ABSTRACT

KIA Carnival, first time launched in 1999, was proven very successful to KMI that its sales had gone up significantly for over 6000 units in its first year launching. The reason for its success was partly due to the government automotive deregulation in 1999 that gave more opportunity to the automotive players to import cars in the form of Completely Build Up (CBU) units.

However as time went by and competitors released new line of Multi Purpose Van (MPV) to compete head to head with Carnival, the sales had decline significantly. The problems added up with low customer satisfaction from the product and service resulting in Carnival’s sales declining over the past few months.

In analyzing and finding the root of the problem related to Carnival, we have taken several approaches including survey based on questionnaires sent to Carnival buyers, interview with dealers and workshop, as well as desk research from internet. Based on the findings, we had formulated several recommendations and strategies to be implemented. Further, these recommendations are divided into short term, which can be implemented within 6 months period, and long term, over 6 months period.

Keywords: Automotive, Marketing, Recovery Strategy
TABLE OF CONTENTS

FRONT PAGE ........................................................................................................... i
STATEMENT OF PURPOSE .................................................................................... ii
SUPERVISOR APPROVAL ....................................................................................... iii
ACKNOWLEDGEMENT ............................................................................................ iv
ABSTRACT ................................................................................................................ v
TABLE OF CONTENTS ............................................................................................ vi
LIST OF TABLES .................................................................................................... x
LIST OF FIGURES .................................................................................................. xi

CHAPTER I INTRODUCTION ..................................................................................... 1
  1.1 Overview .......................................................................................................... 1
  1.2 Problem Statement .......................................................................................... 2
  1.3 Objectives of GFP .......................................................................................... 3
  1.4 Scope of Study ................................................................................................ 3
  1.5 Method of Study .............................................................................................. 4
  1.6 Schedule .......................................................................................................... 5

CHAPTER II BACKGROUND INFO ......................................................................... 6
  2.1 Automotive Industry in Indonesia ................................................................. 6
  2.2 KIA Mobil Indonesia ...................................................................................... 10

vi
CHAPTER III MARKETING STRATEGY .......................................................... 16

3.1 Overview ....................................................................................... 16

3.2 Segmentation, Targeting, and Positioning ..................................... 19

3.3 Product Differentiation ................................................................. 22

3.4 Carnival Marketing Strategy ......................................................... 23

3.5 Distribution Channel ................................................................. 26

3.6 After Sales Service ....................................................................... 28

CHAPTER IV RESEARCH PROCESS.................................................. 30

4.1 Overview ....................................................................................... 30

4.2 Problem Definition ....................................................................... 31

4.3 Research Design ........................................................................ 31

4.4 Sampling ...................................................................................... 33

4.5 Data Collection ........................................................................... 33

4.6 Data Processing and Analysis ...................................................... 34

4.7 Recommendation ........................................................................ 34

CHAPTER V SURVEY RESULTS ....................................................... 35

5.1 Overview ....................................................................................... 35

5.2 Customer Survey ......................................................................... 36

5.2.1 Customer Profile ...................................................................... 37

5.2.2 Service Center .......................................................................... 42

5.2.3 Service Experiences ................................................................. 48

5.2.4 Car Related Problems ............................................................. 52
5.2.5 Customer Satisfaction .................................................. 56
5.2.6 Intention To Buy ......................................................... 59
5.3 Service Stations Survey .................................................. 64
5.4 Distribution Channel (Dealer) Survey .................................. 70
5.5 Problem Causes ............................................................. 72

CHAPTER VI PROBLEM ANALYSIS ........................................... 73
6.1 Overview ........................................................................... 73
6.2 Company Analysis ............................................................. 73
6.3 Customer Analysis ............................................................. 77
6.4 Competitor Analysis ........................................................... 84
6.5 Environmental Analysis ....................................................... 85

CHAPTER VII RECOMMENDATIONS ......................................... 87
7.1 Overview ........................................................................... 87
7.2 Short Term Strategy Recommendation .................................. 88
7.2.1 Customer Satisfaction Recovery Campaigns .................... 88
7.2.2 Improve Customer Service .............................................. 89
7.2.3 "No Second Repair Guarantee Or Free!" Service Campaign .... 90
7.2.4 Conduct Gathering Event for Carnival Owners .................. 91
7.2.5 Service Competition Through Customer Evaluation Campaign.. 92
7.2.6 "Spare Parts Availability or Free Service!" Campaign ............. 93
7.2.7 Develop Customer Care Center (CCC) .............................. 94
7.2.8 Purchase Promotion With Bonus ....................................... 95
7.3 Long Term Strategy Recommendation ................................... 96
LIST OF TABLES

Table 1: Motor vehicle market shares per category .......................................................... 7
Table 2: The history of KIA in Indonesia .............................................................................. 11
Table 3: Vehicles unit sales for 2001 .................................................................................. 11
Table 4: KIA unit sales for year 2001 ................................................................................ 12
Table 5: KIA Carnival Specifications .................................................................................. 14
Table 6: MPV Unit Sales in 2001 ....................................................................................... 17
Table 7: Specification for various MPV ............................................................................. 21
Table 8: Carnival Promotional Expenses for year 2001 .................................................... 24
Table 9: Problem Analysis and Recommendations Checklist ........................................ 104
LIST OF FIGURES

Figure 1: Group Field Project Schedule ................................................. 5
Figure 2: Graph of motor vehicle market shares per category .................. 8
Figure 3: Total Unit Sales for year 2001 ............................................... 9
Figure 4: Carnival Dimensions ............................................................ 15
Figure 5: Graph of Carnival Unit Sales for Year 2001 .......................... 18
Figure 6: Graph of Carnival Promotional Expenses for year 2001 ......... 25
Figure 7: Billboard of KMI dealer ....................................................... 26
Figure 8: Picture of one of KMI dealers ............................................... 27
Figure 9: Research Design Flow Diagram ........................................... 32
Figure 10: Respondent by gender ....................................................... 37
Figure 11: Respondent’s annual income range ..................................... 38
Figure 12: Respondent’s age range ..................................................... 39
Figure 13: Other car before Carnival ................................................. 40
Figure 14: Respondent’s car type and brands owned prior buying Carnival .......... 41
Figure 15: Service station for warranty works ..................................... 42
Figure 16: Reason for using other service station during warranty period .... 43
Figure 17: Service station for non-warranty jobs ................................. 44
Figure 18: Informed of the estimated repair cost prior work being done ..........45
Figure 19: Informed after the job done .................................................................46
Figure 20: Service center facilities .................................................................47
Figure 21: Information from dealer for routine maintenance schedule ..........48
Figure 22: Easiness in making appointment for service .................................49
Figure 23: Response in writing down service order ........................................50
Figure 24: Friendliness and politeness in handling customer repair order ........51
Figure 25: Top problems with Carnival ...........................................................52
Figure 26: Top problem Carnival – still unsolved after repair work done by dealer53
Figure 27: Recent repair/service had been conducted in good manner ..........54
Figure 28: Problems related to the most recent/ last service ............................55
Figure 29: Customer Satisfaction with KIA car ..............................................56
Figure 30: Customer satisfaction with service/ repair experience ..................57
Figure 31: Overall impression for KIA car and KIA service stations ...............58
Figure 32: Recommend the dealer to other people ........................................59
Figure 33: Recommend KIA car to other people ............................................60
Figure 34: Intention to use the maintenance and service by dealer ................61
Figure 35: Intention to buy other KIA car ......................................................62
Figure 36: Reasons for not buying KIA car ......................................................63
Figure 37: Type of service facility that used during the warranty period ..........64
Figure 38: Type of service facility that used after the warranty period ..............65
Figure 39: Pictures of authorized service station ............................................66
Figure 40: Organizational structure for authorized service center .................67
Figure 41: General repair and quick service type of services in a service station ....68
Figure 42: A picture of hydraulic jacks in an authorized service station ..........68
Figure 43: Customized sprocket gear repair tool ........................................69
Figure 44: A picture of a KMI dealer ..........................................................70
Figure 45: Carnival Demo Car .................................................................71
Figure 46: Customer place of buying Carnival ..............................................74
Figure 47: 2001 Indonesia Customer Satisfaction Index ...............................80
Figure 48: 2002 Indonesia Customer Satisfaction Index ...............................82
Figure 49: Exchange rate USD-IDR .........................................................85
Figure 50: Data Flow for IT Recommendation ...........................................100
Figure 51: IT Recommendation using VPN or Public Network ....................101
Figure 52: Balance Score Card .................................................................102