influenced by advertising samples at 55% and 60% respectively. It can be concluded that an overall piece of advertisement have a moderate impact on consumers.

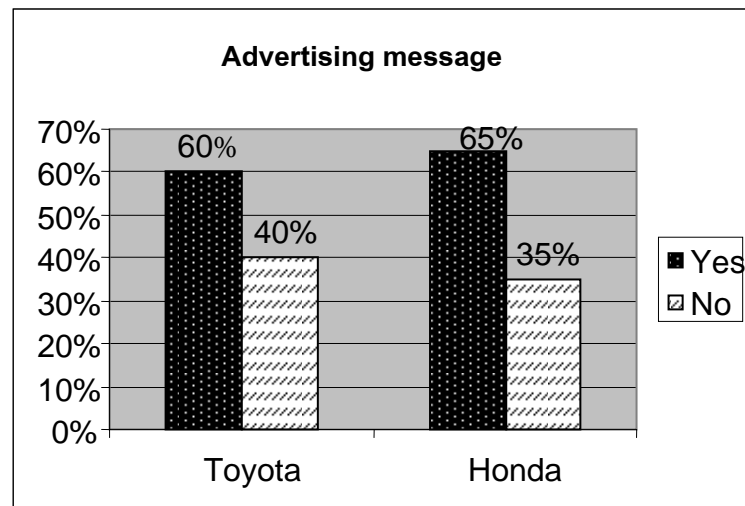


FIGURE 8 DO ADVERTISING MESSAGES APPEAL TO THE RESPONDENTS?

From Figure 8, it can be seen that 60% of the first group of respondents stated that advertising messages such as “Be groovy” for Yaris model and “Different to unique” for Altis appeal to them, whereas 40% stated they did not. The second group of respondents reported nearly the same at 65% saying they found advertising message such as “Styling for performance” for Accord model and “Rising spirit” for civic appeal to them, whereas 35% found they did not.

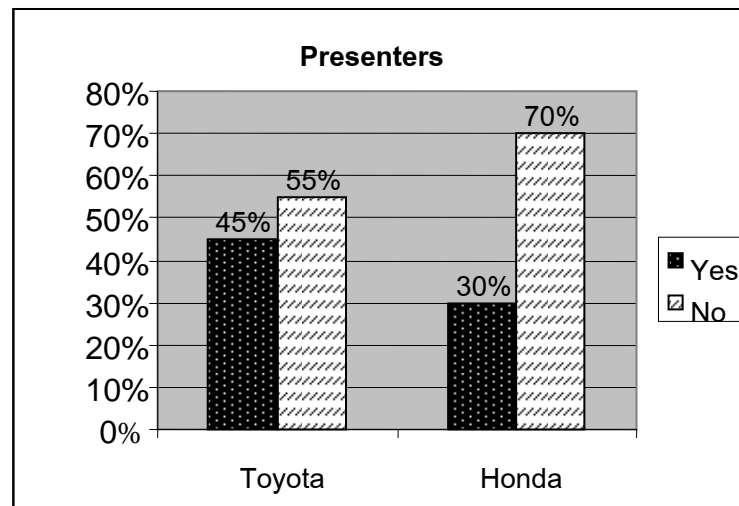


FIGURE 9 DO PRESENTERS IN THE AD CREATE POSITIVE MOOD AND/OR MAKE RESPONDENTS WANT TO OWN THE PRODUCT?

According to Figure 9, both group of respondents seemed not to be influenced by presenters at 55% and 70% respectively. Presenters were external influence so they were not able to stimulate the needs and wants for consumers.

CHAPTER 5

CONCLUSION

This chapter discusses an analysis of the findings which aims to answer the research questions. Conclusion, discussion, limitations and recommendations for further studies are also presented.

The research findings will be beneficial to consumers which are the target of marketers. Those findings also provide them with knowledge about underlying effect of advertising to enable them to extract information needed for making buying decision from sales promotion strategies.

5.1 Conclusion

The research examined the effectiveness of sales promotion strategies employed by Toyota and Honda brands as well as some advertising samples including messages and presenters. Besides, consumers' attitudes toward sales promotion program and other motivations or factors that influence their buying decision were also investigated.

According to personal information of the respondents, the research found that most of the respondents of both groups are aged between 20 – 39 years old. It implies that most of automobile owners are working people. This demographic group of consumers has buying and demand power for this kind of product. Most of them are well-educated with at least a Bachelor's degree. These people are also the target market of Japanese car brands like Toyota and Honda whose monthly income is from 15,001 – 25,000 baht, which is

suitable for such mass products. The findings also provide important information for the two research questions as follows;

1. How do sales promotion strategies affect the automobile buying decision?

The results revealed that the first group of respondents showed positive attitude towards all sales promotion strategies. Moreover, the sales promotion items received the highest rating ranging from “free gift”, “discounted prices” to “financial deals” at 35%, 35% and 60% respectively. For most of the sales promotion items, the respondents of the second group found it “very” or “extremely” important to them. “Free gift such as first class insurance”, “discounted prices” and “fair trade show” received 85%, 90% and 65% rating respectively. The second group of the respondents valued “discounted prices” and “financial deals” at 35% and 55%, which mean they were “very important” and “extremely important” respectively. “Fair trade”, “CSR” and “Tie-in” seemed unpopular among the respondents because they receive zero rating on “extremely important”.

From the research findings, the respondents of both groups apparently paid special attention to sales promotion items involving prices such as “discounted prices” and “financial deals”. Moreover, free items such as first class insurance, free mileage checkup coupon and sampling like test drive were also appreciated. This is supported by Etzel, Walker and Stanton (1997 : 275). They cited that the majority of consumers are somewhat sensitive to price but are also concerned with other factors, such as brand image, store location, service, quality and social value.

In relevance to the second research question, in what way does advertising influence customers’ attitude toward brand and their buying decision? The findings derived from the two groups of respondents shared some similarities. Most of them stated they

were influenced by advertising. Clow; & Baack (2002 : 304) described the importance of visual images. Visual images often lead to more favorable attitudes toward both the advertisement and the brand. 60% of the first group and 65% of the second one also reported that they found advertising messages appeal to them. Wells, Burnett and Moriarty (2003 : 5) explained that effective advertising should satisfy consumers' objectives by engaging them and delivering a relevant message. However, presenters in the advertisement failed to create positive mood and/or make the respondents want to own the product because they were not part of the product features nor the relevant factor for the buying consideration. Thus, such an external factor did not influence consumers. The majority of respondents or 55% and 70% of the first and second groups respectively indicated that presenters were unable to transfer good image to their perception of product. Relevant suggestions is supported by Clow; & Baack (2002 : 356). One study conducted in Great Britain indicated that 55 percent of the consumer surveyed reported that a famous face was not enough to grab their attention.

All together it was clear that a piece of advertisement comprising of elements such as pictures, messages and whether-or-not presenters had an influence on the respondents' buying decision. Advertising messages are also a vital visual part of advertising that can appeal to the respondents. This is supported by Phenglengpon's findings (2001 : 41) which concluded that marketing mix including advertising affected automobile buying decision. Automakers tried to create informative advertising about their features of product and service so that consumers were aware of what qualifications of a good car are. Nevertheless, a presenter was not effective when it came to create positive mood and

desire for the product. This could be because consumers found no relation between the presenter and the value they looked for in an advertisement of product.

The findings of the study revealed some implications. Firstly, the main target customers of both car brands with monthly income of baht 15,001 – 25,000 paid attention to price such as financial deals. Secondly, consumers also focused on service such as after-sales service and sales representative and they form a perceived relationship with dealers. Finally, sales promotion strategies of Honda did not significantly influence consumers' attitudes about the product as there was no sales promotion item distinctly rated by consumers, whereas Toyota was more perceived as a quality brand. Honda emphasized external factor such as emotional connection reflected in advertising. Male preferred a quality car like Toyota while female preferred an image of Honda.

5.2 Discussions

The results of the study reflected consumers' taste of a car. Although it is apparent that the majority of them considered price and discount as the first priority, they showed their interest in quality and service. Additionally, the implication of the findings goes beyond this. The two brands especially Toyota has a vision in combining consumers' taste with the pricing strategy and, thus results in their business success. It is obvious that they are able to respond to consumers' need and desire.

A car is a symbol of social and financial success and can also be use to make first impression to other people. In the past, a vehicle was expensive and used to reflect the owner's status but this has changed over time. Nowadays, consumers need a car for

convenience and to save their time. Besides economic wealth, they consider the utility of a vehicle. To average people, a car is used to enhance their business and to save their time. Therefore, they buy affordable cars from Japanese brands. However, for business people with high income, they tend to buy luxury cars, which in this case, a model like Camry.

As previously stated, desirable products and service together with efficient sales promotion strategies backed with consumers' insight win in a market. Toyota and Honda have been accepted by Thai consumers both in terms of product quality and marketing strategies. Their vision for economical cars has been proved. Woodruff (1990 : 84-96) supported that Japanese automotive success had been base historically on building quality cars priced for the mass market. The Honda Civic and Toyota Corolla typified the Japanese approach. These economical and reliable vehicles were extremely popular with younger, less-affluent consumers. Moreover, Advertising Age's editorial (2006 : 10) described that Toyota succeeds by delivering reliable, well-engineered, bread-and-butter vehicles, supplemented by smartly designed models that appeal to narrower segments. Thus, the two businesses' success came from various factors ranging from quality product, consumers' insights such as their lifestyle and needs to effective marketing communication.

5.3 Limitations of the study

There are limitations of the study as follows;

1. The subjects of the study were limited, therefore; the findings might not very accurate. Extended target group should also be investigated.
2. Samples of car models were advertisements for the product launch and posted in Website only, whereas advertisements for each model include those executed in other media channels as well.
3. Sites of the study were also limited to two car dealers and it will be better if the further study explores at more various places.

5.4 Recommendations

Since automobile businesses in Thailand compete strongly and consumers are still attracted by them, some aspects are suggested for the further study as the following;

1. The findings of the study have some interesting implications. The further study may be conducted to find out in-dept detail such as in terms of sociology and gender role that plays in the psychology of consumer.
2. There should be a comparative study of automobile brands' sales promotion strategies so the strategies that are more effective can be identified.
3. Since consumers' taste of a car varies, a further study may explore high-end brand's marketing strategies.

4. As the automobile market in Thailand has involved with more players, a further study should investigate the challenges and opportunities in terms of marketing communication.

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APPENDIX A

QUESTIONNAIRE

Questionnaire

This questionnaire is prepared by Miss Nisakorn Pongsamakthai, a graduate student studying Business English for International Communication for a Master Degree at Srinakharinwirot University.

Miss Nisakorn Pongsamakthai is now working on a Master's Project entitled "A Study of Automobile Sales Promotion Strategies: A Case Study of Toyota and Honda". The purpose of this questionnaire is to explore the consumers' attitudes toward brands and to investigate how sales promotion strategies influence the consumers' buying decision. Please follow all of the directions. Your kind cooperation is very much appreciated and all your data will be kept confidential.

Part I: Personal Data

Instruction Please put (X) on the answer that is most applicable to you.

1. Sex

 Male Female

2. Age

 20 – 29 years old 30 – 39 years old 40 – 49 years old 50 – 59 years old 60 years old and above

3. Income

 Less than 15,000 Baht or students 15,001 – 25,000 Baht 25,001 – 35,000 Baht 35,001 – 45,000 Baht 45,001 – 55,000 Baht More than 55,001 Baht

4. Educational Level

 Primary school or lower Secondary or vocational school Bachelor's Degree Master's Degree or higher

5. What model is your passenger car?

Part II: Attitudes towards Sales Promotion Program.

Instruction Please put (X) on the answer that is most applicable to you.

Item	Rank of Importance				
	Extremely	Very	Fairly	Less	Least
1. Free gifts such as first class insurance, rubber rug and car window film					
2. Discounted prices such as special car price offered in motor show events or rebates					
3. Free samples (sampling) such as a test drive program					
4. Fair and trade show such as an annual auto show					
5. Continuity programs or Corporate Social Responsibility activities (CSR)					
6. Tie-in or product placement in movies or TV programming					
7. Finance deals – such as 0% finance over 6 years on selected vehicles.					

Part III: Factors Affecting Automobile Buying Decision

Instruction Please put (X) on the answer that is most applicable to you.

1. In addition to sales promotion, what factors from the following influence you to buy the product?

Items	Rank of Importance				
	Extremely	Very	Fairly	Less	Least
1. Reputation for quality					
2. Design					
3. Brand loyalty/preference					
4. Reasonable price					
5. Good sales representative					
6. Satisfied overall offerings					
7. Good after-sales service					
8. Market leading brand					

2. How long will you plan to use your car?

1 – 5 years

6 – 10 years

More than 10 years

3. What else would you like to suggest for further sales promotion?

Part IV: Influences of Advertising on Your Preference

Instruction Please put (X) on the answer that is most applicable to you.

1. What source of information do you receive about the brand and/or model car?

(Answers can be more than one.)

- | | |
|--|---|
| <input type="checkbox"/> Television spot | <input type="checkbox"/> Print ad / magazines |
| <input type="checkbox"/> Billboard / out-of-home media | <input type="checkbox"/> Direct mail |
| <input type="checkbox"/> Friends / Relatives | <input type="checkbox"/> Internet |
| <input type="checkbox"/> Others _____ | |

Instruction Take a look at 3 pieces of advertisement in the following pages and answer the questions no. 2 – 4.

2. Are you influenced by advertising samples?

- | | |
|------------------------------|-----------------------------|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No |
|------------------------------|-----------------------------|

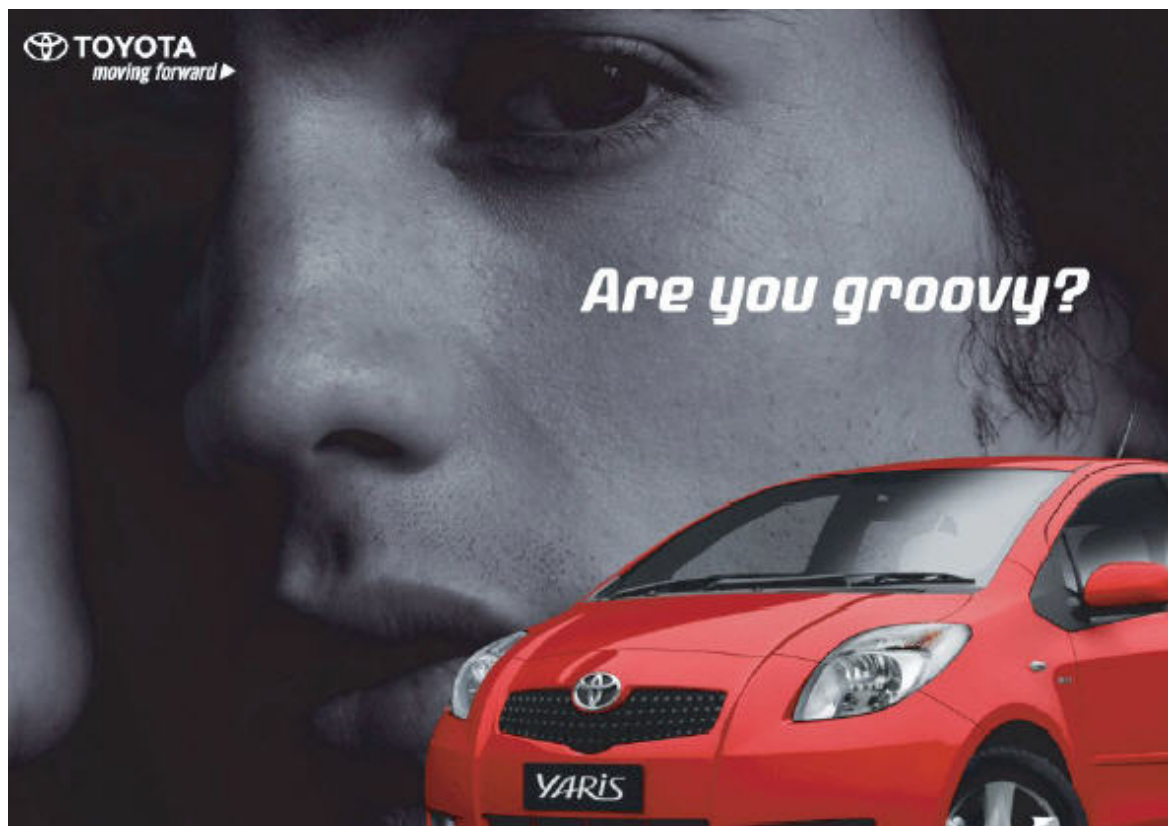
3. Do advertising messages appeal to you?

- | | |
|------------------------------|-----------------------------|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No |
|------------------------------|-----------------------------|

4. Do presenters in the ad create positive mood and/or make you want to own the product?

- | | |
|------------------------------|-----------------------------|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No |
|------------------------------|-----------------------------|

Toyota car advertisement no.1



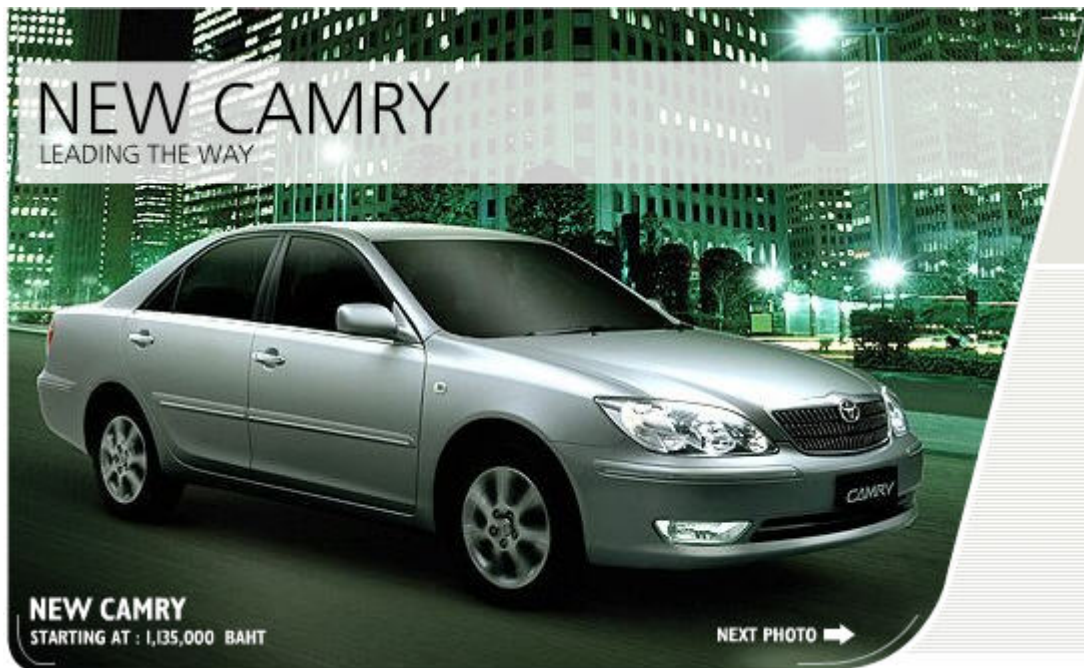
Toyota car advertisement no.2



Toyota car advertisement no.3



Toyota car advertisement no.4



NEW CAMRY
LEADING THE WAY

NEW CAMRY
STARTING AT : 1,135,000 BAHT

NEXT PHOTO →

The advertisement features a silver Toyota Camry sedan parked in a city at night. The car is shown from a front-three-quarter view. The background consists of illuminated city buildings and streetlights, creating a modern and sophisticated atmosphere. The text 'NEW CAMRY' is prominently displayed at the top, with the slogan 'LEADING THE WAY' underneath. In the bottom left corner, the price 'STARTING AT : 1,135,000 BAHT' is listed. In the bottom right corner, there is a 'NEXT PHOTO' button with a right-pointing arrow.

Honda car advertisement no.1



Honda car advertisement no. 2



Honda car advertisement no. 3



Honda car advertisement no. 4



APPENDIX B

PASSENGER CAR SALES

TABLE 8 PASSENGER CAR SALES 2001

Passenger Car Sales 2001		
Brand	Jan – Dec 2001 (unit)	Market share
Honda	5,421	38.80%
Toyota	4,305	30.80%
Nissan	1,275	9.10%
Mitsubishi	765	5.50%
Benz Mazda	656	4.70%
Chevrolet	342	2.40%
B.M.W.	331	2.40%
Volvo	240	1.70%
Other European brands	229	1.60%
Mazda	112	0.80%
Ford	96	0.70%
Kia	64	0.50%
Peugeot	54	0.40%
Volkswagen	45	0.30%
Hyundai	21	0.20%
Isuzu	3	0.00%
Other Japanese brands	1	0.00%
Daewoo	0	0.00%
Total	13,960	99.90%

TABLE 9 PASSENGER CAR SALES 2002

Passenger Car Sales 2002		
Brand	Jan – Dec 2002 (unit)	Market share
Toyota	6,286	38.70%
Honda	5,869	36.10%
Nissan	1,413	8.70%
Mitsubishi	561	3.50%
Chevrolet	503	3.10%
B.M.W.	456	2.80%
Benz	332	2.00%
Volvo	236	1.50%
Other European brands	137	0.80%
Ford	121	0.70%
Kia	100	0.60%
Volkswagen	99	0.60%
Mazda	98	0.60%
Peugeot	38	0.20%
Other Japanese brands	4	0.00%
Isuzu	0	0.00%
Hyundai	0	0.00%
Total	16,253	100.00%

TABLE 10 PASSENGER CAR SALES 2003

Passenger Car Sales 2003		
Brand	Jan – Dec 2003 (unit)	Market share
Toyota	9,888	40.80%
Honda	9,529	39.30%
Nissan	1,303	5.40%
Chevrolet	1,233	5.10%
Mitsubishi	722	3.00%
B.M.W.	579	2.40%
Benz	245	1.00%
Volvo	186	0.80%
Ford	184	0.80%
Kia	134	0.60%
Other European brands	132	0.50%
Mazda	58	0.20%
Volkswagen	35	0.10%
Peugeot	17	0.10%
Other Japanese brands	4	0.00%
Isuzu	0	0.00%
Total	24,249	100.00%

TABLE 11 PASSENGER CAR SALES 2004

Passenger Car Sales 2004		
Brand	Jan – Dec 2004 (unit)	Market share
Toyota	10,742	42.9%
Honda	9,383	37.4%
Nissan	1,147	4.6%
Mitsubishi	1,058	4.2%
Chevrolet	948	3.8%
B.M.W.	540	2.2%
Mazda	493	2.0%
Benz	312	1.2%
Other European brands	142	0.6%
Ford	114	0.5%
Volvo	94	0.4%
Kia	51	0.2%
Peugeot	31	0.1%
Other Japanese brands	4	0.0%
Volkswagen	4	0.0%
Isuzu	0	0.0%
Total	25,063	100.00%

TABLE 12 PASSENGER CAR SALES 2005

Passenger Car Sales 2005		
Brand	Jan – Dec 2005 (unit)	Market share
Toyota	10,929	42.0%
Honda	10,075	38.7%
Chevrolet	1,181	4.5%
Mitsubishi	852	3.3%
Benz	764	2.9%
Ford	721	2.8%
B.M.W.	449	1.7%
Mazda	338	1.3%
Nissan	326	1.3%
Other European brands	168	0.6%
Other Japanese brands	95	0.4%
Volvo	67	0.3%
Peugeot	27	0.1%
Volkswagen	23	0.1%
Kia	9	0.0%
Isuzu	0	0.0%
Hyundai	0	0.0%
Daewoo	0	0.0%
Total	26,024	100.0%

Source: Toyota Motor Thailand Co., Ltd.

VITAE

VITAE

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