Advertising Strategies of Hyundai Motors In Indian Market

L. Sudershan Reddy¹, Ranjith P V², Saili Sabnis³, Varsha Ganatra⁴, Kailash Shastry⁵, Anastasya Elviona⁶, Liem Gai Sin⁷, Yaw Nee Chee⁸, Daisy Mui Hung Kee⁹, Charleea A/P Perak Kerof¹⁰, Wang Qianya¹¹, Wei Jiaze¹²

Universiti Sains Malaysia⁸,⁹,¹⁰,¹¹,¹²
Jalan Sg Dua, 11800 Minden, Pulau Pinang, Malaysia
Vivekanand Education Society’s College of Arts, Science & Commerce³,⁴
Mumbai, Maharashtra 400071, India
CMS Business School¹,²,⁵
Bengaluru, Karnataka 560009, India
University Ma Chung⁶,⁷
Malang, Jawa Timur 65151, Indonesia
Correspondence Email: sudershan.reddy@cms.ac.in
ORCID ID: 0000-0002-2398-5127

ABSTRACT

India’s leading passenger car exporter which is Hyundai Motors India Limited has a market share of India’s total car exports about 26 % in 2019. The term strategy is intended a lot for all business entities in today’s competitive marketplace. When a company has a distinctive and distinct benefit, it must be inventive with its marketing strategy. Hyundai has introduced and embraced numerous strategies for securing the overall demand for brand placement. This study attempts to investigate traditional and digital advertising conducted by Hyundai Motors Company which will enhance the success of the company in terms of creating the brand and facilitating user engagement. Close-ended questionnaire is used to collect the data for this study. The data was collected from individuals with different income ranges in India through a non-probability purposive convenience sampling method. The result of this study showed that generation nowadays know more about the products through broadcast advertising such as TV and digital media rather than print media such as newspaper and magazine. Therefore, Hyundai Motors should invest more marketing strategy in broadcast and digital advertising.

Keywords: Brand position, Digital Advertising, Traditional Advertising

INTRODUCTION

Hyundai Motors Company

Hyundai motor company is Korean company. The company was founded in 1967 by Jeong Ju-yeyong. Their Mission is “Not Available” and the Vision of Hyundai is “Together for a better future” and Tagline is "New Thinking New Possibilities". Hyundai is the biggest car company of Korea and one of the 20 largest companies in the world. The main business scope includes R&D, production and sales of automobiles and engines. Hyundai Motor company sales their product to more than 195 countries in the world. In 2019, Hyundai Motor Company sold more than 4million cars worldwide and became the sixth rank car sales in the Fortune Global 500 Vehicle and ranked tenth in Parts Industry in 2020. As a multinational company, Hyundai Motor Company is in a leading position in developing countries and place second position in developed countries.
Accordingly, Hyundai has always been committed to improving products performance, and more detailed design and services to satisfy users. Hyundai Motor insists on independent research and development. After the 1970s, this goal has been greatly strengthened. Nowadays, it has basically completed its technological self-sufficiency and build the R & D centers at the key places such as the Indian American and Europe in order to carry out targeted research and development in line with market needs for the first time. These actions not only to make sure that each area has the best product, but also makes Hyundai Motor has a few industrial chain companies that they own, from R&D to manufacturing and marketing, that do not rely on other traditional auto giants such Volkswagen Group, Daimler AG, General Motors and Ford Motor.

As an emerging automobile company, it can develop in a very short time to have the strength to challenge traditional automobile companies. All these successful anticipatory marketing models are inseparable. Therefore, analyzing Hyundai Motor Company is necessary and will greatly help us to understand how to build successful marketing.

Hyundai Motors Company in India
An abandoned land, poor communities and crumbling schools can be found along the path to Hyundai Motor India's factory which is 35 km west of Chennai, Tamil Nadu in India. Hyundai Motors India's processing plant had a very advanced look although it is seen with such sights. Expanding over 2.1 million m², with $7 billion in investment funds, the Hyundai Motor factory was constructed with 100 % fully owned techniques, which is an uncommon event in India. With its need for a new development engine to obtain market penetration in a small amount of time while moving forward with globalization, Hyundai chose India as their next area. In 1996, amid the economy in India, India's domestic automotive industry had tremendous opportunities for developing and also providing a foot-hold for even more exportation.

There are two production facilities in Sriperumbudur, in the Indian province of Tamil Nadu, India. There is a consolidated annual capacity of 600,000 units for the two plants. Hyundai has utilized almost 450 specialists or engineers from various pieces of the nation when it opened its R&D office in Hyderabad in 2007. Hyundai Motor India Engineering (HMIE) provides technical and engineering support to Namyang Korea's main Hyundai R&D center for vehicle manufacturing and CAD & CAE support. In 2010, Hyundai began its design process with the Styling, Digital Design & Skin CAD Teams at the Hyderabad R&D Centre. The second largest Indian automatic exporter is the Hyundai Motor India Limited and it turns India into the worldwide assembling base for small vehicles.

The taxation on new vehicles is 60 %, the tax used on vehicles is 100 % when international vehicles brought to India. Taxation is largely intended to collect money to fund government expenditures (Burgess, R., & Stern, N. 1993). By gathering automobiles inside India, automotive companies could get away from the weight of high tax collection. In recent years, both aggregate and disaggregate levels have been extensively analyzed in the market for automobiles (Cragg, J., & Uhler, R. 1970). In addition, it was more profitable to acquire the factories for building cars or vehicles in India rather than bringing the cars in. There were severe limitations against unfamiliar proprietorship and then at the time of the entry into India of Hyundai Motor Company, joint endeavors were simply unavoidable. Indian people are very much mindful of how to pick up the most benefit from foreign partners because some of them have a background marked by managing foreign investment. Most global enterprises entered India as joint
endeavors, and the car business was no exemption.

It was a troubling job for a foreign company to favorably conclude an alliance from the beginning. Executing firm methodologies or settling on fast choices could be taken from the obstacles act by the joint investments. Two decades of longitudinal studies have significantly linked the consistency of the alliance with therapist-client relationship to the result of therapy (Horvath, 2001). Appropriately, after satisfying different requirements and making limitless deals, Hyundai obtained approval for individual investment from India's government in May 1996. A ceremony was held in October of the same year and the production line was finished in May 1998. The industrial facility started large scale manufacturing in later September 1998.

Tamil Nadu's Chennai was selected as the location of investment after considering distribution, human capital, and infrastructure and government support policies among the major automotive regions around Mumbai, Delhi, and Chennai. Electricity, water, roads and communication have been provided by the state government of Tamil Nadu and it also bought the land to help development for Hyundai Motor's production line. Hyundai managed to finish the plant in one year and seven months with such funding as well as advance than the three years that had been planned. Furthermore, HMI supports overlooked individuals with comprehensive opportunities for education. The Hyundai Motor Foundation has set up and run automotive training facilities in India's big cities to provide young people with chances to gain experience as engineers and be employed by HMI. That business has also funded internships and scholarships through links with specific universities focused on partnership between industry and universities. Most research studies have explored the advantages provided by student internships to students and employers, but a few studies focused on the advantages that internships could bring to the academic system (Weible, 2009).

Hyundai Motors Products and Services

Products
Hyundai Motors Company operated as a big integrated automobile manufacturing facility in the world. Through continuing research and development (R&D) over the years, Hyundai had developed innovative technology such as eco-friendly transmission and exhaust system to improve car efficiency and offer high driving performance to customers. Meanwhile, Hyundai had made a huge advance in design and technology which became one of the world’s top automakers. Nowadays, many things have changed, Hyundai continuously producing new generation Hyundai cars through its high-tech design and concept to deliver new values to customers all over the world, which are consistent with the expression of Hyundai's slogan “New Thinking, New Possibilities” that align with the overall company mission. In this way, many names of Hyundai were generated in the automobile market with a sense of satisfaction that gains over time. For instance, Loniq Hybrid, Grand Starex, Elantra, Veloster, Santa Fe and so on. For classification purposes, Hyundai has divided their products into two main categories, passenger vehicle and commercial vehicle.

Spare Parts
Hyundai Motors Company was a high rated brand in the world. Hyundai has worked hard to maintain its high brand quality and safety. Accordingly, Hyundai Motor Company collaborated with Hyundai Mobis with the purpose to enhance future technology development, and provided after-sales parts and accessories. For example, Hyundai
Mobis had succeeded in developing an artificial engine sound system used in the first electric car in the world. Besides, Hyundai Motors Company also participated in introducing important spare parts of Hyundai cars such as engine, battery and transmission technology. For several years, Hyundai Motors Company had developed Tau Engine which helps to enhance fuel efficiency and reduce emission and became as one of the 10 Best Engines industry in 2009 and 2010. The great quality of spare parts help Hyundai Motors Company to win the trust and respect of every customer.

Services
Hyundai Motors Company has put a lot of effort to improve its brand power in the automotive market. They respond quickly to the changing needs and customers’ requirements. The main purpose is to make every customer move beyond their expectation every time they meet Hyundai cars and not to switch to other competitors’ brands. It is started from 1999, Hyundai automaker established the Hyundai quality department and built their separate quality control task force team to make sure that every Hyundai car meets the standard and achieve zero defects to maintain a good image. Moreover, in 2004, A 24-hours, 365-days-a-year “Global Quality Situation Room” was created to help in solving any quality problem that may be faced by the customers around the world. In addition, Hyundai was the first company that provided a 5-years/100,000 miles warranty to its customers, which covered the powertrain, corrosion of interior components (excluded surface corrosion), unlimited roadside assistance and lifetime battery warranty of all Hyundai cars. By providing high quality services, Hyundai could ensure effective maintenance and safe driving of customers, which is consistent with the customer-oriented introduced by Hyundai Motors Company.

Research Objective
This study aims to improve the status of Hyundai brands through the advertising strategies research. We have collected the data about the share of existing companies in different advertising channels to analyze the impact of different advertisements on brand status in the Indian market. Moreover, the purpose carrying out this study is to suggest an idea to improve Hyundai Motors Company’s existing and future advertising strategies based on the analysis results, in order to make the advertising strategy more suitable for the future development trend of Indian market. Accordingly, Hyundai’s brand position will enhance and occupy the larger market share.

Literature Review

Introduction
Advertising strategies are a vital part of marketing strategies to enhance a company’s brand position. This chapter focuses on discussing the advertising marketing practiced by Hyundai Motors to market their products and services to the consumers.

Overview of The Literature
In this chapter explains the importance of advertising activities in building a company brand’s position. Large amounts of literature collected from Google Scholar were reviewed on the effect of digital and traditional advertising on brand-building. According to Sutton (1991), the industry concentrating in a large market can assume that advertising implicitly altered the consumers’ perception toward the product’s quality and thereby increased their willingness in making purchase decisions. Yoo (2000) stated that advertising marketing has a profound impact on a company’s brand equity, brand loyalty and brand awareness. Based on this study, Hyundai Motors uses two advertising
methods which are digital and traditional advertising to market their products and services. However, different advertising methods have different impacts on a company's brand awareness and consumer's purchase intention. According to Yiannaka, et. al. (2002), traditional advertising are media such as print media and broadcasting media that could deliver advertising information of products to target consumers directly and completely. Moreover, other studies found that traditional advertising and consumer messages are complements such as television, radio, and workshop (Fossen & Schweidel, 2017; Gopinath, Thomas, & Krishnamurthi, 2014). On the other hand, according to Okazaki (2006), digital advertising has become the most familiar format for advertising growth with the increase in digital media consumption. According to Taylor (2009), new media’s interactive brand experience allowed businessmen to deliver an enhanced brand experience to target consumers through a quick feedback from consumers, resulting in improving the effectiveness of advertising information which impact on consumers’ intended purchase behavior. Therefore, understanding the channel through which advertising affects consumer's choice is important for Hyundai Motors Company.

**Digital Advertising**

Digital advertising includes any media that publishes the business information in digital formats (Shapiro & Varian, 1999). Khan and Mahapatra (2009) found that digital technology plays a vital role in helping business units enhance the quality of services and information reach to their consumers. It is possible for consumers to access the advertising on social media, website and Google without time or space restriction.

**Website**

Website Advertising is one of the newest digital advertising media after the internet began entering the world and it is such a significant strategy of communication than traditional media advertising. In a short period of time, the company experienced rapid growth and multiplied profit worldwide. As a new car market with high demand for cars and high-level Internet technology in India, the demand for digital advertising was born. Digital advertising has maintained a rapid growth amount of 30% in India, which means that digital advertising even will become the most important advertising methods in the future. However, Hyundai’s digital advertising share only 4% compared to the share of major competitors Mahindra, which is 38% and Maruti 16%. If the market share cannot be adjusted and expanded in time, such a large gap, it means that there will be some disadvantages in the future promotion market.

**Online Advertisements**

A brand campaign “Smart Cars for Smart India" aimed to modern generation and technologist. SANTRO, NIOS and AURA were introduced by Hyundai Motor India, the country’s first smart mobility solutions provider and the biggest exporter since its formation. The brand tends to inspire their consumers by providing them an option in the compact segment of a wide range of engine, transmission and fuel choices. The project was planned to portray Hyundai cars as the alternative for young buyers and promote them. It was said by Tarun Garg, Director of sales for Hyundai Motor India, that Hyundai has a very good customer-centered product development plan that allows them to inspire customers with competitive product offerings. Their product strategy is to continuously develop and build “Smart Cars for Smart India" to fulfill the demand of millennial customers, functionality and performance in the sector.
Traditional Advertising
In the last a few decades, many businesses relied mainly on traditional media, such as print media, radio, and workshops to promote their products and services to consumers (Huang, 2012). Even though digital advertising becomes a new trend, traditional advertising can capture market share when it is used strategically. An often-overlooked advantage of traditional marketing is consumers’ perception.

Print Advertisements
Print advertising has a longer history than radio advertising, and it can even be said to be the most traditional advertising method. By the rising of traditional media and the development of printing technology, print advertising has developed rapidly since eighteenth century, even though the rise of digital technology in recent years has made a big effect to traditional media, especially the print advertising, in the worldwide. However, India's unique market system makes the growth rate of print advertising contrary to the world trend, not only decreased, but also increased. Print advertising share reaches a number amount of 30%. It makes print advertising becomes the most important marketing method of the Hyundai motor in India.

Workshops and seminars
As a multinational company, Hyundai Motor has 17.6% car market share of users in India, it means that every customer has different needs. Therefore, Hyundai Motor must regularly hold Workshops and Seminars to research the sales and quality performance of the company’s products in the past. Understanding customer needs by sharing Pangyo to choose the most suitable model and holding a road show to show people the latest car performance. Therefore, Workshops and Seminars’ analysis is necessary for customer needs in order to affect subsequent marketing and brand show.

Radio Advertisements
The Radio advertising is a more traditional advertising than the digital posted, but it is also the most widely spread form of advertising. According to statistics, India’s radio coverage rate is extremely high. India Radio as an example, the coverage rate has reached amount of 92% of the area and 99% of the population. Therefore, radio advertising has undoubtedly become one of Hyundai motors most important marketing methods. After a few years of investment, Hyundai’s radio advertising surpassed Maruti with 20% share, however, Maruti still has 18% share. This means that Hyundai may be surpassed any time, and it makes company aware to make the advertisement more attractive and efficient to maintain its position.

Television Advertisements
A television advertisement is an advertisement advertised in most available channels on television. The television channel will promotion and support the products to people. They also introduce the products to give a certain information to people before they purchase the products. Besides, the major music and sports channels will encourage and reach more over to young people as they will have more audiences consider this product. This will help them to increase the advertising of Hyundai Motors more quickly.

RESEARCH METHOD
This study aims to explain how we investigate the marketing strategies of Hyundai Motors in the Indian market. Discussion in this section will cover the secondary approach and primary approach, including population and sample size, scale and measurements,
and data collection method.

According to Glass (1976), secondary approach is re-analysis of the data that has already undertaken by someone by using statistical analysis with an aim of answering the research questions. The objective is to take a secondary approach to get a better understanding about Hyundai Motor so that we can conduct the research successfully. We obtained the secondary data and detailed information from different websites. Secondary data from the Internet used for study and analysis, in order to make a strategic plan for Hyundai motor marketing and branding strategies.

Primary approach is the original analysis of data collected by researchers directly in a research data (Glass, 1976). The objective of using the primary approach is to collect high validity data in order to make informed decisions. This approach conducted with an aim to study the perception of citizens in India toward Hyundai cars. The data were gathered over 3 weeks from willing respondents in India.

Population, Sample and Sampling
The population is Hyundai Motor consumers in India. The data collected from individuals with different income ranges in India. The data from willing respondents was collected through a non-probability purposive convenience sampling method. There are about 129 respondents who were involved in research. The results can be obtained as convenience sampling covering more area per unit sampling time compared to the random sampling (Speak, Escobedo, Russo & Zerbe, 2018).

Scale and Measurements
This study consists of two sections, Section A and Section B. Section A contains questions on the demography of respondents in India, while in section B, respondents are demanded to read and indicate their perceptions about the statements.

Data Collection Method
Close-ended questionnaire used to collect the data. There are 2 types of close-ended questions in section B. One of the types is multiple choice questions which have been listed with many options required by respondents to make a choice. Other types that have been designed are dichotomous questions required by respondents to answer “Yes” or “No”. This questionnaire distributed to all respondents in India through online Google Form.
RESULTS AND DISCUSSION

How did you come to know about Hyundai Motors?

For the question 'how did you come to know about Hyundai Motors’, 8 respondents chose magazines, 16 respondents chose newspapers, 37 respondents chose TV advertisements, 8 respondents chose dealers and 19 respondents chose other media such as mobile apps, email, search engines and social media. As many as 67.7 % respondents recognize Hyundai Motors through TV advertisements, this means that Hyundai motor is capable to reach out a large number of people through broadcast media. Otherwise, 13.3 % respondents chose dealers, this means the Hyundai Motor dealerships need to work more on their outreach.

What prompted you to buy Hyundai among all other brands?

For the question ‘what prompted you to buy Hyundai among all other brands?’ 31 respondents chose brand image, 22 respondents chose service, 16 respondents chose maintenance, 7 respondents chose price and 4 respondents chose promotion. Majority of our respondents chose to buy a Hyundai car due to the brand image. It is observed from the graph that ‘service’ and ‘maintenance’ also played a major role in customers decision to choose Hyundai over other brands.
What features attract you to a Hyundai Car?

Graph 3. Bar Chart

For the question ‘what features attract you to a Hyundai Car?’, 29 respondents preferred the style, 19 respondents chose fuel efficiency, 19 respondents chose safety, 19 respondents chose performance, 18 respondents chose the features, 15 respondents chose the service and 10 respondents chose power. It indicates that the majority of the respondents prefer style of the Hyundai Car over the other features. Fuel efficiency, safety and performance played a major role for the features that can attract customers to purchase the car. However, power feature is the least feature that respondents would choose for Hyundai Car.

Which Hyundai model do you like?

Graph 4. Pie Chart

For the question ‘which Hyundai model do you like the most’ most of our respondents chose ‘Creta’ then followed by ‘i20’, ‘Verna’ and ‘i10’. Therefore, Creta is the most popular model amongst our respondents and ‘Xcent’ was least popular model, then followed by ‘Santro’.
Do you think Hyundai Motors Ads are attractive for customers to buy the cars?

![Bar Chart]

**Graph 5. Bar Chart**

For the question ‘do you think Hyundai Motors Ads are attractive?’ 30 out respondents answered ‘Yes’ and 29 answered ‘Maybe’, this suggests that 50% of our respondents found that Hyundai’s advertisement is an attractive. Otherwise, 3.3 % respondents answered ‘No’, this is a fairly small number compared to the number of respondents who agreed that Hyundai’s advertisement is attractive. It can be concluded that most Indian respondents agree that Hyundai advertisement is attractive and convincing.

Do you think Hyundai Motors India should adopt more promoting strategies?

![Pie Chart]

**Graph 6. Pie Chart**

For the question ‘do you think Hyundai Motors India should adopt more promoting strategies?’ As many as 66.7 % respondents felt that Hyundai should adopt more promoting strategies in India, whereas 6.6% were satisfied with the current strategies and promotions made by Hyundai. There are 26.7% respondents answered ‘Maybe’ this indicates that one fourth of respondents were not really satisfied with the current strategies.

Based on the data collected, the traditional advertising could attract more customers instead of digital advertising. More than half respondents know about Hyundai Motors
through television advertising as compared to advertising through newspapers, magazines and others. In other words, broadcast advertising is the most effective way to promote their products and services. In addition, a lot of respondents are prompted to buy Hyundai products among all the other brands due to the brand image. This shows that the brand image has a good impact on them. This survey also shows that a lot of respondents are attracted to the style of the Hyundai Car rather than the other features, it indicates that Hyundai have unique style for car. This is because one of car models, Creta, has been uniquely customized and more reliable than other cars. Most of respondents also think that Hyundai Car advertisements are attractive to pursue the customers to purchase the products.

CONCLUSIONS

In 2019, there was an increase as many as 12 % of urban population compared with the 2011 official statistics in India (Onda, et.al, 2019). If it is compared to rural areas, urban function is increasingly specialized in terms of economic growth, innovation, technologies and employment (Cohen, 2006). Citizens living in urban areas experience high living standards and enjoy better access to the internet and new technologies. As from the result found, nowadays generation more recognize something through broadcasting advertising such as TV ads and other digital media, this also applies to Hyundai Motors. Therefore, Hyundai Motors should invest more in broadcast and digital advertising marketing.

Urbanization increases the rate of internet penetration allowing broadcast advertising and digital advertising to reach more people and attract new customers for company. However, there are also drawbacks in the use of broadcast and digital media that people could easily be attracted to other competitors’ brand advertisements and, thereby, competitors such as Toyota, Honda and Kia may take away customers potential and grab the market share. Furthermore, urbanization would increase the range of citizens’ income level and improve the quality of their life which makes consumers shift their purchase decision more based on one’s preference rather than on functional needs. In short, the expansion of urbanization in India offers a big opportunity for Hyundai Motors, but also implies a high risk and challenge that needs to be overcome. Thus, it is important for Hyundai Motors to create a smart advertising strategy to make sure they can attract people’s perception on Hyundai cars and enhance the brand position to increase their competitive advantage in the market.

In our opinion, there is a better way for Hyundai Motors Company in India to use graffiti advertising as a new advertising strategy. Although the cost of print advertising is cheaper than TV advertising or even radio advertising, graffiti is more cost-effective. If it is compared to paper advertising which is not eco-friendly and impermanent, graffiti advertising not only can make the city beautiful, but also permanent. Furthermore, graffiti is a more entertaining and engaging than simply advertising with printed media, that is, graffiti advertising can be displayed in a public place or combined with broadcast or digital media to deliver Hyundai’s brand message to more audiences and creating instant memories. Apart from that, if the advertising graffiti can reflect Hyundai’s passion and Indian culture at the same time, it will bring much more positive effect on Hyundai’s brand position and also economic impact. In terms of today's fashion trend, people may collect different places and different time graffiti to explore the difference. Accordingly, Hyundai Motors Company should be more creative in establishing commercial graffiti advertising to conjure up the perfect imagery to fit their brand.
REFERENCES


